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Chair: Mr. Peter Fonseca



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• (1545)

[English]

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

Welcome to meeting number 35 of the House of Commons Standing Committee on Finance.

Pursuant to Standing Order 108(2) and the motion adopted in committee on January 12, 2022, the committee is meeting on inflation in the current Canadian economy.

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

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

I remind everyone that all comments should be addressed through the chair. For members in the room, if you wish to speak, please raise your hand. For members on Zoom, please use the "raise hand" function.

The clerk and I will manage the speaking order as well as we can, and we appreciate your patience and understanding in this regard. With regard to a speaking list, the committee clerk and I will do the best we can to maintain a consolidated order of speaking for all members, whether they are participating virtually or in person.

The committee has agreed that during these hearings, the chair will enforce the rule that responses by a witness to a question take no longer than the time taken to ask the question.

That being said, I request that members and witnesses treat each other with mutual respect and decorum. If a member thinks a witness has gone beyond the time, it is the member's prerogative to interrupt or ask the next question and to be mindful of other members' time allocation during the meeting.

I also request that members not go much over their allotted question time. Though we will not interrupt during a member's allotted time, I'd like to keep you informed that our clerk has two clocks to time our members and witnesses.

I'd now like to welcome today's witnesses. With us here from Statistics Canada are Haig McCarrell, director, investment, science and technology division; Heidi Ertl, director, consumer prices division; Taylor Mitchell, senior economist, consumer price index; and, rounding off the team, Greg Peterson, assistant chief statistician, economic statistics.

Statistics Canada will now have an opportunity for opening remarks. I understand that Mr. Peterson will be delivering those remarks.

The floor is yours, Mr. Peterson.

Mr. Greg Peterson (Assistant Chief Statistician, Economic Statistics, Statistics Canada): Thank you, Mr. Chair and finance committee members. It's a pleasure to be here today with our team.

Since we last spoke to this committee in January, domestic and international challenges have continued to impact supply chains and associated costs.

We're all in a state of high alert due to the many uncertainties and risks around us. In this climate, Statistics Canada takes its job of anchoring Canadians to the facts more seriously than ever.

Our consumer price index continues to be a robust mechanism to gauge the impact of global and domestic events on consumer inflation and Canadians' changing consumption patterns.

[Translation]

In our last appearance before the committee, we told you that the consumer price index, the CPI, increased 4.7% year-over-year as of November. That figure has climbed to 5.1% in January and 5.7% in February. We haven't seen gains this large in 30 years. The price increases are broad-based, with the biggest drivers being gasoline, food, supply chain issues, and a heated housing market.

Allow me to provide some specific updates.

Gas prices jumped almost 7% between January and February in the wake of increased demand and Russia's invasion of Ukraine. Canadian motorists paid a third more at the pump compared to last February. If we took gas out of the equation, this February's CPI would be a full percentage point lower.

Grocery bills are rising fast, too. We saw a 6.5% increase in January and another 7.4% in February. That's the largest year-over-year leap since 2009. Rising input prices and transportation costs are some of the biggest drivers. But 2021 was a particularly bad year for food production, which is where we often see climate-related impacts.

I know this committee has concerns about housing affordability. Shelter costs rose 6.6% in February—the largest increase in almost 40 years.

[English]

Some have asked why the CPI isn't even higher given these important increases. First, the index represents a Canada-wide average, accounting for all 10 provinces as well as the northern capitals. The CPI may not always match the exact experience of individuals, households or even regions in Canada. This is because of geographic variations, along with different consumer choices.

We explained last time that the CPI is a consumption-based index that measures monthly costs of home ownership, including mortgage interest costs. It does not include the part of your mortgage payment that goes to principal, because that's considered an investment and an asset that would most likely appreciate over time.

However, the CPI is influenced by the most recent housing prices and interest rates, and we'll soon introduce enhancements, which I'll speak to shortly. The CPI also factors in price decreases in things such as mortgage interest, cellular services, car insurance and child care costs, following the introduction of new child care grants in certain provinces. It factors in quality improvements in items that may be outpacing their prices.

Statistics Canada is committed to keeping the CPI current and relevant. For our next release in April, a new data source for resale house prices, in addition to the new housing price index, will be used in the calculation of mortgage interest costs. This change will improve the timeliness and coverage of resale housing prices in the CPI.

We're also sharing best practices and aligning with international bodies on how to approach the measurement of housing in CPIs, and looking at how to leverage our other housing indicators. Expenditures on used vehicles are already captured in the CPI, with new vehicle prices serving as a proxy. We'll soon publish our plan to introduce used vehicle prices into the CPI, and here we'll be inviting user feedback.

On June 15, we'll conduct our annual update of basket weights used to calculate the CPI.

Looking ahead, the CPI is likely to remain elevated. Fears surrounding the global oil supply sent oil prices soaring in early March, when Russia's invasion of Ukraine escalated. We're expect-

ing higher gas prices to have a significant effect on March's CPI unless the situation changes quickly.

The crisis in eastern Europe could also affect prices for appliances and electronics as key raw materials get more expensive and supply chain pressures increase.

Finally, since Ukraine is a major exporter of grain and vegetable oil, lower supplies of these products in international markets and shipping disruptions will likely raise the prices for many everyday foods.

With that, Mr. Chair, we'd be happy to answer any questions.

• (1550)

The Chair: Thank you, Mr. Peterson, and thank you to the Statistics Canada team for joining us for the second time. You are a very important organization, and we thank you for the very important work that you do.

I know the members have many questions. We're now going to go into our first round of questions. In this round, each party will have up to six minutes to ask questions.

We're starting with the Conservatives, and we have Mr. Albas up for six minutes.

Mr. Dan Albas (Central Okanagan—Similkameen—Nicola, CPC): Thank you, Mr. Chair.

I'd like to thank the team from Stats Can for being here today. Please pass on my best to the chief statistician.

One of the things I was hoping we could discuss today was inflation. I don't think there's any issue that affects Canadians' financial health today more than inflation. Your presentation, sir, illustrated many of the challenges that Canadians are facing.

As the basket of goods used to measure CPI has changed since 1991, and it says here in the parliamentary briefing note that we've seen the highest levels since August 1991, it would be helpful to my constituents to have an apples-to-apples comparison when discussing how we track inflation.

Would you be able, sir, through Statistics Canada—I don't expect it on the spot—to please provide the committee with an analysis that measures what the rate of inflation would be in the CPI basket from August 1991 versus the one that you prepare for Canadians on a regular basis?

Mr. Greg Peterson: I'm sorry, Mr. Chair. I'm not sure I completely understand the question.

Mr. Dan Albas: The basket of goods has changed. Could you go historically back to where the basket of goods would be for 1991, the last time it was this much, and measure how much inflation would be today?

You said in your statement, “We haven't seen gains this large in 30 years. The price increases are broad-based, with the biggest drivers being gasoline, food, supply chain issues, and a heated housing market.” Would you be able to supply a comparable? If we were to look at the basket of goods that your predecessors would have utilized in 1991, could you measure what inflation would be on an apple-to-apple basis?

Mr. Greg Peterson: I'll turn to Mr. Ertl for technical details on how we would do that, but certainly we could take a look at any distribution of goods and how the price has changed over time.

We regularly update the CPI basket, as most countries do, on a regular basis. For the past couple of years, we've been updating it annually. We do this in order to respond to the changing consumption patterns of Canadians.

However, if what you're looking for is a kind of—

• (1555)

Mr. Dan Albas: Well, there are lots of people who experienced inflation back in the 1990s. I think many people would like to know what the rate of inflation would be using that old measurement.

Speaking about international comparables, etc., it's my understanding that both Japan and the United States use a rental-equivalent approach. You mentioned in your presentation, sir, that there is going to be a new approach on housing. Are you going to be looking to countries like the United States and Japan for best practices when it comes to reporting housing? What are you proposing, and what are you basing best practice on?

Mr. Greg Peterson: We are taking a look at the data we use in order to calculate the mortgage interest cost by including both new houses and resale houses.

The whole issue of how we measure housing is a discussion that a number of national statistical offices are having. We aren't proposing to move to a rental-equivalence model similar to what the United States, the U.K. and other countries do. Essentially, we're looking at doing what we're currently doing, but we are working with other countries as we're moving ahead, to see whether or not there are better ways to do that.

Many other countries are actively looking at how they're dealing with housing prices, and we would be remiss if we weren't part of that conversation.

Mr. Dan Albas: I'm very happy to hear that.

In British Columbia, we are seeing in many cases that rents are skyrocketing and there is a practice of rent evictions, etc. It's not just drastic housing price inflation that we've seen in Canada through much of the government's policies, but we're also seeing rents rise as well. How are you going to better capture those increases in rent utilizing this new method?

Mr. Greg Peterson: We already capture increases in rent. When we take a look at shelter costs, we break out both owned accommodation and rental accommodation. You are correct; we are seeing

high increases in rental accommodation costs. The latest number is going to a 4.2% year-over-year increase. Rented accommodation accounts for about 6.6% of our current basket, so, yes, we are keeping track of changes in rental housing costs, and we'll continue to do so.

Mr. Dan Albas: Considering the divergence between housing prices and the consumer price index, does the current user-cost approach used by Statistics Canada still reflect the actual cost of housing ownership?

Mr. Greg Peterson: I think it does. It's important to make the distinction between indexes of housing prices and what we do in the consumer price index. If I take a look at the good work that CREA does in its housing price index and the great work that Teranet does in developing its housing price index, they're measuring the price of purchasing a house. What we're attempting to do in the consumer price index is measure the cost of owning that house. Conceptually, we're looking at something that's a bit different.

We are currently reflecting the increase in housing prices, including mortgage interest costs and home replacement costs, and we'll continue to do so.

Mr. Dan Albas: Thank you.

The Chair: Thank you, Mr. Albas.

We are moving to the Liberals and MP Chatel, for six minutes.

[*Translation*]

Mrs. Sophie Chatel (Pontiac, Lib.): Many thanks the entire Statistics Canada team.

Your work is very important in making sure that we have good data that will be used to develop good policies. So thank you for your excellent work.

[*English*]

I have two questions, one in English and one in French.

Your February CPI release notes that the rising price of fuel is really affected by geopolitical conflicts in eastern Europe, mainly Ukraine, and also the Middle East. Can you elaborate on that?

Mr. Greg Peterson: Maybe I can turn to our lead analyst, Taylor Mitchell, who can talk about the supply chain effects on fuel.

Ms. Taylor Mitchell (Senior Economist, Consumer Price Index, Statistics Canada): Gasoline prices in Canada are certainly primarily impacted by international dynamics for oil. Currently, we are contending with both supply and demand factors. In terms of supply, we've seen OPEC Plus keep oil production at levels lower than we saw pre-pandemic.

We saw those initial cuts, implemented in the earliest days of the pandemic, maintained, and we're also seeing demand as economies ramp back up as COVID restrictions have been eased. That's been further exacerbated by geopolitical events in eastern Europe. As we've seen those conflicts ramp up, we've seen ongoing concerns about oil availability, which has had an impact on prices.

• (1600)

Mrs. Sophie Chatel: Could you elaborate on how this also impacts transportation?

Ms. Taylor Mitchell: Gasoline is a component under our transportation component.

Can you perhaps clarify the question?

Mrs. Sophie Chatel: We see a rise in inflation in terms of different buckets of goods, but mainly food. We know that climate change has been a factor. The price of wheat has also increased, caused by the war in Ukraine.

What's the factor in food prices, for example, that is caused by fuel and transportation?

Ms. Taylor Mitchell: There are certainly a number of factors that influence food prices as seen in the CPI. As you mentioned, they are certainly influenced by weather patterns and the ability to produce food.

One factor that we're also seeing impact food prices right now is the price of transportation, which is very much linked to gasoline and diesel prices. Because there are a number of factors that influence food prices, it's not possible to easily decompose the exact impact of transportation, but it's certainly a factor.

[Translation]

Mrs. Sophie Chatel: Thank you very much.

I'll ask my second question in French.

The latest consumer price index also shows that phone prices continue to fall year over year. I'm curious to know why phone prices continue to fall.

Mr. Greg Peterson: Thank you for your question.

When we measure something using the CPI, our goal is to measure the same products over time.

I'll give you the example of cereal boxes.

[English]

If you change the weight of a box of cereals, we're going to adjust the price, given the change in weight.

[Translation]

The same is true of telecommunications services. During the pandemic, many telecom service providers increased the data in their telecom plans. As a result, consumers received more services for the same price. We adjust the quality [*Technical difficulty—Editor*]. There is a reported decrease in price for these services.

Mrs. Sophie Chatel: Okay.

I didn't necessarily understand that the fees... My family and I haven't seen a big drop. You compared the expansion of services. It

is true that, in the end, we have more services for the same price. This is important in how you calculate and compare the costs of telephone services.

Mr. Greg Peterson: That's right.

Basically, we're looking for a price for the same services for the coming period.

Mrs. Sophie Chatel: You talked about cereal boxes earlier. One of our concerns is that a box of cereal contains less cereal, even though it's the same size. In other words, there's less in the box, but the price stays the same. It's also a phenomenon related to inflation.

You do the calculations, but can you tell us exactly how you manage to find this information?

[English]

Mr. Greg Peterson: When we measure the basket, we use scanner tapes coming from the supermarkets and the grocery stores. We get from these scanner tapes the product that's being sold, including the volume of the box or the weight of the box. We will adjust that purchase to a standard weight, so that we're comparing apples to apples over time.

In that particular case, if we have so-called shrinkage, with a smaller box of cereal being sold at the same price, we would reflect that as inflation.

• (1605)

[Translation]

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

[English]

The Chair: Thank you, Madame Chatel.

Now we're moving to the Bloc and Monsieur Ste-Marie for six minutes.

[Translation]

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

Welcome to the entire Statistics Canada team, and everyone listening.

First, I want to thank you for your very important work. It will help legislators make decisions, especially in this time of crisis. Obviously, we are very concerned about inflation, and we make our decisions based on the data you provide us.

I'll start with housing.

Mr. Peterson, in your opening remarks, you pointed out that shelter costs rose by 6.6% in February. This is the largest increase in almost 40 years.

I have a series of questions for you. First, do you expect this to continue to rise in March and in the following months?

And then, what about Quebec?

Mr. Greg Peterson: We aren't necessarily in a position to make forecasts. However, when we did our estimates of shelter costs, we included not only shelter costs, but also house price *Technical difficulty—Editor*] of mortgages. So interest rates will also have an impact on the CPI.

I'll ask Ms. Ertl and Ms. Mitchell to answer questions about Quebec.

[English]

Ms. Heidi Ertl (Director, Consumer Prices Division, Statistics Canada): Mr. Chair, I don't have the number specifically for Quebec shelter. We can certainly get that to you. I'm not sure if Ms. Mitchell has it.

[Translation]

Ms. Taylor Mitchell: Thank you for your question.

[English]

I will respond in English.

I can certainly get back to you with specifics, but what I can tell you right now is that the situation for housing in Quebec is certainly reflecting a number of the same pressures that we're seeing throughout the rest of the country, particularly around the Montreal area. We can certainly get back to you with specifics.

Thank you.

[Translation]

Mr. Gabriel Ste-Marie: Thank you to all three of you for your answers. I look forward to seeing that.

I would like to ask you about the quality of the data you use for housing, particularly in relation to Quebec.

Do you think this data is of adequate quality?

Do you have the ability to measure the impact of overbidding? When a building, a condo or a house is sold, among other things, there is a phenomenon of overbidding, that is, people offer more than the list price.

Do you have access to this data?

Mr. Greg Peterson: We think the data for Quebec is reliable.

However, I will ask Ms. Ertl to answer this technical question.

Ms. Heidi Ertl: Thank you for your question.

[English]

In this case, I believe you're referring to the bidding process when a unit sells for more than the list price. This would be captured when we include our resale housing prices in the shelter component of owned accommodation. It appears in a couple of components: the mortgage interest and the real estate commission fees and land transfer tax. We are basing all of the resale housing prices that are feeding the shelter component on transaction prices, not list prices.

In the case of new homes and the prices we are getting for the new house price index, which of course feeds into a different component, the replacement costs are provided by builders. These are new homes that builders are building, and they provide the prices

for us. In those cases, the price is the list price of the new home and may not always necessarily be a transaction price, depending on whether they are selling up front, before houses are being built, or after the fact, on MLS.

There is a bit of a mix, but I can emphasize Mr. Peterson's point that the quality of the data for shelter in Quebec, as well as all the other provinces and the territorial capitals, is of the highest quality. In most cases, it's transaction prices that are all coming from administrative data.

• (1610)

[Translation]

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

I see that my time is quickly running out, so I'll ask a question on a completely different topic.

Mr. Peterson, would you say that the war in Ukraine has already had an impact on the February inflation rate, or rather that it may be more noticeable in the statistics in the coming months?

Mr. Greg Peterson: All of our economic indicators show that the war in Ukraine is affecting the price of many commodities worldwide.

[English]

We're tracking this not just in our consumer price index; we're tracking this through movement in a number of our different price indices, such as our industrial product price index and our raw material price index. I think Ukraine is the world's largest producer of neon, for instance. As that is an important input into the production of computer chips, there are supply chain effects.

That's certainly not the only supply chain effect in the world right now, but we are keeping track of what's happening outside of our borders as well as what's happening domestically.

[Translation]

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

[English]

We'll now hear from the NDP.

Mr. Blaikie, you have six minutes.

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

I know that you were answering that question under some time constraint. I don't know if there's anything you had hoped to add. If so, I'd welcome you to add to your reflections on how and when we might be able to see the effects of the war in Ukraine in the consumer price index or other data that bear on Canada's economic forecasting.

Mr. Greg Peterson: Well, as I mentioned earlier, I think we [*Technical difficulty—Editor*] for sure that's had an impact on what we're seeing at the pump. Insofar as gasoline is an input into a whole range of other things, we are starting to see that as well.

Those are my initial thoughts.

Mr. Daniel Blaikie: I wanted to follow up on something that came out of testimony the other day here at committee. It was on the question of how housing costs are incorporated into the CPI. As interest rates go up, even if that results in a decline in housing prices over the medium term, we might find ourselves in a position where, while housing prices are coming down, housing prices drive up the CPI, because the monthly costs increase.

I respect that there's no perfect model for how to try to incorporate housing data into the CPI, but I'm wondering less about the question of that data and more on this question: What role do you think there is for folks like us, or for Stats Canada, to try to help explain to Canadians in a moment like that why it is that as housing prices are decreasing, they're seeing a corresponding increase in housing costs within the CPI?

• (1615)

Mr. Greg Peterson: I don't think you can look at any single economic indicator and say that it is the panacea that describes absolutely everything. As I described in my opening remarks, the consumer price index aims to measure how much it costs consumers to own a home. For sure, you'd include mortgage interest costs. For sure, some aspects of the price of the house are going to figure into it. There are other price indices, such as our residential property price index, which measures the purchase price of the house. That would be the proper index to use if you were taking a look at the prices that consumers are facing when they are purchasing a single home.

Similarly, I would take a look at the national balance sheet accounts to see overall household indebtedness and the mortgage debt that's being taken on by homeowners. I would also take a look at changes in household wealth over time in the national balance sheet accounts.

To develop a comprehensive picture, the CPI is developed, really, for two things. One is to be a means to escalate things like cost-of-living increases in contracts and stuff like that. The second is to be a tool to help inform monetary policy.

If you want that broader narrative on the issues facing Canadians, I don't think we can narrow it down to a single indicator.

Mr. Daniel Blaikie: Thank you for that.

The CPI does a pretty good job of telling us where we've gotten to. I think there's a lot of interest at this table and elsewhere in trying to figure out where we're heading.

I'm wondering what other data Statistics Canada publishes that you would point us to in order for us to see signs that some relief may be coming within certain aspects of the economy, or indicators that might show that in so many months' time we might look forward to seeing a decrease in the consumer price index.

Mr. Greg Peterson: Well, while Statistics Canada is not in the business of forecasting, I think it is worthwhile taking a look at

what's happening along supply chains. Over the course of the pandemic, we've seen that every product and every service has its own story. If you want to look at new housing, for instance, I would take a look at the construction price index and how that is changing. I'd take a look at the material inputs that go into the construction of a house—lumber costs—and see how those are changing.

One aspect of the past 12 months is that we've seen different commodities really face different stories. The description of the pathway for telecommunications services is that, again, telecommunication service providers have provided more data for not as much money, so the overall price has gone down.

It's really decomposing the value chains and supply chains to understand what's happening upstream.

Mr. Daniel Blaikie: Thank you very much.

The Chair: Thank you, Mr. Blaikie.

Members, we're moving into our second round, starting with Mr. Chambers for the Conservatives, for five minutes.

Mr. Adam Chambers (Simcoe North, CPC): Thank you very much, Mr. Chair, and thank you to our officials.

Mr. Peterson, it's nice to see you and your colleagues today. Thank you for coming back for our very important study.

I hope to get to five questions, and if we could spend 30 to 45 seconds in responses, that would be very helpful.

I'd like to augment my colleague's request in the first round with respect to methodology. It would be helpful for this committee, or at least for me in my role here, to look at what the inflation rate would have been in 2000 and using the 2000 methodology, as well as in 1990 and 1980. If we could do that, I think that would help us with an apples-to-apples comparison when we look backward.

Is that something that would be available?

Mr. Greg Peterson: We'll provide that to the committee.

Again, I would caution that over time, household consumption patterns change. There were some products that may have been sold in the past that are no longer being sold, so we wouldn't have a price for them.

I just want to make—

Mr. Adam Chambers: That's fair.

Thank you. I appreciate that, and certainly any caveats that would go along with it as well.

We had a great exchange last time on used cars, and I appreciate that there's some work being done on that, as well as on appliances, as you noted in your opening. Scotiabank has predicted, or at least suggested, that by the summer, if we include used cars, this will push the inflation rate to about 8%.

Is that around what you would expect, given your “back of the envelope” math, at this point? Are you at a position to disclose that today?

• (1620)

Mr. Greg Peterson: We'll have a working paper out shortly, but I would be surprised.

We currently have used cars in the CPI. The weight of used cars in the basket is less than 2%. They're in the basket. Currently we're using the price of new cars as a proxy for the price of used cars. The—

Mr. Adam Chambers: We'll certainly look forward to the working paper.

In January, the Bank of Canada provided to this committee a finding that the carbon tax added about 0.4% to the inflation rate year over year. Do you agree with that number?

Mr. Greg Peterson: We haven't done an evaluation, so I wouldn't be qualified to say.

Mr. Adam Chambers: We talked about housing prices, and I recognize there are a bunch of different ways to include this in the CPI. One thing we could look at would be the disposable income of the household and how much is going to shelter, just in and of itself.

I'm curious as to whether you've done any studies. Can you point to any information on the health of discretionary spending in a household? Perhaps the government has asked you to look at this with respect to housing in particular and how much of disposable income is going to shelter.

Mr. Greg Peterson: We have done a fair bit of work tracking the household over the course of the pandemic. I can tell you that over that course we've seen household wealth increasing considerably. When we take a look at distributions across income quintiles, we've seen [*Technical difficulty—Editor*] of gaps between the highest quartile and the lowest quartile.

Through the national balance sheet accounts, we have data on how mortgages have changed over the course of the pandemic.

Mr. Adam Chambers: Thank you.

If there are relevant studies to that respect that are public or available, we would appreciate it if you would forward those to the committee.

I noticed in one of your recent findings or releases that a record number of Canadians permanently fled the country in Q4, which is the most we've seen leave the country since the 1970s. Do you have that information broken down by age?

Mr. Greg Peterson: I'm sorry. My area of responsibility is economic statistics, so I'm not intimately familiar with that study.

Mr. Adam Chambers: If you wouldn't mind, as a takeaway, if it's available.... There was a record number of Canadians—since the

1970s—who left the country in Q4 of last year. I would be very interested in the age category breakdown, because my hypothesis would be that you'll find that more younger people are leaving the country for other opportunities and lower costs of living elsewhere.

We asked young people to stay home and be good citizens for two years, which they did, and we're all very thankful for that. They've re-emerged to an economy that looks very different and to a housing situation that looks completely unattainable. I would be very interested to see some more findings on why people are leaving the country.

Thank you very much, Mr. Chair.

The Chair: Thank you, Mr. Chambers.

Now we'll hear questions from the Liberals. We have Ms. Dzerowicz for five minutes.

Ms. Julie Dzerowicz (Davenport, Lib.): Thank you so much, Mr. Chair, and a huge thanks to Stats Canada for joining us today. The service you provide is invaluable, so thank you so much for your service to our country.

There's been so much that's changed over the last few years. We're living in such unpredictable times that sometimes we have to remind ourselves of that.

One of my favourite economic historians is a Columbia University professor by the name of Adam Tooze. He just wrote a book by the name of *Shutdown*.

He basically said that with this pandemic, and in the first half of 2020 alone, 95% of the world's economy suffered a simultaneous contraction. He said that's never happened before. He said three billion adults were either furloughed from their jobs or tried to work from home. He said that's also never happened before. He said more than 1.5 billion young people had their schooling interrupted, and then he also said that the sum of lost earnings just in the first six months of the pandemic was \$10 trillion U.S., more than a 10th of the global GDP.

We received an update of the CPI index in February 2022, and I know there have been some increases, which is historic, in the last 30 years.

I like making sure that I'm thinking about it in the context of what's actually happening now. Would it be fair to say that right now we are living in fairly unprecedented times or, at the very least, that the situation that we currently find ourselves in hasn't occurred in probably about 100 years?

• (1625)

Mr. Greg Peterson: I can't talk about the last 100 years. I can tell you about the 30 years that I've worked at Statistics Canada, and I can tell you that we haven't been through an economic period like this.

Ms. Julie Dzerowicz: Thank you.

Two of my colleagues have asked for an apples-to-apples comparison of 30 years ago on the CPI versus today. I would ask, if that is provided, that there be a couple of other elements added.

From my perspective, we should also bring in the unemployment rate. What was the unemployment rate at that point, as well as the global economic context? It is important, if we are comparing apples to apples, that we not just look at the CPI numbers, but also understand the context. Also, another big indicator we look at is the employment numbers.

If I could ask you to do that, it would be great.

This is my next question. Today you released some new data showing the eighth month of consecutive growth of Canada's GDP, but we've also seen a strong recovery in Canada's jobs, with over 337,000 jobs gained in February, representing 112% of the jobs lost at the peak of the pandemic. Can you tell us how these strong gains in GDP and jobs interact with inflation?

Mr. Greg Peterson: There are a number of different ways. There are a number of things we are keeping track of. When you take a look at the employment numbers, for sure, we've been keeping track of how employment has been changing over the course of the pandemic and the gains we've been seeing in recent months. We've been paying very close attention to the impact of that on the wage rate. I don't have that number immediately in front of me, but wage rates are going up, so we're taking a look at the difference, if you will, between changes to the wage rate and changes in inflation insofar as labour is an input.

On the increase in GDP, again I would argue it's the same sort of thing that we're seeing on the CPI. Every industry is a slightly different story, and every industry is being affected by slightly different things.

The changes we have been seeing in the transportation sector have been largely affected by people travelling, for instance. Changes in the accommodation and food services—

Ms. Julie Dzerowicz: I'm sorry to interrupt. I have just one more question before we go on, so thank you for that.

Can you speak to whether you have any data that shows how the pandemic supports we provided may have prevented labour market scarring?

Mr. Greg Peterson: To my knowledge, there is nothing particularly on labour market scarring as such. I would, though, point to the national balance sheet accounts, which take a look at how household finances [*Technical difficulty—Editor*] and we've broken that down by income and wealth quintile.

Ms. Julie Dzerowicz: Can I hear that again, because he cut out? Is that okay? The translators couldn't hear.

The Chair: I will ask Mr. Peterson to repeat that answer.

Mr. Greg Peterson: Certainly. We have data from the national balance sheet accounts that take a look at how household wealth has changed over the course of the pandemic, along with savings rates and disposable income, and we've broken that down by income and wealth quintile.

The Chair: Thank you, Ms. Dzerowicz. Now we'll hear from the Bloc.

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

[*Translation*]

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

Mr. Peterson, in the conclusion of your opening remarks, you said that you are concerned about a possible increase in the price of many foods, given that Ukraine is a major exporter of grains and vegetable oil, as you mentioned.

In fact, when we analyze food market transactions today, we see a significant increase in the price of wheat, for example, for the crops expected this summer. The price at which these crops will be purchased next September is therefore already negotiated.

Do you analyze these kinds of statistics?

• (1630)

Mr. Greg Peterson: Certainly.

[*English*]

In our agriculture statistics program, we keep very close track of what is being planted, and throughout the growing season we keep track of what we expect crop yield to be by commodity.

Canada, of course, is only one producer of these grains, so we also have to consider the production from other global producers, but Canada is a sufficiently large producer in a number of these commodities to have an impact on world prices.

[*Translation*]

Mr. Gabriel Ste-Marie: Thank you.

What do you think would be the best leading indicators to look at in order to predict future inflation? I don't know if my question is clear.

Mr. Greg Peterson: It isn't part of our mandate to forecast inflation. However, we have many ways of analyzing different aspects of supplier chains.

[*English*]

supply chains, if you will, like the industrial product price index and the raw materials price index.

They offer prices on things that are further up the supply chain.

[*Translation*]

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

[*English*]

Now we'll go to Mr. Blaikie from the NDP for two and a half minutes.

Mr. Daniel Blaikie: Thank you very much.

In your earlier remarks you mentioned that the CPI really is a composite, that it doesn't reflect any one particular individual situation. The extent to which the CPI maps well onto the experience of a particular individual or a group of individuals depends on many factors. Certainly, one of the things I've heard a lot over the six and a half years in which I've been a member of Parliament is from seniors, who really feel that CPI increases to their public pensions don't match the cost pressures they experience.

I'm wondering if there has been any work done—or if you think it would be possible, or indeed advisable, if you'd be prepared to go that far—on having something like a Canada seniors price index, which might be a better tool for increases to seniors' pension income and other income support benefits, and which would better represent the cost pressures faced specifically by seniors.

Mr. Greg Peterson: You're exactly right: When we take a look at the basket of the consumer price index, it reflects all expenses by all Canadians, aggregated together. A senior won't necessarily face day care expenses or tuition expenses. It is a composite. In order for us to do something like that, it would require us to have very detailed information on what seniors are purchasing, so we'd have to construct a kind of a basket of consumption for seniors.

What we have done, though, is that we've produced a personal inflation calculator, which enables you to enter into a kind of website, essentially, your own pattern of expenses, and produce your own individual CPI. That's something we've done in order to try to allow Canadians to see themselves better in the data we're producing.

Mr. Daniel Blaikie: Would that tool or some other method provide—if there were a campaign around trying to get a critical mass of seniors to use that tool—the basis for constructing a seniors basket that could be used for seniors' income benefits and pensions?

That's so they're not faced with a CPI that.... I mean, one of the downward factors within the CPI right now is child care. As you rightly point out, that's not a factor for many seniors. To the extent that some costs of the Internet and a few other things have gotten a little lower, that's also something that is maybe disproportionately not beneficial to seniors, who don't necessarily avail themselves of those things as much.

Do we have the means to be able to create a seniors basket, or is the infrastructure to be able to do that missing?

• (1635)

Mr. Greg Peterson: I don't think there's infrastructure missing. I think there's data that's missing, and it would be an understanding of what the consumption patterns are with seniors.

Mr. Daniel Blaikie: Thank you very much.

The Chair: Thank you, Mr. Blaikie.

We'll move to the Conservatives and Mr. Fast for five minutes.

Hon. Ed Fast (Abbotsford, CPC): Mr. Peterson, I want to go back to the discussion you had with my colleague, Mr. Albas. I just want to be very clear about what we're asking.

Given that we talk about inflation being the highest in 30 or 31 years, obviously there must be a comparator of apples to apples to allow you to make a statement like that. I'm wondering about the basket of goods that you use to make comparisons like that. Is it equivalent?

Mr. Greg Peterson: In terms of the basket of goods we use, we change the basket of goods on a periodic basis in order to reflect changes in the consumption patterns of Canadians.

If I take as an example what we faced early on in the pandemic, a critique of the CPI early on was that with the closing of stores and the lack of availability of services, the CPI basket didn't properly

reflect the consumption patterns of Canadians, so there was a bias. At that point, we worked with the Bank of Canada to get updated consumption data in order to come up with an alternate CPI basket to reflect that change in consumption patterns. When we did that analysis, in the end we found that there was no significant change as a result of the change in the basket over the course of the pandemic.

Hon. Ed Fast: Are you seeing that when you make a statement about current inflation rates versus historical rates, there is an equivalency that is fair and that properly reflects the changes that have happened? Does it also properly reflect a proper comparison between two different times, say between the 1980s and today?

Mr. Greg Peterson: I would say the answer is yes. It's common practice among national statistical offices to update the consumption basket in the CPIs. We are no different.

Hon. Ed Fast: I'm asking you to provide us—either now, or more likely in writing—an analysis of what the inflation rate would have been back in the early 1980s, compared to today. As closely as possible, using an apples-to-apples approach, could you provide the committee with that?

Mr. Greg Peterson: Absolutely. However, again, I would caution that there are some commodities that were sold in the 1980s that are no longer sold now—

Hon. Ed Fast: Yes.

Mr. Greg Peterson: There were VHS tapes in the basket in the 1980s. Of course, there were no streaming services available back then either.

Hon. Ed Fast: I understand that.

You also mentioned that there were a number of different factors that [*Technical difficulty—Editor*] inflation. The war in Ukraine was the key one. With transportation prices, it was a bad year for food production. I wanted to ask you about a couple of others.

One is taxes. When a municipality raises property taxes, when a province raises the property transfer tax, when a federal government raises excise taxes, carbon taxes or income taxes, does that drive inflation, and does that factor into your CPI calculations?

Mr. Greg Peterson: It depends on the nature of the tax.

Maybe I can turn to Ms. Ertl.

Ms. Heidi Ertl: Yes, it depends on the nature of the tax, but most taxes are included with product prices. Taxes are included, so we know, for example, within each province and territory what the tax system structure is. Those get updated as needed. We will see carbon taxes, for example, as they're introduced in the CPI, so yes, those would be included.

If Taylor has anything else to add, she would be the expert on this particular topic.

Hon. Ed Fast: Mr. Ertl, can you confirm that taxes are inflationary in nature?

Ms. Heidi Ertl: I can tell you that the taxes that are brought in would be included as they apply to specific prices of goods and services.

Hon. Ed Fast: It sounds to me like you're a little reluctant to say whether they're inflationary or not. Are you including them in the CPI?

• (1640)

Mr. Greg Peterson: That's correct.

Ms. Heidi Ertl: Yes.

Hon. Ed Fast: I have one other question. Stimulus spending by government is also inflationary. Is that correct?

It can be inflationary.

Mr. Greg Peterson: We've seen over the course of the pandemic that household wealth has increased. We have a large increase in savings rates across all income quintiles. That would put households in a position to buy more stuff, yes.

The Chair: Thank you, Mr. Fast. That's the time.

Now we're moving to Mr. MacDonald from the Liberals for five minutes.

Mr. Heath MacDonald (Malpeque, Lib.): Thank you, Chair, and thank you, StatsCan. It's very important information that you guys provide to policy-makers.

I'm going to change it up a bit. I want to talk a bit about large corporations and trying to measure what they're doing relevant to their profits, basically. We've seen huge amounts in the U.S. of 25% profit gains in corporations. In Canada, it was a 37% increase, I believe.

Is there any way that StatsCan can monitor these corporations relevant to price gouging? We know the labour market, labour wages and salaries are not keeping up with the prices that some of these corporations are charging. Is it measured somewhere in the CPI?

Mr. Greg Peterson: It is not measured so much in the CPI. We have our retail service price index and our wholesale service price index. They are essentially price indices that measure the margins that wholesalers and retailers apply to their customers.

[*Technical difficulty—Editor*] that would necessarily be consistent with price gouging in those services.

Mr. Heath MacDonald: Is there any way to detect it, or is that made public? We're starting to see.... There are concerns, when you get the President of the United States asking companies not to price gouge. We have oil companies now.... You're seeing the price levels. In my home province, the price of fuel changed 10 times in less than 30 days.

How do you measure it, or how does it become relevant so that a red flag goes up and says, "Hold on a second," and makes it public?

Mr. Greg Peterson: If I understand your question correctly, at Statistics Canada we protect the confidentiality of the information we obtain, so we're not in a position to point to an individual company and say, "You're price gouging."

If I take a look at the data that we have available that indicates where prices or margins are increasing, again, I'd point to the retail service price index and wholesale service price index as sources of that information. [*Technical difficulty—Editor*]

Mr. Heath MacDonald: I lost the end of your answer, but I'm going to move on quickly.

We've heard from other guests that predatory lending could also be contributing to CPI, so I'm wondering if you could comment on that. Would you have any information to share with us?

Mr. Greg Peterson: I'll turn to Ms. Ertl.

Ms. Heidi Ertl: Mr. Chair, could I ask the member to clarify that question?

Mr. Heath MacDonald: High-risk individuals are getting loans, and were getting them leading up to the pandemic. I'm wondering what contribution.... We call it predatory lending. Is there a measurement tool you use to determine if that's the case?

Ms. Heidi Ertl: I don't believe so. We are measuring the transactions that are occurring. If we're talking about mortgage lending, as an example, we would be taking into account all of the new mortgages that are initiated in a given month. We do not assess or analyze whether.... We don't have any information to determine whether that's a high-risk loan or not.

• (1645)

Mr. Heath MacDonald: [*Technical difficulty—Editor*] result to the question could be, what are the levels of bankruptcies and insolvencies over the past two or three years? Have they increased or decreased?

Ms. Heidi Ertl: That's a different question. That's not related at all to the CPI.

I'm not sure if we have some information on our business conditions—

Mr. Greg Peterson: The information regarding bankruptcies, I believe, is published by ISED.

The Chair: Thank you, Mr. MacDonald.

Members, we are now moving to our third round. We have Mr. Lawrence for five minutes.

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

I'm going to borrow heavily from a friend of our finance committee, Professor Sylvain Charlebois. He has written a recent article in which he states that the StatsCan website will be refreshing or creating a brand new database regarding the price of food.

Can you confirm that?

Mr. Greg Peterson: This is outside of the CPI. The CPI remains unchanged.

We have, for some time, produced information on the average prices of food products. In the past, we published a national table and a provincial table. We are going to move those two tables together, into a single product.

Mr. Philip Lawrence: My understanding is that you're actually going to be eliminating from the website, for public consumption, the 25 years of data that has been collected, meaning you will no longer be able to do year over year studies. It seems like a bit of an odd time to [*Technical difficulty—Editor*] and food prices.

Mr. Greg Peterson: Absolutely not. We have no intention of removing any data from our website; nor have we ever indicated that we would.

Mr. Philip Lawrence: It said your website “posted a note to readers at the very bottom of its monthly Consumer Price Index report” that it would be removing this data. Is that not true?

Mr. Greg Peterson: We will no longer update the old table, but we'll archive the old table and the data will be publicly available.

Mr. Philip Lawrence: You won't be able to compare the new data because it's a different grouping of foods or different types of foods from the old data.

Mr. Greg Peterson: I'll ask Ms. Ertl to talk about the specifics of the changes that were made—

Mr. Philip Lawrence: No, that's fine. You will not be updating the old basket, which will eliminate the ability to do a year over year comparison at a time when we have the highest food prices. Is that right?

Mr. Greg Peterson: The CPI basket remains unchanged. We're still covering 178 food commodities. It will be continuous over time, so we'll be able to go back in time and make comparisons for those products.

The average prices are the average price of a product. If they're making comparisons of what's happening over time, we advise people to use the consumer price index as opposed to that collection of selected average prices.

Mr. Philip Lawrence: My point remains the same: On this food table, you will not be able to do year over year comparisons.

This is in striking contrast to your counterparts in the United States and other countries, where they've actually kept the two tables going. They've got the new one, which rightfully reflects perhaps the more modern examples of diet, but they enable you to also continue to track on the old one.

Presuming everything is in today and it's just a matter of updating, why would you not just go ahead and keep updating that on the food table? At a time when we're facing record inflation, people—those in my riding, quite frankly, who are having a difficult time affording food—and academics and others who study this will not have the ability to continue to understand and fully monitor the increase in food prices.

Mr. Greg Peterson: We would advise that if you want to track increases in food prices, the 178 commodities in the consumer price index be used for making those comparisons. If you're doing that, then you're comparing apples to apples. You're making sure that the size of the cereal box is the same in both periods.

Mr. Philip Lawrence: Okay, I'll move on to a different topic here.

You said earlier, in response to my colleague's questions, that deficits lead to inflation. Would you care to expand on that?

Mr. Greg Peterson: I'm sorry. Could you repeat the question?

Mr. Philip Lawrence: You said earlier in response to Mr. Fast's question that the increased deficit spending was creating inflation. You said it put more money into Canadians' pockets and therefore

they spent more, which created more inflation. You had more money chasing fewer goods, which was creating inflation.

Mr. Greg Peterson: I was pointing to data where we have hard numbers. When we take a look at the composition of inflation and what causes inflation, largely our analysis is focused on supply chain issues.

I was referring to data from a national balance sheet account, where we're looking at the change in the wealth of households over time on a disaggregated basis by income quintile and wealth quintile.

Mr. Philip Lawrence: More money chasing fewer goods equals higher inflation. That's been the case in the five worst cases of inflation: There was higher deficit spending, which creates more money chasing fewer goods, which creates inflation.

One other thing that you added, with respect, was that taxes are inflationary as well. Could I ask for StatsCan to table with our committee a report showing the inflationary impact of all the tax increases over the last seven years?

● (1650)

Mr. Greg Peterson: If I can clarify what Ms. Ertl said, we don't do an analysis of the impact of taxes on inflation. We do include the value of a tax in the pricing of a commodity. An excise tax would be included in the price of whatever good has been sold.

Mr. Philip Lawrence: Yes, I'm aware of that.

I'm asking you, though, to break—

The Chair: That's the time, Mr. Lawrence.

We are moving to the Liberals and Mr. Sorbara for five minutes, please.

Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.): Thank you, Chair, and good afternoon to the folks at Statistics Canada.

I very much enjoy reading “The Daily”, which is the publication on the website. This morning's publication was on gross domestic product for Canada. I think it was for February, when we saw the Canadian economy continue to outperform expectations. It continues to grow as we continue to fight the pandemic but recover from it and deal with global events. It's good to see the Canadian economy continue to grow. It's now larger than it was pre-pandemic.

For my first question, I just want to ask about response rates. I know it's not dealing directly with the inflation measure. You released the SEPH survey today as well. It's interesting to see that. I wish it was a little more up to date instead of a lag indicator.

How are the response rates for measuring the economic indicators that we have from Stats Canada?

Mr. Greg Peterson: It largely depends on the kind of survey we're talking about. Essentially, it depends on the source. In many cases, we're using administrative data in order to drive forward an estimate, in which case we're getting a full census of volatility.

In other surveys, if I'm thinking about the monthly survey of manufacturers, the monthly retail trade survey, we're taking a look at response rates in the 80% to 85% range, and those are the economic production surveys that feed into GDP.

GDP itself is a composite measure. It's bringing in data from a range of different sources, so it's not possible to say there's a single response rate for GDP.

Mr. Francesco Sorbara: In terms of calculating your LFS number—your labour force survey number—the response rates during COVID were obviously a little more challenging, but have they come back to better numbers?

Mr. Greg Peterson: I would have to get back to you on specific response rates for the labour force survey. I don't have those off the top of my head.

Mr. Francesco Sorbara: Okay, that's no problem. I want to add, just to put it on the record, that one bank's economist stated, "Canada's economy is on a tear with growth surpassing the Bank of Canada's forecasts." It's great to see the Canadian economy continue to outperform.

I have a quick question in terms of measuring inflation. As someone who has studied economics at the master's level and had an opportunity to do a Ph.D. or go work on Wall Street and decided to go work on Wall Street, on the estimation of using hedonic pricing, if I go back in my memory.... Can you comment on that in terms of the preferred pricing measure that Stats Can uses for inflationary estimates?

Mr. Greg Peterson: Again, it depends on the commodity. We do use hedonic pricing. Maybe I could turn to Ms. Ertl to give us examples of where we do that.

Ms. Heidi Ertl: Yes, hedonic pricing is used in our quality adjustment process—Mr. Peterson addressed that—particularly with respect to items that change frequently. We use hedonic quality adjustment for things like electronics and computers—smart phones, for example. It's really the most robust way to ensure that we are taking into account quality changes over time to these types of commodities, and to maintain that consistent product over time.

• (1655)

Mr. Francesco Sorbara: The use of hedonic pricing when it comes to measuring the CPI, because there's obviously the intangible, the qualitative factor when you look at a product and price adjustments there.... When you rebase it, does that tend to drive up the inflation number, or does it just make it a more apples-to-apples comparison?

Ms. Heidi Ertl: Exactly. The objective is to make sure that the product is consistent over time, so apples to apples. There is a study that was released on the impact of various quality adjustment methods, which we can include in a follow-up package.

Mr. Francesco Sorbara: If I can just get that flagged, that would be great.

Peter, do I have more time?

The Chair: You have 45 seconds.

Mr. Francesco Sorbara: Okay. In terms of the inflation measurement that Statistics Canada uses, how often do you evaluate

that versus what other countries use, specifically versus what they use in the United States, what comes out of the Federal Reserve, and other sources in the ECB?

Mr. Greg Peterson: We work closely with other national statistical offices and with international organizations to share methods and look for best practices. There are international fora for this. Under the UN umbrella, there is the Ottawa Group on Price Indices [*Technical difficulty—Editor*] worked on under the umbrella of the IMF.

Mr. Francesco Sorbara: Thank you.

The Chair: Thank you, Mr. Sorbara.

We have now the Bloc, with MP Ste-Marie, for two and a half minutes.

[*Translation*]

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

Mr. Peterson, some economists, such as Nouriel Roubini, are saying that right now, given the particular international situation, the risk of stagflation, let's say on a western scale, is much higher. We're talking about inflation data right now. My colleague Mr. Sorbara talked about economic growth in Canada.

At Statistics Canada, are you currently seeing any indicators of real growth that might suggest a slowdown in growth for the economy as a whole, for certain sectors or for certain provinces?

Mr. Greg Peterson: Our mandate does not include forecasting analysis per se.

[*English*]

As we've indicated, today's release indicates the fourth straight monthly increase in GDP over a period when we've seen increasing inflation. We haven't hit that period of stagflation yet, if it is to occur. This is certainly something that we are monitoring and will continue to track.

[*Translation*]

Mr. Gabriel Ste-Marie: Okay, thank you very much. That's reassuring. That's what the Governor of the Bank of Canada, among others, was telling us.

I have one question that concerns me. Earlier, I asked you about the housing prices in Quebec compared to Canada. I am also concerned about the price differentials between Montreal and regions far from Montreal. Real estate prices are higher in Montreal, but there has been a catch-up effect in the regions.

Do you measure disparities between prices in cities and in rural areas of Quebec? Have you seen this phenomenon in recent months?

[*English*]

Mr. Greg Peterson: Perhaps I can turn to Ms. Ertl on that.

[*Translation*]

Ms. Heidi Ertl: Thank you for your question.

[*English*]

We are focused on the census metropolitan areas. Those will appear in the various housing price indexes that are produced in other programs. Within the CPI, we also report and publish statistics based on the census metropolitan area. We do attempt to ensure—for example, with food data and some other components—that the coverage includes outlying areas, such as grocery stores. For shelter, the data we have relies mainly on CMA.

• (1700)

[*Translation*]

Mr. Gabriel Ste-Marie: Thank you.

[*English*]

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

Now we will go to Mr. Blaikie for two and a half minutes.

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

Without making light of the seriousness of the issues we're talking about today, one is tempted to ask how many staff Statistics Canada thinks it may have to hire in order to satisfy the requests coming out of the finance committee.

Voices: Oh, oh!

Mr. Daniel Blaikie: I won't ask the question, Mr. Chair, because I appreciate that it may take a while to calculate. It's perhaps a question best asked under the study of the estimates later on.

I want to take a moment just to flag for you, of course, that with the budget date having been announced, we're going to lose our meeting on April 7. We had agreed that we would discuss a little committee business then. I wonder if we might be able to have some time set aside on Monday, at the end of our meeting, just to try to get sorted on what we intend to do when we come back. I know that we had been scheduled to talk a bit about the Emergencies Act study that's still before the committee on Thursday the seventh, so perhaps we might start with that on the Monday after we return. I think it would be useful for the committee to have a bit of time to discuss some of those things.

With thanks to our witnesses for their patience, I'll gladly pass the floor on to the next MP for their questions.

The Chair: Okay. Thank you, Mr. Blaikie.

On that, yes, we will not have our meeting on the day of the budget. We'll be listening to the budget in the chamber.

On being able to allot some time to that discussion at this upcoming Monday meeting, I'm looking at members.

Yes: It seems that everybody consents.

Mr. Blaikie, you've ceded your time. Is that correct? Okay.

We're moving to the Conservatives and Mr. Albas. As you know, Mr. Albas has shared with me that we always say "allotted" time but it's not "a lot of" time.

Voices: Oh, oh!

The Chair: Thank you for that, Mr. Albas. You do have your allotted five minutes.

Mr. Dan Albas: I appreciate that, Mr. Chair.

Mr. Peterson and your team, I just have to say thank you again for being here. Certainly, just given some of the announcements that are in your notes and your opening statement today, I would like to maybe invite you to come back to talk more about some of the initiatives as they turn out.

I'd like to talk a little about the 2022 Q1 Canadian survey on business conditions.

Now, Mr. Chair, I would hope that this would be seen as key to CPI, because eventually these inputs get put on.

Maybe I could ask you, Mr. Peterson, or any of your team, just to talk about some of the key top business obstacles that your survey found.

Mr. Greg Peterson: Our last iteration of the business conditions survey was in the first quarter of 2022. We did this survey in co-operation with the Canadian Chamber of Commerce, and we asked businesses about the biggest obstacles they faced.

The biggest obstacle they identified was the rising costs of inputs, including labour, capital, energy and raw materials. That was expressed as an obstacle by over half of Canadian businesses.

Mr. Dan Albas: When we talk about some of these business pressures—particularly supply chain, input costs, labour shortages and even, in some cases, wages going up—they're not universal, but they all have an inflationary component to them.

Did businesses believe they were going to have to pass a lot of those extra costs on to their customers?

Mr. Greg Peterson: Yes. We asked businesses whether or not they intended to raise their prices over the next three months, and our survey indicated that over one-third, or 36%, of businesses expected to raise their prices in that period.

Mr. Dan Albas: That would contribute to inflation, would it not?

Mr. Greg Peterson: Yes.

Mr. Dan Albas: I have a quick question. One thing I've been hearing from consumers is the difficulty they are having purchasing appliances, like dishwashers, washing machines and dryers, etc. Do you track that? Is it similar to cars, where you track those things?

• (1705)

Mr. Greg Peterson: We don't track how many appliances are demanded by consumers, but this business condition survey asks whether or not firms have had difficulties in getting supplies themselves. We are seeing that businesses are experiencing difficulty in acquiring inputs of products or supplies, both domestically and internationally.

Mr. Dan Albas: I am hearing from people who are saying that they're having trouble with anything that has microchips in it, like automobiles, washers, dryers and dishwashers. The used market is going up.

You mentioned to Mr. Chambers that there were going to be some changes in how you report on used cars. That will also be factored in in April, won't it?

Mr. Greg Peterson: We're looking at introducing [*Technical difficulty—Editor*] explaining what we're going to do. Our plan is to introduce changes with the basket update this summer.

Mr. Dan Albas: Okay.

Thank you, Mr. Chair.

Mr. Greg Peterson: To be clear, the change we're going to make is not the inclusion of the used cars into the CPI, because they're already in the basket. We're simply changing the method used to track the movement and prices for used cars.

Mr. Dan Albas: Okay. That would help.

Thank you.

The Chair: Thank you, Mr. Albas.

Now we're going to the Liberals and MP Chatel, for five minutes.

[*Translation*]

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

[*English*]

I would like to echo my colleague, MP Blaikie.

As a public servant in finance before, when we received questions from committee, they were a priority. When some requests require an extensive amount of work, we put aside other very important work. Given the labour shortage, I invite my colleague to be careful of what we ask for.

Mr. Peterson, what is your estimate of the time it will take for Statistics Canada to engage in those studies that we are requesting today?

Mr. Greg Peterson: The big challenge will be in taking a look at the old school baskets. I think the biggest challenge is that there were commodities that were sold in the 1980s that may not be sold now, like VHS cassette tapes. This is similar to the commodities that are sold now that didn't exist in the 1980s, such as streaming services.

I honestly couldn't give you an assessment of the time it will take to come up with those estimates.

Mrs. Sophie Chatel: Thank you.

My question is about the projection of inflation. I've heard about different studies. In the OECD's projections, the situation will stabilize.

I wonder if you have any projections for Canada. Do we have reason to be hopeful?

Mr. Greg Peterson: At Statistics Canada, we don't forecast where inflation is going to go. What we focus on is taking a look at what's happening by taking a look at individual commodities and what's happening in supply chains.

There is a whole range of external factors that could affect inflation over the next six months to a year. We're really not in a position to do that simulation analysis and guess where inflation is going to be.

Mrs. Sophie Chatel: Thank you.

About the comparison of Canada with other countries, what do you note from the key problems we are facing globally? We talked a bit earlier about oil and gas, about commodities and housing in various cities around the world. Globally, we talked about the war in eastern Europe and about gas production in the Middle East.

We haven't talked yet about climate change. How do you see climate change affecting...and how can you measure that?

Mr. Greg Peterson: Climate change I see as a longer-term thing. I take a look at what's happened over the course of the past year, the droughts that we experienced in North America. The weather-related event of the drought for sure had an impact on crop yields, both in Canada and the United States, and severely affected the commodities that are grown in those areas.

Insofar as Canada and the United States are important producers of those grains, then, of course you're going to see an impact on consumer prices.

• (1710)

[*Translation*]

Mrs. Sophie Chatel: Thank you very much.

I see that I have one minute left.

[*English*]

With the minute I have, I want to say that I have tabled a motion on green finance for future discussion in our plan to study inflation. I'm really happy to table this for further discussion in this committee. Thank you.

The Chair: *Merci*, MP Chatel. I guess that was sent to the clerk and distributed already.

Mrs. Sophie Chatel: Yes, it was.

The Chair: Okay. That's great. You're so efficient. That's awesome.

Members, witnesses, we're moving into our last round, our fourth round. Looking at the time, as I usually do, for all the parties, I will divide it evenly. I'm looking at about four minutes for each of the parties.

We are starting with the Conservatives, and we have MP Lawrence up for those four minutes.

Mr. Philip Lawrence: Thank you very much.

I wanted to clarify on the food, because I don't know if the viewers would have a clear idea about it. I'll quote from Monsieur Charlebois's article. He said, "Over the next few weeks, the database containing the average prices of 52 products sold in Canadian grocery stores will be completely removed by Statistics Canada."

You're not denying that, right?

Mr. Greg Peterson: I am, absolutely. We're not going to remove the database.

Mr. Philip Lawrence: So that's incorrect.

Mr. Greg Peterson: We are not going to remove the database.

Mr. Philip Lawrence: Okay.

Will you be updating that database from this point forward?

Mr. Greg Peterson: Maybe I can turn to Ms. Ertl to describe exactly what we're going to be doing with that average price table.

Ms. Heidi Ertl: Thanks for the opportunity to clarify this.

First of all, the average price table is, as Mr. Peterson mentioned, separate from the CPI, so I want to make sure that all the members and the viewers understand that. There are absolutely no changes to the way we measure or publish the food indexes as part of the CPI.

For the average prices table, we are consolidating two tables, so that viewers and data users will have national average prices as well as provincial average prices in one convenient place. The quality of the data will be enhanced, because we will be drawing from our scanner data, which is the point-of-sale data from 21 grocery chains across the country.

To the extent possible, we will attempt to include historical information for the new series being brought in, but there will definitely not be any removal of the old database. Methodological notes will be included to ensure that users can interpret and use the data in the proper format.

I'd like to mention that we have been fully transparent about this change, announcing it first in February, again in March, and then directly to our stakeholders and data users via email.

Mr. Philip Lawrence: Thank you for that.

I'm not in any way meaning to criticize the new series, but the old series will not be updated. Is that correct?

Ms. Heidi Ertl: At this moment, that is the plan. It's basically because of the methodological differences. As things evolve and we obtain new data sources, it will be important to focus on the new data sources and not mix concepts.

Mr. Philip Lawrence: You could have two different streams, though, and my understanding is that's what they've done in the United States on similar food tables. It is possible to have those two sets, and this would give us some better historical data in the times when we're experiencing historical food prices. That would be a suggestion to you.

Mr. Greg Peterson: Again, it would be our advice that if users are taking a look at food inflation or the change in food prices, they focus on the consumer price index itself.

Mr. Philip Lawrence: Clearly, though, you have the food table for a reason.

Mr. Greg Peterson: We provide the food table for users who want to look at the average price of a particular commodity. I would suggest that the average food price table is not the best tool to track food price changes over time.

Mr. Philip Lawrence: Not the aggregate, but if you're looking for a particular commodity in a time when those food prices are going up, taking the data off would not, I think, at least from this observer, be a great way to go.

When we look at inflation, you note a couple of things that have decreased, including car insurance, but overall, through the vast majority of the categories, we're seeing increases in prices. Is that correct?

● (1715)

Mr. Greg Peterson: That's correct.

Mr. Philip Lawrence: Would I be accurate in saying that this perhaps points to a more systemic issue?

I'm sorry. Is my time over?

The Chair: That's your time.

I know it's hard sometimes, because we speak over each other. As Mr. Albas said, the allotted time is not a lot of time.

Now we're moving to the Liberals, with Ms. Dzerowicz up for four minutes.

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

Just in case I reach the end of my allotted time very early, I want to indicate that I put on notice a motion for a possible future study. Who knows if we're going to be able to get to any of these, but it's good to have these on future notice. Mine is about strengthening the internal economy at a time when we have such an increasingly unpredictable global economic outlook exacerbated by the geopolitical crisis. A number of witnesses who have come before the finance committee over the last couple of years have indicated that if we focus on strengthening our internal economy, harmonizing our regulations and eliminating barriers that stop the free movement of people, goods and services, then we would actually have far more productive economic growth in Canada. I just want to say that is a notice of motion. Thanks so much, Mr. Chair.

The Chair: Thank you, Ms. Dzerowicz. Has that been sent to the clerk and distributed?

Ms. Julie Dzerowicz: Yes, it has been, and it has already been distributed. See how efficient our clerk is.

I actually want to go back to a question that Ms. Chatel asked earlier about telephone prices. We received a wonderful response from Mr. Peterson, which was great.

Here's my thing: There's a disconnect for me. One of the letters I receive most often in my riding is about how expensive telephone services continue to be and how uncompetitive we are. We're probably, if not the most expensive in the world in terms of telephone and cellular prices, among the top. How does that square with what you are reporting through your data? I understand what you've indicated, that more services have been provided for the same price, but there is a disconnect between that and what I'm hearing from the general public.

Mr. Greg Peterson: I think that's a fair observation.

When we produce the consumer price index, we're after the measurement of the same basket of goods over a period of time. When you look at telecommunication service, you look at a package that has so much data, so much voice, so much time and so many characteristics [*Technical difficulty—Editor*] time.

For sure, when I open my telecommunications bill, I'm not opening it and saying, "Wow, this is great. I'm paying less." There's a difference between what households are spending on things and what the price change is and what the CPI does.

The CPI is really that quality-controlled basket of goods that we compare over a period. That is not to say that Canadians aren't hurting. They're paying a lot, not just for telecommunications services but also for housing, as well as for food and a range of other commodities.

Ms. Julie Dzerowicz: Thank you.

I really appreciate that, and I know people in my riding will appreciate hearing and understanding that response.

Thank you so much.

The Chair: Thank you, Ms. Dzerowicz.

I will move to the Bloc and Mr. Ste-Marie, for four minutes.

[*Translation*]

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

I'll begin with a brief comment.

Mr. Peterson, obviously I appreciated my colleague's joke about how many resources would be mobilized to answer the committee's questions. However, on a more serious note, I would still like to reiterate the importance of recognizing all the work you do. For a healthy democracy, it's important for the government to have answers to its questions, but also for all legislators. For that, I tip my hat and thank you.

In this final round, I would like to ask you about the evolution of wages in relation to inflation. We're seeing higher than normal inflation, historical inflation. Does the wage level keep up with that inflation? How does it fluctuate?

Is it fair to say that, on average, workers will become poorer as a result of this inflation, or have they been able to negotiate wage increases to offset this inflation?

• (1720)

[*English*]

Mr. Greg Peterson: That is something we're keeping an eye on. At this point, we haven't seen wage rates increase as fast as inflation. In essence, this is affecting the paycheques of Canadians.

This is something that we keep an eye on through the labour force survey and through the survey of employment, payrolls and hours. For sure, we'll keep track of how wages change as we move ahead.

[*Translation*]

Mr. Gabriel Ste-Marie: Thank you for your answer.

I'll take my question a little further.

In your data, have you seen any trends in pay levels?

If we were to break down incomes by quintile or percentile, for example, could you say that people in the upper quintile have done a better job of increasing their wages to combat the effect of inflation, or is it impossible to break down by decile, percentile or quintile, right now?

Mr. Greg Peterson: I don't think we have that data at the moment.

Mr. Gabriel Ste-Marie: Okay, thank you very much. So those are things we'll be looking at.

Have you seen any substitution effects, for example, in the Survey of Household Spending?

Have you noticed whether the price of beef has increased more than other types of meat, for instance?

Are you already able to see some substitution effects?

If so, what are they and how big are they?

Mr. Greg Peterson: That's a good question.

[*English*]

Perhaps I'll turn to either Ms. Ertl or Ms. Mitchell on whether we've seen any early indicators.

Ms. Taylor Mitchell: Could you please clarify the question? As I understood it, you're interested in understanding whether we're seeing consumers make those substitutions.

[*Translation*]

Mr. Gabriel Ste-Marie: Yes, absolutely, but I'm not necessarily just talking about food. It can be other categories of expenses.

With your current statistics, are you able to see some substitution effects?

If so, what are they and how big are they?

[*English*]

Ms. Taylor Mitchell: We typically see the effects of substitutions when the CPI basket is updated. It will be updated this June. It was last updated last summer.

At this point, for food products, for instance, we are seeing a number of increases across the board for major food categories. For meat, for example, we are seeing increases for beef, pork and chicken, but we're not seeing anything at this point in the price data that indicates that substitutions are being made. However, this is information that will become more clear when the basket is updated and we can see how consumers [*Technical difficulty—Editor*]

The Chair: Thank you.

Mr. Ste-Marie.

[*Translation*]

Mr. Gabriel Ste-Marie: In closing, I would like to thank you again, Mr. Peterson, and the entire Statistics Canada team for all the work you do. You've answered all my questions well.

[*English*]

The Chair: That's excellent.

We are moving to the NDP. Mr. Blaikie will be our final MP to ask questions.

You have four minutes, Mr. Blaikie.

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

In the course of my parliamentary career so far, such as it's been, I think it's fair to say I've never shied away from highlighting differences and pressing on issues that I think are important, but I'm also always willing to collaborate and co-operate wherever possible across party lines. In the course of that work, I've benefited at committee, a number of times, from Conservatives who have been willing to share their time with me when an issue has been of particular importance and significance to me.

I know there are Conservatives on this committee who have suggested having StatsCan back already. I would happily cede my time to a Conservative colleague who might have further questions of our witnesses today.

Just before I pass the floor, I'd like to echo the thanks of Monsieur Ste-Marie to our witnesses for being here today and for providing good answers to our questions.

• (1725)

The Chair: Thank you, Mr. Blaikie.

Mr. Albas.

Mr. Dan Albas: Thank you. It's wonderful how things work, Mr. Chair.

Again, thanks to the presenters today.

As indicated on its websites, Statistics Canada will publish, on June 15 of this year, the new weights for the basket of goods and services used to calculate the CPI. The new reference period for the basket will be 2021.

To what extent have supply chain disruptions put upward pressures on prices in 2021?

Mr. Greg Peterson: I think we've seen increases in prices throughout the year.

Mr. Dan Albas: Will you need to adjust the base period to account for the impact of the COVID-19 pandemic on the general level of consumer prices?

Mr. Greg Peterson: We've been doing work throughout the pandemic to look at whether or not the different consumption patterns that Canadians have had through the pandemic have had an impact on prices. We started producing an alternate CPI measure based on changing consumer patterns earlier on in the pandemic, and we continue that exercise now.

As we've done that analysis we've found that there's no considerable difference in CPI based on the changing consumption patterns.

Mr. Dan Albas: It's interesting how you cite changing consumer behaviours based on COVID-19. Obviously some people never used to shop online and have it shipped directly to their home. That changed.

To what extent does Statistics Canada take into account online purchases by Canadians?

Mr. Greg Peterson: I would turn that more specific question to Ms. Ertl.

Ms. Heidi Ertl: I'm going to ask Taylor to be ready as well.

We have definitely evolved in terms of our collection of price information. We are no longer solely collecting retail prices. In fact, since the onset of the pandemic, we are collecting online prices for most of our commodities to the extent that that's captured as part of the consumer behaviour. We know that has definitely been an impact from the pandemic, and that's the reason we are web scraping and collecting point-of-sale data. We also have delivery fees included in the CPI, so we track it in that way as well.

Mr. Dan Albas: I have one last—

Ms. Heidi Ertl: Taylor, do you have anything to add?

Mr. Dan Albas: I have one last question that I forgot to ask in regard to housing, so maybe Mr. Peterson would like to answer this.

Is the current treatment of owned accommodation in the consumer price index still appropriate, considering that housing units are increasingly being used as an investment vehicle? That's a theme we've heard over and over—houses aren't always used for living in.

Mr. Greg Peterson: Yes, and I think that's exactly why the methodology that we've adopted is appropriate. In the CPI, again, we're not measuring the cost Canadians face in purchasing a house; we measure the cost Canadians face in owning that house. For sure, I completely agree. I think the methodology we use is entirely appropriate in light of that.

Mr. Dan Albas: I appreciate that you were here for it.

I'll just go back to Mr. Blaikie. Thank you for the time. Yes, we are utilizing Statistics Canada's knowledge and expertise, and I'm sure we're putting some good people to work on some of the projects we've had, but you can't put a price on democracy, so I want to thank Statistics Canada. I really do want to see what it will do with some of the changes in April.

The Chair: Thank you, Mr. Albas. The time does go by very fast, as you can see.

To all of our witnesses today from Statistics Canada, you have many fans here in the room, and we understand the great and important work that you do, how it helps the government, our economy and Canadians as a whole. We really appreciate that, and how you'll be informing our study, so much so that you've been repeat witnesses. You've come back again. It looks like you may even want to be invited back again to our committee, although we know that you have a lot on your plate and a lot of important work to do.

We want to thank you on behalf of all the members, the clerk, the analysts, the interpreters and everybody here at committee.

I want to go back to Mr. Blaikie about the time we are allocating to the end of our meeting on Monday for an in camera meeting. The clerk was asking me if we would do that in camera.

● (1730)

Mr. Daniel Blaikie: I'm happy with either option, Mr. Chair. I don't have a preference.

The Chair: Okay, we'll set up that time for the in camera meeting.

The meeting is adjourned.

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