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Chair: Mr. Peter Fonseca



Standing Committee on Finance

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• (1530)

[English]

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

Welcome to meeting number 135 of the House of Commons Standing Committee on Finance.

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

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

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

Although this room is equipped with a powerful audio system, feedback events can occur. These can be extremely harmful to interpreters and cause serious injuries. The most common cause of sound feedback is an earpiece worn too close to the microphone. We therefore ask all participants to exercise a high degree of caution when handling the earpieces, especially when your microphone or your neighbours' microphones are turned on. In order to prevent incidents and safeguard the hearing health of interpreters, I'd like participants to ensure that they speak into the microphone into which their headset is plugged and avoid manipulating the earbuds by placing them on the table away from the microphone when they are not in use.

All comments should be addressed through the chair. For members in the room, if you wish to speak, please raise your hand. For members on Zoom, please use the "raise hand" function. The clerk and I will manage the speaking order as best we can, and we appreciate your patience and understanding in this regard.

All virtual witnesses for this meeting have been tested, and the clerk has said that everything is okay.

We have here today with us as an individual, Vivek Dehejia, associate professor of economics and philosophy at Carleton University. Also as an individual, we have Stephanie Woo Dearden, registered psychotherapist, who is with us via video conference. From Electricity Canada, we have vice-president of government relations, Michael Powell. Joining Mr. Powell is Derek Smith, vice-president, corporate tax, Emera Inc. That will be through video conference.

From EverWind Fuels, we have Trent Vichie, chief executive officer.

On that, we will start with Mr. Dehejia for opening remarks, please.

Mr. Vivek Dehejia (Associate Professor of Economics and Philosophy, Carleton University, As an Individual): Thank you, Mr. Chair.

When I was here before this committee last fall, I warned that Canada stood at a crossroads. That is as true now as it was then. If anything, there is greater urgency to fix the problems that ail us. GDP growth per capita, the basic measure of the well-being of the average Canadian, is stagnating. GDP per person is basically where it was a decade ago. In other words, we've had a lost decade here in Canada.

In 1960 our average income per person was the same as that of the U.S. In Canada we now have less than three-quarters the income per person that they have south of the border. In terms of unemployment in Canada, when I wrote these notes I said it was just below 6%, but now we're actually at 6.1% and it could go to 7% or higher. In the U.S., it's below 4%. U.S. growth and productivity continue to be strong, but ours in Canada seem to have flatlined.

What's driving this increasing divergence between the U.S. and Canada and making us significantly poorer than our friends south of the border? Investment is a key driver of growth in income productivity. In the late 1990s gross fixed capital formation—fancy words for investment—as a share of GDP was about 7%; today it's about 3%. In 2013 gross fixed capital formation per worker in Canada was about 90% of that in the U.S.; it's now down to two-thirds of what it is in the U.S.

Why is this happening? Quite simply, increased government spending is crowding out private investment. Government now accounts for about one-quarter of Canada's GDP. It's staggering. Just think about that: One-quarter of our economy is socialized, and our total business investment is now only 8%. It's no wonder the latest numbers show that labour productivity in Canada shrank by more than half a percentage point in the last quarter while in the U.S. it grew by approximately 2.5%.

We are in serious trouble, but don't take my word for it. Recently the Bank of Canada's senior deputy governor, Carolyn Rogers, went so far as to say that low productivity growth in Canada is an emergency and "it's time to break the glass."

Of course, the Bank of Canada has also done its share to add to our current woes. As I testified previously before this committee, the pandemic saw explosive growth in the money supply as the central bank monetized fiscal deficits financed by sovereign debt or, in other words, quantitative easing. That is what gave us the inflation crisis and the now-cripplingly high interest rates that are making life impossibly difficult for many Canadians.

What's to be done? As I testified last fall, we need to go back to basics. The three pillars of economic policy are fiscal policy, monetary policy and regulation, and they 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, thus stifling innovation, new business creation and private sector investment, and creating high barriers for new entrants. As a consequence, our economy is highly concentrated with a handful of dominant, politically powerful and entrenched incumbent firms in all major sectors—everything from cellphone services to groceries to legacy media to banking to airlines, you name it.

With such heavy concentration and lack of competition, it's no wonder we pay higher prices and get poorer service than our friends in the U.S. do for just about everything.

To finish, it's time to cure ourselves of the addiction to fiscal and monetary excess and to take a chainsaw, to paraphrase the new President of Argentina, to burdensome regulations.

It is worth recalling that at the beginning of the 20th century Argentina had about the same per capita income as the U.S. and Canada did, but after 120 years of economic mismanagement, their income is now only one-third that of the U.S. As I said, ours is now actually less than three-quarters.

Unless we mend our ways, we risk going the way of Argentina.

Thank you, Mr. Chair.

• (1535)

The Chair: Thank you, Mr. Dehejia.

We'll now hear from Ms. Dearden.

Go ahead, please.

Ms. Stephanie Woo Dearden (Registered Psychotherapist, As an Individual): Thank you, Mr. Chair.

Hello. My name is Stephanie Woo Dearden. I am a registered psychotherapist, practising from London, Ontario.

I'm here to be a witness to the parts of Bill C-59 that pertain to the Excise Tax Act and amending it to expand the GST/HST exemption to services rendered to individuals by certain health practitioners to include psychotherapists and counselling therapists.

I am grateful to be here not only because I get to speak on this issue, but I understand that this moment of this committee considering and researching this legislation means a lot to the psychothera-

pists, counselling therapists and allies, who have been asking the Canadian government to remove this unfair tax since 2004. I, along with my professional peers and colleagues, am heartened that the Canadian government has listened and finally taken action on this matter after this time.

Firstly, psychotherapy and counselling therapy are the same profession with a different name, based on provincial preference. I call myself a "psychotherapist" rather than a "counselling therapist", because I reside in Ontario and am registered with the College of Registered Psychotherapists. If I were to move to Nova Scotia, the equivalent professional and regulatory body there would be the College of Counselling Therapists. It's the same profession but a different name.

Our profession has met the criteria of being regulated in at least five different provinces and territories in order to be included in the Excise Tax Act among health care professionals.

I am not an expert in tax law, so I will be commenting based on my experience as a psychotherapist and what I see in my practice.

Psychotherapy and counselling therapy can be an integral part of an individual's overall health. Our bodies don't experience physical health and mental health as separate. There have been documented links between depression and inflammation, implicating the immune system; the HPA axis, which is our body's stress response system, in tumorigenesis in cancer; and cortisol release and Crohn's disease, just to name a few.

A health care system that divides between physical health care and mental health care is what we are familiar with, but health involves supporting and nourishing both aspects within us.

Examples from my practice involve working with individuals living with conditions such as endometriosis, adenomyosis, cancer, Crohn's disease and thyroid disease. I have seen, in sessions, the way psychological and socio-emotional pain contribute to physical symptoms that aggravate my client's experience of these conditions. Addressing this pain in a therapeutic, safe and compassionate way can lead to tension release, the ability to regulate emotions, to step out of isolation, to connect with community, to ask for help and to advocate for oneself in the health care system. It's by no means a cure, but it allows my clients to live with a better quality of life.

Removing this tax on counselling therapy and psychotherapy signals that the Canadian government understands that the health of Canadians encompasses physical health care and mental health care, and that this understanding is written in policy.

From a business and consumer perspective, amending the Excise Tax Act to include psychotherapists and counselling therapists allows choice and fairness for Canadians seeking psychotherapy. Currently, social workers, occupational therapists and nurses are among the practitioners who can provide psychotherapy services and refer to themselves as “psychotherapists”. They are exempt from charging GST or HST. It is ironic that counselling therapists and psychotherapists, who have specifically trained to practise psychotherapy, have to charge tax on their services.

If a Canadian is living in a rural setting, where a psychotherapist or a counselling therapist is their main option for accessing mental health care, they would have to pay HST. This puts them in an unfair situation compared with an urban counterpart, who may have their pick among professionals registered to different professional regulatory bodies and can choose one charging a lower fee and who doesn't charge tax.

• (1540)

This person—in an urban setting in our example—gets to keep an extra \$10 to \$20 in their pocket per session, compared to someone who's living in this rural setting and seeing a counselling therapist or psychotherapist. If both these individuals see a therapist bi-weekly, that would be an extra \$240 to \$480 saved over a year for our urban resident. There are many things they can do with that money—getting more sessions if they need it—so in my view this exemption is also about fairness for Canadians seeking mental health services across the country.

There is more I can say on this, but I am sensitive to my time. MPs from multiple major political parties have written op-eds and made statements declaring this tax to be unfair, so I think that it is straightforward, going forward, that amending the Excise Tax Act to include psychotherapists and counselling therapists is one step the Canadian government can take to make mental health care more accessible to Canadians.

The Chair: Thank you, Ms. Dearden. I'm sure the members will have many questions. Thank you for your opening remarks.

We'll now hear from Electricity Canada. We have Mr. Michael Powell with us here in the room, who will be delivering remarks. Derek Smith, who is appearing remotely, is also with the organization.

Mr. Michael Powell (Vice-President, Government Relations, Electricity Canada): Thank you, Chair.

Good afternoon. Electricity Canada is the national voice for the electricity sector. Our members generate, transmit and distribute electricity in every province and territory. As the chair said, joining me today is Derek Smith. He's the VP of corporate tax at Emera Inc., and he may be better suited to answer some of your more technical questions because I'm not a tax expert.

Nova Scotia will be impacted by the EIFEL provisions included in Bill C-59.

Since 2005, the electricity sector has cut emissions in half, and today Canada's grid is over 84% non-emitting. That's among the cleanest in the world. Our sector has been responsible for the majority of emissions reductions in Canada and will be the engine that powers a net-zero economy in 2050. The task to getting there will not be easy. Estimates project that we will need to generate two or three times more electricity than we currently do today. That growth must be done without compromising the reliability of our system or the affordability of energy bills for Canadians.

Bill C-59 is an important piece of legislation that helps enable that balance. In particular, the clean technology and CCUS ITCs in Bill C-59 are essential pieces of the puzzle. To this end, federal investments enable the competitive build-out of electricity infrastructure, while reducing the burden on Canadian ratepayers.

That being said, we've identified a few adjustments to these ITCs that we think would help ensure that they have the maximum intended impact. That includes expanding eligibility to allow commercial trusts to access the clean-tech ITC and ensure the projects held by these trusts are competitive; adjusting the draft definition of SMRs in the clean-tech ITC to those that are no more than 1,200 megawatts of thermal energy per reactor core; and then extending the full 50% value of the CCUS ITC until 2035, recognizing that delays on its deployment and the final clean electricity regulations have impacted project timelines.

It's equally important that other ITCs, including the clean electricity ITC, are moved forward to deployment as quickly as possible. We look forward to more details on that in the very near future. While these are provisions that help enable an affordable, reliable and clean electricity grid, there are provisions that serve as a barrier to these objectives. As outlined in our submitted brief, the excessive interest and financing expenses limitation, EIFEL, will inadvertently impact energy affordability for Canadians in various parts of the country and restrict the capital intended to build projects supporting net zero. The intent of these rules is to align with the OECD's BEPS project. This is a positive step towards fostering a fair global tax framework and something that we support.

However, as some regulated gas and electric utilities are federally taxable and have some assets outside of Canada, they will be subject to the EIFEL rules while others will not, for example, those that are provincial Crown corporations. Due to this structure and the way rates are set, the utilities impacted by EIFEL will see increased costs passed to customers from interest on all existing and new debt.

We understand that broad sectoral exemptions could run counter to the spirit of the legislation, so we propose a targeted public interest exemption for regulated energy utilities and their holding companies. This approach is consistent with that of our peers, including the United States, Ireland and the United Kingdom, and is consistent with the OECD recommendation that these rules not apply to public benefit infrastructure. Such an exemption is appropriate for our sector as rate-regulated utilities are unique for several reasons.

First, as a highly regulated, capital-intensive industry, we must maintain high levels of debt to ensure that costs to consumers are spread over the life of a project. Debt levels of utilities could be 50% or 60% of their capital structure and are prescribed to the utilities by regulators. Second, regulated utilities are subject to a significant amount of scrutiny and control by provincial regulators in Canada. In this vein, every dollar a regulated utility spends or charges to a customer must go through a transparent and accountable process. Third, due to their regulatory structure, utilities must pass on certain costs to customers, including taxes paid.

Importantly, EIFEL will create a patchwork that will affect Canadians' energy bills differently across the country based on the taxable status and ownership of their local utility—and we've outlined this in a map that was included in part of our submission. You can't choose, as a customer of a gas or electric utility, to move to a different provider without moving. You have no choice about the utility you have; it's based on where you live. Creating winners and losers with EIFEL will create a patchwork of energy affordability winners and losers, and that's not something that anyone wants. We believe a targeted exemption will ensure fairness and avoid increasing energy bills for Canadians at a time when cost of living concerns are on the rise. That's why we'd encourage, in this case, a sectoral exemption on the EIFEL rules.

• (1545)

Thank you. We look forward to taking your questions.

The Chair: Thank you, Mr. Powell.

Now we'll hear from the CEO of EverWind Fuels, Trent Vichie.

• (1550)

Mr. Trent Vichie (Chief Executive Officer, EverWind Fuels): Mr. Chair and honourable members of the committee, thank you for the opportunity to present today.

My name is Trent Vichie. I am the chief executive officer of EverWind Fuels, Canada's most advanced green hydrogen development.

For the last two years, we have invested over \$200 million in capital to pursue and push our projects forward. Last week, we were pleased to announce the completion of our front-end engineering design, which marked a major milestone in the development of

the project and in the development of the technical and engineering requirements to build the project. In short, we are a significant supporter of the government's initiatives to move forward in terms of reducing carbon emissions, and we see hydrogen as a crucial part of this work.

As you will hear in our comments, the swift passage of the investment tax credits—first announced in the 2022 fall economic statement—are a crucial part of bringing these projects to life. The swift passage of ITC legislation is important for two reasons. First, it provides certainty to invest. Second, the passage of legislation also allows other parts of the government that administer the ITCs—namely, the Canada Revenue Agency and Natural Resources Canada—to roll out the administrative aspects, which are crucial to the effectiveness of the investment tax credits. Some of these areas are highly technical and need to be integrated with the engineering work. This leads to a need for speed on that.

Today, I am here to provide our perspective on Bill C-59, which implements certain provisions of the 2023 fall economic statement. Specifically, we will focus our comments on the clean technology investment tax credit.

First off, we are pleased the federal government has introduced a robust suite of policies to ensure Canada remains a globally competitive jurisdiction when it comes to clean energy. The fulsome set of ITCs and other public policy tools gives Canada the opportunity to be an investment destination of choice and a leader in this sector. However, to truly seize this first-move advantage, we must be swift and decisive in our public policy actions. The global race to provide clean energy to the world is on and competition is fierce. We have the opportunity to make Canada a leader in this space. The U.S. Inflation Reduction Act must be met with an equal or more robust policy response, and the ITCs play a key role in this.

With this context, we want to highlight two important commitments made in the fall economic statement.

First, a timeline was laid out with regard to the enactment of certain clean investment tax credits. For EverWind, the timeline around the clean hydrogen ITC is crucial, along with the introduction of legislation for the clean technology ITC through Bill C-59.

Second, the fall economic statement proposed clarity regarding the effect of repayable loans from Crown corporations and other public authorities on the investment tax credits. EverWind closed a \$125-million loan with Export Development Canada in late November 2023. This proposal provides certainty that the loan will not delay the availability of various clean investment tax credits. We look forward to seeing this measure in the forthcoming bill.

With that background, the introduction of legislation for the clean technology investment tax credit is therefore most welcome, including the mechanisms for labour conditions, which we wholeheartedly support. As a general comment, the refinements from the August draft legislation are welcome and also consistent with the original framework announced in the 2022 fall economic statement.

My message to parliamentarians is simple: We need the legislation that will activate these ITCs to be passed without delay. The clean energy ITC and clean hydrogen ITC will help ensure Canadian green energy projects can develop with greater speed and certainty and can be cost-competitive on a global stage.

As I mentioned earlier, EverWind has invested nearly \$200 million in our projects to date, in order to establish North America's most advanced green energy hub in the Atlantic Canada region. We are the only project in the western hemisphere to have completed FEED engineering. This shows Canada can lead the way, but we need all the public policy tools to be fulsome and operational in order to seize this opportunity in front of us.

As we are in advanced discussions on offtake, full certainty and accessibility of the investment tax credits will enable the signing of binding offtake agreements and the financial close—project financing and final investment decisions—on our multi-billion dollar project this year, with production at the end of 2025.

As we indicated in our consultation submissions, we have full certainty in the design and functionality of these ITCs to provide greater commercial certainty and establish Canada as a global green-energy leader.

• (1555)

I'll conclude by saying that the global energy movement towards green energy is rapidly accelerating. It's a critical time for the federal government to determine whether Canada will be a leader or a follower in the future energy economy. That is why we need to ensure that the clean technology ITCs and others are in place as quickly as possible. There's not a moment to waste in this fierce global race.

Thank you again for your time, and I look forward to questions.

The Chair: Thank you, Mr. Vichie, for your opening remarks. It's good to see you again. The last time we were together was in Halifax when our committee was on pre-budget consultations. It's good to hear your progress.

Members and witnesses, we're moving into our rounds of questions now. There will be six minutes per party to ask questions, and we're starting with MP Lawrence.

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

Will we get two rounds?

The Chair: If we don't have other interruptions, then, yes, we may get through two rounds.

Mr. Philip Lawrence: That's very good.

I'm going to start with Mr. Smith.

With regard to the EIFEL restrictions, I think Mr. Powell gave a great overview with respect to the cost they will add and the fact that they're out of step with the BEPS project, where exemptions were given in the U.K. for utilities. My concern and my interest is actually for folks—in this case, in Nova Scotia, but also for all Canadians—with regard to the ever-increasing price of energy, whether that be through the carbon tax or now through the EIFEL restrictions.

Mr. Smith, could you talk about the potential increase to the end-user that the EIFEL restrictions will put on consumers?

Mr. Derek Smith (Vice-President, Corporate Tax, Emera Inc., Electricity Canada): I'll speak specifically and use the example of Nova Scotia. Over the next three years, the Nova Scotia utility, Nova Scotia Power, would anticipate incremental costs of a combined \$50 million over that three-year period as a result of denied interest, i.e., our tax costs will increase. Therefore, bills to customers will increase.

If we get granular on that and drill it down to the residential customer, we're looking at about \$25 per year per customer bill over a three-year period. That's about a 1% rate increase for the individual residential customer.

Mr. Philip Lawrence: Thank you for that, Mr. Smith.

We see the impact of the ever-increasing carbon tax in our economy and on consumers. The carbon tax is increasing inflation now by a third, by 0.8%, driving up the costs of nearly everything. The PBO recently said that the vast majority of Canadians will pay far more when you take into account both the economic and fiscal restraints.

I'm going to go to you, Vivek. What impact does the increasing cost of energy have on the Canadian economy or on any economy for that matter?

Mr. Vivek Dehejia: It really has knock-on effects for every sector of the economy. Given our geography and given that just about everything has to be delivered or transported, including food, people have to drive long distances. We're all going to be paying higher prices, even an urban city dweller like myself who lives close to Parliament and doesn't have a car, because everything is going to become more expensive. Don't forget that this is in the context of already-high interest rates, so that's really a double whammy. Prices are high. We all have debt and are servicing that debt.

I should add, interestingly, that debt interest costs are not actually part of the CPI, so we're missing a big piece of inflation. Energy costs are just adding to the burden for the average person.

Mr. Philip Lawrence: Thank you.

From a macroeconomic standpoint, we're in a global marketplace, of course, and attracting capital is incredibly important. In fact, I believe the OECD said that Canada will be last in terms of capital investment over the next 40 years. That's the projection. What type of impact—from the increased costs through additional regulation and additional, in this case, taxation on energy—will it have?

Mr. Vivek Dehejia: That will certainly deter investment, both domestic and foreign. In my opening remarks, I shared with you the numbers relative to the U.S., which is our benchmark. We have woefully insufficient investment, and if we're going to increase regulations and the cost of investing, that's going to deter investors from parking their money or investing in various sectors of the economy, including energy.

Mr. Philip Lawrence: As deputy governor Carolyn Rogers says, we're in a productivity crisis. My standpoint or my opinion is that increasing the cost of energy would hurt productivity even further. Isn't this the exact opposite of the type of action that Carolyn Rogers was asking for?

• (1600)

Mr. Vivek Dehejia: I agree. I must say I was struck by the fact that, for a central banker, she was extremely candid and used very stark language. Indeed, as I said in prior remarks, we're over-regulated and we're overtaxed. We've had a monetary and fiscal binge, and we're in trouble.

We need to boost productivity. As I warned, Argentina, Canada and the U.S. had the same per capita income 120 years ago. They're now one-third of the U.S. They're a poor country or a middle-income country. We are now significantly poorer than our friends south of the border, and low productivity and low investment are a big cause of that.

Mr. Philip Lawrence: Those who are proponents of the carbon tax would say that it works by making non-fossil fuel things less expensive and making fossil fuel products more expensive. When you increase the cost of a 84% clean energy source like electricity, does that not undermine the theory of the carbon tax pricing?

Mr. Vivek Dehejia: Yes, I agree. In the perfect textbook world, we teach our first-year students that, yes, there's a case for a carbon tax. If you want to reduce something, you make it costlier or you add a tax. It's called a Pigouvian tax. We're far from the textbook world. We don't even know that we've set the tax rate correctly to begin with. There are knock-on effects in other sectors. It is also very poorly timed, given that the cost of living is already skyrocketing. Lastly, of course, the problem is global. We can't solve the problem here in Canada.

The Chair: Thank you, MP Lawrence.

Now we'll go to MP Thompson.

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

Welcome to all of the witnesses.

Mr. Vichie, I welcome you to committee. I am so pleased with the advancements that you've been able to make in a short period of time. I certainly am pleased with the news out of Newfoundland and Labrador today about World Energy and their green light to keep moving. I think that really speaks to the work that is happen-

ing in Canada, certainly in Atlantic Canada, on global green energy, and I feel government always supports that work. Thank you for highlighting that in your opening comments.

If we could just drill down on that for a few moments, certainly as it relates to investment tax credits, could you again speak to why it is so important that we move Bill C-59 forward and why this legislation is so important?

Mr. Trent Vichie: When you're starting to develop a new industry like green hydrogen, you really need the support of government. Once we start to make this product, we will make it cheaper, more efficient and quicker.

It's important to push this investment now, because the history of businesses and economies has shown that [*Technical difficulty—Editor*] clean energy hub is where you tend to get more investment over time. We have an opportunity today to really place Canada at the centre of this new industry. It's very supported by critical minerals, clean energy and decarbonization. Going forward, you will see companies attracted to the region because they will want clean green hydrogen to make all kinds of products: chemicals, steel, etc. Now is the time.

Developing these projects is like a freight train. It requires so much coordination and so much effort. You've seen a few proponents step forward and really take the risk on bringing these businesses to life. The decision today from Newfoundland is really welcome. It shows Canada being supportive and a real leader in this space. Now is the time.

Ms. Joanne Thompson: Thank you.

I said earlier today that the economic climate is real and climate change is real. There is real economic opportunity here. Could you speak again to how the investment tax credit creates certainty in the industry? I think that's really important for us to clearly understand.

Mr. Trent Vichie: The way that the investment tax credit creates certainty is by reducing the overall cost to the market. There are carrots and sticks. You have the stick of carbon taxes, etc. This is the carrot on the production side to drive these investments forward. This is, I would say, critical to getting these investments going. It's critical to starting the process of delivering efficiencies in scale. This is a huge problem that we need to solve, and establishing these industries is imperative today.

• (1605)

Ms. Joanne Thompson: Thank you.

How are the ITCs examples of Canada's leveraging a competitive advantage with renewable energy resources?

Mr. Trent Vichie: Canada has a very good wind regime. It has very good renewable generation capacity, so combining that capacity with the ITCs puts Canada in a leading position. There are other parts of the world that are looking to be leaders in this space as well, including the Middle East, Australia, South America and other parts of the world. These businesses, you will find [*Technical difficulty—Editor*] you will see the industry develop.

In terms of starting this process along, what it does is that it plants a seed to build the scale in the region. Like the seed that eventually grows into an oak tree, you need to invest, give it time and be an early leader.

Ms. Joanne Thompson: Thank you.

If I could switch for a moment—I think I still have some time—I'll move to Ms. Woo Dearden.

Thank you for your opening comments. I want to ask you about your role as a psychotherapist within multidisciplinary care—particularly mental health services—and about mental health, obviously, as being part of health care.

I sat on a committee yesterday for perinatal mental health. I certainly see your services as part of that stepped care approach in ensuring that there are many doors, with the appropriate door at the right time, for people who have mental health concerns, and what the GST exemption does in terms of enabling more people to avail themselves of this very important service.

Ms. Stephanie Woo Dearden: Thank you for your comments.

Ms. Joanne Thompson: I'm sorry, but can you comment on the role that you play in that multidisciplinary primary care approach to health care, and on mental health being part of health care?

Ms. Stephanie Woo Dearden: I'm a psychotherapist in private practice, so I see people who are coming from different segments of the health care system. I will comment that they are interlinked, but right now I exist in the fractured system—so I do my best. However, what we see, in terms of improving and addressing mental health care, socio-emotional care and relational care, is that it directly impacts people on a physical health level.

You talked about perinatal. We're talking about people, the life they're carrying and their ability to care for that newborn when they come into the world. That's impacting not just one person but their whole system, so that's why I think it is of upmost importance right now. Removing this tax would help people access the mental health care that is so important at that stage of someone's life.

The Chair: Thank you, MP Thompson.

Now we go to MP Sébastien Lemire.

[*Translation*]

Mr. Sébastien Lemire (Abitibi—Témiscamingue, BQ): Thank you, Mr. Chair.

I'd like to ask Mr. Powell or Mr. Smith from Electricity Canada a question. I'd like them to clarify certain problematic points in the new Bill C-59 rules restricting excessive interest and financing expenses.

This new regime aims to make it more difficult to use tax havens, and to do so by attacking two schemes: the deduction of in-

terest between subsidiaries, and hybrid arrangements. This is what the OECD, the Organization for Economic Cooperation and Development, recommended to combat tax evasion.

You, on the other hand, would like to see private companies that generate electricity excluded from these provisions, since you consider them to be public utility companies.

Can you give us examples of electricity generation projects that would be at risk if this amendment were adopted?

We're trying to get a clear picture of the consequences and of which companies would be affected. You mentioned Nova Scotia and its small modular reactors. Is it the same for the nuclear industry in Ontario? Would it also be affected?

• (1610)

[*English*]

Mr. Michael Powell: Thank you for the question.

We have provided a map as part of our submission that gets into where individual electricity companies are impacted. The primary areas are in Nova Scotia, as Derek outlined, but also in Alberta and in parts of British Columbia. It depends on what that is. As an example, it wouldn't impact Crown corporations like Ontario Power Generation, which has the most advanced small modular reactor program, but in the future others that may consider building one would be impacted by regulations.

To the point on the OECD, that is a good process. It is the kind of thing that Canada should be pursuing, but what has happened is that, in a very broad net, we're getting caught as bycatch. There's an unintended consequence, which will have an impact on individual Canadians in some provinces when it comes to their bills.

Just as our counterparts in the United States, the United Kingdom and Ireland have found, we think it makes the most sense from an affordability perspective to carve out regulated utilities for the reasons I outlined. Namely, they are already very regulated. Dollars are affirmed by a local regulator and spent in Canada, and there is that public interest element when it comes to energy affordability.

[*Translation*]

Mr. Sébastien Lemire: Can you explain the relationship between the companies that will be created, the next Canadian parent companies, and their financing subsidiaries? Are public-private partnerships, or the famous PPPs, at risk, or are we essentially talking about large private companies in the energy field?

[*English*]

Mr. Michael Powell: I'm sorry. Could you please repeat the question?

[Translation]

Mr. Sébastien Lemire: Can you explain the relationship between Canadian parent companies, the ones that will be created next, and their financing subsidiaries? Are public-private partnerships, or PPPs, at risk, or is it essentially the large private energy companies that will be affected?

[English]

Mr. Michael Powell: It would be any private company. The exemption we're looking for is for those that operate in Canada in a regulated utility market.

I think Derek would probably be in the best position to talk about the relationship between a parent company and a local affiliate, given the nature of Emera and Nova Scotia Power.

Mr. Derek Smith: The rules effectively come into play for parent companies that hold private utilities in Canada, but also have investments in foreign operations, be they utilities or a non-utility. There are costs that are at the parent company that effectively are borne by the parent but influence what happens down at the regulated utility level.

Again, this isn't a pure Canadian concept. It applies to the extent that you have foreign investment above a de minimis amount of \$5 million.

[Translation]

Mr. Sébastien Lemire: Can you explain how your proposal helps your industry without making it easier for multinationals to deduct false interests?

[English]

Mr. Michael Powell: That's why we're being very specific in where our push for the exemption is, which is just on regulated utilities in Canada on the gas and the electric side. These are companies that work through provincial regulatory processes like the Régie de l'énergie in Quebec or the Nova Scotia Utility and Review Board, where they have to get capital and spending plans approved by the regulator. There is a tremendous amount of public scrutiny involved in that. That way, you know the dollars are being spent in Canada with that public interest measure put in. That's how we have worked backwards.

When you scope things in that very narrow box, you can help address the unintended affordability challenge that comes with the EIFEL rules as they are, while making sure that you're meeting the overall objectives of the BEPS process.

[Translation]

Mr. Sébastien Lemire: I'd like to ask one last question, given the problem that has arisen on the interpretation side.

What safeguards would your proposed change provide?

I'd like to say that I'm very concerned about the problem of tax havens. We're talking here in particular about nuclear and gas companies. Do we really want a tax break for them?

• (1615)

[English]

Mr. Michael Powell: Yes. I think the key thing here is that these are—

Mr. Derek Smith: Can I help with that, Michael?

Mr. Michael Powell: Yes, absolutely, Derek.

Mr. Derek Smith: The proposed legislation change that Electricity Canada put forth focuses very specifically not just on a general exemption but on an exemption for specific debts. Those debts need to be traced under the typical classical interest deductibility tracing principle. You need to trace those debts to a good purpose, and that good purpose is that it's related to a regulated utility that sets rates through a regulator and the proceeds of those debts are used indirectly or directly in that utility business.

[Translation]

Mr. Sébastien Lemire: Thank you very much.

The Chair: Thank you, Mr. Lemire.

[English]

MP Davies, go ahead, please.

Mr. Don Davies (Vancouver Kingsway, NDP): Thank you, Mr. Chair. Through you to all the witnesses, I thank them for their testimony here today.

Ms. Woo Dearden, I'd like to start with you. In 2021 my colleague Lindsay Mathysen introduced Bill C-218. That legislation would exempt psychotherapeutic services delivered by psychotherapists and counsellors from the GST/HST. That was almost three years ago. I understand that she was inspired to introduce that important piece of legislation because you asked her to take action on the issue. I want to thank you for your advocacy on this. Because of your tireless advocacy and that of your colleagues, the government has agreed to include the provisions of Bill C-218 in the fall economic statement, as you know. The implementation legislation is before us today. I think it's a good-news story when it shows citizens working positively and influencing policy.

Now, we've heard clearly, from you and others already today, the positive impacts that this measure will have on clients. I'm curious to know how the elimination of the GST/HST on counselling therapy and psychotherapy will impact the overall health care system, in your view.

Ms. Stephanie Woo Dearden: Thank you for your comments and for your recognition there. That's a big question, by the way.

In my view, there's a symbolic aspect that indicates that mental health care, psychotherapy and counselling therapy are on par with other health care professions, such as seeing a physiotherapist, an acupuncturist or a podiatrist. It destigmatizes it for Canadians, in addition to the money they will save from the taxes they would have had to pay.

It has been found that the rate that psychotherapists and counselling therapists charge ranges between \$120 and maybe \$190, so a 10% to 13% savings each session could be a couple of hundred dollars a year for each Canadian. It could mean that the money goes towards something that's important to them in their lives. It could mean more sessions for them, if they need it.

This will have a big impact on the health care system.

Mr. Don Davies: In my previous role as health critic, I saw data from British Columbia showing that of the top 10 reasons people go into emergency rooms, the top four had to do with mental health issues. I'm wondering if you think this measure will have a bit of a knock-off effect, in that if people get the therapy they need, perhaps that may have the salutary effect of keeping them out of emergency rooms.

Do you see that as being a potential consequence?

Ms. Stephanie Woo Dearden: I think many of us here can agree that health is not just the absence of illness. I think psychotherapy and counselling therapy are a big part of helping people stay in that healthy place.

Mr. Don Davies: Thank you.

Mr. Smith, the title of this provision in Bill C-59 and the way it's described or referred to is "Excessive interest and financing expenses limitation". It seems like a pretty positive thing. I don't think any of us are in favour of excessive interest and excessive financing expenses. It seems, as a description, that we would be motivated to want to limit that.

Is that an improper description of this provision, in your view? You clearly don't want it to apply to your particular sector or industry. I'm just curious. Does your industry need excessive interest and excessive financing expenses, or is that just a misnomer, in your view?

• (1620)

Mr. Derek Smith: For our industry, it's probably a misnomer. It doesn't align well. I think if you look at our business, it's regulated to have certain amounts of debt and certain amounts of equity. That's to keep the cost of energy affordable for customers. It just so happens that the amount of debt is significant relative to other industries. When the debt is high, it spreads the cost of projects over time. We're not collecting monies from customers up front. We're collecting it over time. At the same time, by keeping the equity low, it restricts the amount of return or profits that are available for the shareholder.

The reality is that, when we work our numbers through, the rules don't necessarily work for our industry, hence the reason we have utilities within Electricity Canada members that are having interest denied under the rules.

Mr. Don Davies: I see.

Mr. Vichie, in a statement in response to the 2023 fall economic statement, you said:

We are pleased to see that Canada continues to provide a comprehensive and effective policy response to the U.S. Inflation Reduction Act... Today's Fall Economic Statement...makes progress in key areas vital for developing Canada's clean energy sector.

Specifically, greater clarity on eligibility and timing for the Clean Technology ITC and Clean Hydrogen ITC will help ensure Canada attracts the investment and talent needed to be a global leader in clean energy.

I think you emphasized that message here today.

Draft legislative proposals for the introduction of Canada's clean hydrogen investment tax credit and the clean technology manufacturing ITC were released for public consultation in December.

Could you provide this committee with an overview of Ever-Wind Fuels' response to those draft proposals?

Mr. Trent Vichie: I think, broadly, what was provided was fairly good, but there were a few things that I would say were missing.

One is this, for example: When you build a wind farm, significant investment goes into building roads and access ways. The cost of that was excluded, which plays into the importance of labour as part of developing these types of projects. I think that is one particular area we would like to emphasize.

The other is this: Without getting into too many minutiae, it's important for us to [*Technical difficulty—Editor*] administrative aspects of this, once the bill is passed. It's a lot of work to get the details right, and passing the bill allows NRCan and the CRA to drive this forward. These are billions of dollars in project financing, legal work, etc.

The biggest key message is to drive the bill forward and not delay because, as I said before, it's like a freight train to get these projects moving and coordinated to deliver.

The Chair: Thank you, MP Davies.

Members, I'm looking at the clock. We have very little time left, but every party will have an opportunity to get in one more question. We have about five minutes left, so you have about a minute each.

We'll start with MP Chambers.

Mr. Adam Chambers (Simcoe North, CPC): Thanks, Mr. Chair.

In my minute, I will clarify a couple of questions with Mr. Powell and his colleague.

Would the bill in its current form, if passed, result in an increase in energy bills for residents in Nova Scotia, yes or no?

Mr. Michael Powell: Yes.

Mr. Adam Chambers: Derek.

Mr. Derek Smith: Yes.

Mr. Adam Chambers: Are you aware of any amendments currently being considered that would fix these problems?

Mr. Michael Powell: We proposed amendments in our submission, but I'm unsure whether one of you is interested in advancing them. We'd be happy to chat about this, if so.

Mr. Adam Chambers: In the 15 seconds I have left, I'll provide verbal notice of a motion. Out of respect for my new colleague from the NDP and the non-permanent member from the Bloc, I won't move it.

It is the following: In respect of amendments to Bill C-59 ruled in order and substantive by the Chair, that clause-by-clause for these respective clauses be paused until such time as officials present testimony on these amendments; that the Deputy Prime Minister and Minister of Finance, President of the Treasury Board or—it's "or"; I'm not being greedy here—the Minister of National Revenue appear for one hour to answer the committee's questions. However, in order to be expeditious with the bill, this does not prevent other clauses from being reviewed out of order.

If there are substantive amendments coming to this bill, we need to examine them with the proper testimony. We were shortchanged access to the CRA officials and other officials at the very beginning of this study, so this is the motion that has now been tabled in public.

Thank you, Mr. Chair.

• (1625)

The Chair: Thank you, MP Chambers.

I'll go to MP Dzerowicz.

Ms. Julie Dzerowicz (Davenport, Lib.): Is this for my one minute?

The Chair: Yes.

Ms. Julie Dzerowicz: What I'm going to say first to all the witnesses is thank you. This is very important testimony. You've been heard.

I want to say a special thank you to Ms. Dearden. Since I was elected over eight years ago, Davenport residents have been asking me for the elimination of the HST on therapy services. They did a happy dance when the fall economic statement was read.

I'd also say thank you for your testimony, Mr. Powell. I heard your ask loud and clear.

Professor Dehejia, I wish I had more time with you, because I wouldn't mind talking to you a bit about some of the information that came out from the 200 economists last week. They disclaimed the myth about carbon pricing driving up the cost of living and being a major cause of inflation. What the evidence has shown, they said, is that "Canadian carbon pricing has a negligible impact on overall inflation." They also disclaimed the myth that carbon pricing harms Canadian business competitiveness. They said the evidence showed that "Canada's carbon-pricing scheme is designed to help businesses reduce emissions at low cost, while competing in the emerging low-carbon global economy."

I would say to you that we have a growth issue. We have a productivity issue. We have a competitiveness issue. They're not issues that happened over the last eight years. They've been issues that have accumulated over 30 years.

I'm very proud that our government has taken a number of steps to try to address the competition issue. We've tried to address the

productivity issue. We've introduced a national child care program, among the many other things we've done.

We have a lot more work to do, and I'm hopeful that in budget 2024 we'll see some more measures that will show how we will be prosperous moving forward in the 21st century.

Thank you so much.

The Chair: Thank you, MP Dzerowicz. There's no time for a response. However, you could provide, Mr. Dehejia, if you would like, a written response to the committee.

I have to move on.

Let's go to MP Lemire, please.

[Translation]

Mr. Sébastien Lemire: Thank you, Mr. Chair.

My question is for Ms. Woo Dearden.

This morning, the committee heard from representatives of the Regroupement d'ordres professionnels en santé mentale du Québec, and later today, we'll be hearing from representatives of the Association des psychoéducatrices et psychoéducateurs.

Do you believe that all professionals offering similar services in Ontario, Quebec or elsewhere in Canada should have access to the same GST exemption?

If there were a problem with interpretation, an amendment would have to be tabled to resolve the situation, in the interest of fairness. These are words you used earlier.

[English]

Ms. Stephanie Woo Dearden: I am less familiar with the Quebec landscape in terms of the diversity of mental health professionals, so I can't answer this particular question.

[Translation]

Mr. Sébastien Lemire: Earlier, you mentioned that this tax exemption shows how much the government understands the importance of psychotherapy.

Keeping these values in mind, how would you react if you were told that one province was obliged to go and have expertise validated by another province? For example, for Quebec professionals to have access to these exemptions, validation would have to be done by Nova Scotia. Would you see this as an inequity or injustice?

[English]

Ms. Stephanie Woo Dearden: If there is a Quebec body that practises psychotherapy or counselling therapy and their practice is found to be similar in scope to that of their Canadian counterparts in different provinces, then they would be included in this amendment.

• (1630)

[Translation]

Mr. Sébastien Lemire: That's what we'll have to try to create.

Thank you very much.

The Chair: Thank you, Ms. Woo Dearden and Mr. Lemire.

[English]

Now we go to MP Davies. You will have the final questions for our witnesses.

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

Mr. Vichie, I think your testimony is pretty clear that you think these incentives will have a positive effect on investment in the clean-tech and hydrogen industries in Canada. I'm wondering if you can briefly help us understand the magnitude of that and the quantity of investment we might expect. Are you aware of a specific example that you could point us to that might be impacted by this measure?

Mr. Trent Vichie: Absolutely. The first phase, for example, of our project in Nova Scotia, which is just the start, is about \$2.5 billion. The economic impact on GDP is about \$2 billion, and government revenues are close \$1 billion. This is a small start.

The EA was approved for the project in Newfoundland today. These are multi-billion dollar projects. This is absolutely meaningful, and it is probably one of the best clean growth economic initiatives for the Maritimes region.

I don't understate how important this is for driving growth. It's like turning the Maritimes region into the Houston or Texas or Alberta of the east. It is really substantial, so we really appreciate the consideration for the work that's being done here.

Mr. Don Davies: Thank you.

The Chair: Thank you, Mr. Vichie.

Thank you to all our witnesses for your testimony. We wish you the best for the rest of the day. Thank you very much for coming before our committee.

At this time, members, we are going to suspend as we transition to our last panel for today.

• (1630) _____ (Pause) _____

• (1635)

The Chair: Welcome back, everybody.

With us today, representing the Association des psychoéducatrices et psychoéducateurs, we have the VP, Julie Maillette, and the president, Laurie Marquis.

With us via video conference, from the Co-operative Housing Federation of Canada, we have Timothy Ross, executive director.

I understand we now have Kate McNeece with us. Welcome. We hadn't seen you earlier. Ms. McNeece is a partner with McCarthy Tétrault, and her field is competition, antitrust and foreign investment.

Ms. McNeece, if you're ready for some opening remarks, we'll start with you. Then we'll go to the association and the Co-operative Housing Federation of Canada.

You have five minutes.

• (1640)

Ms. Kate McNeece (Partner, Competition, Antitrust and Foreign Investment, McCarthy Tétrault LLP, As an Individual): Thanks very much.

Good afternoon, Mr. Chair and honourable members of the committee.

My name is Kate McNeece, and as the honourable chair just said, I am a partner at the law firm of McCarthy Tétrault, practising in competition, antitrust and foreign investment.

Thank you very much for inviting me to appear before you today.

Before I begin my statement, I want to note that I am appearing today in my capacity as an individual, and the views expressed today are my own, not those of my law firm or any client of McCarthy Tétrault. However, my submissions today are informed by my experience advising clients on the application of the Competition Act to their commercial agreements, conduct and mergers.

In my view, a comprehensive, clear and effective Competition Act is in the best interests of all stakeholders, including consumers and the business community. Bill C-59, along with the amendments enacted in 2022 and 2023, presents a comprehensive vision for the future of the act. I commend the government and this committee for their thoughtful approach to implementing meaningful competition law reform in Canada. In my remarks, I will highlight a few areas that I believe bear additional consideration.

First, I believe there is more work to be done to rightsize the merger control thresholds set out in sections 109 and 110 of the act. Over the past five years, the significant majority of transactions notified to the Competition Bureau have been designated non-complex, meaning they are identifiable by the clear absence of competition issues. Calibrating these thresholds to capture more potentially problematic mergers, while reducing the administrative burden on both merging parties and the bureau by excluding more mergers that clearly do not raise issues, should be a goal of any meaningful reform.

Bill C-59 changes the size of transaction thresholds to capture entities with significant sales in Canada. This is a step in the right direction. However, I suggest additional study to consider further calibration of these thresholds, including in particular an amendment to exclude from the "party-size" calculation assets and revenues of a vendor that is divesting its entire interest in a business. These are plainly irrelevant to the merged party's financial position.

Second, Bill C-59 introduces a disgorgement remedy for civil conduct that has been the subject of a tribunal order under section 75, 77, 79, or 90.1 of the act. I believe private actions under the act will be an important complement to bureau enforcement, and I understand these provisions are likely intended to incentivize use of these provisions.

However, the creation of a new collective redress mechanism from whole cloth risks confusion and uncertainty, when there is a simpler alternative. Section 36 of the act currently allows for collective redress for damages where there has been a violation of one of the criminal provisions of the act. I recommend that this committee consider revising Bill C-59 to remove the proposed disgorgement provisions, and instead allow private litigants to seek collective redress under section 36 of the act for conduct that has been the subject of a tribunal order concerning civil matters.

Third, Bill C-59 introduces private actions, administrative monetary penalties and financial remedies for conduct found to be contrary to section 90.1 of the act. I am particularly concerned that as drafted, these penalties could apply to agreements that would constitute mergers under section 92 of the act. It would cause significant uncertainty in transaction planning if mergers could be subject not only to bureau review and remedies under section 92 but also to AMPs, private actions and, potentially, disgorgement or damages under section 90.1. I urge the committee to explicitly exclude agreements and arrangements that constitute mergers for the purposes of section 92 from the scope of section 90.1 of the act.

Finally, I am concerned by the bureau's recent submission to this committee advocating for the inclusion of structural presumptions based on bright-line concentration and market share tests in the text of section 92. I caution the committee not to incorporate such a significant change into this bill without a careful study of the evidence supporting the magnitude of notified transactions that would be captured by the proposed thresholds and therefore be subject to a reversed burden, without consultation with a wide variety of stakeholders to understand the impact of such a change on merger activity and without consideration as to whether the proposed tests, which are taken verbatim from the new December 2023 U.S. horizontal merger guidelines, are appropriate in the context of Canada's economy.

While bright-line structural presumptions can be useful in providing direction to merging parties on the likely treatment of a prospective transaction and in potentially dissuading problematic transactions, in my view, they are most appropriately placed in enforcement guidelines, as they are in the U.S. The assessment of competitive effects is necessarily a contextual one, and the more balanced approach taken in Bill C-59, which permits but does not require the tribunal to assign greater weight to evidence of concentration and market share, is the more appropriate course.

Thank you very much for your time this afternoon. I would be happy to answer any questions.

- (1645)

The Chair: Thank you very much, Ms. McNeece. I'm sure there will be many questions.

Now we'll hear from the Association des psychoéducatrices et psychoéducateurs. We will go to the vice-president, Madame Maillette.

[Translation]

Ms. Julie Maillette (Vice-President, Association des psychoéducatrices et psychoéducateurs): Thank you, Mr. Chair.

Officially incorporated in February 2022, the mandate of the Association des psychoéducatrices et psychoéducateurs, or APP, is to promote psychoeducation to the public, educational institutions, workplaces and community organizations, both private and public, in the field of psychoeducation.

The APP's raison d'être is also to be present to defend the interests of its members. Right from the start, members spoke to us of their desire to see their services exempt from taxes, like other professionals.

Psychoeducation is a young Quebec profession created between the 1950s and 1970s. For example, the Université de Montréal's school of psychoeducation was founded in 1972.

To hold the title of psychoeducator, you must be a member of the Ordre des psychoéducatrices et psychoéducateurs du Québec, known as the OPPQ. In addition, you must either have a master's degree in psychoeducation, benefit from the acquired rights clause, or be admitted through the equivalence recognition process.

To fully understand how psychoeducation differs from other helping professions, we refer to the psychoeducator's field of practice as this:

Evaluate adjustment difficulties and adaptive capacities, determine an intervention plan and ensure its implementation, restore and develop the person's adaptive capacities, as well as contribute to the development of environmental conditions with the aim of promoting the optimal adaptation of the human being in interaction with their environment.

Psychoeducators work with a diverse clientele in almost all living environments, whether adults or children. Their practice covers many issues, such as adjustment difficulties, depression, developmental delays, autism spectrum disorder, behavioural disorders, emotional management difficulties, substance abuse, mental health problems, social reintegration, and much more.

Ms. Laurie Marquis (President, Association des psychoéducatrices et psychoéducateurs): Good afternoon.

For my part, I'm going to tell you why we want psychoeducation services to be tax-exempt, both federally and in Quebec.

As my colleague Ms. Maillette said, psychoeducators carry out psychosocial interventions with a varied clientele, particularly in mental health. In fact, you had the chance to hear about it earlier, from Ms. Woo Dearden, who is a psychotherapist.

Psychoeducation is currently helping to reduce waiting lists for mental health services, which are a primary public health need in Quebec and Canada. However, the taxation of our psychoeducational services represents a real barrier to referral. For example, some professionals, and even some clients, are reluctant to come to our services, precisely because they are perceived as being a little more expensive, compared to the services of other professionals who are not taxed. Examples include occupational therapists, psychologists, acupuncturists and naturopaths. There are plenty of other services that are tax-exempt.

I can attest to this: often, taxes can prompt the client not to sign up for psychoeducational services, even when these would be the preferred services, for example because of adjustment difficulties or the need to develop a certain skill in their development. Professionals also tend not to refer their clients to a psychoeducator. We believe that tax exemption on our services would ease the financial burden on those seeking help. The costs of psychoeducation services are high. So, if we were to remove the taxes, which represent around 15% of the price of the session, it would allow people who need help to save significant amounts.

I'd also like to describe the expertise of psychoeducation. It lies above all in understanding the human being, developing abilities, managing emotions and developing skills. Moreover, our clinical process corresponds to the definition of the work of therapeutic counsellors, which we would like to see added to Bill C-59, as we have seen. So, we believe that psychoeducation services could fall into the category of therapeutic counsellors.

To proceed in this way, you would first need to amend the Excise Tax Act by including the term “therapeutic counsellor” in the definition of “practitioner”. It should be made clear that psychoeducation is included, so that there is no ambiguity. That way, Revenue Québec, to which we also report, will be able to rely on federal documents to grant us tax-exempt status.

So there's still a long way to go before we can benefit from this exemption.

Thank you for listening.

• (1650)

The Chair: Thank you, Ms. Marquis and Ms. Maillette.

[English]

Now we will hear from the Co-operative Housing Federation of Canada.

Mr. Timothy Ross, please go ahead.

Mr. Tim Ross (Executive Director, Co-operative Housing Federation of Canada): Good evening, Mr. Chair.

Thank you to the members of the committee for the invitation to appear tonight. I would love to be there in person; however, I am in Fredericton for work, so I am appearing from Fredericton today. I represent the Co-operative Housing Federation of Canada, the national voice of the co-operative housing movement.

As a bit of co-op history for starters, co-op housing is a very well-documented success story in Canada. For over 50 years, co-ops have been providing good-quality, affordable homes owned and

governed by the community members who live there. There are more than 2,200 housing co-operatives located in every province and territory, and co-ops are home to more than one-quarter of a million Canadians.

Co-ops offer at-cost housing, meaning housing charges are increased every year simply to cover the costs of maintaining buildings in a good state of repair and investing in the future. That's why co-op homes cost \$400 to \$500 less per month on average in Canada when compared to similarly aged apartments in the private rental market. Co-ops also offer greater security of tenure: There's no outside landlord who might sell, renovate or unreasonably increase rents.

Co-ops are inclusive by design, as almost all operate on a mixed-income model, administering available rental assistance programs for a portion of households with low incomes. They build strong communities because co-op housing brings people together, and they allow people the chance to have a say in how their housing is run.

Now I have some remarks to offer related to the fall economic statement and implementation.

The first is related to the rental rebate. Bill C-59 proposes to extend the GST rebate to certain co-operative housing. We really appreciate this policy change, as we know it will be directly passed on to households in need that occupy new co-op housing. This is a big part of the power of co-op housing. The non-profit, community ownership model ensures co-op homes are affordable and remain affordable for generations to come.

The co-op housing sector is also ready to build. We're ready to play a larger role in the housing crisis. The fall economic statement also included some resources for the forthcoming co-op housing development program. A budget commitment for this program was first made in 2022 for the launch of a new co-operative housing supply program, and we are very much looking forward to the launch of this program. We heard recently from the minister, at a conference a couple weeks ago, that the program is expected to launch in early 2024. We really hope that is the case, because any further delay in the launch of the program is costly—there is a lost opportunity cost to that.

I'll also speak to the importance of acquisition in the national housing strategy's set of programs. Between 2016 and 2021, Canada lost 370,000 homes rented at or below \$1,000 per month. This happens through demolition, conversion to condo or increasing rents at turnover, which leaves fewer affordable housing options. Unfortunately, we're actually losing more affordable housing supply than we're seeing built under current federal programs.

We recognize and welcome the recently announced Canada rental protection fund, which is meant to stem the loss of affordable housing by enabling co-ops and non-profits to buy rental housing to keep it affordable. We look forward to working with the federal government and our partners to expedite that fund's launch, because so many renters are in precarious situations today and housing co-operatives are ready to help.

Last but not least, it also must be said unequivocally that we need a fully funded “for indigenous, by indigenous” approach to the urban, rural and northern indigenous housing strategy. It's much needed right away. There's a \$4-billion commitment on the table. We know that's not enough. Indigenous people in communities across the country disproportionately experience housing need, and we need to see a robust and dedicated response. This will help to both address the housing crisis and advance reconciliation.

● (1655)

In conclusion, the co-op housing sector is ready to work closely with the public, private and non-profit sectors to build more of the housing we need. The co-operative housing movement in Canada is well established and has proven to be very resourceful, passionate and committed to a vision of co-op housing for all. We believe that a housing system that works for all must include more co-operative homes.

Thank you, Mr. Chair. I look forward to the members' questions.

The Chair: Thank you, Mr. Ross, for your opening remarks.

Thank you as well to our other witnesses for your opening remarks.

This is our fifth panel of witnesses today. I may be a little biased, but I think this is the hardest-working committee on the Hill. I think the members would agree with that. As a result of that, we have many special guest MPs joining us, because they want to break a record. I understand this will be the most meetings that we've ever had for the fall economic statement.

We have MP Darrell Samson joining us.

[*Translation*]

Mr. Darrell Samson (Sackville—Preston—Chezzetcook, Lib.): It's a pleasure for me to be here. Thank you.

[*English*]

The Chair: MP Morrice has joined us at the table along with MP Sébastien Lemire. We also have MP Fast, who was a member of this committee and has joined us to break the record—

Hon. Ed Fast (Abbotsford, CPC): It's a pleasure to be back.

The Chair: —as we go through 20 hours of witness testimony here for the fall economic statement.

An hon. member: Mr. Bittle is here.

The Chair: That's right. Mr. Bittle is here.

You can join us at the table.

With that, we are going to get to members' questions. In this first round, each party will have up to six minutes to ask questions.

We are starting with MP Morantz in this record-breaking effort.

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

I want to clarify if Mr. Leet is here from World Energy.

The Chair: No.

Mr. Marty Morantz: Okay. I was just checking.

I want to thank the witnesses for being here.

I'll start with Ms. McNeece.

Thank you for your testimony. I want to back it up to about 30,000 feet, though, in terms of general policy.

A few minutes ago, Professor Vivek Dehejia from Carleton University was talking about serious problems Canada is having with falling productivity, and he partly laid the issue at the feet of foreign investment. Deputy Governor Rogers from the Bank of Canada recently said Canada is in the middle of a productivity emergency and that “it's time to break the glass.”

From your perspective and the perspective of the clients you talk to, what are you seeing in terms of foreign investment? What steps, from a legislative perspective, do you think the government could take to make foreign investment in Canada more palatable to investors from outside the country?

● (1700)

Ms. Kate McNeece: That's a very 30,000-foot question, and I'm afraid it's a bit above my pay grade. My comments were restricted to the Competition Act, which is covered in Bill C-59. However, I also deal with the Investment Canada Act, which governs the review of foreign investment going into Canada. We've seen a number of changes under the Investment Canada Act as well. Bill C-34 recently received royal assent. It is not yet enforced, but I think it soon will be.

The issue with foreign investment is multifold. First, there's a great deal of regulatory uncertainty for foreign investors who are subject to the Investment Canada Act in terms of what will be required of them. The national security provisions of the act are quite broad and are being applied more broadly. I think there is a lack of transparency in what investors can expect, especially in areas that aren't traditionally thought of as related to national security. You can think of defence and the military, but increasingly we're looking at investments in critical minerals and critical infrastructure as being very important to Canada's national security. Those categories are getting very broad.

The pending amendments that will come into force shortly will implement a mandatory reporting regime for certain investments in critical areas for prescribed businesses that involve prescribed rights. However, those will all be defined by regulations, of which the business community and the bar have not seen any drafts. There's a great deal of uncertainty right now as to where the foreign investment regime is heading.

Separately, I know the Canadian government and a number of people working in the civil service at ISED and other investment-related arms are doing good work in reaching out to foreign entities that may have an interest in investing in Canada. I've worked with a number of clients who have been the subjects of that type of outreach and who have come to Canada. We've worked with them in that context, so I know that work is being done. However, I think the more clarity we can get around the new amendments to the Investment Canada Act, the better, from a foreign investment perspective.

Mr. Marty Morantz: You mentioned regulatory uncertainty. What would be an example of a company looking to invest in Canada that would have to be approved under the foreign investment review laws? What would be an example of something that would be a hindrance to them or something that is uncertain in the regulations that would cause them to maybe pause or reconsider their investment?

Ms. Kate McNeece: There are two types of processes under the Invest in Canada Act that foreign investors may have to go through.

One is what we call a net benefit test, which is for certain investments that exceed financial thresholds. They need to go through a preclosing review and approval process. That typically involves providing undertakings to the relevant minister. There are two categories here. The reviews of non-cultural investments are done by the Minister of Industry. The reviews of cultural investments are done by the Minister of Canadian Heritage.

There can be some uncertainty in what undertakings will be required to demonstrate that an investment is of net benefit to Canada. It tends to be an iterative process. It involves consultations with a number of stakeholders.

The way the process is set up is that you deal with the civil service agency that then speaks to the decision-maker, rather than discussing directly with the decision-maker. There can be a bit of friction in that process, just naturally.

The other is the one I referred to previously, which is the national security process. I think the greatest uncertainty there is that while we have guidelines as to how those provisions will be applied, there is a new mandatory regime that will be coming into force. However, the scope of that application and the timing of those rules is right now completely uncertain. That is also causing uncertainty for some of our clients.

Mr. Marty Morantz: I have a quick question for Mr. Ross.

How serious is the shortage of co-op housing across the country?

Mr. Tim Ross: The shortage of co-operative housing is quite dire, as it is for all types of housing supply. We have a housing supply crisis.

Housing co-operatives in Canada make up less than 1% of the housing market. A great deal of research suggests that, at a minimum, Canada needs to double the supply of community and co-operative housing to catch up with OECD comparators and help restore affordability for renters.

• (1705)

Mr. Marty Morantz: Just quickly on that point—I hate to interrupt, but my time is running out—did you make the federal government aware of the shortage of co-op housing? If so, how long ago did you do that?

Mr. Tim Ross: We have been very consistent in identifying the shortage of co-operative housing supply in Canada for decades now, actually. We have not seen a dedicated federal co-operative housing supply program since the early 1990s.

To add to the point about productivity, since you were quite interested in it earlier, we recently commissioned some research, which was completed by Deloitte, that shows a causal connection between increasing investment in community and co-operative housing supply and productivity gains. If we doubled the supply of community and co-op housing in Canada, we would see an astronomical jump in productivity amounting to between 5.7% and 9.3%. We've also found that this investment would be non-inflationary.

There are good gains from investment in co-op and community housing.

Mr. Marty Morantz: That's very interesting.

I think I'm getting the hook, so we're on to the next member.

The Chair: Yes, we have to go on.

We're going to MP Weiler, please.

[*Translation*]

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

I thank all the witnesses for being with us today.

I would like to point out that this is not the fifth panel of witnesses we've heard from today as part of this study, but the sixth. We've heard a lot of interesting testimony.

[*English*]

The Chair: Wow, that's even better.

Mr. Patrick Weiler: First, before getting into questions, I just thought I'd mention that in the first half of last year, Canada had the largest per capita foreign direct investment of any country in the world and was the third-largest in gross foreign direct investment. Of course, there is more we need to do to increase productivity in Canada and get more investment opportunities. I think a lot of the measures in Bill C-59 do just that.

I want to direct my questions to Ms. McNeece.

Thank you for your testimony to date, particularly some of the suggestions you brought forward.

Many changes are being made to the Competition Act as part of Bill C-59, including private litigation opportunities, a new variety of rights of action, lower leave tests for applications and the introduction of administrative monetary penalties with awards for private litigants. We know that a lot of these changes are being brought in because to date, the Competition Bureau has largely been the initiator of proceedings, but it only has so many resources to go around to do its work and it prioritizes cases of national importance.

Ms. McNeece, I was hoping you could share your thoughts on how these changes might improve competition in Canada overall.

Ms. Kate McNeece: I think that's a great question.

As Mr. Weiler said, there are a number of changes largely expanding the rights of private access to many of the different provisions under the act. The way our act is set up is it's relatively codified, so there are specific provisions for different types of conduct that could be seen as contrary to competition, and previously, only certain of those provisions have been subject to private rights of action for private litigants. They've been solely the purview of the commissioner in a number of cases, and by and large, Bill C-56 and Bill C-59 together have expanded private rights of action to most of those areas.

As I said in my opening statement, I think private rights of action are an important complement to the commissioner of competition's work. I think, as you say, the bureau is a body of limited resources and there are ways that private litigants can help fill the gap for our competition enforcement, so I'm generally in favour of a lot of these changes.

It's important that the leave test was somewhat lowered in order to make this more accessible, because I think the previous test was very difficult to overcome since all of a business had to be substantially affected rather than part of the business, as it is now. I think that makes a great deal of sense because certain businesses have multiple business lines, and I don't think they should be barred from potentially addressing a harm to one business line if it isn't in all of their business.

I'm generally in favour of the leave test. We'll have to see how it's interpreted. I think the public interest branch of the leave test is a new concept for Canadian competition law. I'd be looking to the Competition Bureau to consider how they might be supporting assessments that certain actions taken by private litigants may be in the public interest, or maybe there's some guidance from the tribunal, through either litigated cases or otherwise, as to how that

will be interpreted in light of existing jurisprudence in analogous areas.

I think we're all very curious to see how that's going to work, but overall, I think this will increase the number of means that potentially affected parties may have for addressing competition concerns and, subject to the leave test and appropriate pleading standards, plucking out vexatious litigants. We don't want that, but I do think an expansion of private access is warranted and is a positive aspect of Bill C-59.

• (1710)

Mr. Patrick Weiler: Yes, very much so, and I think I have some ideas for questions to ask the Competition Bureau when we have them appear before committee on this legislation.

Some of the other changes to this legislation revolve around the extension of the timelines for the review of mergers and the structural inference that you brought up earlier in your testimony. You mentioned the work that needs to be done to rightsize the merger control threshold. I was hoping you might speak a bit more to what you meant by that.

Ms. Kate McNeece: There are a couple of different topics. I'll take them in turn.

Bill C-59 does change the limitation period for mergers, specifically as it applies to mergers that are not notified to the commissioner. It extends that period from one year to three years, and I think there is some sense in doing so.

In my experience, bureau investigations for mergers that the bureau believes potentially harm competition or lead to an SPLC, which is the legal standard, take quite a bit of time. There's a lot of information gathering. There's a lot of analysis. There are a lot of submissions going back and forth and gathering of that sort of information. In a case where the limitation period is only one year for a non-notified merger, the bureau may simply not have time to conduct that analysis, which may lead to them rushing a case to the tribunal to try to catch it before the limitation period ends. That may not be the most efficient way to address these issues. They may also simply run out of time.

It's not clear to me how many of those mergers have been missed, rushed or caught. I'd be interested in hearing about the magnitude of this issue, but to the extent that it is perceived as an issue, I think a three-year period is a sensible extension. It's bringing us back to what the limitation period was prior to the 2009 amendments to the act. We wouldn't want it to go too long because as time goes by, it's much harder to pin effects in a market to the merger itself rather than to other structural considerations. I wouldn't want to extend that, but I think that's a fairly limited and sensible amendment.

To my comments about the merger control thresholds, I don't think any merger control threshold is going to be perfect. If you're setting out asset- and revenue-based thresholds, or even the market share threshold that some jurisdictions have, you're always going to capture some mergers that are not problematic and you're always going to miss some mergers that are problematic.

What I would recommend is taking a look at that and trying to figure out whether our thresholds as they currently exist, the \$93-million transaction-size threshold and the \$400-million party-size threshold, are capturing many mergers. Are we missing a lot of mergers?

As I said in my statement, I think between 65% and 75% a year of the mergers that are notified to the Competition Bureau are non-complex or are characterized as not having any competition issues. With that number being so high, is there a way we can exclude certain non-problematic mergers from notification?

The Chair: Thank you, Ms. McNeece.

Ms. Kate McNeece: I don't have answers as to—

The Chair: Thank you. You've gone over time.

Thank you, MP Weiler.

It's now over to MP Lemire.

[*Translation*]

Mr. Sébastien Lemire: Thank you, Mr. Chair.

I've just spent at least the last two years working in the sports area, and I've heard heartbreaking testimony about cases of abuse and mistreatment from numerous athletes. The latter have made clear just how much consultation means to the sports community as a whole. This translates into costs, but above all into the number of additional hours that have to be devoted to it. And that's not counting the consequences for the sports community, of course.

I think the tax exemption we're talking about for professional therapeutic counselling services is a measure that would be welcomed in the sports community.

However, in Quebec, for a therapeutic counselling professional to be able to exempt his or her services from taxes, he or she must ask another Canadian authority to confirm that he or she has the equivalent qualifications attested by his or her professional licence. This is a permit duly authorizing him to practise his profession in Quebec, and is issued by his professional order. However, to be tax-exempt at the federal level, another province must recognize it.

It's laborious and totally incomprehensible, and I'm sorry for the people listening to us.

This process amounts to asking Quebec professionals to go to New Brunswick, for example, to receive this attestation confirming that they are qualified to practise their profession in Quebec. I use New Brunswick as an example, because it's the only officially bilingual province, so it's the only way to get services in French. Yet this is work that the professional orders are already doing and it should be their sole responsibility, except that, obviously, it's cumbersome.

Do you think an amendment should be made to the bill to settle this situation once and for all and allow this recognition of practice of the profession in Quebec? It would be financially advantageous for you, the psychoeducators, and would make your services less expensive and, therefore, more accessible.

• (1715)

Ms. Laurie Marquis: That's a very pertinent question.

In fact, I think everyone in the psychoeducation community in Quebec agrees on this point, that we should facilitate access to tax exemption, but also facilitate recognition of psychoeducation across Canada.

As my colleague explained earlier, psychoeducation is a young Quebec profession. That's not to say that there aren't any psychoeducators in New Brunswick or Saskatchewan. In fact, there are many across Canada. However, you have to realize that, since there's one order in Quebec exclusively, it makes the job a little more difficult than if there were several orders across Canada.

This may be more opinion than fact, but we don't necessarily see the relevance of comparing ourselves to another province, when psychoeducation professionals in Quebec are quite competent and have expertise. So why wouldn't they have this expertise in Canada or in another province? It's still the same clinical process, which is very rigorous. In fact, psychoeducators are professionals who hold master's degrees. They have studied for five years at university. What's more, they have to complete 40 hours of training every two years. So we have an order that very rigorously ensures our competencies.

We therefore believe that the path should be made easier for us, at the very least to have this profession recognized throughout Canada. In addition to easing the path to tax exemption, it would smooth out many of the other hurdles we encounter in Canada, notably with regard to public and private insurance. We're also stuck on this front, given that the order is strictly Quebec-based.

Mr. Sébastien Lemire: Thank you, Ms. Marquis. That's a great explanation. I really understand what's at stake in recognizing the profession and the repercussions of that.

We agree that those who go to see professionals have, at the very least, needs, even problems. They're suffering. They would like to be able to achieve better results or, in some cases, adapt to the school network, in the case of children.

Do you think it's right for the government, through a tax, to make money at the expense of people with such troubles?

Ms. Laurie Marquis: No, I don't think that's right.

In fact, our situation is similar to that of all professionals who are already exempt from taxes. Earlier, I mentioned a few titles, such as occupational therapists, psychologists and acupuncturists. Why are these exempt from taxes, when we have to charge them to our customers, who are also suffering? Waiting lists are so long these days for access to psychological services, or even psychoeducation. Sometimes, the tax, which is still a fair amount, will force people to postpone the service. When that happens, we don't do anything to prevent it.

Mr. Sébastien Lemire: I used the word "right", but I could have used the word "ethical", under the circumstances.

That said, in what you describe, I see a danger of inequity between professions, and even between workers within the same profession, because some may take steps in another province and, on their return, be able to bring down the costs for their services.

How is morale among your members? What's their reality? How many of your members are self-employed? What proportion work in the private sector and what proportion in the public sector? Can you tell us a little more about that?

Ms. Laurie Marquis: I don't have the figures to hand, but we have some in our brief. I can, however, answer half of your question.

We see that private practice is booming right now, given the increase in demand and the fact that many professionals can't keep up with the demand. Many professional psychoeducators have decided to move into the private sector, but many also work on the public side, as well as in schools.

I'd also like to add a nuance. Earlier, I said that sometimes psychoeducation is perfectly appropriate for a clinical case. Sometimes it's occupational therapy or psychology that's needed, but we have to recognize that, in some cases, it's psychoeducation. However, we're seeing a real brake on referring clients to our services.

• (1720)

Mr. Sébastien Lemire: Thank you.

Please feel free to send us more information in writing, if you need to.

[*English*]

The Chair: I'm sorry, but we're just over the time.

[*Translation*]

Mr. Sébastien Lemire: I was concluding, Mr. Chair, but I thought it was important to point out that it is possible to submit a supplemental response or any missing elements in writing. Thank you.

The Chair: Yes, thank you.

[*English*]

We will.

MP Davies, go ahead, please.

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

Mr. Ross, I'd like to address some questions to you, if I could.

Bill C-59 would make co-operative housing corporations that meet certain prescribed conditions eligible for the 100% GST rebate for new purpose-built rental housing. Can I get your views on whether the conditions that are described are appropriate?

Mr. Tim Ross: Generally, yes. Officials have been in contact with our policy team at CHF Canada and we are optimistic that the exemptions will be in place for co-operatives and co-operative developers as we're building new co-operative housing supply.

Mr. Don Davies: This might be a tough question, but generally I'm trying to get a sense of the quantum of the impact of this legislation. What quantitative impact do you think this measure will have in the construction of new purpose-built rental housing co-operatives across Canada?

Mr. Tim Ross: There are a few ways you could look at that.

One would be that it reduces the end cost so that this rebate makes more projects viable and able to go forward. With the current interest rates and the very high cost of supply, labour and property, it's very hard to meet the economic conditions needed to go forward. We hope this induces projects to be more viable and get a green light to go forward from a financial perspective.

The other way to quantify this is by looking at the absolute reduction in the end cost of delivering a unit. For the federal rebate that can be tens of thousands of dollars. Because many provinces have come on board—

Mr. Don Davies: Is that per unit?

Mr. Tim Ross: Yes, on a per unit basis.

Mr. Don Davies: Okay.

Mr. Tim Ross: Because provinces are also coming on board, that often increases substantially as well based on the provincial rebate too. Those tens of thousands of dollars knocked off the delivery price mean a more economic and more affordable housing charge or rent structure for the initial occupants, and that affordability grows over time because of the co-operative model delivering more stable housing overall.

Mr. Don Davies: Bill C-59 also enacts the department of housing, infrastructure and communities act, which would transfer part of the federal housing portfolio to the Office of Infrastructure Canada. What impact, if any, do you believe this reform will have on public infrastructure and housing outcomes in your sector?

Mr. Tim Ross: I'm not really sure, to be honest with you. I have heard the intention and rationale of this reorganization is to create more alignment between communities and infrastructure. Because housing development is often connected to infrastructure, that alignment does make sense from a conceptual perspective. Many of the general duties and powers of the minister remain fairly consistent, but it remains to be seen what material impact this will have. I guess only time will tell.

Mr. Don Davies: In my riding of Vancouver Kingsway, we still benefit from the renaissance of co-op housing built in the 1970s and 1980s. It was a federal program. I have Trout Lake, Kaslo Gardens and Still Creek. There's an indigenous co-op. There's Flesher. Literally thousands of people still benefit from that.

This may be before your time, but what was it that made the federal government's co-op program in the 1970s and 1980s result in tens of thousands if not hundreds of thousands of co-op units being built? How can we make that happen today when we have a housing crisis? What do we need to do to replicate that situation?

• (1725)

Mr. Tim Ross: What was effective in those programs in the 1970s and 1980s, which were supported by multiple governments, goes back to the significant level of investment. That's not just a one, two or three-year program, but a multi-year program so that you can really plan ahead. Those programs featured financing and capital contributions in the form of either grants or operating subsidies.

The other feature that was quite exceptional about these legacy programs was that they also offered rental assistance to low-income households. There were actual rental assistance subsidies available to make housing co-operatives and non-profits even more inclusive and to meet the housing needs of low-income and more vulnerable households.

Mr. Don Davies: Are we pursuing those same programs today at the federal level?

Mr. Tim Ross: Well, if you look at the federal supply programs, there are a few federal programs that are contributing to new non-profit and co-operative housing supply, although it's not at the quantum that we saw in 1970s and 1980s. Twenty-five per cent of all new rental construction starts in those decades were attributable to co-op and non-profit housing development. It's much lower today.

We do have some hope that the forthcoming co-op housing supply program will be quite welcome as a dedicated supply program. However, it has taken quite some time to launch that program. The budget commitment was first made in 2022. In a housing crisis, it would be great to see faster implementation of budget commitments.

Mr. Don Davies: Thank you.

The Chair: Thank you, MP Davies.

Members, just as in the last panel, we have limited time. We started a bit late with this panel of witnesses, so we are going to do one round of two minutes for each party.

We'll start off with MP Morantz.

Mr. Marty Morantz: Thank you, Mr. Chair.

Mr. Ross, I want to circle back. We were getting into something that I thought was quite interesting around the correlation between productivity in the country and the development and construction of co-op housing units. Would it be fair to say that the low productivity in relation to the United States correlates to fewer co-operative housing projects being built in Canada?

Mr. Tim Ross: What the research suggested was not a correlation but a causation between investment in new co-op and non-profit housing supply and an increase in productivity levels. The recommendation is to at least double the supply of community and co-operative housing in Canada to restore a level of affordability and catch up with OECD comparators.

It's not just construction that supports productivity. It's at the household level. It's the effect of having an affordable and safe place to call home that's connected to community. Once you have the economic relief of having an affordable place to call home, it induces economic behaviours that support greater productivity outcomes. That's what the research demonstrates.

Mr. Marty Morantz: Thank you. I appreciate that.

The Chair: Thank you, MP Morantz.

Now we are going to MP Thompson.

Ms. Joanne Thompson: Thank you.

Mr. Ross, I'm going to stay with you.

It's interesting that in my riding of St. John's East, there has traditionally not been a lot of co-operative housing, even though this is a model that I support. Since the GST link for the new co-operative builds, there's been energy among the groups in wanting to come together, seize the moment and spread the word on how important co-operative housing is to a full and robust housing strategy that really ensures no one is left behind.

Do you feel that moving this legislation forward, Bill C-59, is important to growing the co-operative movement and building co-operative housing in Canada?

• (1730)

Mr. Tim Ross: Certainly, the GST rebate in particular helps, as I said earlier, to ensure either that development projects become viable because of the challenging economic conditions we are all facing, or that what is developed is more affordable to the end-user.

That's very much welcome in the legislation, but what also needs to happen is the timely launch of the co-operative housing development program, which was first committed to in budget 2022. We did hear from ministers that the expected launch of that program is early 2024. I hope we can see that happen very soon because every day that goes by, costs continue to rise, and we need to lock in construction projects now. In our industry, we know there is about a billion dollars' worth of fundable construction starts for co-operative housing development in 2024-25. That development program is needed to support those projects in going forward.

The Chair: Thank you, MP Thompson.

Now we'll go to MP Lemire.

[*Translation*]

Mr. Sébastien Lemire: Thank you, Mr. Chair.

My question is for Ms. McNeece.

Bill C-59 addresses the issue of revising the Competition Act. Do you think we're not going far enough? Could we have gone further in this review? Are there issues that we may have to come back to in another bill because we left things on the table?

Is this bill too late? We all agree that large oligopolies have already been created in Canada. We can think of grocery stores, telecommunications and the oil industry, for example.

Could more vigorous action have been taken to encourage a stronger return to competition in Canada, notably by enabling the dismantling of certain monopolies that disadvantage consumers?

[*English*]

Ms. Kate McNeece: In my personal view, I think Bill C-59, along with a number of other reforms that have come up in the last couple of years, is quite comprehensive and really does represent a sea change in the approach to competition and enforcement.

I think this does go far enough. There are a number of questions that this bill and the collective changes to the Competition Act have raised in terms of how enforcement will play out, how some of these private actions will increase enforcement, what is addressed and how they address them.

I am personally of the view that we should let these amendments sit in place and settle to see if we get some more clarity as to how courts would interpret the law and how the bureau has interpreted the law and to see if we get greater guidance so that our business communities can understand what this new version of the Competition Act means and can ensure that they are modelling their practices to comply with it.

[*Translation*]

Mr. Sébastien Lemire: Thank you.

The Chair: Thank you, Mr. Lemire.

[*English*]

Our final questioner today is MP Davies.

I think you're going to share his time.

Mr. Don Davies: I will cede my time to Mr. Morrice.

The Chair: Okay. Let's go to MP Morrice.

Mr. Mike Morrice (Kitchener Centre, GP): Thank you, Mr. Chair.

Thank you, Mr. Davies.

In my community, we have years-long wait-lists for limited co-op housing units. Mr. Ross has spoken already about the commitment from two years ago of \$1.5 billion. It's the first time in 30 years that there's been a new investment to build co-op housing. However, the money hasn't actually been spent yet, and I know that there are thousands of shovel-ready projects that CHF Canada wants to move ahead with.

Mr. Ross, could you talk about the impact that these delays to the commitment to spending funds are having on projects to get deeply affordable co-op housing built across the country?

Mr. Tim Ross: There are a few ways that delays in getting to funding commitments can affect projects and outcomes for a program like this. First, between the date of the budget commitment and now, we saw several interest rate increases, so the cost of borrowing is going up. We know that the costs of supply, labour and property are also quite significant and are continuing to rise. As time goes by and the costs of delivering new units go up, the actual purchasing power of a budget commitment is diminished, unfortunately.

I know it takes time to get things from a budget commitment to a point of implementation and launch, but we really hope to see the program launch as soon as possible.

● (1735)

Mr. Mike Morrice: Thanks for your advocacy. It shouldn't take two years.

Thank you.

The Chair: Thank you, MP Morrice.

On behalf of the finance committee, I want to thank the witnesses for coming before us.

We have a lot of people here who were listening to your testimony: the clerk, the analysts and the interpreters. They were doing a wonderful job, and all of that has been captured so it can be part of our report. Thank you very much for your recommendations and your many answers to the many questions from members.

We wish you an excellent evening.

Members, we're adjourned.

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