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Chair: Mr. Peter Fonseca



Standing Committee on Finance

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• (1000)

[English]

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

Welcome to meeting number 138 of the House of Commons Standing Committee on Finance.

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

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

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

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

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

I remind everyone that all comments should be addressed through the chair.

For members in the room, if you wish to speak, please raise your hand. For members on Zoom, please use the raise-hand function. The clerk and I will manage the speaking order as well as we can. We appreciate your patience and understanding in this regard.

With us today as individuals are witnesses David Brown, realtor; and Jennifer Quaid, associate professor and vice-dean of research, civil law section, Faculty of Law, University of Ottawa. She will be joining us shortly. From the Canadian Dental Association, we have Aaron Burry, chief executive officer. From the Union des consom-

mateurs, we have Maxime Dorais, co-director general, as well as Olivier Surprenant, analyst, public policy and health.

Welcome, everyone.

David Brown is here. We'll start with him for five minutes.

Go ahead, please.

Mr. David Brown (Realtor, As an Individual): Thank you.

Good morning. My name is Dave Brown. I'm a long-time realtor in Whistler, British Columbia. I'm here today to discuss the under-used housing tax on behalf of both the Whistler Real Estate Association, which is made up of about 150 realtors, and Tourism Whistler, a non-profit tourism organization representing 8,000 members who have tourist-zoned property on resort lands in Whistler.

Tourism Whistler's CEO Barrett Fisher is out of the country, so she is unable to testify today.

Whistler is requesting that all tourist-zoned accommodation with restricted-use covenants on title be exempt from the UHT. Within the provincially legislated Resort Municipality of Whistler Act, incorporated in 1975, all land located at the base of Whistler's two mountains and three golf courses were designated resort lands for the purpose of generating a vibrant tourist economy for the community.

It has been very successful. Whistler has grown into a global tourist destination, generating more than \$2 billion in annual visitor spending and approximately \$700 million in tax revenues while supporting more than 3,000 businesses and 15,000 jobs. As stipulated within the official community plan, accommodation properties located on resort lands have covenants on title—phase 1 or phase 2—confirming the required tourist usage. As well, property owners on resort lands must pay a mandatory annual tourism assessment fee to support Whistler's tourism economy, including destination development, marketing and sales initiatives.

From Whistler's earliest days, the resort has encouraged both domestic and international investment to build hotels, condominiums, townhouses and houses for tourist rentals, providing a breadth of accommodation choices for a diversity of visitors who come to enjoy Whistler's outdoor recreation, cultural offerings and commercial amenities. Approximately 80% of Whistler's tourist accommodation is owned by individual investors who put their hotel, condominium or housing units into a tourist rental pool to support Whistler's visitor economy. The new federal UHT penalizes those investors who have supported Whistler's tourism economy and contributed to its long-term success.

International owners typically use their property one to two weeks a year, then put it into a rental pool for the remainder of the year so the accommodation is not sitting empty but rather being maximized for its intended tourist rental usage. Requiring international owners to utilize their properties for a minimum of 28 personal days would therefore remove this accommodation from the tourism rental pool. This is a major concern for hoteliers, property managers and commercial businesses, since owner accommodation usage does not support ground transportation, resort activities, attractions, restaurants, bars, nightclubs, retail shops, spas and conference facilities to the same level that nightly rental visitors do.

Worse, many international accommodation owners are refusing to pay the UHT and are putting their properties up for sale, thereby taking their units out of the rental pool altogether. These properties would likely be sold to B.C. residents who would use them as second homes.

It's important to note that any federal government revenue gained from the UHT would be neutralized by the corresponding loss in GST that would have been collected from tourist visits. That's the GST not only on accommodation rentals but also on the wide variety of tourism businesses and services that tourists invest in while vacationing in Whistler.

The Canada Revenue Agency has deemed any stratified hotel or condominium property with a kitchen to be suitable for residential use, even if this unit is subject to zoning and covenant restrictions that govern the allowable usage. However, this does not make sense, as most hotel properties...nor their kitchen facilities are appropriate to support year-round residential usage, as the covenant restriction on hotels and condominiums limits personal usage of these units to 28 days in the winter, November through April, and 28 days in summer, May through October, in order to support intended tourist rental usage.

We appreciate the rationale for taxing foreign-owned residential housing that is being underutilized and unavailable as local housing stock. However, this is not the case within the Whistler resort's land-zoned districts, where purpose-built tourist accommodation is being fully utilized for its intended purpose of nightly vacation rentals. Further to this, Whistler has made a strong commitment to funding and building affordable employee housing within the residential neighbourhoods.

As a resort municipality, Whistler is exempt from the Province of British Columbia's speculation and vacancy tax, introduced in 2018, and it is exempt from the Government of Canada's Prohibi-

tion on the Purchase of Residential Property by Non-Canadians Act, which took effect on January 1, 2023.

● (1005)

I'll note that resort municipalities are recognized as purpose-built tourist destinations that generate international export revenues.

Whistler, therefore, respectfully requests that the federal government create an exemption within the underused housing tax legislation for tourist accommodation in the resort municipalities prior to the tax deadline of April 30, 2024, or as soon as possible.

Without such an exemption, the economic viability of Whistler's businesses will likely decline, along with the corresponding federal, provincial and municipal tax revenues, undermining the buoyancy of Whistler's vibrant tourist accommodation.

I have a couple of points to talk about—

The Chair: You'll have to wrap up. We're well over time.

Mr. David Brown: Okay. I have provided information that people can have a look at.

The Chair: Thank you for that. You'll have another opportunity during members' question time.

We are going to hear now from the Canadian Dental Association.

Dr. Aaron Burry (Chief Executive Officer, Canadian Dental Association): Thank you, Chair and committee.

[*Translation*]

I'm delighted to be here today.

● (1010)

[*English*]

I'm the CEO of the dental association, but I've also been a practising dentist for over 37 years, and I devoted the majority of my career to vulnerable populations and treating vulnerable patients.

CDA is the national voice of the dental profession, promoting dental education, research standards and the needs of the Canadian dental care system. CDA is working collaboratively with the provincial and territorial dental associations, which represent over 25,000 practising dentists across the country, to ensure that the Canadian dental care plan, CDCP, meets the needs of Canadians.

CDA has long advocated that oral health is an essential part of general health and should be supported by investments to improve health care in Canada. The CDCP represents a once-in-a-generation opportunity to make a significant improvement to oral health for millions of Canadians, and we believe we have to get this right from the start.

CDA has focused on being a constructive partner in the CDCP's development from the beginning. In February 2023, we published a policy paper, entitled "Bridging the Financial Gap in Dental Care", which proposed a framework. Primarily, we recommended that the CDCP should work like other dental care plans. We stress that patients should be allowed to choose their own dentist, and that existing dental care plans be safeguarded.

The federal government must ensure that the cost of eligible treatment is fully covered. Many seniors will soon learn that this program may only cover a portion of the care they need. Vulnerable seniors have unique oral health needs that may not be covered under this program, and certainly not at launch.

Dentists are worried about the bureaucratic demands this program will place on their offices in terms of HR and other resources, which are already stretched due to staffing shortages. Dentists need the program to be administratively simple. That is critical to ensure access to care for the millions of Canadians who will be eligible over the coming months.

Over the past several months, CDA and provincial and territorial dental associations have expressed concerns about the current program design to the federal government. A recently conducted survey of 4,000 dentists found that 61% of dentists said they would not participate in the program. Without the support of oral health providers, this program will not succeed, and the millions of patients signing up for the program will not be able to find a dentist.

Today, I'd like to share with the committee three areas of concern.

First, the CDCP does not provide free dental care, but many Canadians are under the impression that it does. In fact, the program only covers a portion of the usual and customary fees, despite our call that the government respect established provincial and territorial fee guides. This is already causing confusion, with the burden of explaining misunderstandings falling on dental administrative staff.

Second, formal registration under the CDCP, or a claim-by-claim pathway, is different from normal dental plans that other Canadians have. The issue is that they include terms and conditions that are generally not found in other normal plans. What we're hearing from dentists is that the extensive terms and conditions may be too much for their clinics to take on.

Third, federal government approvals should not be part of providing medically necessary care. The initial service schedule set to be launched in May gives people some level of services for the care they need, but not all. To get the care they need, CDCP patients may need to go through pre-authorization, but this will only be available after this November. The CDCP is not consistent with other dental care plans. It's a complex government program, and it involves more complex authorization processes that we believe will disrupt patient care.

Our goal from the beginning has been to make sure the CDCP succeeds. That is why we made recommendations on how the program needed to be designed to work for vulnerable populations. That's our focus. We want to work to reduce the barriers to care, not to see new ones implemented.

On a final point, as of today, there are a lot of unknowns about this program. For example, dentists don't know how coordination of benefits with provincial programs is going to work. We also don't know exactly what level of services will be pre-authorized to meet patient needs.

I want to finish by thanking the committee for having us here today, and for listening to these concerns. We believe in the intent behind this program, and want to work with the government to get it right for patients. All Canadians deserve the best oral health care possible. The program needs to be designed so that it works for patients, and the dentists and staff who care for them.

Thank you very much.

The Chair: Thank you, Dr. Burry.

Now we'll go to the Union des consommateurs. I understand that Maxime Dorais will be delivering the remarks.

● (1015)

[*Translation*]

Mr. Maxime Dorais (Co-Director general, Union des consommateurs): Ladies and gentlemen of the committee, good morning.

My name is Maxime Dorais, and I'm co-CEO of Union des consommateurs.

I would first like to thank Mr. Gabriel Ste-Marie for inviting us to appear before the committee to present our analysis of Bill C-59.

First, let me introduce you to our organization. Union des consommateurs represents 14 consumer rights associations. Our mission is to promote and defend consumer rights, with a particular focus on low-income households.

In addition to consumer law, Union des consommateurs' team of risk analysts also takes a keen interest in social policies. On top of research and public awareness work, the union undertakes collective actions to support consumers and advance consumer law.

As part of the bill currently under study, we were primarily interested in measures affecting competition and affordability in grocery stores.

I'll now hand over to my colleague Olivier Surprenant, public policy analyst.

Mr. Olivier Surprenant (Public Policy and Health Analyst, Union des consommateurs): Good morning, members of the committee.

First of all, we welcome the changes to competition law. Increasing competition can be a way of reducing the price of goods and services. Both the Competition Bureau and the Competition Tribunal must therefore have the right tools giving them greater power so that, ultimately, they can fulfill their mandate properly.

We particularly welcome the expansion of remedies available to private parties. In our view, this amendment is worthwhile in terms of defending consumer rights, particularly given the addition of remedies for deceptive commercial practices.

We also welcome the intention to frame the right to repair and the government's intention to consult on this issue, as confirmed in Tuesday's budget.

In short, we believe that the federal government should draw inspiration in particular from the French legislation surrounding repairability and durability ratings.

When it comes to regulating grocers and suppliers, we believe that industry self-regulation through the Canada Code will not achieve the desired objectives. It is essential to adopt a mandatory code of conduct between grocers and suppliers, to provide it with sanctions, to have its application supervised by an independent authority, in this case the Competition Bureau, and above all to ensure that consumer groups are consulted as part of its development.

In addition to the competition measures set out in Bill C-59, we believe that other measures would help reduce the effect of the rising cost of living, particularly when it comes to food.

That is why we are proposing, for one, to abolish the Goods and Services Tax, or GST, pertaining to essential goods and products, including all food products.

We are also proposing that the government tackle the problem of shrinkflation by imposing mandatory display of quantity changes to products for a period of six months, following the example of Brazilian legislation.

In summary, we believe that Bill C-59 provides some very promising measures to tackle the rising cost of living. We believe, however, that the bill could go even further, including by making a code of conduct for grocers mandatory and by abolishing the GST on food products.

Thank you very much for your attention.

The Chair: Thank you, Mr. Dorais and Mr. Surprenant.

[*English*]

Now we'll go to Jennifer Quaid, please, for five minutes.

[*Translation*]

Dr. Jennifer Quaid (Associate Professor and Vice-Dean Research, Civil Law Section, Faculty of Law, University of Ottawa, As an Individual): Mr. Chair, Deputy Chairs, members of the House of Commons Standing Committee on Finance, good morning.

For those who don't know me, I'm an associate professor and vice-dean of research at the University of Ottawa's Civil Law Section. My areas of expertise are corporate criminal law, general

criminal law, business law, corporate regulation and competition law.

I am very pleased to appear before you to share my thoughts on section 6 of Bill C-59, namely competition-related measures.

Let me add that, although I have prepared this statement primarily in English, I will, of course, be happy to answer your questions in the official language of your choice.

[*English*]

This is the first time that I am appearing before FINA—I'm glad to be here—but it is not the first time that I have appeared before parliamentary committees over the past couple of years, as the government has undertaken a major reform of the Competition Act, the first since 2009. As you know, the reform has been split into three parts: Bill C-19, enacted in June 2022, then Bill C-56, enacted in December 2023, and now Bill C-59 before you.

In the interests of time and given the scope of the proposed reform to the Competition Act, I will make four general points rather than going into detail about the extensive changes proposed, but I am at your disposal to answer questions on any aspects of the reform, and I may very well submit a brief if I have time.

Let me start by saying that the reform has made a lot of changes to the Competition Act, but not enough. Given the amount of political and public attention being directed at the state of competition—or the lack thereof—expectations for positive change flowing from this reform are very high, but are they warranted? To me, this is the central question that cuts across all aspects of the reform. Will we have better and more effective enforcement against anti-competitive practices and will we also at the same time promote better market and business conditions to promote a dynamic and innovative economy?

In my opinion, whether these expectations can be met depends on whether we are prepared to do what is necessary to operationalize the reform in a way that respects the spirit of what is driving the changes. It is also essential that we adopt a mindset of competition law and policy as a dynamic process that adapts to an ever-evolving economy while remaining true to the underlying values that Canadians share.

While there have been many changes to the act, fundamentally, it's still a cumbersome, overly detailed legislative text. This in the past has led to the development of complex analytical frameworks requiring specialized expert evidence. Obtaining remedies to anti-competitive behaviour is difficult, expensive and uncertain.

Many of the changes in the act right now are designed to respond to long-standing criticisms and to enforcement challenges, but I worry, to be frank, that fixing these problems is only.... We're not really addressing the underlying structural problems of how the act is designed. The fact that we've got all of these little different ways of going about characterizing conduct is actually just going to generate new problems. We haven't really done the rethink we need.

I could give one example. There's been an attempt to standardize the way we approach different reviewable practices, but in doing so, the fundamental question is, do we need to do that or could we just have one recourse for anti-competitive practices? Why, all of a sudden, are we blurring the lines between all of these different recourses? To me, that's creating a legal ambiguity that's not going to help anyone. I have other examples, but I'll talk about that in the questions, because I see my time going.

The second thing we need is a mechanism by which the act can be updated on a regular basis. Even with a perfect reform right now, we can't just stop and rest on our laurels. I think it's prudent to think about that now. We've had 15 years between the last reform and now; that's too long. What that means is that we've had to take on a huge reform and split it over three bills, but we've done it in two years. Everyone is still catching their breath, it's been so fast.

Given the pace at which technological and societal changes are occurring, I think it would make sense to plan for periodic review at maybe a three- or five-year interval. That way, we could do things in manageable chunks and not have to use this sort of wholesale giant process and then put it in a budget bill. I think we have to get into that mindset.

The third thing I'm going to raise is that for this reform to work it needs to be supported by adequate resources and expertise. Bill C-56 and Bill C-59 especially add considerable components to the bureau's mandate, and I don't see any new resources coming here. The last ones were allocated in 2021, as far as I know.

I worry for things like understanding labour impacts in mergers and trying to determine whether the bureau can issue a certificate for expertise in environmental issues. Are those things that we should just leave to the existing resources? I think we need to ask ourselves that question: Do we have the resources to make this work?

Finally, this is not the end—and I will close quickly, Mr. Chair. At the beginning of this process a couple of years ago, there was a lot of energy and enthusiasm, and it seemed like there was more audacity and willingness to think outside the box. Then we kind of got into a more technocratic mindset, and what we have before us are a lot of changes, but they are mostly technical and legal.

I think we still need to have that broader conversation about what competition law and policy in the 21st century look like, and we need to do that by consulting people and talking to Canadians about what they want and then maybe having a broader process of approaching it. There's a lot of energy. There are a lot of new voices to the conversation. There's a lot of enthusiasm. I really wish they would do that.

• (1020)

Thank you.

The Chair: Thank you, Ms. Quaid.

We want to get to members' questions, and you'll have a lot of opportunity to expand.

I'm looking at the time. We have a little over 35 minutes. That will allow for one full round, and then the second round will be a truncated round where each party will only have a couple of minutes. However, in the first round, each party will have six minutes to ask the witnesses questions.

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

• (1025)

Mr. Ryan Williams (Bay of Quinte, CPC): Thank you, Mr. Chair.

Thank you to our witnesses for attending today on a very important act, specifically talking about competition.

Canadians know that we have a competition monopoly problem in Canada. Canadians are paying some of the highest fees and have an affordability problem for groceries, airlines, cellphones and banking. We've been very focused on looking at those changes, and the government has brought forth some of those changes and some of those bills.

Ms. Quaid, the first bill you mentioned, Bill C-56, was the Affordable Housing and Groceries Act. Of course, we're looking at Bill C-59 now with new changes.

I have a short question first. Yes or no, does Bill C-59 fix our monopoly problem, our competition problem, in Canada?

Dr. Jennifer Quaid: No, not completely.

Mr. Ryan Williams: We saw that with Bill C-56, too, I think. You've mentioned in the past that it tinkers around the edges.

I really want to get into how we fix competition in Canada. You talked about probably looking more at a focused approach, looking at the Competition Act as a whole. The amendments to these bills fix some of the overlying problems that we've had for years. We know that we have, when we look at mergers that were approved by this government.... Let's start with mergers, perhaps.

We had the Rogers and Shaw merger that was approved. Even though the Competition Bureau said that this merger shouldn't have gone through, the tribunal that was in place said that it should go through. Then what was really surprising was that Rogers sued the Competition Bureau and got over \$13 million from it because of the tribunal's reaction.

How do we fix mergers, and if that's one of the main aspects, is that the most important aspect we should be looking at? What are the one or two most important aspects that we should be looking at in the Competition Act to fix?

Dr. Jennifer Quaid: I'll try to respond briefly.

Mergers are something that has been modified over the past couple of bills. What I worry about is that we're doing things that make good sound bites but don't necessarily fit into an overall structure.

One of my worries is that we repealed the efficiencies defence. I was one of the people who were not fans of the defence. However, we still have to think about how we evaluate pro-competitive benefits because mergers do provide pro-competitive benefits, depending on the circumstances. We've just left that silent, along with a bunch of other things that were associated with section 96 that I don't think are going to go away. We also have added a whole bunch of new things. There's been an attempt to try to put some structural guardrails around merger reviews, so market share now can be taken into account and so on.

However, we haven't really stepped back and asked what the right levels are. Should we have structural rules, and what are they? What's appropriate for Canada? I worry that the intentions are good, but that we haven't necessarily had the time, quite frankly, to seriously think about what a restructured merger law would do that would help us, given our economy, given the tendency towards concentration. What do we do? I think we need to think about that. I don't think we've done enough yet. I worry that what's happened is that we've tinkered with a bunch of things and that it's not going to produce results.

I don't think that mergers are the only area that's important. I do think that dealing with practices where market power is used for anti-competitive reasons also needs to be addressed—and there are a bunch of flavours of that kind of conduct; we call them reviewable practices. I really am asking myself this in looking at the way the reform was done: Why don't we take these things apart, take a look, and say what bothers us about the abuse of economic power? Why are we actually parsing it into little categories? Why don't we rethink and start over? I think that abuse of a dominant position—that, more generally, abuse of economic power—should be rethought, particularly with the digital reality.

Finally, I do think that although some of the aspects of deceptive marketing are interesting, we need to think about that, too. Greenwashing is a big issue. Does it all need to be done by competition, or could it be done in other areas? We have to think about how those pieces fit together.

Those are some of the things that are high-level. I suppose the other small thing I would say is that we're adding a lot of private rights of action that go to the tribunal, but no one's talking about the tribunal. How is it resourced? Right now, it's a roster of a few Federal Court judges and lay members. Who are those lay members? Maybe we need to diversify the skills. We're not thinking about that.

Mr. Ryan Williams: I guess the main question is whether a tribunal is the right process. Seeing how, again, we had a result that overturned the Competition Bureau with resources that come from Parliament, and the fact that a major dominant company was able to sue the Competition Bureau and win more than \$13 million, is the tribunal just not staffed and resourced, or is it something that we need to completely look over as well?

• (1030)

Dr. Jennifer Quaid: Speaking carefully, because it's a small group of people who are associated with the tribunal, I think that part of it is the original structure of how the tribunal was created. It has a right of appeal. It's not quite a court, not quite an administrative tribunal. It's trying to thread the needle, and I don't think it's threading it the right way. If we really want an expert tribunal that can make its own decisions based on competition principles and maybe not be encumbered by the process of courts and some of the binding precedent rules and so on, then we should look at that seriously; but that's not what's happening right now.

However, I also think we really need to diversify the decision-makers. There has to be a judicial member, but does it need to be a Federal Court judge? Do we need to have a federally based tribunal, or should we look to a model where we use the regular courts? I think there are different opinions on that, but we haven't really studied the question.

Mr. Ryan Williams: You did touch upon greenwashing. Are the amendments to greenwashing right? What do we need to do to fix them, and is this a pressing concern right now in Canada with everything else happening?

The Chair: Ms. Quaid, I need a 10-second answer, because that's where we're at.

Dr. Jennifer Quaid: I think others, who have appeared before me, have made some good suggestions. I don't think it's enough, and I do think it's an important issue.

The Chair: Thank you.

Now we'll go to MP Weiler for six minutes, please.

Mr. Patrick Weiler (West Vancouver—Sunshine Coast—Sea to Sky Country, Lib.): Thank you, Chair. I want to thank the witnesses for their testimony.

I want to ask my questions to Mr. Brown. I think it's appropriate that we're having this discussion today, because it is National Tourism Week. This is very much a tourism-related issue, and Whistler is one of the flagship tourist destinations in Canada.

You described in your opening how we have these areas of Whistler that are zoned specifically for short-term tourist rentals, and the unit base was built up by seeking foreign direct investment, but they're actually restricted from becoming long-term rentals, because of the covenants that were put forward by the municipality.

I was hoping you might be able to expand on this. What is the volume of properties that will be impacted by this underused housing tax, which will be an annual tax on the value of the property?

Mr. David Brown: There are approximately 6,600 tourist accommodation rental units located on resort lands. These are one-, two- and three-bedroom units, or approximately 9,300 bedrooms. About 12% of these properties—somewhere between 10% and 15%—are owned by U.S. and international property owners, so about 790 to 1,110 bedrooms. For every sale that results in one unit leaving the tourist rental pool to become a B.C. second home, Whistler could stand to lose, on average, 305 unique visitors to Whistler, 788 visitor days, \$90,870 in accommodation revenue, \$2,726 in MRTD revenue, \$7,270 in PST, \$4,544 in GST and approximately \$280,000 in annual resort spending.

A loss of 12% of Whistler's tourist accommodation rental inventory—noting that the share of Whistler's U.S. and international accommodation ownership is somewhere between 10% and 15%—could result in a shortfall of more than \$100 million in annual visitor spending if phase 1 properties are sold to B.C. second-home owners, who take this accommodation out of the rental pool. There would be additional visitor spending losses in the millions of dollars for phase 2 property owners, who are required to use their accommodation for 28 days a year versus the current usage of 7 to 14 days.

Mr. Patrick Weiler: I was hoping you might be able to explain this to the committee: If an international owner sells their accommodation to a Canadian owner, why wouldn't Whistler see the same benefits or results?

Mr. David Brown: If an international property owner sells to a Canadian, the following could occur. First, the resale of these properties would not go to local community residents. As resort lands, properties are not suitable for residential living, so the resales would likely go to British Columbia second-home owners, who would use their properties more often due to their close proximity to Whistler. However, this would further decrease the volume of accommodation inventory available to rent for tourists.

Further, B.C. second-home owners typically visit on weekends and holidays adding to the busy weekend congestion, whereas international second-home owners and nightly vacation renters typically support longer stays, filling the needed mid-week periods.

However, there's no guarantee that Canadian demand would fill these anticipated resale gaps that could occur if UHT tax proceeds to include tourist-zoned accommodation, noting that most international owners are not prepared to pay the tax so would likely sell at a time when real estate sales are currently soft. The B.C. market is also saturated. We have heard of some sales going to Lower Mainland second-home owners, but in other cases, these properties are sitting on the market, but...not willing to sell.

Instituting the UHT on resort land properties would therefore not add to the local tourist housing stock, not support increased residential usage, but rather, take away from needed tourist accommodation inventory and resort-wide tourism business revenues, while harming Whistler's real estate industry.

• (1035)

Mr. Patrick Weiler: Thank you.

I think the mayor has a very colourful term for the type of tourism for Whistler—brown paper bag tourism—which is not nec-

essarily the same type of high-value tourism that makes Whistler the economic driver that it is.

We have some experience now. The tax will need to be paid in less than two weeks. Is it the experience that the property owners are paying the tax, or are they selling their properties so far?

Mr. David Brown: No. Unfortunately, we have both first-hand and second-hand knowledge of international owners of accommodation selling their properties with the institution of the UHT. In fact, they are extremely disheartened, as they were solicited to invest in Whistler and they recognize that Whistler's success is, in part, due to their investments. They believe that Canada is now turning its back on them.

Of note, they don't make a large financial return on property ownership in Whistler. It's very slim, at around 4% to 6%, noting that Whistler's a mature resort destination. Hotel and condominium units require ongoing maintenance, regular capital upgrades and reinvestment, all of which are directly paid for by the individual property owners. That's the foundation and a pillar of Whistler's success.

Mr. Patrick Weiler: Thank you.

Are there other destinations like Whistler that may be similarly impacted by the underused housing tax?

Mr. David Brown: Yes. There are two municipalities. Whistler and Sun Peaks are both zoned as resort municipalities in Canada that have designated tourist zones.

However, other destinations that would also be impacted are larger resort destinations that rely on international investment, such as Big White, Mont-Tremblant and, possibly, Niagara-on-the-Lake. I can think of a number of other resorts that have ski areas that would be in the same sort of situation.

Mr. Patrick Weiler: Thank you.

The Chair: Now we're going to hear from MP Ste-Marie. I apologize; it's MP Trudel. That was my mistake.

Welcome to our committee.

[*Translation*]

Mr. Denis Trudel (Longueuil—Saint-Hubert, BQ): Thank you, Mr. Chair. I don't mind that you mistook me for Mr. Ste-Marie. Though I'm far less intelligent than he is, I'm far better-looking. That makes up for it.

I thank all the witnesses for being here.

Mr. Dorais and Mr. Surprenant, in your brief, you talked about the mandatory code for grocers. As we know, three amendments were made to the Competition Act through three different budget bills. Do you think it's time for a complete overhaul of this law? If so, what should be included?

Mr. Olivier Surprenant: As for reforming the act, I refer you to Ms. Quaid's edifying comments. For our part, we have focused mainly on small measures and the grocers' code. We believe this code should be mandatory. Indeed, when you want to regulate a business or an industry, you have to ensure that standards are set, that they are mandatory, and that compliance is monitored by an independent authority. It's up to the government to decide what shape it should take, but we believe that it should be done within this framework. We also believe that consumers should be consulted, so that it truly represents their interests.

Mr. Denis Trudel: All right.

In your budget brief, you propose that “criminal” interest rates be reformed. Can you tell us more about that?

Mr. Olivier Surprenant: It's not necessarily in this brief, but we want to ensure the rate is sufficient to deter lending that could be considered abusive and that preys on the most vulnerable people in society.

My director may have something to add to this. Personally, I was more focused on food, the grocers' code and competition law.

• (1040)

Mr. Maxime Dorais: On the matter of criminal interest rates, what we want above all is for the reduced rate to be adopted as soon as possible. For us, this is a priority. Obviously, the projected targets are higher than we'd like, but there's nonetheless an appetite for rapidly lowering the current rate.

Mr. Denis Trudel: All right.

You also asked that the government swiftly adopt Bill C-319, which deals with increasing the Old Age Security pension for people aged 65 to 74. As we know, this pension was increased for people aged 75 and over, but we're told there's no need to do so for people aged 65 to 74. However, we at the Bloc Québécois think it is necessary. Can you explain why you think it would be important to do this swiftly?

Mr. Olivier Surprenant: Ultimately, all seniors should be able to benefit from this increase so that they don't find themselves in a precarious position by being penalized if they work. We understand that some seniors can no longer return to work, but we believe that all seniors should be covered by this reform, which was submitted, I believe, last year. That is why, in our opinion, the House of Commons should swiftly adopt Bill C-319.

Mr. Denis Trudel: I will now turn to another subject.

We are obviously disappointed—though unsurprised—that there was no reform of employment insurance in the newly tabled budget. The budget announces a planned reform of the computer system, which will take five years and cost \$3 billion. That could take us to 2030, a year before workers and businesses will have replenished the EI fund, which was needed in the wake of the pandemic.

Do you have any comments on that, and could you tell us why it would be important to move swiftly on this much-needed reform?

Mr. Olivier Surprenant: We agree. The governing party has been proposing this reform for a long time, since 2015. There were consultations in 2022. We believe the time has come to pass a bill and implement measures, since we're talking about vulnerable people right now. Reform should be undertaken as quickly as possible. I think we're all ready for this reform, as discussions along these lines have already taken place.

Mr. Denis Trudel: In your opinion, what would be important to include in this EI reform? Can you tell us a little about that?

Mr. Olivier Surprenant: Basically, it would be a matter of broadening accessibility to benefits, extending the period during which one can receive such benefits, and ensuring that each person receives a viable amount until they find a job.

Mr. Maxime Dorais: I'd like to add something.

Mr. Denis Trudel: We're listening, Mr. Dorais.

Mr. Maxime Dorais: The first point to consider is the fact that income replacement rates were lowered in the past. We believe that we should return to historical levels, which were higher. That would mean increasing the income replacement benefit.

The second point deals with the penalty imposed on people who leave their jobs voluntarily. In many cases, these people are excluded from access to employment insurance. But there's no reason to penalize people who want to improve their working conditions, which sometimes entails quitting their job. Sometimes people leave a job for perfectly legitimate reasons, perhaps because it's unhealthy for all sorts of reasons. In short, under current EI rules, that freedom is not granted. We believe that access to these benefits should be extended to people who leave their jobs voluntarily.

Mr. Denis Trudel: Thank you very much, Mr. Surprenant and Mr. Dorais.

The Chair: Thank you, Mr. Trudel.

[English]

Thank you.

We now go to MP Boulerice. Welcome to our committee. You have six minutes, please.

[Translation]

Mr. Alexandre Boulerice (Rosemont—La Petite-Patrie, NDP): Thank you, Chair.

It's a pleasure to be here with you today.

I'd like to thank the witnesses for joining us for this important study.

To those of you here on behalf of Union des consommateurs: As you know, the NDP is very proud to have begun setting up a dental care program for a good segment of the population. We're talking about individuals whose net income is below \$70,000, or families with an income below \$90,000, who would be reimbursed, in most cases, at a very high percentage rate. At least, that's what we hope, but negotiations are ongoing. That's four million Quebeckers who don't have dental insurance right now. This program will help many people with their oral health, as well as their health in general.

In a press release issued on March 12, you said that, while this new program was a desirable initiative, it still left out many Quebeckers and Canadians and remained incomplete. In your opinion, what measures should be implemented to enhance this program that will benefit thousands, if not millions, of people?

• (1045)

Mr. Olivier Surprenant: The Canada Health Act calls for universal coverage. In our view, all dental care should be covered by a plan and there should be no discrimination, regardless of a person's income or whether or not they already have group insurance with their employer. Everyone, without exception, should have access to the dental care they need. However, under the current program, some 4.4 million people are excluded from the plan due to specified restrictions, and therefore do not have access to what we consider basic care.

Mr. Alexandre Boulerice: Ultimately, then, you'd like to see a public, universal dental plan.

Mr. Olivier Surprenant: Yes.

Mr. Alexandre Boulerice: Excellent. We agree on that.

Of course, when I talk about a public, universal plan, you can probably guess where I'm headed. Several stakeholders in Quebec civil society, such as the Fédération des travailleurs et travailleuses du Québec, the Centrale des syndicats du Québec and the Confédération des syndicats nationaux, are calling for a universal, public pharmacare plan.

There is a plan in Quebec, but it's hybrid. It's a public-private plan that has its flaws, among which is an inability to adequately control drug prices. A few years ago, you submitted a recommendation to the Standing Committee on Health in favour of universal pharmacare, and you hoped that the government would work with the provinces to achieve this goal.

In your opinion, why is this the best option for controlling and lowering drug prices, not only for patients, but also for the health care system?

Mr. Olivier Surprenant: Of course, when you're the sole purchaser of drugs—which is what a universal, public, single-payer drug plan would propose—you have greater bargaining power with pharmaceutical companies. So we need to bring all these parties together, all Canadians, all provinces and the federal government, to make medication accessible. In the long run, this will lower our bills and, of course, help us avoid health problems that would otherwise lead to hospitalization. So it's essential for us. Too many Canadians and Quebeckers still go without medication today because the coverage is incomplete and doesn't include all the drugs they need.

Mr. Alexandre Boulerice: On that score, former Quebec health minister Jean Rochon, who introduced the plan 30 years ago—a great step forward at the time—admitted that it was time to stop asking whether a universal program was relevant, but rather when to implement one.

In your opinion, what are the flaws in the current hybrid Quebec system? In what ways does it fail to respond adequately to the needs of the population? It partly does, but not fully.

Mr. Olivier Surprenant: It's simply that a plan should be entirely public. There should be no distinction between those who have insurance through their employer and those who don't; everyone should have the same public insurance and access to the same pool of drugs deemed essential to treat health conditions. Such a drug plan would be ideal, in our view.

Mr. Maxime Dorais: We also need to talk about free medication, which we don't have right now in Quebec. Premiums are paid on a monthly basis, at the beginning of the year and with every transaction. These premiums mean that even people who are insured go without medication, or take it less frequently. This creates additional health problems, since these people end up being treated in the public health system. So we end up footing the bill anyway.

Mr. Alexandre Boulerice: I just want to make an additional comment about supplemental insurance. I met with many part-time workers who told me what the cost of such insurance represents. Between 25% and 30% of their salary goes to paying supplemental insurance, because we can't control the cost of drugs in Canada. Therefore, a universal public pharmacare plan would help a lot of people.

• (1050)

The Chair: Thank you, Mr. Boulerice.

[English]

Now we're going to our second round, and because we don't have enough time for a full round, we're going to do three minutes per party.

We're starting with MP Williams for the first three minutes.

Mr. Ryan Williams: Thank you, Chair.

Ms. Quaid, I'm going to continue with you. We have, of course, Bill C-59, and we're talking about competition changes.

The budget was just released this week, and it also points to Bill C-59 in saying that it's tackling some of these affordability issues. They talk about lowering everyday costs and affordable groceries.

Have you seen the budget or not? Is the budget going to fix competition for Canadians, yes or no?

Dr. Jennifer Quaid: Not from what I've read so far.

Mr. Ryan Williams: It's surprising to me, because it does say that it's going to do that. It's going to bring affordable groceries and more competition. Obviously, there's a lot more work to do.

You've written before that we need to stop spinning the changes to competition as an affordability measure. Is that something we need to focus on, as you've said before...real changes to the act piece by piece?

You've also talked in podcasts before about having a broader scope on competition. We need to really look at creating a new recipe for this. How do we do that? How do we fix competition in Canada?

Dr. Jennifer Quaid: I think the first point is that we have made some progress. I'm not the only one to have said that of course the existence of competitive markets and a functioning competitive system does contribute to keeping price levels down. It's also being responsive to demand because it's not just about price. It's about quality and it's about what consumers want.

I don't want to say that competition does nothing about it, but it's not as direct or as causal as is being suggested. Certainly none of the changes.... That's what I worry about particularly.

You ask what the recipe is. I think the recipe is to take a step back and ask what our objectives are.

People didn't like it when I said this, but I said that the purpose clause identifies the benefits from competition, but maybe we need to rethink that. Are those the right ones? Is that all of them?

You can't have 15 objectives, but you could think that, in the 21st century and where we are at with the way things are, maybe we have to think about things differently. I've always said that competition policy should be aligned with the priorities of Canadians. We need to ask ourselves...and you are the best placed, as members of Parliament, to figure out what Canadians want.

Then you ask what tools we need, how much money we need and what resources we need. How much expertise do we have to go and get?

The bureau has a lot of expertise. It has some budget, but I would suggest that for some of the things we're asking them to do, it doesn't necessarily have the capacity now. They could develop it, but that doesn't come out of thin air.

To me, it starts with the master plan and asking, "What do we want? What are the important things?" Then you build around it.

Right now, we're doing a lot of targeted, reactive things that I worry are not going to play out the way people think.

The Chair: Thank you, MP Williams.

Now we'll go to MP Thompson.

Ms. Joanne Thompson (St. John's East, Lib.): Thank you to all of the witnesses. I'm sorry the time is so short.

Dr. Burry, if I could start with you, you noted in your opening comments that you spent a significant portion of your career with vulnerable populations.

I want to give a shout-out to the Newfoundland and Labrador Dental Association, which I worked quite closely with in putting a largely volunteer clinic in place with hygienists and denturists. They're really having incredibly strong outcomes for the most vulnerable in the community.

I really want to touch on that. I saw first-hand, obviously, the health care outcomes and how this becomes preventative.

Would you speak to what you saw in your practice with vulnerable persons and the importance of dental care for all, so that it truly is an equitable, essential service?

Dr. Aaron Burry: I've dealt with everything from individuals living on the streets, to individuals in long-term care, to individuals with significant health problems. As you age in particular, you have significant health problems. Oral health becomes a real, critical part.

Not surprising, if you have other health-related problems, you have oral health-related problems and you need a lot of additional care.

I'm familiar with the projects. I know the dentists that you're speaking of specifically. I know the volunteer effort they put in.

That's something you simply cannot do in private practice settings. These individuals need a lot of additional support. I would say the same thing applies to individuals in long-term care in particular because you're not just dealing with the individual. You're dealing with the families, the caregivers and others who provide that support.

This program is so important to us, in that the group of individuals who the government is now going to be offering these benefits to are seniors and people with special needs. Individuals well over the age of 87 are now starting to come in.

Providing dentistry to those groups is challenging. I did it for a good part of my career. That's why the program needs to be designed to assist them.

• (1055)

Ms. Joanne Thompson: Absolutely.

I certainly want to note that it's a continuum of care for people across all aspects of society. Certainly in the project that I referenced, they were truly the most vulnerable, which is part of wraparound support and primary health care. You need a wide range of supports to assist children and others who are vulnerable, in terms of just the ability to visit a dentist.

Thank you for the work you're doing. I look forward to the day when we have oral health for all, regardless of the ability to pay.

The Chair: Thank you.

Now we'll go to MP Trudel, please.

[Translation]

Mr. Denis Trudel: How much time are you giving me, Mr. Chair?

[English]

The Chair: You have three minutes.

[Translation]

Mr. Denis Trudel: Mr. Dorais and Mr. Surprenant, we talked a bit about the fact that the grocery code of conduct is quite imperfect at present. It's not mandatory, and Loblaw and Walmart, among others, have yet to sign on. If we were to make it mandatory, would that force everyone to sit down at the table and talk, and thus bring about a substantial reform that could have an impact on prices? What could you tell us about that?

Mr. Olivier Surprenant: The short answer to your question is yes. You're referring to the difference between self-regulation and government-led regulation. Regulations or legislation establishing a framework or requiring compliance ensure that all parties are represented. As you so clearly stated, to date, so far, Loblaw and Walmart have indicated that they wouldn't sign on to a Canadian grocery code of conduct. So there's an inherent problem with the approach.

Mr. Denis Trudel: In your opinion, why won't the government move ahead now with that kind of reform and force everyone to sit down at the table?

Mr. Olivier Surprenant: I can't speak for the government.

Mr. Denis Trudel: I have about a minute and a half left.

The federal budget was tabled two days ago. Do you have any specific comments in that regard? Is it good news or bad news?

Mr. Maxime Dorais: Generally speaking, the federal budget was well received by the Union des consommateurs, especially because it announced or implemented a number of social measures. Naturally, pharmacare and dental care are of great interest to us, as are the various measures on housing, specifically affordable housing. Obviously, those measures were extremely well received by the Union des consommateurs.

Mr. Denis Trudel: Since you mentioned housing, I'm going to tell you what we think. Given that the federal government has to negotiate with Quebec, particularly so it can fully implement its programs, it's causing delays that drive up costs and postpone housing construction. The Bloc Québécois proposes, instead, that the government transfers funding to Quebec, because municipalities are actually the ones in charge of zoning and permits. Ultimately, the housing is there, in those cities, on their streets.

The Quebec government has programs, and so does the federal government. After launching Canada's national housing strategy in 2017, the federal government had to negotiate with the Quebec government for three years before a single housing unit could be built, meaning before the money was transferred. For its part, the housing accelerator fund was announced three years ago, but it took two years of negotiations before the federal government and Quebec reached a \$1.8 billion agreement.

Don't you think it would be faster if the federal government showed a little humility and put its fiscal capacity forward by send-

ing a one-time payment to the Quebec government? Wouldn't that accelerate housing construction, which would benefit all those struggling right now to find a place to live?

• (1100)

The Chair: Thank you, Mr. Trudel.

[English]

We are over time, so you can submit the answer in writing, if you'd like, to the committee. We appreciate that.

We go to MP Boulerice for the last three minutes, please.

[Translation]

Mr. Alexandre Boulerice: Thank you, Mr. Chair.

Dr. Burry, as New Democrats, we're proud we insisted that dental care be accessible to a greater percentage of the population. I imagine you agree that we need to take care of people. Furthermore, we've always pushed the Liberal government to ensure that oral health professionals are paid fairly and equitably.

You know better than me that negotiations are still under way on the federal fee schedule for the new dental care program. Compared to the amounts offered by the provinces and the fees your association members bill their patients, I'm hearing that reimbursements would average 82%, 85% or 88% of the amounts billed by your members. In your opinion, what would be an ideal and acceptable average reimbursement amount under the new federal program to cover the bills of members of your association?

[English]

Dr. Aaron Burry: First of all, I'll start with the question. We're not in a negotiation. I don't know where that concept came from, but we're not negotiating with the government. We're providing advice to the government about how the program should be structured, what this should look like and so on.

When it comes to the generally accepted process within how dental care is covered, it's usually based on the provincial and territorial dental association fee guides. These have been developed for decades now across the country. They're a reference that the insurance industry uses in terms of payment and reimbursement.

With the CDCP, the government has elected to have different reimbursement rates that it has established by province, and there's not much consistency in that, in terms of the percentage of reimbursement and so on. It's very complex in terms of how that's defined.

What we've said from the beginning is that the most appropriate thing is for the government to reimburse the provincial and territorial fee schedules. It makes it relatively simple—everyone understands the system and how it works—rather than adding complexity.

[Translation]

Mr. Alexandre Boulerice: The simple and elegant solution would be to look at what the provinces are doing and to ensure we're aligned. That way, everyone would be satisfied because those are well-established practices. We wouldn't need to worry about reinventing the wheel.

[English]

Dr. Aaron Burry: It reduces a lot of complexity. It reduces the whole notion of patients having to pay different amounts for different services at different times. It makes it a lot clearer and more understandable in today's world.

It also covers the cost of care, which is one of the areas that we had indicated from the beginning was important. The government, in its program, needs to cover the cost of care for those people who are vulnerable.

[Translation]

Mr. Alexandre Boulerice: Thank you very much.

The Chair: Thank you, Dr. Burry.

Thank you, Mr. Boulerice.

[English]

At this time we want to thank our witnesses.

Thank you for your opening remarks, for your testimony and for your many answers.

If there were some questions from members that you're not able to answer at this time, you can submit them through the clerk, please, along with any other submissions you would like the committee to receive.

We thank you again for appearing on Bill C-59.

At this time we're going to suspend as we transition to our next panel.

• (1100) _____ (Pause) _____

• (1105)

The Chair: We're back.

With us today we have the Competition Bureau Canada and the commissioner, Matthew Boswell.

Welcome, Commissioner.

Joining the commissioner is deputy commissioner, mergers and monopolistic practices branch, Jeanne Pratt; as well as the deputy commissioner, competition promotion branch, Anthony Durocher.

From the Office of the Parliamentary Budget Officer we have the Parliamentary Budget Officer, Yves Giroux.

Welcome.

Joining Monsieur Giroux is Diarra Sourang, who is the director of political analysis.

Welcome.

At this time we will start with the Competition Bureau Canada for a five-minute opening remarks statement.

• (1110)

Mr. Matthew Boswell (Commissioner of Competition, Competition Bureau Canada): Good morning, Mr. Chair and members of the committee.

Thank you for the invitation to appear before you today.

[Translation]

My name is Matthew Boswell and I am the commissioner of the Competition Bureau. Joining me today are my colleagues Jeanne Pratt, senior deputy commissioner of the mergers and monopolistic practices branch, and Anthony Durocher, deputy commissioner of the competition promotion branch.

As part of your study into Bill C-59, we submitted a brief outlining a number of recommendations that we believe could strengthen this already important piece of legislation. During these opening remarks, I would like to focus on our two recommendations relating to merger review.

[English]

The first of our recommendations with respect to mergers is for Canada to adopt a rebuttable structural presumption system in our merger law.

The idea is quite straightforward. Mergers that significantly increase concentration in highly concentrated markets are more likely to harm competition. Beyond certain thresholds, there should be a presumption in the law that a merger is anti-competitive, and merging parties should then have an opportunity to rebut that presumption.

This is not a novel idea. The U.S. has taken this common-sense approach for over 60 years, backed by U.S. Supreme Court precedent. We recommend adopting the threshold set out in the U.S. "Merger Guidelines". Those thresholds are supported by a large number of economists and legal scholars and are consistent with retrospective studies that look at the actual effects of mergers in concentrated industries. Harmonizing Canadian law with the U.S. merger guidelines would, of course, also increase predictability for businesses and improve co-operation in cross-border merger reviews.

This is the kind of definitive reform that's needed if we want to see a true course correction in the way that mergers are treated, and avoid further harmful consolidation in Canada.

The second recommendation I'd like to highlight is our recommendation to strengthen our ability to remedy anti-competitive mergers.

Merger review is our first line of defence for protecting competition. However, when we find that a merger is anti-competitive, the law does not require strong remedies. The Supreme Court held that the goal of a merger remedy is simply to mitigate the harm from a merger so that it is no longer substantial, and to do so in the least intrusive way. As a result, we sometimes end up with merger remedies that take a strong competitor in a market and replace it with a weaker one.

The U.S. accepts only merger remedies that fully maintain competition, reflecting, once again, a common-sense view that the public should not bear the cost of a risky remedy.

In the European Union, merger remedies have to eliminate the competition concerns entirely, and have to be comprehensive and effective from all points of view.

In the United Kingdom, the objective is to ensure that competition, following the remedy, is as effective as pre-merger competition.

There is, in my submission, no reason why it should be any different in this country.

Our brief provides model legislative text that would implement each of these recommendations.

• (1115)

[*Translation*]

In closing, allow me to reassure you, we are committed to transparent, principled and evidence-based enforcement of the act for the benefit of all Canadians. If Bill C-59 becomes law, with or without our proposed amendments, we will implement the changes responsibly and provide guidance to business and stakeholders on our approach.

I want to thank parliamentarians for their diligent efforts in modernizing Canada's competition law framework. A more competitive economy will benefit all Canadians—by offering more choice and greater affordability for consumers and businesses and by stimulating productivity throughout the economy.

[*English*]

Thank you very much. We look forward to your questions this morning.

The Chair: Thank you, Commissioner Boswell.

Now we hear from the Parliamentary Budget Officer, Monsieur Yves Giroux.

[*Translation*]

Mr. Yves Giroux (Parliamentary Budget Officer, Office of the Parliamentary Budget Officer): Thank you, Mr. Chair.

Ladies and gentlemen members of Parliament, thank you for inviting us to testify today.

We are pleased to be here to talk about 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.

Contrary to what you mentioned earlier, Mr. Chair, I am indeed accompanied today by Diarra Sourang, whom you correctly named, but to whom you attributed a title she does not have. She's director of economic analysis, not political analysis, a type of analysis we don't do in our office. I just wanted to be clear on that.

My mandate as Parliamentary Budget Officer, as defined by the Parliament of Canada Act, is to provide parliamentarians with inde-

pendent, non-partisan analysis to help you fulfill your constitutional role of holding the government to account.

[*English*]

To this end, on December 7, 2023, my office published an analysis of the fall economic statement—published by the Department of Finance on November 21, 2023—and more recently, on March 5, 2024, we published an update of our economic and financial outlook. In the coming weeks, consistent with our practice, we will publish our detailed analysis of the government's most recent budget. These analyses are intended to provide parliamentarians with important information on key issues to inform your discussions on the country's economic and fiscal situation.

To leave more time for your questions, I will stop here. We are pleased to respond to any questions you may have regarding our fall economic statement and budget 2023 analysis, or other work carried out by my office.

[*Translation*]

The Chair: Thank you, Mr. Giroux.

[*English*]

That leaves us a fair bit of time for questions from members. We are starting our first round of six minutes for each party.

We start with MP Chambers for the first six minutes.

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

This afternoon's proceedings aren't televised, so you're the prime-time witnesses here this morning so everyone can watch at home. Welcome to the committee again.

Is this your first time at committee, Ms. Sourang?

Ms. Diarra Sourang: Yes.

Mr. Adam Chambers: Welcome.

Ms. Diarra Sourang: Thank you.

Mr. Adam Chambers: We'll get a name tag for her next time, hopefully.

Mr. Giroux, your office didn't look at all of Bill C-59, but at least one provision in it. I think that had to do with the psychotherapy GST or the changes to the excise tax. I'm not necessarily interested in that.

It was news to officials at the CRA that they would be responsible for auditing the labour provisions as part of the investment tax credits. Has your office looked at the number of people who might be required to perform the auditing required?

Mr. Yves Giroux: The number of individuals necessary for the CRA to administer specific tax measures is not something we have looked at. However, I have to say I'm a bit surprised to hear that CRA officials did not know that, because in my experience there is usually quite a bit of back and forth between the Department of Finance and the CRA on the administration of tax measures that are proposed for inclusion in the budget to ensure that, in fact, the CRA can indeed administer measures that are considered for inclusion in budgets or estimates.

• (1120)

Mr. Adam Chambers: Thank you.

I read some Senate committee testimony that led me to believe there was a little bit of surprise there.

Your office does some great work on looking at departmental spending plans and the people plan for government. My recollection is that every year, for at least the last four or five years, each departmental spending plan will show that in the next year the total number of full-time equivalents, FTEs, will drop, except that when that year finishes it turns out that isn't realized and the number actually goes up.

In the budget that was just presented two days ago, the government is banking on, because it's capturing the savings from a reduction in full-time equivalents.... Have you actually seen a reduction in full-time equivalents in the last five or six years from one year to the next?

Mr. Yves Giroux: No. I don't recall seeing any reduction in the overall number of full-time equivalents or employees in the federal public service as a whole. There might have been decreases in some specific areas or in some specific agencies or departments, but as a whole, the public service has increased consistently year after year.

Mr. Adam Chambers: As parliamentarians, should we be concerned that a government or a department planned to have a smaller workforce at the end of the year but then never actually achieved it? What's the issue with the planning and the execution?

Mr. Yves Giroux: I think the planning is not reflecting subsequent measures that are introduced by governments. For example, the departmental plans that are usually prepared early in the fiscal year or in advance of the budget don't include measures that are in the budget, so there is a time lag between the preparation of the plans and the implementation of these plans.

For example, in the budget, there are substantial resources for some departments and agencies: notably CRA, to improve response time for call centres, to take just one example. This will presumably require FTEs. The CRA departmental plan or agency plan probably did not reflect that. They may table plans that suggest a decrease in the number of FTEs, but what ends up happening, once they are made aware of the budget and the implication for each department and agency, is that it gets reflected in reality, and that very often leads to a revision upwards to the number of employees.

Mr. Adam Chambers: Right, and with every piece of legislation that comes here, the question is always asked: How many people does it require to execute the legislation or the plan? The answer is, "Well, we don't really have that number and you'll have to ask Treasury Board." Then you ask Treasury Board, and they say, "Well,

we're not really sure." Presumably, somebody knows, somewhere. Or is there actually nobody looking at a people plan for the government?

Mr. Yves Giroux: For every single piece of policy proposal, be it legislation or a program, there has to be a memorandum to cabinet, which normally would include the number of employees required to implement that legislative piece or that program—or at the very least, in the Treasury Board submission. It's an integral part of the budget submission and the budget request to have the number of FTEs required to implement a plan.

Mr. Adam Chambers: I have heard that there may be some significant amendments coming to Bill C-59. Do you think that those amendments, if they're substantial, would be better put forth to committee with some time to review them, as opposed to at report stage?

Mr. Yves Giroux: That's a question related to parliamentary procedure, and I don't think I'm the best person to answer that. It depends on the nature of these amendments, but if they're substantial, I would think so.

Mr. Adam Chambers: Thank you and your office for all your work.

• (1125)

The Chair: Thank you, MP Chambers.

Now we'll hear questions from MP Dzerowicz.

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

I want to say a huge thank you for the excellent presentations.

I'll start off with our competition commissioner. I have been very worried for years about a lack of business investment by our businesses in Canada. Before the pandemic, we had probably over 10 years of historic low interest rates. Typically, the theory is that if you have low interest rates, companies are going to take the cheap capital and actually reinvest in their companies. We did not see that.

I've suspected that one of the key things is around competition. Our government has done a lot of consultations around competition and how we strengthen competition law. I think we've had three bills that have attempted to strengthen our competition law and update it: Bill C-19, Bill C-56 and now Bill C-59.

Just as a general first question, would you say that collectively the changes we've made to the competition law and the act have made it overall much better and that Canada will be more competitive?

Mr. Matthew Boswell: What I can say is that the amendments we saw to Bill C-19 and Bill C-56, and the amendments that are proposed to Bill C-59, are significant changes to Canada's competition laws. They are generational, in fact. They make positive changes in multiple different ways.

With them, Canada is catching up to the rest of the world. As I've said before this committee, we have been an international outlier on many fronts in terms of how we handle competition in Canada. What we've seen are positive changes to catch us up.

I would say it's not a question of putting a banner up that says, "Mission accomplished" on a ship in New York Harbor. This is constant work that we need to do. There are other things that other countries are doing that we have not yet tackled in Canada, including really talking about how to deal with digital platforms and the serious competition issues that they can present. Other countries are taking very definitive strides in that regard.

To go back to your point about the lack of business investment in Canada, about a month ago, StatsCan put out a report that analyzed a 15-year period that demonstrated quite clearly the decline in business investment across the country. It pointed to competition as a significant factor in the lack of that investment. When you're not afraid of somebody eating your lunch—I'm sorry to use the proverbial term—there isn't that drive to invest in order to get better, produce better products, be more efficient and all of those things. It's a big issue.

The amendments are certainly significant. As you heard in my opening comments, I don't think we could go further, even in Bill C-59, to further strengthen various aspects of the Competition Act in Canada.

Ms. Julie Dzerowicz: I want to go there next.

I want to thank you for those two very strong recommendations, and for articulating that they already exist in the U.S. In the second recommendation, you gave other examples of other countries. I appreciated that.

In the panel before this, we had a professor who mentioned that the structure of your bureau isn't effective. I wanted to know if you had any comments related to that.

I don't know if you heard that. I'm not able to articulate it, so if you didn't hear it, I will move on to my next question.

Mr. Matthew Boswell: I apologize. I didn't hear that question and answer portion. I assume it was Professor Quaid who said our structure wasn't....

Ms. Julie Dzerowicz: I don't think she meant to be mean. I think it was more to be helpful. I just found it to be an interesting comment and wanted to know if you had any thoughts on it. If not, I'll just go to the next question.

You and I had a conversation once. I'm always wondering what more we can do around competition within our own government. I believe there's an Australian example. The Prime Minister asked for a whole-of-government review about anything that might be stopping competition from happening.

Could you talk to that, and whether you would recommend us doing so here in Canada as well?

• (1130)

Mr. Matthew Boswell: Absolutely. This is something I've been talking about publicly for several years now. We need a whole-of-government approach to competition in Canada. We needed it years

ago. It's overdue. It's very important for driving productivity in the Canadian economy.

There's the Australian example of the Productivity Commission in the 1990s, which took a whole-of-government look at regulations and laws that hindered competition across the economy. It was the federal government plus the states. They looked at 1,800 laws and regulations, amended them to allow for more competition and saw huge benefits. A 2.5% increase in GDP is a conservative estimate. That's \$5,000 Australian per household. This is what we need to do. We're second-last in the OECD in terms of regulatory barriers to competition in this country, and that is a huge problem.

I should point out, as well, that President Biden in the United States put in place an executive order on competition several years ago that directs all agencies of the federal government to look at ways they can enhance competition in their particular area. They've been taking tremendous steps to do that. That's another example we can point to.

This is incredibly important for our country, because these regulatory barriers to competition are holding us back and holding our economy back. It's an unforced error—to use a tennis term—that we need to address. It can only be done through leadership at the highest level working with the provincial, territorial and municipal governments to attack these problems hurting our economy.

Ms. Julie Dzerowicz: Thank you so much.

The Chair: Welcome to our committee, MP Savard-Tremblay. You'll have six minutes.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay (Saint-Hyacinthe—Bagot, BQ): Thank you, Mr. Chair.

I thank the committee for welcoming me. I'm here to replace my colleague Mr. Gabriel Ste-Marie, who is busy two floors up.

Mr. Giroux, I have the report on household formation and housing stock that you published last week. The report uses a new term, "non-household formation", which amounts to 631,000 households. Since this is a new term, could you tell us a little more about it? In particular, I'd like to know what it brings to the current debate on access to housing, as well as how many people it might include.

Mr. Yves Giroux: As you mentioned, this new expression is now part of our terminology.

In English, we use the adjective "suppressed". In French, one could speak of *demande réprimée*, but we have chosen not to use these words, given their negative connotation.

We speak of non-formation of households when the demand is there, but there isn't enough relatively reasonably priced housing available, whether it's a condominium, a house or whatever. So we're talking about people who, for example, are forced to live with roommates or their parents for a little longer than they would have liked because of the lack of suitable housing, which has consequences. When such housing becomes available, one might think that demand is likely to come solely from demographics, i.e., immigration and normal household formation. However, there is also this demand that has been suppressed over the years, and these people are also coming onto the market. As a result, when the supply of housing increases, the easing of pressure on prices is not as great as expected, given that this stock of some 630,000 households is also waiting for housing.

It's difficult to get an idea of the number of people affected. We'd have to make some assumptions about the average number of people per household, but we can estimate that it's at least two to one. So for 630,000 households, I'd say that easily corresponds to over one million people.

Mr. Simon-Pierre Savard-Tremblay: That's very good, thank you.

I now turn to the representatives of the Competition Bureau Canada, namely Mr. Durocher, Mr. Boswell and Ms. Pratt.

The letter that the bureau sent to the committee on March 1 states that the amendments proposed in Bill C-59, as well as the recent reforms made in bills C-19 and C-56, represent a generational upgrade to Canada's competition legal framework. All three bills mentioned are budget implementation bills.

Do you believe that reform of the Competition Act, through a bill dealing solely with it, would be beneficial so that parliamentarians can weigh every effect of the act and of any amendments made to such a bill?

• (1135)

Mr. Matthew Boswell: Thank you for the question. If I may, I'll answer in English, because it's quite technical.

Mr. Simon-Pierre Savard-Tremblay: We have interpretation. Don't worry.

Mr. Matthew Boswell: Thank you, sir.

[English]

The question, as I understand it, is the following: Would it be better to have a stand-alone act that just looks at the Competition Act?

I suppose it's always better when you can focus on one particular topic, but let's not let perfection get in the way of momentum. We need these changes. We've needed them for a long time. They're long overdue. From the Competition Bureau's perspective, as the only competition agency for the entire country, we'll take change and we'll take modernization any way we can get it.

I hope that answers your question.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: Thank you.

Your letter was sent on March 1 and you received a response from the departments on March 19. Do you have any comment on this?

Mr. Anthony Durocher (Deputy Commissioner, Competition Promotion Branch, Competition Bureau Canada): Are you referring to the testimony of officials from—

Mr. Simon-Pierre Savard-Tremblay: I'm talking about the answer you received on March 19.

Mr. Anthony Durocher: I think we listened carefully to all the testimony, including that of the public servants who are responsible for the legislation.

We offer our perspective as an enforcement agency. Our day-to-day experience is to identify gaps in the act, and which elements we believe should be strengthened. Of course, we bring a different perspective. But I would say, having listened to the testimony of public servants, that there was a great deal of interest from all stakeholders.

Mr. Simon-Pierre Savard-Tremblay: Mr. Giroux, in terms of financial viability, health care costs are putting a strain on provincial finances, particularly those of Quebec. Do you get the impression that the budget will change the trend in the financial viability of the provinces?

Mr. Yves Giroux: This is a question we address every year when we publish our report on the financial sustainability of the federal and provincial governments. It's an exercise we usually do in the summer.

The last time we did this exercise, we realized that the long-term financial viability of the provinces had reached its limit. That said, some provinces were in better shape than others, notably Quebec, which was in relatively good shape. We will repeat the exercise this summer and update our data.

However, as you mention, it's clear that the determining factor for the provinces and territories is the aging of their populations, which has a very significant impact on the cost of health care services. An aging person obviously costs the health care system more. What's more, this increase is not linear: a 90-year-old person costs much more on average than a 65-year-old, for example.

The Chair: Thank you, Mr. Giroux.

Thank you, Mr. Savard-Tremblay.

[English]

We'll go to MP Boulerice, please, for the next six minutes.

[Translation]

Mr. Alexandre Boulerice: Thank you, Mr. Chair.

I thank the witnesses for being with us today to participate in this discussion.

Mr. Boswell, from the Competition Bureau, in the letter you sent on March 1, you talked about the phenomenon of “greenwashing”, which can be translated into French as *écoblanchiment*. I've just checked the translation.

This is a concern for more and more consumers, as brands and products use phrases in their advertisements like “net zero” or “carbon neutral by 2030”. Sometimes it's about an entire company, not just a product, or it doesn't take into account the supply chain and different environmental impacts, which could be considered misrepresentation or misleading advertising.

In your opinion, do we need to amend section 236 of Bill C-59 to include these environmentally related misrepresentations?

• (1140)

Mr. Matthew Boswell: Thank you for the question. I'll answer in English again, if I may.

[English]

As we point out in our submission to this committee, the issue of greenwashing is a very significant issue on which the bureau has multiple, ongoing investigations. We've brought cases in the past. For example, we fined Keurig \$3 million for false or misleading claims about the recyclability of its pods.

We welcome the amendment that is in Bill C-59 now, but as you point out, it's limited to products, not to claims with respect to a business or a brand as a whole being, you know, net zero by 2030 or carbon neutral. These are claims that can be false or misleading.

What we say in our report is that we recommend further study to expand the greenwashing provisions to potentially include a requirement where companies are able to substantiate those business-wide claims. It wouldn't be a situation like the amendment in Bill C-59 now, where it relates to a product and they have to have done adequate and proper testing and the proof is on them. It's more a question of whether there should be a clause that says that the company needs to be able to substantiate its claims and that the proof should be on the company.

I can indicate at a high level that these investigations into business-wide claims or brand-wide claims are extremely difficult investigations for the bureau. Obviously, we're not environmental experts; we're competition law experts. These investigations are incredibly resource-intensive. As is publicly known, we get complaints from multiple organizations to look into these types of greenwashing claims. We are pursuing them, and we take these very seriously. We can also attack them under our general false and misleading claims..., but the point in our letter is that perhaps there should be further study about expanding....

[Translation]

Mr. Alexandre Boulerice: All right. We'll have to take a closer look. I also imagine that your office would need more resources to be able to conduct these investigations and have access to all the necessary expertise.

I now have a question about the cost of living. Many of the people we represent tell us about the rising cost of living and the cost of many things, including the grocery basket. Food is becoming in-

creasingly expensive. There are provisions relating to this in Bill C-56 and in Bill C-59.

I have a very naive question, where I put myself in the place of the citizens I represent: Can we have hope, thanks to the provisions of Bill C-59, that the cost of groceries will stabilize and perhaps even decrease? We can't control global inflation, I understand that, but can the measures in this bill give people hope that prices will stop rising as they have and that we'll stop seeing crazy prices?

Mr. Matthew Boswell: Thank you. I'll ask Mr. Durocher to respond.

[English]

Mr. Durocher led our market study into competition in the grocery retail sector and is an internal expert on these issues.

[Translation]

Mr. Anthony Durocher: I would say that the reforms to the Competition Act are important to better equip the bureau to protect competition in markets across Canada. Clearly, there's a link between competition and affordability. So, these measures can help, but it's clear that it won't happen overnight. It takes time for competition to emerge.

With regard to the grocery basket, the bureau conducted a market study and made very clear recommendations on how we should go about increasing competition in the grocery sector in Canada. We published our report in June last year, and we're still working with governments to ensure that our recommendations are well understood so that, wherever possible, the necessary steps are taken to increase competition in the grocery sector.

• (1145)

Mr. Alexandre Boulerice: Thank you.

[English]

The Chair: We are moving into our second round. Times are a little different in terms of the time allocated to each of the parties in this round.

We're starting with MP Hallan for five minutes, please.

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

Mr. Giroux, thank you for being here.

Before the 23% carbon tax increase on April 1, you were quoted as saying that when you factor in the fiscal and economic impacts of the carbon tax, most households are at net loss or worse off.

Since this is the first time you're speaking to any committee since that 23% carbon tax increase, can you confirm that it's still the case that most households are worse off or experience a net loss?

Mr. Yves Giroux: In our successive reports where we looked at the distributional impact of carbon pricing, I think we had, in the annexes, a profile by year to take into account the evolving price of the carbon tax or the pricing on pollution.

To the best of my knowledge, it is still the case that the majority of households are better off once we also take into account the economic impacts of the price on carbon or the tax on carbon.

Mr. Jasraj Singh Hallan: Okay.

You said “better off”.

Mr. Yves Giroux: I'm sorry, I meant worse off.

Voices: Oh, oh!

Mr. Yves Giroux: I'm sorry, I misspoke.

It's a bit like the chair's mistake indicating that Diarra's title is political analysis. I'm sorry.

Mr. Jasraj Singh Hallan: You are confirming that after the April 1 increase this year, most households are worse off and at a net loss.

Mr. Yves Giroux: Yes.

I'm sorry for the confusion.

Mr. Jasraj Singh Hallan: The senior deputy governor of the Bank of Canada recently said that productivity in Canada is a huge concern. It's actually an emergency, break glass situation right now.

We know that in Canada there have been six consecutive GDP per capita declines. We also know that Canada's GDP per capita growth is the lowest in all of the OECD countries. In fact, the GDP per capita now is lower than it was in 2018.

Do you agree with Deputy Governor Rogers that productivity is a break glass emergency situation today?

Mr. Yves Giroux: I probably would not have chosen that type of analogy, but I agree with her overall assessment that productivity is an essential part of economic growth and success. It's something that needs to be addressed if we want to maintain and increase our standards of living.

Yes.

Mr. Jasraj Singh Hallan: What factors do you think lead someone to believe that we're in this kind of situation?

Mr. Yves Giroux: There is the fact that productivity growth in Canada has been lagging that of the U.S. and that of many other European countries and advanced economies.

That is a worry for many reasons. It means that our economy is not growing as fast as it should and that we are more than at risk of losing ground compared to our main competitors and the nations with which we trade.

Mr. Jasraj Singh Hallan: Canada's tax burden today is the 12th highest in the OECD. It's higher than the U.S., U.K. and even the average of the OECD.

Would you agree that the tax burden is also a factor when considering our low productivity?

Mr. Yves Giroux: The evidence on this is mixed.

More than the tax burden itself, it's the mix of tax and whether you tax labour and capital versus consumption. The mix is an important factor. There are countries with a relatively high tax burden, such as France and Denmark, that do relatively well on productivity.

Much more than the overall level of tax burden, I think that where the taxes are levied is probably the most important factor—more than the overall.

Mr. Jasraj Singh Hallan: To an average Canadian family that's going to get groceries, they see high grocery prices...or filling up their gas.

In regard to productivity, would you agree that the carbon tax is one of those impacts on any Canadian's everyday life when we say Canadians are getting poorer?

● (1150)

Mr. Yves Giroux: The tax on carbon has an impact on everyday prices, especially those that are heavily reliant on fossil fuels, such as transportation and heating. It's something that is hard to disagree with.

Mr. Jasraj Singh Hallan: If we were to axe the consumer carbon tax today, do you think this would have a positive impact on Canadians' everyday life or the productivity that we see here in Canada?

Mr. Yves Giroux: I'm not sure what the impact on productivity would be, but in terms of the impact on prices, we would expect to see inflation reduced. The quantum would depend on many factors including the competitive framework, to which Mr. Boswell can probably speak much better than I can.

But, yes, if we were to eliminate the carbon tax, one would expect prices to, if not decrease, at least grow at a slower rate than would otherwise be the case.

Mr. Jasraj Singh Hallan: Thank you.

The Chair: We're well over the time.

We're going to MP Baker now for five minutes.

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

Thank you to all our witnesses for being here.

I will direct my questions to Monsieur Giroux.

The Canada carbon rebate makes eight of 10 households better off, if I read your report correctly. Can you clarify that this is, indeed, the PBO's conclusion?

Mr. Yves Giroux: Yes. When we looked at the direct carbon tax paid by households, the indirect carbon tax paid by households through goods and services they buy, as well as the GST that's levied on that, and we subtracted the carbon rebate, we found that about eight out of 10 households were better off when we looked at the money in versus money out.

Yes, that was indeed the case.

Mr. Yvan Baker: Thank you very much for that.

Implementing clean technology and carbon-capture tax credits is a big step forward, I believe, in reducing industry emissions.

We heard from industry last week about the emissions reductions possible through the investment tax credits, and we know that reducing emissions will help limit climate impacts on our economy.

I understand you have done research of climate impacts on Canada's GDP. Could you speak to that and submit that to our committee as well?

Mr. Yves Giroux: Sure. We did look at the impact of climate change on Canada's GDP. We also looked at the impact according to some key sectors. We found that changes that have already happened in terms of average precipitation and temperature levels across the country have indeed had a negative impact on GDP. This impact is expected to increase as climate change worsens or is felt more acutely across the country.

That was from a report we did, I think, last year. I would be happy to share it with the committee.

Mr. Yvan Baker: Thanks very much for that. We would appreciate that.

What I hear you saying is that climate change is hurting the prosperity of Canadians. The Canadian Climate Institute has found, for example, that the GDP has taken a \$25-billion hit over the past 10 years due to climate impacts. This is expected to grow to a \$103-billion reduction in GDP over the next three decades.

As an economist, when you are given that forecast, what impacts on economic growth do you expect we could see in Canada moving forward?

Mr. Yves Giroux: If I remember correctly, over the next several decades, we expect the GDP to be negatively impacted to the tune of about 5% or 6%, although it's difficult to be absolutely certain that this will, indeed, be the impact because we're projecting economic growth and the impact of climate change several decades into the future. However, based on what is known about the science of climate change and the overall weather patterns, that's our best estimate.

The numbers you quoted from the Climate Institute I cannot speak to because I haven't seen the analysis, but they seem to be, roughly speaking, in the ballpark and not out of whack to me.

• (1155)

Mr. Yvan Baker: So it's impacting our prosperity and it's negatively impacting economic growth into the future. I hear you about how it's difficult to estimate with precision, but is it fair to say it will have a significant impact on our economic growth and our prosperity in the years to come?

Mr. Yves Giroux: It's totally fair to say that.

Mr. Yvan Baker: Okay. Is it fair, therefore, to say that not acting on climate change costs Canadians significantly?

Mr. Yves Giroux: There is definitely a cost to doing nothing, but there's also a cost to doing something. It's a difficult conundrum for policy-makers, because, no matter what we do, there's a cost. If we do nothing, there's a cost; if we do something, there's a cost.

Mr. Yvan Baker: On the issue of the cost, the Governor of the Bank of Canada has been here at the committee and he has spoken. He has been asked several times the question you were asked about the impact of carbon pricing on inflation. He gave us a figure. If I recall correctly, if you removed the carbon tax, the impact would be about a 0.1% one-time reduction in inflation, so that's negligible.

My last quick question would be: Would your office be prepared to study the impacts of climate change on the federal government's fiscal balance sheet?

Mr. Yves Giroux: It's something that would be very difficult to do. It would require us to make assumptions that would certainly be easy to dispute. It's something that, if the committee decided to ask us to do, we could give it a try, but it would be very, very difficult for us to do.

We've done difficult things before. I'll get beaten up when I go back to the office for saying that, but we could certainly give it a good college try.

Mr. Yvan Baker: I appreciate that, thank you.

The Chair: Thank you, MP Baker. That's the time.

Now we're going to go to MP Savard-Tremblay, please, for two and a half to three minutes.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: Thank you, Mr. Chair.

Mr. Giroux, you regularly mention that it would be beneficial to review the budget cycle, particularly the main estimates. Would you care to comment on that?

Mr. Yves Giroux: Of course. As parliamentarians, you are called upon to vote on the main estimates, i.e., budget appropriations. You are being asked to vote on the main estimates during the months of March and April, when the budget itself has not yet been tabled. So you have budget appropriations that essentially represent the status quo in government spending, what I referred to in a Senate committee as "last year's news". You're being asked to vote on last year's news, when we all know that a budget tabled by the Minister of Finance will significantly change the game and alter the financial needs of government departments and organizations.

You are therefore being asked to vote on budget appropriations which, as everyone knows, do not reflect reality. The budget changes the game, forcing the government to present supplementary appropriations A, B and, often, C. You don't get a global and accurate picture of the government's financial needs when you vote on the main appropriations. So there's a disconnect between budget appropriations and what's in the budget.

Mr. Simon-Pierre Savard-Tremblay: I'd like clarification on an exchange you had with a colleague in the first round: Should departmental plans be amended after the budget is tabled to take note of the additional investments or resources that certain measures will require?

Mr. Yves Giroux: This would be a good way for you, as parliamentarians, to have a better idea of the overall plans of each of the departments and agencies and what they're going to do over the course of the year. Mr. Boswell may disagree, but it would require work for these agencies. However, it would give you a better perspective on their overall activities during the fiscal year, rather than a partial picture based solely on major appropriations.

Mr. Simon-Pierre Savard-Tremblay: Since you asked if Mr. Boswell disagreed, I'll give him the right of reply.

• (1200)

[English]

Mr. Matthew Boswell: I guess I would say that I don't think it's appropriate to take a position on that.

The Chair: Well, that was a short answer. Thank you for that.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: He neither agrees nor disagrees, quite the contrary.

The Chair: Thank you, Mr. Savard-Tremblay.

[English]

Now we'll go to MP Boulerice, please, for two and a half to three minutes.

[Translation]

Mr. Alexandre Boulerice: Thank you, Mr. Chair.

Mr. Giroux, I have two questions, if it's possible for you to answer both in the time allotted to me.

A few days ago, you published a report on the housing backlog in Canada, and you say that we should have 1.3 million additional housing units, whether houses or apartments, to close the gap. The Canada Mortgage and Housing Corporation, on the other hand, is talking about 3.5 million units for the same period. How do you explain this difference between your two analyses?

Mr. Yves Giroux: The difference can be explained quite simply. Conceptually, we looked at the demand that comes from demographics and repressed demand, and came up with the estimate you mentioned. Our aim is not to re-establish a particular price level. CMHC, for its part, made its estimate by assessing the number of units that would be needed to return to the level of affordability that existed in 2003–2004. It therefore probably includes in its estimates a notion of price decline to return to the level of affordability that existed some twenty years ago.

Mr. Alexandre Boulerice: Perfect, thank you very much. That's very enlightening.

Last October, you published a report on the estimated costs of a single-payer universal drug plan. With such a plan, people will buy more drugs, since they're currently going without because prices are too high. We expect an increase in drug purchases of just over 13%.

Despite this, you say that the savings we could collectively achieve on drug prices would be on the order of \$1.4 billion in 2024-25 and could reach \$2.2 billion in 2027-28. How do you reconcile these two phenomena?

Mr. Yves Giroux: Since there wouldn't be much cost to individuals, there would be an increase in demand. In other words, people who go without drugs because of their cost would become more willing to take the drugs they need.

This would be offset by the economies of scale associated with group purchasing. We make this estimate on the assumption that the federal government, or a government that would be a payer, could negotiate savings or rebates based on the savings already achieved by certain group purchases. In addition, this government would benefit from rebates that are more or less secret or confidential, but which we have been able to estimate at around \$2 billion, according to our sources. That's where the savings you cited come from, which can therefore be attributed to group purchasing and the significant negotiating power of a single payer.

The Chair: Thank you, Mr. Boulerice.

[English]

Now we will go to MP Lawrence, for five minutes.

Mr. Philip Lawrence (Northumberland—Peterborough South, CPC): Thank you. Perhaps unsurprisingly, I'm going to spend my time asking questions of Mr. Giroux.

Mr. Giroux, my eye was caught by something I thought was unusual in the budget. There were a couple of different tax provisions, one of which raised the excise tax on cigarettes and vapes, and that went into effect immediately. However, the capital gains inclusion increase was delayed, I believe, until June 25, if I've got that correct.

Do you have any thoughts as to why that is, and what might happen as a result of delaying the implementation?

Mr. Yves Giroux: I was as surprised as you were by the differential treatment and timing of these tax changes.

The cigarette tax increase came into effect immediately, because we didn't want people to rush to the convenience store to buy cheaper cigarettes. However, on capital gains, we don't mind giving two months' heads-up to those who could rearrange their taxable business or affairs to escape the higher capital gains rates. I don't know why; that's surprising, to say the least.

The impact is that, on the cigarette tax, it's fairly straightforward; it was difficult to escape the tax increase. However, for capital gains, it's very likely to lead to a phenomenon where people will sell some assets before June 25, so that their capital gains will all be taxed at 50% rather than at the higher two-thirds rate. We are likely to see an increase in capital gains taxation, or the taxes collected on capital gains, in the current fiscal year, and probably a lower amount, or a displacement of capital gains tax revenues, from future years to this year.

• (1205)

Mr. Philip Lawrence: Yes, and I think they predicted just that in the budget.

Did you happen to catch how much revenue would result from this fire sale, if I may use that term, before June 25?

Mr. Yves Giroux: Right now, we just have the government's estimates for the entire fiscal year, and I think they put capital gains tax revenues from this measure at \$6.9 billion, if I'm not mistaken.

Mr. Philip Lawrence: That was my read as well.

Now this is subject to change, potentially. It's based on behaviour. So if, for example, the NDP were way up in the polls and Jagmeet Singh took to the mic and said, we're going to cancel this when we come into government, that could reverse that \$7-billion windfall for the government relatively quickly, could it not?

Mr. Yves Giroux: Yes. If there was to be a credible prospect of this change being reversed or other changes to capital gains tax, it's quite possible that those with substantial amounts at stake could alter their behaviour in the hopes of avoiding this increase or taking advantage by doing what's likely to be most beneficial for them.

Mr. Philip Lawrence: If in fact that \$7 billion was backed out of the financial projection, I think that it would put the government off two of their three fiscal anchors. Is that correct? Maybe you can comment on that.

Mr. Yves Giroux: I think that if we were to remove that \$6.9 million of revenues from the revenue side, that would obviously push the deficit higher by an equivalent amount.

Mr. Philip Lawrence: Thank you very much.

That's it. Thank you, Mr. Chair.

The Chair: Thank you, Mr. Lawrence.

We go to MP Weiler now for the next five minutes, please.

Mr. Patrick Weiler: Thank you, Chair.

I do want to thank our witnesses for being here today and for the great work that they do on behalf of Canadians as well.

I want to start my round of questioning with you, Mr. Giroux, in particular on the work that you've done on studying carbon pricing in Canada. I was hoping you could explain to this committee whether, when looking at the economic and fiscal costs of carbon pricing, you compared that to other forms of reducing emissions and, if so, if those other forms might cost Canadians more or less.

Mr. Yves Giroux: When we looked at carbon pricing, we looked at what is being proposed and implemented by the government, which is a carbon tax. As we all know, it's a pricing on pollution as well as an output-based pricing system, so that's what we consider.

My office does not have the mandate to self-initiate looking at alternative proposals that could be better or worse than what is being proposed, unless I'm requested to do so by a House or Senate committee, which has not been the case for this, so we have not looked at alternative ways of reducing Canada's greenhouse gas emissions.

However, there is a strong consensus among economists that a price on greenhouse gas emissions is a very efficient way—very often the most efficient way—of reducing greenhouse gas emissions. If we were to try to cost alternative ways of reducing greenhouse gas emissions, we would likely find that the cost is at least equivalent overall for the economy.

Mr. Patrick Weiler: Thank you.

When you did your economic and fiscal assessment of the carbon price, did you model the positive potential impacts of that carbon price or simply the potential costs?

Mr. Yves Giroux: Given the mandate of my office, we are often asked to cost the cost of proposals rather than their benefits. It's very difficult to estimate the benefit of a carbon tax, and it's typically not something we do. We don't generally do cost-benefit analysis. That's the reason why we have not done it in the case of the carbon tax. In most cases, we don't do a cost-benefit analysis. It's something that's been asked often. For example, when we were costing a guaranteed basic income, there would be savings in terms of social services, but that was not something that we costed or estimated because we generally don't do cost-benefit analysis.

• (1210)

Mr. Patrick Weiler: Thank you.

I think it's pretty clear that it doesn't give the whole picture, then.

Given that I have limited time, I would like to turn to the Competition Bureau for some questions.

We've heard a significant amount of testimony that mirrors your recommendation on greenwashing, such as that we look at all environmental claims rather than simply just products of companies. We've also received submissions suggesting particular legislative changes to the act to cover claims overall, and, rather than requiring companies to prove those claims, as is necessary with individual products and can be done, to require those companies to provide evidence to back up that claim.

I was hoping you might be able to comment on this as a measure going forward and as a legislative change, and whether and when the Competition Bureau would be ready to act on those types of changes if they are brought forward.

Mr. Matthew Boswell: Thank you for that question.

As I said earlier, we are recommending further study on expanding it to include business general claims, environmental claims or brand general environmental claims.

In terms of the specific recommendations that this committee has received with respect to greenwashing, it's probably best if we don't take a particular position.

What I can say is that if there is a move to have very prescriptive rules about what a company can and can't say when it comes to environmental claims or what a company must disclose in relation to environmental claims, I would suggest that the Competition Act probably isn't the right vehicle for that kind of regulation or legislation. That might be an Environment Canada thing or a provincial thing. Ours is a law of general application that has general provisions, as opposed to specifically saying what a company can and can't say, or what they have to provide at the time of making a statement.

I think that would probably be the best answer in terms of the bureau's view on these things, because we like to try to maintain the line that the Competition Act is a law of general application without very specific, targeted provisions relating to those sorts of things.

The Chair: Thank you, MP Weiler.

That finishes our second round.

Now we're in our third round, and we're starting with MP Morantz for five minutes.

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

Mr. Giroux, I have a few questions for you.

You talked earlier about the effect of the carbon tax on the inflation rate. You said it might go down if the carbon tax were eliminated or it just might not go up as quickly. I think I've paraphrased you correctly on that.

The bank governor was here on October 30, I think. He confirmed that the carbon tax, at the time, added 0.06% to inflation, and that the increase from \$65 a tonne to \$80 a tonne would add an additional 0.15%. I think that if he were here today, after April 1, he would say that the carbon tax adds 0.75% to inflation. If it were eliminated today and if inflation is 2.9% today, arguably it would go down by 0.75 percentage points and it would be roughly 2.1%.

Just a couple of weeks ago, during the economic policy report, the bank governor said that they were holding fast on interest rates—they're holding the policy rate at 5%.

I am curious about your opinion. If the carbon tax didn't exist and the inflation rate had been 2.1% on that day, wouldn't it have been harder for the governor not to reduce the policy rate two weeks ago, saving thousands of dollars for every Canadian who has loans and mortgages?

• (1215)

Mr. Yves Giroux: I wouldn't want to contradict the Governor of the Bank of Canada on something as fundamental to his mandate as inflation.

On the other hand, I don't want to suggest what the governor could or should have done had there not been a carbon tax. It's clear that economic theory would have it that if the carbon tax had been eliminated or didn't exist, inflation would have been lower. Whether it would be 2.1%, 2.5%, 2.8% or 2.9% is debatable, but certainly lower inflation would probably mean that interest rates would come down sooner and maybe would have come down in April.

It's very hard to predict exactly what would have happened.

Mr. Marty Morantz: Let me ask you this question: If you were advising the government on economic policy—and I know that's part of your mandate—and they came to you and asked, “Do you think that increasing the capital gains inclusion rate would make our economy more productive?”, what would you tell them?

Mr. Yves Giroux: Increasing the inclusion rate for capital gains is something that acts as a disincentive, generally speaking, on capital investment.

However, what the government did was increase the inclusion rate for capital gains above a certain threshold and increase the life-time capital gains exemption for shares in small businesses. In that case, it's not clear what the overall impact will be for productivity. It may well be that it increases the incentives for small businesses, but decreases them for much larger capital gains, such as those of the most successful businesses that generate the most capital gains.

It's not as clear-cut, because of the inclusion rate increase at the same time as the exemption of \$250,000 per year.

Mr. Marty Morantz: To be clear, the exemption is not available to Canadian-controlled private corporations, many of which are small businesses.

If I were a small incorporated business, I would be treated differently under this new law than if I were a sole proprietorship running exactly the same business. Isn't that unfair from a tax fairness perspective?

Mr. Yves Giroux: That seems to be differential treatment for two businesses that are roughly the same size.

Mr. Marty Morantz: Yes.

It's very unusual to say, “Well, we're going to increase the inclusion rate, but it doesn't take effect immediately. It's going to take effect on June 25.” My colleague was asking you about this. I hate to speculate about the reason for these kinds of things, but it's hard to think of a reason to do it, other than that the government wanted to incentivize people to sell their capital assets now to generate additional tax revenue. Would that be a reasonable assumption?

Mr. Yves Giroux: If that's not the reason, that certainly will be the effect, because usually you have budget secrecy exactly to avoid these situations. That's usually the reason why budgets are tabled at or after four o'clock: to avoid having impacts on stock markets, for example.

It was a bit surprising to see that the budget was still a secret thing. There was a lockup. It was tabled at or after four o'clock, but still, there was a measure—an important measure—that takes effect only two months after, so there's plenty of time for stock owners, business owners and all of these categories of individuals who will be captured by that tax change.

Mr. Marty Morantz: Thank you.

The Chair: Thank you.

Thank you, MP Morantz.

Now we'll go to MP Thompson, please.

Ms. Joanne Thompson: Thank you.

Thank you to the witnesses.

I would like to clarify that the Bank of Canada confirmed to our committee in February that the annual increases in carbon pricing raise the average economy-wide price level by 0.1 percentage points.

Mr. Giroux, it's lovely to see you here. I know that I've seen you in other committees. I tend to focus on climate, because it is so incredibly important and certainly continues to add pressure to government budgets. Wherever we sit in terms of our action, there is no doubt that climate is impacting all of government. It's health care, it's infrastructure, it's disaster relief and on it goes.

Would you agree that climate change—and its impacts, which we're certainly experiencing in Canada—is a risk to the fiscal health of our country?

• (1220)

Mr. Yves Giroux: Well, it's certain that when you have impacts from the climate on infrastructure that gets damaged or even destroyed, wildfires that disrupt livelihoods or destroy homes, flooding and all these natural disasters, that does have a fiscal impact, because somebody has to pay to repair the roads or the infrastructure more generally, and it can also have negative impacts on the agricultural sector, for example, to name just one. It does pose a risk to the fiscal framework. You are right.

Ms. Joanne Thompson: Thank you.

My colleague, in the beginning round, asked you if your office would be able to prepare a study on the impacts of climate change. The answer is very difficult, because obviously cost-benefit analysis is not part of what you do, but I want to ask if it would be helpful.... I believe that we need to begin to quantify the cost of even just climate disasters to our economy. If we began to capture disaster relief as a line item across all of government and have a number as a reference point, would that be helpful in terms of beginning to quantify the actual cost of climate crises to government?

Mr. Yves Giroux: Costing disaster relief is certainly something that would be possible. One would need to look at various government departments and, in fact, at various levels of government.

The difficulty would probably lie in determining which part of that disaster relief is due to climate change and which part is due to naturally occurring events—events that would have occurred anyway, without climate change—and also the part that is due to people choosing to live in certain more risk-prone areas, which is also

a factor with cities expanding and people choosing to live in certain areas. That's where most of the difficulties would be, but it certainly is something that is possible. It wouldn't be a perfect exercise, but it's possible to do that.

Ms. Joanne Thompson: Thank you.

I'm trying to drill down a little bit more on that. In another committee a year ago, we spoke about hurricane Fiona, for example, which certainly affected my province. When we look at the wildfires, the floods and the data that shows the correlation between rising sea waters and the effect of wave action—certainly as I'm seeing on the east coast—we have the ability to start to follow a thread in terms of weather events that are unprecedented but are now becoming common occurrences as a way to capture the cost of inaction. That's my next question, which also links to an earlier question. You referenced that there's a cost regardless of what happens. I certainly worry about the cost of inaction.

We spend a lot of time on carbon taxes in this committee. “Tax” is not a word that I use, because it actually is money that doesn't go into government coffers. It goes in and it goes out, so it's a rebate.

Could you speak to the cost of inaction, again, as we're seeing an increasing number of devastating events across the country and the fiscal cost of governments having to deal with those?

The Chair: Please give a very short answer.

Mr. Yves Giroux: The cost of inaction is something that is real and tangible, but what we've been saying is that the cost of inaction would be minimized if everybody else did something and Canada didn't play a part. It's something that needs to be addressed at the global level if it is to have a meaningful impact on reducing greenhouse gas emissions.

I could go on and on, but the chair would probably reprimand me for going over time. I'm sorry.

Some hon. members: Oh, oh!

• (1225)

The Chair: Never.

MP Thompson, thank you very much.

We're going to MP Savard-Tremblay now.

Go ahead, please, for two and a half minutes.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: Mr. Giroux, to continue on the topic of the environment and with regard to the budget tabled on Tuesday, the day before yesterday, you are no doubt aware that the government intends to adopt an implementation plan that will progressively eliminate public funding for the fossil fuel sector, including funding from Crown corporations, by the fall of 2024. At the same time, the government is offering tax credits for the transition that will mainly help oil and gas companies. Those include tax credits for carbon capture and sequestration, and various other similar credits.

Has your office calculated the value of the fossil fuel subsidies provided by Ottawa and Crown corporations, in dollars and as a percentage of federal support for the economy?

Mr. Yves Giroux: We have looked into that since a number of parliamentarians were interested in it. I do not have the numbers with me, unfortunately, because we have produced a number of reports over the years, but Ms. Sourang might recall.

Ms. Diarra Sourang: No.

Mr. Yves Giroux: Ms. Sourang usually has a better memory than I do. Unfortunately, neither of us remembers the numbers. We did nonetheless estimate the cost of tax measures for the oil and gas sector to be several billions of dollars. We can forward that information to you.

Mr. Simon-Pierre Savard-Tremblay: Yes, you can certainly forward it to the committee. That's great.

You do remember that it is a huge amount, several billion dollars. In relation to the economy, do you have an idea or would you rather wait until you have the figures in front of you?

Mr. Yves Giroux: I would rather not say so as not to mislead you in case the numbers I remember are incorrect.

Mr. Simon-Pierre Savard-Tremblay: Very well, that is wise. It is best to be careful because we saw this week what can happen if incorrect information is provided to a committee.

Do you have any other general comments about the latest budget?

Mr. Yves Giroux: We will be doing a more thorough analysis of the issues we think might be of interest to parliamentarians. We will publish that report in the coming weeks. For the time being, I would rather not comment any further on the budget.

Mr. Simon-Pierre Savard-Tremblay: Can you forward that to the committee as well?

Mr. Yves Giroux: Yes, as soon as it is completed, we will forward it.

The Chair: Thank you.

[English]

We'll go to MP Boulerice.

Go ahead, please.

[Translation]

Mr. Alexandre Boulerice: Mr. Giroux, last November, the Office of the Federal Housing Advocate recommended that the federal

government, with the provinces and municipalities, of course, set a target of 20% of off-market housing—social and community housing—to improve housing affordability for many families and workers. In your opinion, would reaching that target have a significant impact on the real estate market as a whole?

Mr. Yves Giroux: It probably would. The more housing there is, the greater the number of housing units available, and the easier it is to reach affordability. Having a target of 20% off-market housing would probably be an important step in restoring affordability, which is currently at a very low level.

In that regard, we analyzed the various programs offered by the Canada Mortgage and Housing Corporation and the federal government in general and found that the definition of “affordable housing” varies from one program to another. Some large programs define affordable housing as having a rental price below the market median. In regions such as Toronto or Montreal, a unit renting for under \$2000 per month could therefore be considered affordable. Yet that is not what is generally considered to be affordable housing. Paying \$2000 in month is not generally affordable for families with average and below average incomes.

Mr. Alexandre Boulerice: You have estimated the suppressed demand for housing. We hear a lot about forced relocation, as well as adult children who continue living with their parents for a long time, known as the “Tanguy” situation in reference to a movie from a few years ago.

Further, we have seen reports on Radio-Canada recently about people who are forced to live in a motel or even in their car. Does your estimate also include those situations?

• (1230)

Mr. Yves Giroux: Suppressed demand is based on demographics, the rate of household formation that we usually expect to see in a normal economy or when the housing market is normal. We compared that with the actual rate of household formation. This is a macro-economic measure that reflects all suppressed household formation. Those effects include the situations you mentioned, but not exclusively.

Mr. Alexandre Boulerice: Thank you.

The Chair: Thank you, Mr. Boulerice.

[English]

MP Chambers, go ahead, please.

Mr. Adam Chambers: Thank you very much.

Mr. Boswell, I understand that you recently received some correspondence from the Superintendent of Financial Institutions about a recommendation you had to allow uninsured mortgage holders to shop at renewal without going through the stress test. Is that correct?

Mr. Matthew Boswell: Correspondence...?

Mr. Adam Chambers: I believe that OSFI responded to a recommendation that the Competition Bureau made.

Mr. Matthew Boswell: I believe they responded publicly to the recommendation that the bureau made, yes.

Mr. Adam Chambers: I'm interested in retention rates, at financial institutions, of uninsured and insured borrowers. With rates that have gone up very quickly, my understanding is that the retention rate of uninsured borrowers at financial institutions is the highest it's ever been—i.e., they do not shop around. What are the benefits of having a mortgage holder being able to shop around?

Mr. Matthew Boswell: In our submission to Finance, we pointed to specific data that shows the benefit of shopping around, in terms of the interest rate you are going to pay. When you have the ability to go to different institutions and say, “Do you want my business?”, you're going to get competition. I'm sorry that I can't remember off the top of my head what those basis points were, but it was a certain number of basis points for which studies have shown you'll pay less in terms of mortgages.

Mr. Adam Chambers: Thank you very much.

The government has allowed insured mortgage holders to shop at renewal. Your testimony, which I think is logical, suggests that if you can't shop you'll pay a higher mortgage, and if you can shop you'll pay a lower mortgage, so it turns out that uninsured mortgage holders will be paying higher rates for a mortgage than the insured. If you take it to the logical end, uninsured mortgage holders have put more than 20% down, so by definition they are at less risk to default and yet may end up subsidizing the insured mortgage holder rate because that pool of customers gets to shop around. Are you concerned about that?

Mr. Matthew Boswell: I think that from a straight competition perspective, it hinders competition, requiring the stress test and therefore making people stick to the institution where they have their mortgage now, even in a situation, as we pointed out in our submission, of a straight switch. Everything remains the same, effectively. It's just a new mortgage term.

Mr. Adam Chambers: Thank you very much.

Before I go to my last question for Mr. Giroux, I have just one final question for you.

In terms of greenwashing, have you looked at any claims by financial institutions or the financial services sector about their products and how they're good for the environment?

Mr. Matthew Boswell: What I can tell you is that it's public that we have received what we call “section 9 applications” with respect to that.

Mr. Adam Chambers: Is that specifically with respect to financial or mutual fund companies?

Mr. Matthew Boswell: Yes. Certainly there has been one financial institution. With these section 9 applications, any six residents of Canada over 18 can make a complaint about an alleged violation of our laws, and we will go forward and investigate—

• (1235)

Mr. Adam Chambers: Thank you. I'm going to run out of time.

Mr. Matthew Boswell: I'm sorry.

Mr. Adam Chambers: That's okay. You're excellent.

For my last question, Mr. Giroux, we've talked before about the unannounced measures in the budget. The government released \$1.8 billion in this fiscal year in the unannounced measures. I get the need for secrecy and non-disclosure, but why, as a parliamentarian, do I not know how much money is sitting on that line in each fiscal year? I don't know for next year whether they will have \$20 billion on that line that they could all of a sudden release, or whether it will be \$2 billion or maybe \$1. As parliamentarians, we see only the change in that account from update to update.

Is that something you might be able to help us with?

Mr. Yves Giroux: It's something that is of concern to me, because there can be, as you pointed out, very valid reasons to disclose an aggregate amount without itemizing it, but not disclosing its changes and the items that are financed from this line makes it much more difficult to follow the money, so to speak. It's of concern.

Mr. Adam Chambers: Thank you very much.

I'm going to get in trouble from the chair.

The Chair: It's all good.

Thank you, MP Chambers.

Now we're off to MP Dzerowicz.

Go ahead, please.

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

Since I monopolized Mr. Boswell in my first round, I think I'm going to direct my questions to Mr. Giroux in this next round.

Mr. Giroux, I know there's been quite a bit of focus on climate change and some of the elements within the fall economic statement with respect to some of the things we're doing around reducing emissions. Particularly, an important pillar of Canada's clean economy is the investment tax credits that we've outlined and that were previously announced. What's different in our fall economic statement, though, is that we're actually providing a timeline for our path towards delivering on all of that.

I want to talk a little more about the impact of climate change on our overall economy. I believe it was my colleague who talked about the Canada Climate Institute saying that it has found that GDP has taken a \$25-billion hit annually over the last 10 years due to climate impacts. The institute has also found that no economic sector is immune to climate change impacts. Climate damages will trigger net losses for most of Canada's economic sectors through lower productivity and output, lower returns on investment and reduced employment.

Therefore, lowering emissions is key. Do you believe that investing in credits like the investment tax credit is the best bet for preserving both the fiscal health and the economic stability of our country?

Mr. Yves Giroux: It's an interesting question as to whether it is the best bet. It's not for me to judge, because that would require me to have an assessment of alternative means for reaching net zero. However, it's certain that providing incentives in the form of tax credits costs less than having the government do all of the heavy lifting by itself.

That's probably as much as I can say without getting into trouble for pronouncing on various specific policy proposals that would be alternatives to investment tax credits.

Ms. Julie Dzerowicz: Maybe I'll turn it over to Mr. Boswell, because a huge part of the reason.... Not only are we trying to reduce our emissions, reach our Paris Agreement targets and reach net zero by 2050, but we also want to be competitive with the U.S. economy. Do you believe that ITCs are our best bet for preserving the fiscal and economic stability of our country?

Mr. Matthew Boswell: Sorry, I missed the tail end of the question. It was something about ITCs.

Ms. Julie Dzerowicz: Is the ITC, the investment tax credit, our best bet in preserving the fiscal health and the economic stability of our country?

Mr. Matthew Boswell: I'm not familiar enough with the ITC and its impact to comment on that. That's really outside of my lane.

Ms. Julie Dzerowicz: That's okay. Thank you. I tried.

Then, I'll go back to Mr. Giroux.

We do know that climate change will add pressures on government budgets, as governments will need to address increasing health care costs and account for increasing disaster relief and destroyed infrastructure. Would you agree that climate change and its impacts—which we're living through right now—are a risk to the fiscal health of our country?

• (1240)

Mr. Yves Giroux: Yes, for the reasons that you mentioned—the need to mitigate and prepare for disasters and for natural events that will be occurring at a more frequent pace, and probably with more severity, as mentioned by climate scientists—this is expected to have a fiscal impact. Therefore, climate change does represent a fiscal risk.

Ms. Julie Dzerowicz: I think you were asked this before. Were you already asked to study the impacts of climate change on the federal government's fiscal balance sheet?

Mr. Yves Giroux: We were not asked. I think in a previous question I said that it would be difficult to assess exactly what can be attached to climate change and what can be attached to events that would occur even without climate change.

Ms. Julie Dzerowicz: How long do I have?

The Chair: You have 30 seconds.

Ms. Julie Dzerowicz: Okay, I think that's fine.

Thanks so much.

The Chair: Thank you, MP Dzerowicz.

Looking at the time, we thank our witnesses for being with us this long. We do have 20 minutes. We're going to break it up evenly because we don't have enough time for a full round. It will be five minutes per party.

We're starting with MP Williams for five minutes, please.

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

Mr. Boswell, it's nice to see you here today, sir. I know we've had Mr. Durocher at a few committees as well.

Thank you for your recommendations. Your opening round was very helpful. It's nice to see that submission.

I want to start with something that a lot of Canadians don't understand, but I think it's a direct question. Has Canada ever blocked a merger, yes or no?

Mr. Matthew Boswell: Never through the court process, no.

Mr. Ryan Williams: That's right.

We looked specifically at one case. The Rogers-Shaw merger was something that the bureau recommended not to approve. Is that correct?

Mr. Matthew Boswell: That's correct. We saw what we refer to in the competition world as a “full block”.

Mr. Ryan Williams: It's a full block. The tribunal, of course, then reversed that decision. One of the concerning elements we saw out of that was that Rogers was able to sue the bureau and was awarded about \$13 million. Is that correct?

Mr. Matthew Boswell: I wouldn't describe it as “suing” the bureau. At the end of a litigation process, there's a notion of costs, and that's under the Competition Tribunal Act. The Competition Tribunal determined that the bureau ought to pay approximately \$13 million in costs as a result of our attempt to block the merger.

Mr. Ryan Williams: You mentioned the American rebuttal structure earlier. We looked at the FTC, which is your counterpart in the United States. I think last year they blocked 28 mergers. They're very successful. We had the Canadian Anti-Monopoly Project here talking about some of the remedies, some ways we can go further.

Can you go into some more detail? I know you made some recommendations in the beginning. What does the bureau need? What more does it need to look at a merger remedy in Canada?

Mr. Matthew Boswell: As I set out in my opening, rebuttable structural presumptions are incredibly important and would be a very significant change in terms of merger law in Canada. As I pointed out, it's not some sort of magic thing that we've come up with at the bureau by ourselves. It's an approach they've been taking in the United States for 60 years, including through endorsing it at the level of the Supreme Court of the United States. That's why we make a strong point about how Bill C-59 could be amended. We provide very clear language on how it could be amended to mirror the U.S. merger guidelines.

The other point would be the remedy standard, which is—I went through it in my opening as well in terms of the United States, the European Union and the United Kingdom—to restore competition to what it was before, when you have an anti-competitive merger. That should be the remedy.

Those two amendments, combined with repealing the efficiencies defence—which happened, as you will recall, in Bill C-56—would probably be the most significant amendments to our merger law ever. That's why we're pushing so hard. As the enforcer who sees these things, we're at the coalface every day. That's why we're pushing so hard for these amendments. They would make a big difference.

• (1245)

Mr. Ryan Williams: When we're looking at what powers you need, we do look industry by industry. We know that you have to look at merger review in law but also competition law as a whole. We'll look at the grocery industry, and then we'll look at airlines and telecommunications. They have their unique problems, but certainly we look at the common denominator in terms of how we can solve them.

Have there been other recommendations? You're looking at Australia and the U.K. You mentioned that Australia does a competitive review of their whole government. Are there other recommendations you can see, specific to those industries, for which you need more power, similar to that of those nations, in order to be able to fix competition in Canada?

Mr. Matthew Boswell: Certainly. A bit of a unique feature in Canada in terms of competition law is carve-outs for certain types of mergers, where, effectively, our role becomes one of adviser. We provide our views to either the Minister of Finance or the Minister of Transport on mergers in those areas that they've deemed worthy of a public interest review, and then the decision on whether to approve the merger is actually in the hands of the respective minister. We've had many of those in the transport sector in the last five or six years, certainly in my time as commissioner.

From our perspective, it's generally a best practice not to have those types of carve-outs in competition law—to allow competition law merger review, to review the merger and not to take it out and make it a political decision. Once again, as I've said repeatedly before this committee and other committees, that's sort of an international best practice. That's an area that I would flag.

Mr. Ryan Williams: Thank you.

The Chair: Thank you, MP Williams.

Now we're going to go to MP Baker for four or five minutes.

Mr. Yvan Baker: Thanks very much, Mr. Chair.

I wanted to come back to something about Mr. Lawrence's questioning on capital gains changes. I'd like to correct something he implied on the 10-week delayed implementation of the capital gains tax change that he alluded to. The 10-week delayed implementation of that is intentional, I understand. Actually, it's consistent with what past governments have done. For example, former prime minister Brian Mulroney did something similar when he was prime minister and had a delayed implementation.

Importantly, the current revenue projections in the 2024 budget are built on the understanding that there is a delayed implementation of this tax change. Therefore, the delay allows folks who are impacted to dispose of assets, if they so choose, in that 10-week period. As I think Mr. Giroux indicated, that would provide them with approximately a 10-week period of time in which those who are impacted by this could choose to dispose of assets, in which case the tax implications would be based on the current calculation of the capital gains. I simply wanted to clarify that for the record: that it was intentional and it opens up the opportunity for people who are touched by this to act under the current tax regime rather than the proposed new one.

The other thing I wanted to say is that there's been a fair bit of discussion in our committee about carbon pricing and the cost of climate change on our economy. We've asked you, Mr. Giroux, if you would consider looking at the implications of climate change on our fiscal balance sheet as well. To me, one of the things I spend a lot of time thinking about when I think about action on climate change is the costs of climate change to our economy and to our quality of life, and then the costs of the actions we must take, and I weigh those two things against each other.

One of the things I wanted to point out is that my colleagues and I have mentioned that the Bank of Canada governor spoke to the fact that the increase in carbon pricing has a one-time approximately 0.1% impact. He was also asked, I recall, at our committee—I believe by my Conservative colleagues—what the implications are of the overall carbon tax on inflation. At the time, if I recall correctly, he said that if you eliminated the carbon tax completely, there would be a one-time 0.6% reduction—one time, not every year, just once. Although that 0.6% no doubt would be helpful to Canadians, it's important to remember that this would take effect only in that one year. After that, inflation would return to whatever it would have been otherwise. The other piece of it is that there's a cost to that and to all of us in not acting on climate change.

The last thing I'll say is that we've had experts come to this committee and speak about it. We had an expert on food pricing, for example, come and speak to us. When I asked him what the major reasons for food inflation were, he indicated that the primary reason was extreme weather events, a significant portion of which are impacted or driven by climate change. He also spoke about the war in Ukraine and the geopolitical impacts of that.

If the food inflation that Canadians are feeling—which has been significant and far greater than 0.6% of an increase every year over the past number of years—is driven by extreme weather events, which are largely driven by climate change, then surely the cost of not acting on climate change is greater than the one-time 0.6% cost of acting.

Would you agree with that, Mr. Giroux?

• (1250)

Mr. Yves Giroux: Well, the question of food price inflation is a very complex one, because it involves many factors: trade barriers, extraordinary world events and supply chain disruptions.

Whether climate change has a greater impact than 0.6% on food price inflation in any one year I think is something that's up for debate, and I'll let people who are specialists in the agriculture or agri-food sector debate that. You've had experts on the price of food and inflation. I'll probably let them speak on the impact of climate change and the carbon tax rather than pronounce myself, because it's an area that's highly specialized.

The Chair: Thank you.

Thank you, MP Baker.

We will now go to MP Savard-Tremblay for about four minutes, please.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: Thank you, Mr. Chair.

This time, I would like to turn to the officials from Competition Bureau, which recently published a study about the GST exemption for psychotherapy and counselling therapy services.

My apologies, this question is for the Parliamentary Budget Officer. I was thinking that the Competition Bureau had produced another study, and those officials are wondering what they might have written on that topic because they don't remember.

Mr. Giroux, returning to your study on a GST exemption for psychotherapy and counselling therapy services, we and various stakeholders in Quebec maintain that the proposed change is still not enough. Further, we would like to propose an amendment to Bill C-59 to address this.

Can you tell us about your study on this topic? Is it much different from the government's analyses?

Mr. Yves Giroux: If I recall correctly...

Mr. Simon-Pierre Savard-Tremblay: It was your study, wasn't it?

Mr. Yves Giroux: Yes. I can let Mr. Boswell take the question if he would like to though, I would be pleased to. We can also answer together.

Voices: Oh, oh!

If I remember correctly, our cost estimates were relatively close to the government's estimates. I don't recall the details of the study since we have done a number of them. That is probably all I can say about that, which is not much more than Mr. Boswell, I think.

Voices: Oh, oh!

Mr. Simon-Pierre Savard-Tremblay: That's great.

Do you have any other general comments on the topic we are discussing? You have the floor.

Mr. Yves Giroux: I would just like to say something about inflation. In terms of the effects of a government inflation policy, you have to make a distinction between a number of concepts.

By way of a simple analogy, we could compare inflation to the price of a car on a straight road. Inflation is the speed we are travelling at, and the price is the distance we have travelled. If inflation increases, our speed increases and we keep moving forward. If inflation slows down, our speed decreases, but we keep moving, more slowly though. If we remove or add a tax, that will affect our speed. But if we remove a tax, that does not mean we will be going backwards. Our speed will be slower, but the distance we have travelled has already been completed. We will not reverse, unless there is deflation, which has significant economic impacts.

I know this might seem obvious to many of you, but for people listening in, these two concepts can often get mixed up or be difficult to understand.

• (1255)

Mr. Simon-Pierre Savard-Tremblay: We often say, “Every cloud has a silver lining.” Deflation is not necessarily the silver lining, but are you seeing that in your weather forecast, nonetheless?

Mr. Yves Giroux: No, we’re not seeing Japanese-style deflation in Canada over the medium term.

Mr. Simon-Pierre Savard-Tremblay: Mr. Boswell, do you or your colleagues have any general comments to add?

[English]

Mr. Matthew Boswell: I have forgotten which former Bank of Canada governor said this in a speech, probably about 10 years ago, but I would just add that competition causes good disinflation.

That is a point we’ve been making for years at the bureau. The more competition we have, the more it will drive this good disinflation. Don’t take that from me; take that from a former governor of the Bank of Canada.

It’s why we continue to say that Canada needs to put more emphasis on competition in the organization of its affairs.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: So, in your opinion, there should be more competition and a call for fewer monopolies, because that would be good for everyone.

[English]

Mr. Matthew Boswell: Absolutely. It’s better for productivity, better for innovation and better for consumers in all sorts of ways. It provides multiple dividends to our economy, and we should pay really close attention to it at all times. A key pillar of a capitalist society is having healthy, robust competition.

That’s why other countries are putting so much emphasis on it throughout their economic affairs, and we need to do the same.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: Thank you very much.

The Chair: Thank you, Mr. Savard-Tremblay.

[English]

This will be our final questioner.

MP Boulerice, you have about four minutes.

[Translation]

Mr. Alexandre Boulerice: Thank you, Mr. Chair.

Mr. Boswell, I just want to make sure I’ve got this right. You want a major reversal of the federal government’s approach to business mergers. In other words, all mergers would be considered harmful to competition from the outset and there would be a reverse onus. Is that really where you want to go, towards a kind of presumption that mergers undermine competitiveness?

[English]

Mr. Matthew Boswell: Thank you for the question, because it’s important to clarify that that’s not what we’re suggesting.

We’re suggesting that when certain mergers—and it would be a very small percentage of mergers in Canada—get over the thresh-

olds that we set out in our submission to this committee, those certain mergers, which are mergers in highly concentrated industries that make them even more concentrated, are where there should be a structural presumption. Then, the company—we’re not saying it’s blocked entirely—has an opportunity in front of the court to prove that it’s not anti-competitive. It’s actually a very fair system, and it only applies to a very small percentage.

A good chunk of the mergers that we review at the bureau—and it is Ms. Pratt’s team that does this every year, about 210 mergers per year—don’t present competition problems. However, with regard to the ones that do, if they get through, they have an impact on the Canadian economy and on Canadian consumers for, conceivably, decades. That’s why we need to have this kind of very robust merger law.

[Translation]

Mr. Alexandre Boulerice: Thank you very much. Your explanation clarifies things.

Since we are talking about sectors where, in my opinion and that of others, there are issues with competition, what’s happening with our telecommunication sector, monthly cell phone plans, data plans and roaming fees?

We are one of the worst countries in the world. I’ve been a federal MP for 12 years and I’ve heard about these problems since I got here, again six years ago, four years ago and then two years ago. I’m still hearing about this today. What should we do? What needs to be done?

• (1300)

[English]

Mr. Matthew Boswell: The bureau does an incredible amount of work in the telecom sector. We’re regularly providing competition advice or input to the CRTC on how it can take steps to enhance competition in that sector. We made a huge submission in 2019 to early 2020 on competition in the wireless space. Ironically, it was in that submission that we pointed out how important facilities-based, regional wireless disruptors were to drive down prices. At that time, the poster child we pointed to—or one of the poster children—was Shaw in the west. We saw that Shaw in the west, Sask-Tel, and Vidéotron in Quebec pushed down prices by up to 35% where they were present because they were challenging the big three, the incumbents.

We need to encourage these regional, facilities-based ones to challenge the incumbents, which have upwards of 90% of the market across the country. It’s a significant problem, but we have to do more.

[Translation]

The Chair: Thank you, Mr. Boulerice.

[English]

We want to thank the Competition Bureau—Commissioner Boswell and his team—as well as the Office of the Parliamentary Budget Officer—PBO Giroux and his team—who are here with us. Thank you for the two hours of the many questions that you were able to answer. We highly appreciate it. We wish you the best for the rest of your day. Thank you for coming here for Bill C-59.

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

Thank you.

- (1300) _____ (Pause) _____
- (1310)

The Chair: We have a new panel of witnesses with us now for the next hour.

We have the Association des producteurs d'acers du Québec. From the association, we have the vice-president, Nicolas Baron; the secretary general, Vincent Lambert; and the treasurer, Patrice Plouffe. Welcome.

From the Canadian Society for Disability and Oral Health, we have with us the vice-president and advocacy committee chair, Joan Rush. Welcome, Ms. Rush.

From the Montreal Economic Institute, we have the president and chief executive officer, Daniel Dufort; and the vice-president of communications, Renaud Brossard.

We're going to start with the Association des producteurs d'acers du Québec, please, for five minutes.

[Translation]

Mr. Nicolas Baron (Vice-President, Association of acers producers of Québec): Good afternoon, Mr. Chair and distinguished members of the committee. I want to thank you for the invitation to appear before you today.

My name is Nicholas Baron and I am the vice-president of the Association of Acers Producers of Quebec, the AAPQ. I'm also the co-owner of Domaine du Cap, located in Acton Vale, in Quebec. With me today is our treasurer, Mr. Patrice Plouffe, owner of La ferme du loup, in Saint-Paulin, in Quebec. I also have with me our secretary general, Mr. Vincent Lambert.

Acers, otherwise known as maple wines, were invented in Quebec in the early 1990s. They are the fruit of an effort to give maple syrup added value. These wines are alcoholic beverages whose alcohol content is obtained primarily through the complete or partial fermentation of concentrated maple water or diluted maple syrup. Fermentation consists of transforming maple sugar into alcohol using yeast. This process yields products that cannot exceed 22.9% alcohol. In other words, "acer" is to maple what wine is to grapes, cider to apples or mead to honey.

Quebec's artisanal producers must comply with the general conditions for obtaining and maintaining a small-scale production permit to produce alcoholic beverages made from sap or maple syrup. This ensures that local products are used and manufacturing prac-

tices are put in place to guarantee the quality of products. Artisanal producers are small businesses that employ 1 to 15 full-time employees annually. They each have their own sugar bush and produce their acers under the small-scale production permit for alcoholic beverages made from sap or maple syrup. That's a requirement. Many of these businesses offer agritourism activities on their sites. By welcoming a large number of visitors each year, they contribute to the vitality of the communities in which they operate.

Given Quebec's constantly growing supply of artisanal alcoholic beverages, acer producers decided to join forces. They set up an organization to represent their interests and ensure the development of their industry. Thus, on October 30, 2023, the AAPQ was officially founded following its first general meeting.

The acer production chain is restricted by an extensive regulatory framework that prevents businesses from reaching their full potential, especially from an economic standpoint. Furthermore, post-pandemic recovery presented a range of significant new challenges. In this difficult context, imposing excise duties represents a major challenge for the profitability of acer producers, as well as for this industry's growth and success.

In 2018, Australia filed a complaint with the WTO, the World Trade Organization, on the grounds that Canada was violating free-trade principles by promoting local producers at both the federal and provincial levels. In 2021, both parties came to an agreement at the WTO. Canadian wine producers would have to pay the same excise tax as foreign producers. In 2022, excise duty notice EDN75 was published. It repealed the excise duty exemption for 100% Canadian wine.

Two years ago, however, the Standing Committee on Finance heard from Cider Canada and the Association of Mead and Honey Alcohol Producers of Quebec. They came to ask for the continued exemption of Canadian ciders and meads from excise duties. Thanks to your support, these products are currently exempt from excise duties. Indeed, the definition of "wine" under the Food and Drug Regulations applies exclusively to wine produced from grapes. This is consistent with the initial complaint before the WTO, where the subject of the dispute was solely grape wine.

For the same reasons applicable to cider and mead, the Association of Acers Producers of Quebec requests that you reintroduce the excise tax exemption not only for maple wines, but also for all wines not made from grapes. In point of fact, the reestablished excise tax should not apply to them. This proposal is in keeping with the Standing Committee on Finance's recommendation 332, which proposed that the government of Canada "[c]hange the excise duty exemptions for all-Canadian wine produced from honey or apples to also include all fermented products other than grapes."

• (1315)

Lastly, I would like to draw your attention to the fact that maple wine producers are mainly small and very small businesses. Every tax increase can significantly affect their financial viability. These companies don't just provide local jobs. They're also key players in our economy that contribute to the vitality of the areas where they operate. To preserve these jobs and foster economic growth in our communities, the excise duty exemption on our products must be extended.

I would like to thank you again for your time and attention. We look forward to answering your questions.

The Chair: Thank you, Mr. Baron.

[*English*]

Now we will hear from the Canadian Society for Disability and Oral Health, please.

Ms. Joan Rush (Vice-President and Advocacy Committee Chair, Canadian Society for Disability and Oral Health): Chair Fonseca and committee members, good afternoon.

My name is Joan Rush, and I'm here on behalf of the Canadian Society for Disability and Oral Health, or CSDH. We thank you for this opportunity to speak to Bill C-59 and the Canada dental care plan, or CDCP. In addition to my comments to you, please refer to our written brief, which includes more detailed information on our recommendations to the committee.

The CSDH is a pan-Canadian, not-for-profit society run by expert oral health professionals and committed volunteers. We advocate for needed change to Canada's systems for oral health care delivery, education, research and governance to ensure equitable access to medically necessary oral health care for persons with disabilities.

More than 27% of Canadians live with a disability, half of them with a severe disability. Canadians with disabilities have the highest rates of dental disease among all Canadian adults and face the greatest barriers to accessing oral health care.

The CDCP presents an opportunity to lower these barriers and has the potential to enable Canada to meet its legal obligations to Canadians who live with disabilities. The CSDH applauds the federal government, which worked closely with its minority government colleagues, for creating the CDCP.

However, the CDCP will succeed in improving the oral health of Canadians who live with disabilities only if Canada's health, education, research and governance systems support it.

Regarding Bill C-59, the CSDH understands that the provision of the bill concerning sharing taxpayer information is necessary to administer the CDCP; however, we are concerned that not all persons who live with disabilities have filed their taxes or applied for the Canada disability tax credit. We recommend that your committee encourage the CRA and relevant federal ministries to work with the provincial and territorial ministries of social services to ensure that every person with a disability is assisted to file a tax return and to complete all administration necessary to qualify for the CDCP.

Our CSDH recommendations concerning the CDCP flow from Canada's legal obligations. The Canada Health Act enshrines the equal right of every Canadian to access medically necessary health care. Canada's private delivery system for oral health care fails to ensure equitable access to medically necessary oral health care to persons with disabilities, causing them pain, suffering and a loss of their oral and overall health.

Canada ratified the Convention on the Rights of Persons with Disabilities in 2010. Article 25 requires health professionals to provide care of the same quality to persons with disabilities as to others, including through training and the promulgation of ethical standards for public and private health care. Canada fails to meet either of these requirements of the convention.

Canada also breaches sections 7 and 15 of the Canadian Charter of Rights and Freedoms, which guarantee persons with disabilities security of the person and protection against disability-based discrimination. As lawmakers, I'm sure you agree that Canada must rectify this glaring failure to meet its legal obligations to persons with disabilities.

The CSDH makes the following six recommendations for changes to Canada's oral health care systems to meet Canada's legal obligations to Canadians who live with disabilities.

One, Health Canada should define oral health care for persons with disabilities as health care under the Canada Health Act, consistent with the World Health Organization's 2021 recommendation.

Two, the CDCP should recognize the additional treatment time necessary to treat a patient with a complex medical or intellectual disability.

• (1320)

Three, Canada must ensure access to essential medical infrastructure for patients with complex disabilities, including hospital or general anaesthesia facilities.

Four, Canada must train oral health providers to treat persons with disabilities to address the serious lack of appropriately trained professionals.

Five, Canada must collect data about the oral health status of persons with disabilities and research best practices to address their oral health needs.

Six, Canada must provide federal oversight to ensure the outcomes and the effectiveness of the CDCP.

Thank you again for offering the CSDH an opportunity to address you today. I will be pleased to answer your questions.

The Chair: Thank you, Ms. Rush.

Now we'll hear from the Montreal Economic Institute, please.

[*Translation*]

Mr. Daniel Dufort (President and Chief Executive Officer, Montreal Economic Institute): Thank you, Mr. Chair.

I would like to thank you for inviting us to discuss issues that significantly affect the quality of life of all Canadians.

One of these issues is productivity. This topic may seem harsh and difficult, but it has real implications. For example, lagging productivity means that Canadians work more hours per week than Germans. However, their incomes are no higher than the incomes of Germans.

The further we fall behind, the more our quality of life declines. Canada ranks sixth among the G7 countries in terms of productivity. The value produced by a Canadian worker averages \$53.3 per hour. The G7 average is \$63.9, over \$10 more per hour. In the United States, hourly productivity exceeds \$70 per hour. In short, the United States simply isn't in the same league as us.

Unfortunately, the gap is widening. Canada is completely off track. We've had 13 consecutive quarters of declining productivity. Right now, we're back to 2016 productivity levels.

One factor that explains our relatively low productivity is the lack of private investment. In Canada, private investment in human capital averages \$17,000 per worker per year. In the United States, the figure is closer to \$27,000. Roughly speaking, this amounts to an annual investment gap of \$200 billion compared to our American neighbours. Clearly, it's far-fetched to think that government investment could fill such a huge gap. This would amount to about 40% of Canada's budget, which is absurd.

As a result, we must focus on creating a tax and regulatory framework that encourages and increases investment in Canada. The last thing needed at this stage is to increase taxes on investments. When you tax something, you get less of it.

Let me be even less subtle. The recently proposed measure to increase the capital gains inclusion rate amounts quite simply to shooting ourselves in the foot. It's the opposite of what needs to happen. Any elected official who cares about the standard of living of Canadians and raising that standard should try to block the measure or overturn it at the earliest opportunity.

• (1325)

Canada's future prosperity and rising standard of living over time are vital to mobility and social cohesion. The current situation is particularly concerning.

Another topic at hand today is competition. The economic literature is quite clear on this topic. In a given industry, no number of competing companies is better than another number. Rather, it's always better everywhere to have fewer barriers to entry, and a regulatory framework that allows competition and that doesn't artificially raise prices.

For example, in the case of the telecommunications industry, spectrum auctions may be a practical way to increase government revenue. However, these auctions are ultimately paid for by all Canadian consumers.

In short, it would be futile for the Canadian government to attempt to control the number of companies active in a given industry, or to prevent transactions, particularly for companies looking to gain efficiencies. However, the government should conduct a rigorous exercise to take stock of all the barriers to entry created by Canada's regulatory framework, with a view to removing these barriers in a systematic and orderly manner.

Thank you for your attention. We look forward to your questions.

• (1330)

The Chair: Thank you.

[*English*]

We'll now go to members' questions in the first round.

We have MP Morantz up for six minutes, please.

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

First, Mr. Baron, I have to say that I didn't know what an acer was before I read your report. The real question for you is, did you bring any samples with you?

In all seriousness, though, you want an exemption from the Excise Tax Act. You say that it's not wine and these are small shops that have limited production capacity and shouldn't be subject to the excise duty. Is that correct?

Mr. Nicolas Baron: Yes.

Mr. Marty Morantz: Thank you.

Mr. Dufort, like you, I'm shaking my head about this increase in the capital gains tax.

All of the indicators from all the experts, including Deputy Governor Rogers, are that we have a productivity crisis in this country. We lag behind Europe, and we lag behind the United States. In my mind, when you increase taxes on capital gains, you're actually taxing productivity, because what you're taxing is the increase in wealth derived from the combination of investment and labour inputs that created that wealth.

Why on earth would a government choose a policy that would further damage our productivity capabilities at the very time we can't afford it?

Mr. Daniel Dufort: It is an absolutely self-defeating measure.

Even when you look at the prospect of raising government revenues, we are faced with government spending that increases year over year, each time reaching new levels; meanwhile, this proposed tax has regressive revenues, in that it is slated to generate fewer and fewer revenues over time. How it is useful to the government to raise that tax, in particular, quite frankly baffles me.

However, what is more important is that when you tax something, you get less of it. Yes, the main driver of productivity is investment. If you tax investment, you get less productivity. If you have less productivity, you have decreasing standards of living for all Canadians.

Mr. Marty Morantz: Thank you.

One other thing I found curious about it is that if you're a sole proprietor—say that you own a flower shop and you own it as a sole proprietor—you get the \$250,000 threshold exemption, but if you own it through a Canadian-controlled private corporation—the exact same shop, which could be across the street—you don't.

Is that fair, in your mind?

Mr. Daniel Dufort: No, it's not.

Mr. Marty Morantz: Okay.

Mr. Chair, I'm sharing my time with Mr. Williams, and I'm going to pass the mic.

The Chair: You have three minutes.

Mr. Ryan Williams: Mr. Dufort, I'm going to follow the same line.

We believe that you cannot tax your way to prosperity. I think Mr. Winston Churchill said that once. However, in this budget we see that our government is trying to hike taxes on investment, and anyone with experience in entrepreneurship investment sees how that will stifle growth. We're at a moment when capital is harder to access than at any time in the past generation. High interest rates and economic uncertainty mean that many high-growth companies and innovative products struggle to secure growth capital.

You've already made a pretty stark recommendation, but what should we be doing in Bill C-59, and in others, in order to ensure that we get growth and better investment and, as you said, productivity in our companies?

Mr. Daniel Dufort: What Canada needs is a low-tax environment and a light touch on regulation. We need to make sure that we have assessment processes that ensure projects can actually happen in this country.

It does feel like we are unable to get shovels in the ground, either because of various regulations or because the numbers don't make sense. We are making the financial requirements that are needed to make sure that investments are coming to Canada. This is all getting trickier by the minute and with each passing budget. The situation is becoming, quite frankly, untenable.

• (1335)

Mr. Ryan Williams: One of the biggest problems also is a shortage of highly skilled talent in Canada. One thing that highly innovative companies offer as a form of compensation is stock options, which are subject to the capital gains tax.

Can you speak to the skilled labour shortage and how that's contributing to our productivity problem and our low-growth problem in Canada?

Mr. Renaud Brossard (Vice-President, Communications, Montreal Economic Institute): If I may, I think you're absolutely right in pointing out that a lot of corporations are going to offer stock options. A lot of corporations that are rather small but growing fast are doing that because they're not able to pay the same amount to their employees as a fully mature corporation.

For a lot of the employees, a change in capital gains means that this sort of compensation is a lot less attractive. Essentially, not going forward with the change in the inclusion rate for the capital gains tax would certainly help make it easier for innovative companies to attract and retain the talent they need in order to achieve significant growth.

Mr. Ryan Williams: For my last question, one of the biggest barriers we're finding is interprovincial trade barriers. I know your organization has written extensively about this. Freeing those barriers could free up between \$110 billion and \$200 billion in GDP in Canada in the long run.

This is a bigger topic than we have one minute for, but in one minute, what do we need to do to release these trade barriers? Should this have been in Bill C-59 and others to increase competition and productivity? What can we do about interprovincial trade?

Mr. Renaud Brossard: I think one thing that needs to be addressed is the issue that we still don't recognize a lot of training for professionals between provinces. Whereas a province like Alberta has been leading the pack in the number of different goods and services for which it's easier to do interprovincial trade—it has much lower barriers than all the other provinces—it is unfortunately at the very back of the pack when it comes to recognizing skilled trades. For instance, if a nurse who trained in Manitoba were to move to Alberta, they would not be able to practise their trade without undergoing significant retraining. Now, as far as I know, an Al-Bertan's arm is very much the same as a Manitoban's arm, yet we still have to do that retraining.

I think it would be about working with the provinces to make sure that a lot of those provincial regulatory requirements are dropped or at least significantly reduced, so that it becomes easier to trade.

The Chair: Thank you, MP Williams.

We now go to MP Thompson, please.

Ms. Joanne Thompson: Thank you.

Welcome to the witnesses.

Ms. Rush, I'd like to start with you. Thank you for the work you're doing. I do believe that oral care is health care.

Could you please explain to the committee the foundational care approach that's being taken by your organization and why this approach is important and necessary?

Ms. Joan Rush: The profession of dentistry, and oral health in general, has failed to establish that kind of foundational approach, so we have stepped up. My colleagues are, for the most part, trained in special needs. They are often pediatric dentists. Their struggle is that they watch their clients hit the period of early adolescence and early adulthood and they're no longer able to treat them in the systems.

Nowhere in our Canadian health care system do we provide for this, so we've tried to establish a project of creating the basic foundation on which you assume everyone is entitled to a quality level of health care. We as a country agreed—and certainly we hear Minister Holland repeating it—that oral health is health. The chief dental officer of Canada says so.

By failing to provide it to persons with disabilities, we literally are failing to provide something that the country and its senior ministers of the government acknowledge is health care. They are unable to get it because of this challenge.

• (1340)

Ms. Joanne Thompson: Thank you.

One-third of Canadians are unable to visit a dentist, and many have said that it's primarily due to the cost. Your volunteer organization advocates for equitable access across the oral health care provisions or system, particularly for people with disabilities.

Could you outline the impact that you foresee the Canadian dental care plan will have on persons with disabilities?

Ms. Joan Rush: I fear, somewhat, that many people won't get the benefit they need, as I said, unless we change systems to make it more accessible.

I want to say that there is no social determinant of health that is more closely related to poverty than disability. The same people who are struggling to access care are more likely to be the impoverished members of our society. Yes, the provinces provide some small amount of care. It's not sufficient in any province or territory in the country, but they provide a little.

What we see is people unable to access care, whether they're disabled or simply impoverished. There are sometimes other issues too. If they're living in rural and remote communities, our dental care system does not ensure that they can access care. Again, there's often an integration with some degree of poverty.

Consequently, you find that people truly need medically necessary care and realize they cannot afford to pay the bill. We've seen this for expensive care for people who are, let's say, lower-income people with dental plans. They have to pay a 50% copay for things like crowns to protect their teeth. They can't afford them, so they don't.

The copays just in general care are too high, so people stay away, but people with disabilities also can't get themselves into hospitals or general anaesthesia facilities. We have not integrated oral health with health. Consequently, they are literally left standing on sidewalks outside of hospitals or going into emergency rooms and costing us all money when we cannot help them. We have to change this paradigm and ensure that we create a system that will work.

Yes, there's the potential for the CDCP to make an enormous difference, but only if we provide that infrastructure and only if we provide trained dental care providers. There is not one mandatory hour of special needs training in our faculties of dentistry at the moment. It's luck if any of them teach any of their students special care. Apart from the pediatric dentists, who stop treating people when they become adolescents, there is not a single hour of special needs care, so we have to change the training.

We have to change our research. We need an institute for oral health research. There are many parts to this, but just the money won't be enough to change the paradigm for people with complex needs.

Ms. Joanne Thompson: Thank you. So—

The Chair: That's about it, MP Thompson. I apologize.

Welcome to our committee, MP DeBellefeuille. You have the floor for six minutes.

[*Translation*]

Mrs. Claude DeBellefeuille (Salaberry—Suroît, BQ): Thank you, Mr. Chair.

Mr. Baron, I imagine that you have stopped producing maple-based alcoholic beverages. The maple season is over. You're now building up your products for the next tourist season in Quebec.

I gather from your opening remarks that your members are mainly local artisanal producers whose products cater to a local or regional market. Basically, your products have an agri-tourism appeal that encourages us to visit the farms, meet the farmers and have a drink at your place. This sounds like your business, right?

• (1345)

Mr. Nicolas Baron: That's exactly right.

Mrs. Claude DeBellefeuille: We aren't talking about an internationally competitive market.

Mr. Nicolas Baron: No. Absolutely not.

Mrs. Claude DeBellefeuille: Since 2022, in Quebec or in any other part of Canada, producers of apple cider and honey-based alcoholic beverages, known as meads, have been exempt from the excise tax.

Mr. Nicolas Baron: That's right.

Mrs. Claude DeBellefeuille: As we speak, do you think that there's an inequity between cider producers and producers of maple and berry-based alcoholic beverages?

Mr. Nicolas Baron: Absolutely. We produce even less than cider producers, and we're a very small industry. In terms of international competition, we're a very small player on the world stage. We're at the bottom of the list of all these producers when it comes to volume and revenue. So, yes, we think that there's an inequity.

Mrs. Claude DeBellefeuille: Your products are often sold at local farmers' and public markets. They aren't necessarily found on the shelves of grocery stores or large retail outlets. The products are really intended for local consumption. Is that right?

Mr. Nicolas Baron: Yes. That's right.

Mrs. Claude DeBellefeuille: What would you tell people who think that exempting maple wines from the excise tax amounts to giving you preferential treatment?

Mr. Patrice Plouffe (Treasurer, Association of acers producers of Québec): I think that our products are much closer to meads and ciders than to wine. We need to educate the general public a great deal. The expression "maple wine" is often used. However, our product doesn't contain grapes. It contains only maple and is produced in Quebec according to strict rules.

We're contributing to the diversity of products on the table. Restaurants, consumers and tourists all greatly appreciate maple wines. We add value to Canada's iconic maple product. That's what we do.

We wouldn't be getting preferential treatment. On the contrary, we would be correcting a situation that currently seems unfair.

Mrs. Claude DeBellefeuille: The Bloc Québécois has been working hard for the past two years to make the Minister of Finance understand that exempting products such as pear cider, currant wine, maple wine and all other non-grape-based alcoholic products from the excise tax isn't a huge step.

Could you tell us how this type of exemption would affect your company's products?

Mr. Nicolas Baron: As entrepreneurs, we're creative people. We're always thinking of new products to develop and offer our customers. Some products may take a bit longer to put on the market, because everything that we produce with maple is new. By the way, your colleague said earlier that he had never heard of the alcoholic product known as maple wine.

When we want to launch a new product on the market, it also takes some time to make people aware of the product. The excise tax must be paid even before we earn any revenue. This increases our costs and affects the company's cash flow, which also hampers development and the desire to create something new. It becomes a barrier.

Mrs. Claude DeBellefeuille: Thank you.

I'm fortunate to represent a rural constituency with a number of cider and maple wine producers, including the Black Creek Farm cider house. I would be happy to share a small bottle with my colleagues around the table, and even with the Minister of Finance, who could learn more about it.

You received the support of cider or mead producers, whose artisanal products were exempted from the excise tax. This was a complete game-changer in their lives as business men and women. Can you tell us about your discussions with these producers?

Mr. Nicolas Baron: Yes. I can certainly tell you about them.

We submitted a letter of support signed by Quebec cider and mead producers, who fully support our efforts. They can see that we're in much the same situation as they were two years ago. They hope that we'll prevail in this matter.

• (1350)

Mrs. Claude DeBellefeuille: We know that a number of companies like yours produce maple wine, apple cider and pear cider at the same time, for example. For a producer such as Entre Pierre et Terre, in my constituency, apple cider is exempt, but pear cider isn't exempt. This creates heavy red tape for small artisanal businesses such as yours, whose products serve a more local recreational and tourism market. Is that right?

Mr. Nicolas Baron: Yes. That's absolutely right.

Two weeks ago, I hosted a group of French people who work at the Bocuse restaurant. All the members of this family are restaurant owners and involved in their community. They contacted us and came to our place on a Saturday morning to visit the farm, discover a maple beverage that they didn't know about and that isn't made in other places and taste our outstanding maple products straight from the vats.

I spoke earlier about developing new products. I have many friends and neighbours in my area who grow berries. We could incorporate the berries into our beverages to provide colour and a more natural acidity. I'm thinking about the combination of products that we could develop. My colleague, Mr. Plouffe, could tell you about it, because he's already doing it. This could open the door to others.

However, it's complicated. We wonder which products will be taxed and which won't. Speaking of red tape, a new committee could be set up today just to talk about that. If things could be simplified, all artisanal alcohol producers would be grateful.

Perhaps Mr. Plouffe would like to take over from me.

The Chair: Thank you, Ms. DeBellefeuille. Your time is up.

[*English*]

Welcome, MP Zarrillo, to our committee. It's great to have you here.

Ms. Bonita Zarrillo (Port Moody—Coquitlam, NDP): Thank you so much.

It's so nice to see the witnesses here today. Thank you for taking the time to share your expertise with us.

I'm the critic for disability and inclusion. I'm going to direct my questions to Ms. Rush.

Initially, you shared some really important information. You shared some important realities about the inequities and barriers to access for persons with disabilities. I've spoken to many dentists in this space who are retiring and who are worried about who's going to fill the backfill. As you mentioned, there is no curriculum around this right now.

My question for you is in relation to your work. I'm sure you shared many of these messages with the Liberal government even before the budget. Could you share the top three things that you've shared with them that need to change, even if they're not necessarily in this bill, so that equal access is available for persons with disabilities—teenagers and above? If you could share some of those, that would be great.

Ms. Joan Rush: Thank you.

We believe that the solution, as it is for so many things, lies in education. We believe there's a great need for that in all of the oral health care fields.

You talked about the curriculum and this gap. We recognize that advanced education is a provincial issue. On the other hand, we also recognize that the federal government funds, for example, the Canadian Institutes of Health Research, and what is researched in

the universities becomes the fodder for what is taught in the universities.

We tie those two together and believe that we need, as a society, to ensure that we are doing work that is inclusive of every member of our community, so that we understand what the problem is, how big it is, what it will cost, and what we will need to try to address it properly. We try to ensure that we are creating trained individuals to meet this need. If we cannot expand the curriculum—that's the push-back we've received so much from the faculties, particularly of dentistry—then what we should do is create a new speciality in oral health care that would be able to meet the needs of people.

Remember, of course, that it's not merely people with developmental disabilities. Many people acquire disabilities, particularly as they age. We are leaving the two ends of the spectrum of our population at a loss here to access medically necessary care.

I think it's education and research. If I had to pick a third, it would be this issue that it is very difficult in a private system to ensure you're meeting all of the needs of people with complex care needs. We can't do it for everybody, which I recommend we do. Oral health care should be part of our public health care system, just as the international organizations all recommend. We certainly should include persons with developmental disabilities or persons with profound disabilities. They should be part of the public health care system, so you're not fighting these issues of how much time you're given in a surgery or how much insurance is available.

Ms. Thompson asked if the dental care plan is going to be a help. Of course it will be a help for some individuals who are more able. However, if we don't have inclusive spaces and trained providers, then what will they do with the money? It's going to be a help for the most able, but not as much help for those who are most challenged.

Thank you so much for your question. We really need to address those things.

• (1355)

Ms. Bonita Zarrillo: Yes, that's for sure. We need to remove the barriers. There needs to be equal access for everyone.

You mentioned potentially rural versus urban. I wonder if you could just share with this committee a bit of an insight about the different barriers and realities of people living in rural versus urban communities. Could you also touch on indigenous and first nations communities, if you have any information on that? Could you show us a picture of how it differs?

Ms. Joan Rush: Thank you.

People discuss this concept of intersectionality in legal issues. In the world of indigenous care, I am not an expert, but I work with the Indigenous Dental Association of Canada, and they have expertise. I'm well aware that while 27% of the population of Canada identifies as having a disability, that percentage is higher among our indigenous population, and the indigenous members of our community are more likely to live in rural and remote communities.

In access to care, we have the challenge that without regulation.... I realize that the panellists here are not fond of regulation, but without regulation, we have difficulty in ensuring that we're providing sufficiently trained individuals in rural and remote communities to meet the needs of people who live in remote parts of our country. We are always, in the case of persons with profound disabilities, requiring them to travel to urban areas to access medically necessary care. The systems don't cover those costs, of course, so you're often asking rural individuals, who are more likely to be less wealthy, to travel to expensive parts of our country to try to access care and to possibly stay for some period of time, if it's expensive and difficult to provide.

I think there's probably a greater challenge. If you are a disabled individual in a rural and remote community, you are much more likely to struggle with accessing care.

The Chair: Thank you.

Thank you, MP Zarrillo.

The time is up for this, but we're going to allow each party to ask one more quick question of our witnesses.

The Liberals are first, with MP Dzerowicz.

Ms. Julie Dzerowicz: Thank you so much to all of you for your excellent presentations.

My question is for Ms. Rush.

One of the things we introduced in our last budget was automatic income tax filing for our most vulnerable. Can you maybe talk about whether or not that has been helpful to the community that you are helping to serve? I know that we've made an additional announcement in this budget as well. If you could address that, I'd be grateful.

Ms. Joan Rush: Thank you.

I have a background in my own province of being with a Crown corporation that provided residential and day services to persons with disabilities. One of the things we came to recognize was that, while we all know the stress of trying to ensure access to health care, many of the individuals with quite severe disabilities do not have any kind of financial planning arrangement for basic issues like tax filing. Part of what I've done in the last while is work with some of those organizations to try to get more recommendations out about getting this done.

Yes, I think the automatic filing is a great idea, but you do have to worry about whether or not the systems that are put in place meet the needs of individuals who struggle to provide legal consent. If you have to involve the public guardian and trustee in a province, for example, it can become much more complicated and time-consuming, but any of those kinds of measures I absolutely applaud.

I want to say this again, because I sound like I'm critical that the CDCP won't meet the needs: I absolutely applaud the CDCP. It will be necessary and will meet the needs of a huge number of people, especially those who are lower-income people, but we may need to make those kinds of changes to ensure people with disabilities are part of our recognized taxpayer system and can take the benefits they need that are given.

• (1400)

The Chair: Thank you.

Thank you, MP Dzerowicz.

We'll go to MP Chambers, please, for a question.

Mr. Adam Chambers: Thank you very much.

For my final question, both of you can give a different answer if you'd like.

How would you grade the federal budget this week?

Mr. Renaud Brossard: Honestly, I'm going to channel David Dodge here and say that this is the worst federal budget since 1982.

We're in a productivity "emergency" according to the deputy governor of the Bank of Canada, and as we're in this productivity emergency, the budget taxes the very investments that we need to get out of this productivity lag. It is very worrying. We're still running a significant deficit and we're seeing the effects of that with the rising interest payments, which now cost us as much as the GST. I enjoyed going for lunch today and knew that I had a provincial tax, but I had to pay that debt interest payment covering tax as well.

Mr. Daniel Dufort: Unfortunately, I was not born in 1982.

Voices: Oh, oh!

Mr. Daniel Dufort: What I do know is that the budget is good at identifying big issues, which include the cost of housing and also the lack of productivity. However, the solutions will make matters worse. I cannot understand what the thought process was.

The Chair: Thank you.

MP DeBellefeuille, go ahead, please, for a question.

[*Translation*]

Mrs. Claude DeBellefeuille: Thank you, Mr. Chair.

APAQ representatives, you must have been disappointed that the 2024 budget made no mention of an excise tax exemption for the production of alcoholic beverages made from maple or other berries. What would you say to the Minister of Finance, Chrystia Freeland, or her chief of staff to convince her that it wouldn't take much to make a big difference in your industry, in artisanal production?

Mr. Vincent Lambert (Secretary General, Association of acers producers of Québec): I would just tell her to take her cue from recommendation 332 of the Standing Committee on Finance, which is quite wise and well thought-out.

Two years ago, mead and cider were exempted from the excise tax. We applaud the government's proactiveness in making this move. However, the fact that some non-grape-based products are exempt, but not others, has added a layer of complexity and inconsistency.

As mentioned, blueberry and raspberry wines are still subject to the excise tax. Alongside these products are cider and mead. Blueberry cider producers, for example, will use berries in the fermentation process. The sugar from the berries is used to make the alcohol. As a result, these products will be subject to the excise tax.

This complexity, this red tape, is unnecessary. The committee's recommendation is another step towards comprehensive regulations.

The Chair: Thank you, Ms. DeBellefeuille.

[English]

We will now to MP Zarrillo for our final question.

I'm going to jump in just before that, because I might lose some people before we run out of here.

I will remind everybody that at 3:30 we're going to be in room 315 in the Wellington Building.

MP Zarrillo, go ahead for the final question.

Ms. Bonita Zarrillo: Thank you.

My question is for Mr. Lambert or Mr. Baron.

I'm going to assume that you must be looking at other markets. I'm wondering what your next market choices are for expansion and why.

• (1405)

[Translation]

Mr. Nicolas Baron: I'm focusing exclusively on the local market. Our company has no plans to expand abroad or outside our local area. We're still a small company. We want to grow and do more. However, we aren't looking to send an enormous amount of product outside our area. We have a number of products to develop for Quebec, because not much is done with maple wine.

Mr. Plouffe could say more on the matter.

Mr. Patrice Plouffe: I would just add that I already have contacts in Toronto. Some restaurant owners would love to have our products. I think that this could add to the table and to Toronto's culinary activities.

[English]

The Chair: Thank you, MP Zarrillo.

That's a great way to end this session and this panel right now.

We thank this excellent group of witnesses for coming before us, for their remarks, for their testimony and for all the questions that they answered on Bill C-59. We appreciate it.

Have a wonderful end to the day.

We are adjourned.

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