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# Standing Committee on Finance

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Chair: Mr. Peter Fonseca





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• (1105)

[English]

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

Welcome to meeting number 149 of the House of Commons Standing Committee on Finance. Pursuant to Standing Order 108(2) and the motion adopted on Thursday, September 21, 2023, the committee is meeting to discuss policy decisions and market forces that have led to increases in the cost of buying or renting a home in Canada.

Before we begin, I'd like to ask all members and other in-person participants to consult the cards on the table for guidelines to prevent audio feedback incidents. Please take note of the following preventative measures in place to protect the health and safety of all participants, including the interpreters. Use only a black approved earpiece. The former grey earpieces must no longer be used. Keep your earpiece away from all microphones at all times. When you are not using your earpiece, place it face down on the sticker placed on the table for this purpose. Thank you for your co-operation.

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

I would like to make a few comments for the benefit of the members and witnesses. Please wait until I recognize you by name before speaking. For members in the room, please raise your hand if you wish to speak. For members on Zoom, please use the "raise hand" function. The clerk and I will manage the speaking order as best we can. We appreciate your understanding in this regard. All comments should be addressed through the chair.

I'd now like to welcome the witnesses for our first panel today.

We have from the University of British Columbia, as an individual, Professor Patrick Condon.

Welcome, Professor.

From the Corporation des propriétaires immobiliers du Québec, we have the director of economic affairs, Paul Cardinal, and the director of public affairs and government relations, Madame Anne-Louise Chauvette.

Welcome.

Our third witness, from St. Michael's Homes, is Mr. Robin Griller, the executive director.

On that, we'll hear opening statements from our witnesses.

We'll start with Professor Condon, please.

**Mr. Patrick Condon (Professor, University of British Columbia, As an Individual):** Thank you very much, and thank you for the invitation.

For 30 years I've held a position at the University of British Columbia's School of Architecture and Landscape Architecture. During that time, my teaching, research and publications have been in the field of sustainable design. This has allowed me to partner with Canadian municipalities in executing path-breaking sustainable community projects, most notably the East Clayton sustainable neighbourhood project, a project that provided affordable homes in a walkable neighbourhood for over 10,000 new residents.

I have published a number of books about sustainable communities, leading up to the one entitled *Broken City*, which I have brought and will leave with the committee. This book contains the conclusions that bring me here today.

In my discipline, the challenge is to facilitate plans that balance social, ecological and financial considerations. This community planning and design process has always put housing affordability at the top of a long list of objectives, because a sustainable community that no one can afford to live in is indeed an oxymoron.

For over three decades, I have had the privilege of working with hundreds of others on the mission of a truly sustainable Vancouver region. During these decades, Vancouver and its region have gained world fame for its path-breaking livable region strategic plan. Even more globally well known is Vancouverism, a model of urban density done right.

All of these efforts, supported, importantly, by local voters, led to an eventual tripling in the number of housing units in the city of Vancouver, an already completely built-out city, in just four decades. Thus, all of this new housing was and is in the form of in-fill housing units, units already added to completed residential districts, or on converted industrial lands. No other centre city in North America has come even remotely close to this heroic achievement—this tripling of housing supply—in just four decades.

Unfortunately, all our efforts to keep housing affordable through this heroic addition of new housing supply have been in vain. Adding 200,000 new housing units did not lead to lower home prices and the lower rents that we had hoped for.

Indeed, if adding new supply to existing urban neighbourhoods would lower prices, Vancouver should have by now North America's lowest home prices. It has the highest by far.

My recent attempt to answer this puzzle is contained in my most recent book, *Broken City*. The answer appears alarmingly or fairly straightforward. Adding new supply in conformance with what many call "the law of supply and demand" did not lower home prices for renters and buyers in Vancouver. What it did correlate with is a tremendous increase in our urban land prices.

Presently, the assessed value of Vancouver urban parcels is typically 10 times greater than the assessed value of the structure above it. In just the year 2016, the aggregate value of all privately owned parcels in the city increased by an eye-watering \$100 billion.

Even though Vancouver has it worse than most cities, this is not just a Vancouver problem. This is not even just a Canadian problem. This is a global problem: a global problem that is afflicting most of the world's major cities, the so-called global cities, like Vancouver and Toronto.

The more these cities attract investment enthusiasm from both here and abroad, the higher the land prices go, and the more impossible it becomes for builders and developers to provide homes at prices that average wage earners can afford.

What can we do? My suggestions are explained in my book.

Step one, stop using tax dollars to incent private developers. That only adds one more buyer to the already overcrowded market for urban land.

Step two, use new land use authorizations to stream publicly generated new land value into social benefit and away from the already overstuffed pockets of land speculators.

Step three, use the funds thus acquired to support the expansion of Canada's non-market housing sector, a sector that was the envy of the world before this body discontinued supporting it in the 1990s—

• (1110)

**The Chair:** Professor Condon, I'm going to need you to wrap up, because we're over the time for your opening statement.

**Prof. Patrick Condon:** I'll conclude with that.

**The Chair:** Thank you very much. You'll have a lot of time during members' questions.

Now we're going to the Corporation des propriétaires immobiliers du Québec. I understand that Madame Chauvette is going to deliver remarks.

You have the first five minutes.

**Ms. Anne-Louise Chauvette (Director, Public Affairs and Government Relations, Corporation des propriétaires immo-**

**biliers du Québec):** Thanks to all the members of the committee for welcoming us today.

CORPIQ represents 3,000 landlords in Quebec—we do not represent developers, but landlords—and has for 40 years.

Today, my colleague Paul will do most of the presentation, because we are talking about economics. I'll let Paul do that in French.

**The Chair:** I apologize for that.

Monsieur Cardinal.

• (1115)

[*Translation*]

**Mr. Paul Cardinal (Director, Economics Affairs, Corporation des propriétaires immobiliers du Québec):** Quebec has the largest private rental apartment stock in Canada. It has nearly a million buildings, almost as many as Ontario, British Columbia and Alberta combined.

Like just about everywhere else in the country, we are experiencing an acute housing crisis, with a vacancy rate of 1.3%, practically an all-time low. This means that households sometimes end up on the street on July 1 because of significant rent increases and pressures. Rents went up quite a bit from 2013 to 2023, nearly 50%.

The crisis has many causes, but three factors stand out.

First, net migration has skyrocketed, particularly in relation to non-permanent residents, who overwhelmingly rent when they arrive here. Second, home ownership has become unaffordable. Third, an aging population is driving some older households back to renting.

Supply has simply not been able to keep up with demand for a number of years. There are a lot of barriers. Construction costs, of course, have increased by 40% since the pandemic. Between 2021 and 2023, the cost of financing a typical rental property went from 2.55% to 7.3%.

While the climate is now more structurally favourable, land scarcity, excessive regulatory requirements, lack of infrastructure and development charges are all factors that have been holding back new construction for decades.

We recently saw an acceleration in rental housing starts, but this was due to the exceptionally low rates in place during the pandemic, something that won't happen again any time soon.

Since then, residential construction has been declining. It is currently not profitable to build new unless the rents are very high, which many people cannot afford.

The existing stock of rental housing is more affordable, but profitability is steeply declining. Renovation, maintenance, repair and insurance costs have ballooned, as have mortgage interest costs. Defaults are mounting, all in an environment where rental increases are regulated.

It is very difficult for owners to renovate their buildings. However, Quebec's rental stock is old and poorly maintained.

In short, we're in a perfect storm. According to the Canada Mortgage and Housing Corporation, CMHC, 1.2 million homes across all housing categories would need to be built to bring affordability back into the housing market by 2030, which amounts to tripling housing starts. This is in Quebec alone.

What happens is that market rents, the ones that make new rental construction profitable, are very high, almost twice the cost of rents in existing housing. Unfortunately, the perfect storm has consequences. Sometimes the only way to make the purchase of an existing building profitable is to carry out renovations.

On top of all these stumbling blocks, the federal government now wants to throw in another obstacle. It intends to increase the capital gains inclusion rate by more than \$250,000. This measure will really hurt Quebec's middle class because of our unique model. Quebec has 82% of the country's rental buildings with three to five units, which makes it a particular problem in Quebec. This rental stock represents some 300 small buildings and more than 500,000 rental units, which is one third of the province's total supply.

We do not foresee the crisis resolving itself quickly. There is a critical need for public policies that stimulate construction and the renovation of existing rental stock. However, that is not enough. There also needs to be a much more attractive tax environment for owning a rental property and, to that end, the government should consider bringing back tax incentives, as there have been in the past.

In conclusion, while everyone agrees that more supply is needed to solve the crisis, opinions naturally differ on how. In recent years, public policy has tended to increase the tax and regulatory burden on property owners. The exact opposite should be done.

If you stifle owners, you stifle supply. If you over-regulate prices, you create a shortage. There is a pressing need to recreate an environment conducive to rental investment, and to do so, you have in your hands the powerful tool of taxation.

We urge you to use it.

[English]

**The Chair:** Thank you, Monsieur Cardinal.

Now we'll go to St. Michael's Homes.

It's Robin, please, for up to five minutes.

• (1120)

**Mr. Robin Griller (Executive Director, St. Michael's Homes):** Thanks for inviting me to speak to you today.

St. Michael's Homes operates four buildings providing supportive housing and bed-based addiction treatment. Like other non-

profit housing providers, we are keen to develop new housing. However, for the past 30 years or so, since the federal government first got out of housing, the rules in place for capital and financing access have made it highly challenging to develop housing that is meaningfully affordable.

While every funding announcement prioritizes non-profit, affordable and supportive housing, the models and policies in place create major impediments to actual development. This results in affordable housing developments in recent decades being carried out by for-profit developers, resulting in housing that often has a minimum number of only nominally affordable units. Where the affordability measure is based on the average market rent in a well off neighbourhood, those affordable units may in fact be anything but affordable, even for middle-income Canadians.

The current year's federal budget is a good start to improving the situation. The removal of the GST, access to federal lands, \$14 billion earmarked for the affordable housing fund and the improvement in coordination between the federal government and the provincial governments are all welcome, but existing policies at federal institutions like CMHC, insufficient resourcing for capital sustainability and a lack of coordinated supports for non-profit housing development between the three levels of government leave lots of opportunities for improvement.

In order to support a greater number of developments by non-profits, there need to be changes in some of the policies in federal institutions like CMHC. I'll give you a few examples.

The financing available for projects is generally based on the rent collected, which directly undermines the capacity of non-profits to develop truly affordable housing.

A current building, in planning for 99 units, will receive only \$17 million in financing out of the \$54 million required, because it is "deeply affordable". A for-profit developer would build 30% nominally affordable units with 70% market rents to receive full financing, but this non-profit will likely have to sell other affordable buildings to obtain the needed capital dollars. Additionally, per door capital funding models mean that only the smallest units—bachelors or studios—are viable, as you will have fewer doors with larger family housing units, which prevents the development of truly affordable housing for families.

CMHC will often demand A-grade security on financing. This means that if you are building supportive housing, you may be required to get a provincial commitment of support dollars for 50 years, which is not a reasonable expectation. If we want significant non-profit housing development, these approaches and models need to be changed through consultations with non-profit housing providers.

Second is capital stability, which is also needed for non-profit housing developments: The affordable or deeply affordable rents that low- to middle-income Canadians can pay cannot achieve sustainability for truly affordable housing in its absence. The capital dollars granted in the 1970s and 1980s allowed for the maintenance of buildings for the 50 years of capital funding. This approach should be reinstated and enhanced to allow for sustainable affordable housing that stays affordable. See, for example, what's happening in some places in the country, such as Winnipeg, where provincial governments did not sustain capital resourcing after the end of federally funded mortgages, leading to the loss of affordable housing.

Third, a lack of coordination of programs between multiple levels of government leads to long, convoluted, multi-year processes that may or may not lead to financing or capital funding. As a result, non-profits spend substantial staff and cash resources taking substantial risks that may not lead anywhere. The three levels of government often do not coordinate their approaches with each other or between capital dollar and support dollar access. I know of potential building purchases by non-profits that could have broken even if they'd had support funding attached, only for the municipality to say, "We aren't accepting applications for support dollars this year." In such situations, buildings don't get purchased and affordable housing doesn't happen.

Ideally, the solution to this would be a government agency to do much of the background development planning work in partnership with non-profits, so that we could turn properties into housing that we can run, which is our area of expertise. Among us, we have lots of properties that are ripe for redevelopment.

Thus, the key changes needed are coordination among the levels of government to simplify the development process for non-profits, ideally through a government development office; changes to funding models in federal agency policies and practices to remove unnecessary barriers to the development of deeply affordable and supportive housing; and capital supports that bridge the gap between the cost of developing and maintaining housing and the affordable rents to be paid by low- and middle-income Canadians.

Thank you for your time today.

**The Chair:** Thank you, Robin.

Now let's get to members' questions. In this first round, each party will have up to six minutes to ask questions.

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

• (1125)

[*Translation*]

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

My question is for Mr. Cardinal.

Can you explain how increasing the capital gains inclusion rate will hurt housing construction?

**Mr. Paul Cardinal:** It won't actually hurt new construction as much as it will hurt existing owners.

As I explained, small rental buildings of two, three, four or five units are very common in Quebec. Many years ago, a lot of middle-class people bought these buildings. It was a way for them to be able to buy in centrally located areas, in urban centres, because they could earn additional income from the building.

The people who bought 10, 20 or 25 years ago will easily earn capital gains of more than \$250,000 and will be taxed more. Many of them were relying on that asset to fund a good part of their retirement.

Now they are faced with varying tax amounts. We've run a variety of scenarios. As I said, the amount can vary a lot, but in a number of cases, people will have to pay \$50,000 or \$60,000 more. That will somewhat undermine the retirement plans of someone who has an asset that they can't break up to sell, as they could with shares. In our opinion, it isn't a passive investment either, because that person still invested the time and money to maintain the building. They end up penalized.

**Mr. Philip Lawrence:** Thank you for that.

[*English*]

I'll switch to English here.

One of the very interesting numbers you gave at the top was the number of rentals and privately owned rental companies. Of course, the capital gains increase will affect those individuals. Because Quebec has a disproportionate number of privately held rentals, is it fair to say Quebec will be disproportionately hurt by the increase in the capital gains tax?

**Mr. Paul Cardinal:** Absolutely.

**Mr. Philip Lawrence:** Thank you very much for that.

I want to talk a bit about some of your comments with respect to the regulation of rent versus the cost.

Milton Friedman once described price controls as taking a boiling pot and trying to hold down a lid as hard as you can. Inevitably what will happen is that water will explode and burn the holder of the lid. You mentioned the fact that while the landlords' revenues are regulated, artificially limited by the government, their costs are not. You described that as a "perfect storm", I believe, if the translation was correct.

Could you describe what the eventual consequences will be if we continue to drive down this road?

**Mr. Paul Cardinal:** What we're seeing now is that for some of those little plexes, small rental buildings, because, as you said, you cannot increase rents as much as expenses have increased over the last few years, there's no profitability for those people. That causes a situation in which they want to sell. Also, because they would need to invest a lot of money in maintenance and renovations because their building is old, sometimes what they choose to do is to sell to investors who have deeper pockets and who can afford to put all the renters out and do renovations for 12 months—

**Mr. Philip Lawrence:** I have a final question, just because my time is running out here.

The government has put a fire sale in place there. Given the pressure that landlords are under, do you think that perhaps caused some landlords to sell at a discount and to be shortchanged on their retirement?

**Mr. Paul Cardinal:** Yes, absolutely.

**Mr. Philip Lawrence:** Thank you. Those are my questions.

I have a minute, but I'll let it go.

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

Now we'll go to MP Dzerowicz.

**Ms. Julie Dzerowicz (Davenport, Lib.):** Thank you so much, Mr. Chair, and I want to thank our three presenters today for their excellent presentations.

I'm going to start off with Mr. Griller of St. Michael's Homes.

First, Mr. Griller, I want to say a huge thanks to you for the amazing work you and your team do for Ontarians who have mental health and addiction issues. I know you provide a wide range of programs for them. I know that one of your offices is in my riding of Davenport, and I know we are very grateful to have you in our community and very grateful for the work you do.

I'm also very grateful that you talked a bit about some of the good things that our federal government has included in our housing plan—taking the HST off construction and making public land available for affordable housing—and the fact that we're really working hard to try to coordinate better all three levels of government.

That being said, you've indicated there's still some work for us to do. I really appreciate that you have gone into quite a bit of detail on some of the recommendations you have or policy changes it would be helpful to see at CMHC.

I'd love it if you would explain a bit more, in a minute. You talked about instability of financing at CMHC and, further, the lack of coordination between the federal government and the provinces. If you could maybe be more specific as to what you're indicating there and what your recommendation is, that would be very helpful.

• (1130)

**Mr. Robin Griller:** Sure. Some of the elements are that CMHC generates your financing for a development based on the rents collected, so the more affordable a building is, the less rent you're collecting and the less financing you can get, which means that it's actually the most deeply affordable housing that can't be developed with CMHC support.

**Ms. Julie Dzerowicz:** I'm sorry to interrupt, but what would be an alternative model to that, then?

**Mr. Robin Griller:** For example, in the 1970s and 1980s, CMHC funded buildings in coordination with provincial health care departments, so instead of being given massive amounts of money up front, providers were given funding over a period of 50 years to cover mortgages and maintenance costs for a building. By the end of the 50 years, the cost of the property was paid; the cost of the initial development work was paid through the mortgage, and included in those funding models were some resources for capital reserve funds, so that you were able to sustain the building over that time.

We have two such buildings out of our four buildings that were through that particular model, and we have a third building that was funded by CMHC. All three of those buildings are still fully operational and reasonably well maintained and deeply affordable. The housing portion of that is rent-g geared-to-income housing, which means that people on social assistance or on ODSP, the disability plan, are paying the rent amount that they have and are not having to spend their money for food and other things on rent, which they would have to do if they were in the private sector, where rents are much higher.

**Ms. Julie Dzerowicz:** Thank you. Just on coordination, we have been working very hard to try to better coordinate with our provincial and municipal counterparts. We have provided incentives at both levels.

Can you be specific about what you think you need to see improved that we're not doing right now in terms of coordination?

**Mr. Robin Griller:** Sure. Here's one of the fundamental things: What am I good at? My team is good at running supportive housing and affordable housing for low-income Canadians with disabilities. That's what we're good at.

We're not experts in housing development, so when we have to do all the work around development preparation—so architects' drawings, permit access, working with the city to eliminate fees associated with development and all that stuff—we have to hire external folks to work with us often, and we spend much of our senior management time on those development pieces. Ideally, there would be a government institution through which the three levels of government could work together on that, so we wouldn't have to.... When you think about it, when a private developer develops a building, that's what they do for a living, the development piece. Since their model generates a profit, it doesn't matter how much they put into it in resources in advance to develop it, as long as they make a profit in the end.

Since we're non-profits, all those resources—

**Ms. Julie Dzerowicz:** Mr. Griller, thank you so much. I think I got your point, and I think it's an excellent one.

I'm going to end with Mr. Condon.

Thank you so much for your presentation. I'm sorry you didn't finish.

First of all, I really appreciate your indicating that the rising cost of housing is a global problem. It's happening right around the world.

You mentioned two very key recommendations to us, and I think you had many others. One recommendation was to stop incentivizing private investors. I think you also made a recommendation around land speculators. Would you be able to elaborate a little on both of those in terms of what we need specifically to do?

Thank you.

• (1135)

**Prof. Patrick Condon:** Sure. As I mentioned in my presentation, land is the problem. For example, in Vancouver, land is sold by the buildable foot. It's between about \$600 and \$800 per buildable foot, while construction is between \$300 and \$400 per buildable foot. The problem, really, in my view, has to do with land and the out-of-control price of land.

In response to the previous speaker, there's a lot of information out there that if you have free land, you can build affordable housing. The rents will cover the amortization of the mortgage, maintenance costs and so forth. We don't have free land, though, so what do we do?

It can be done a couple of different ways. One way that I promote is what the City of Cambridge has done. They have said that they will allow double density in any part of the city above the existing zoning, but in return for 100% affordability. What that does is create a market for non-profit housing providers that is not in competition with the market providers, because that extra bonus in land value only goes to the non-profit provider.

Now, each different city would have to look at their own economics separately. Adding CMHC funding, as the previous speaker mentioned, would be a good way to support that, but the key point I'm making is that the problem here is not the cost of building. The building might have increased in cost by 30%, as was just mentioned, but the cost of the land has increased by 500%. Policy mechanisms are available, notably through zoning and development charges, to manage land price.

**The Chair:** Thank you, Professor Condon and MP Dzerowicz.

MP Ste-Marie, go ahead, please.

[Translation]

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

I would like to welcome all the witnesses and thank them for being here to give us their informative views. We certainly appreciate it.

My questions are for the representatives of the Corporation des propriétaires immobiliers du Québec, or CORPIQ.

Before I get to my questions, I would like to respond to Ms. Dzerowicz about coordination between levels of government. What we see in Quebec is that between the time the money is allocated through the budget and the time it is transferred and gets to people

on the ground, two or three years have gone by. In light of the current housing emergency and the increase in costs, an expedited process and better coordination would do the greatest good.

On that note, I'll turn back to the CORPIQ representatives.

Thank you for all the points you raised in your presentation. If I understand correctly, we'll receive your PowerPoint presentation once it has been translated into both official languages. We will read it with great interest.

I want to start by going back to the change in the capital gains inclusion rate. I think it could lead to unfairness. There's a bill coming this summer, and we should be examining it this fall. We would certainly like to invite you back for that. The goal is to create a fairer tax environment for people like nurses and construction workers in relation to millionaires, who pay a lower tax rate thanks to capital gains deductions. We are in favour of the principle.

However, there is a negative impact, and your members are often affected, unfortunately. You said that 82% of the country's rental apartments in two- to five-unit buildings are in Quebec. That's the Quebec model. We're talking about a few small units. People very often use it as a pension fund. They pay for their multiplex their entire lives and then sell it when they retire. It's their pension fund. Now these people are being penalized.

I would like you to say a few more words about that and propose solutions that the government could consider this summer when drafting its upcoming bill.

**Mr. Paul Cardinal:** That's a very good question.

You're right, it penalizes people who own small rental buildings in Quebec. A very high percentage of them are middle class. Often, they live in the building and have tenants, whom they naturally have to manage.

When the change in the capital gains inclusion rate was announced, there were stories in the media about people who were earning very little, \$60,000 or \$70,000 a year, but still managed to buy a multiplex. However, that was 30 years ago, and they paid into it all their lives. Now that is what they are counting on for their retirement. The effects can be quite harmful.

You also opened the door to a number of solutions. I would like to tell you, first of all, that we are asking that an exception be made for small rental buildings of between two and five units. That is what we'd like to see. If not, there are other possibilities. In some OECD countries, when the capital gain is realized in the short term, the tax rate is much higher. When the building has been owned for many years, the tax rate becomes very low, if not zero. It also has the beneficial effect of preventing flipping and over-speculation.



• (1140)

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

Your first suggestion is to exempt owners of small rental units from the measure. Otherwise, you say that we could look to what is being done in other OECD countries, where the inclusion rate decreases depending on how long the building has been owned. People who use that income as a pension fund would be exempted. We will suggest these solutions to the government and try to bring it on board.

At the moment, there is a \$250,000 threshold, below which the inclusion rate remains at 50%. You've clearly shown us that this is insufficient for most of these people. They can't claim the \$250,000 deduction every year, but only when they retire. They get it only once.

If we wanted to adjust the \$250,000 threshold for a once-in-a-lifetime sale, how much should we set it at to properly protect your members?

**Mr. Paul Cardinal:** We've certainly looked into it. It's still a bit arbitrary, but in our opinion, doubling that threshold to \$500,000 would avoid a lot of these situations. Making a \$250,000 gain on a building you bought 25 years ago isn't exceptional either. Again, if the measure is aimed at the ultra-rich and not the middle class, one solution might be to increase the \$250,000 threshold for multiplex owners.

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

In its communications, the government says this measure is aimed at the richest 0.13% of the population. I discussed this with tax expert Luc Godbout, who had studied the issue. He explained that, in the year a person sells his multiplex, he is part of the ultra-rich, but only that year. When you look at the same person's income in previous or subsequent years, you see that it's very low. They're often below the median or average. That's their pension fund. The goal of tax fairness is really to make millionaires pay at an equivalent or fair rate compared to what middle-class people pay, and to exclude them.

Could anything be done about the first disposal of a multiplex by an individual, for example? Do measures of this kind exist in other countries?

[English]

**The Chair:** We need a short answer, please.

[Translation]

**Mr. Paul Cardinal:** All right.

That's certainly a possibility. I haven't seen it in other countries, but by excluding the first transaction, again, we'd be targeting the small owner. Someone with 10 properties, at that point, would still be targeted, but they'd be considered a wealthy person.

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

[English]

**The Chair:** We go now to MP Davies for the next six minutes.

**Mr. Don Davies (Vancouver Kingsway, NDP):** Thank you, Mr. Chair, and thank you to all the witnesses.

Professor Condon, in your opening statement, you noted that increasing land prices is a global problem, affecting most of the world's major so-called global cities, like Vancouver and Toronto, as you identified.

Can you outline what factors you believe are driving that phenomenon?

**Prof. Patrick Condon:** It appears that the driving factor is the global increase in the asset value of all assets, particularly urban land. Globally, urban land is the asset that is now up to 45% of total fixed asset value. This is the underappreciated fact of the day, in my view. The driver appears to be, first of all, inexpensive money, which became incredibly inexpensive during the COVID experience.

Essentially, free money has been available to go into an asset that you can predictably assume is going to appreciate between 8% and 10% a year, steadily. You have to be stupid not to invest in urban land. It's not the building you're investing in, because a building out in the woods is worthless. It's the building on top of that land that is valuable.

This is why I'm suggesting that it's necessary to target this specifically. There are a variety of ways to do that during the development process. There's also a land tax strategy. Milton Friedman was mentioned by one of the earlier speakers. He is famous for having said that the best tax to use is essentially a land tax, because land is an unproductive part of the economy that is now absorbing way too much of the capital value. Capital is being put into something that is essentially unproductive. As it inflates, it increases the stresses for Canadians.

• (1145)

**Mr. Don Davies:** I'm going to focus a bit on Vancouver.

You wrote, in a May 2023 article, the following:

Vancouver-area wages have stayed stubbornly flat (inflation-adjusted) while housing prices (also inflation-adjusted) have climbed by 400 per cent.

You went on:

Part of the explanation is that average wages and home prices are now separating everywhere in most of the developed world. And it does not seem to matter how rapidly new supply is added.

Can you outline why average wages and home prices are separating across the developed world? What's causing that?

**Prof. Patrick Condon:** Basically, it's inequality. It's a 30-year trend globally, where the advantage has gone to, essentially, holders of capital or assets of one kind or another versus the people whose sustenance depends on their wages. There's been a huge separation.

One major manifestation of that inequality separation between wage earners and holders of capital is this consequence. The most important one for ordinary Canadians is the fact that housing has gone out of reach through this inequality problem.

**Mr. Don Davies:** Can I put a thesis to you?

If there's a complete disconnect between the local wages in a market and the price of an asset, is that not a sign that, by definition, extra-jurisdictional capital must be playing a significant role? If people here in Vancouver can't afford to buy the house for \$5 million on the Westside because it's totally disconnected from what people are making, is that not a sign that there has to be capital coming from outside that market?

**Prof. Patrick Condon:** I like to use the phrase “global capital”, because some of that capital is coming from within Canada and some of that capital is coming from outside. Generally, it's just the assessment about the worth of a particular investment opportunity, be it a condominium or a piece of land. That assessment is based on what you think the return is going to be over time.

Canadians are investing, but people from other parts of the world are also investing in assets they see as favourable. Right now, Vancouver land is one of the most favoured assets to buy, globally. As I mentioned before, you have to be stupid not to buy Vancouver real estate, because it seems to be a dependable way to get 10% a year in appreciated capital value against other options that return only 4% or 5%.

**Mr. Don Davies:** Now, some people in this Parliament believe the problem began in 2015. I did some research. The Real Estate Board of Greater Vancouver charted the price of a single detached house from Whistler to White Rock and from Powell River to Maple Ridge—the entire Lower Mainland. Here are the prices: In 2000, it was \$400,000. In 2005, it was \$600,000. In 2010 it was \$1 million. In 2015 it was \$1.45 million. In 2024 it's \$2 million.

Would you say that the housing crisis in affordable housing began in 2015, or has this been part of a longer-term trend over decades?

• (1150)

**Prof. Patrick Condon:** Well, globally, it looks like 2008. It seems that the recovery from 2008 after the real estate crash precipitated by the U.S. mortgage vehicles was the starting point. You get some ups and downs in various economies, but generally there has been this separation of the asset value of urban real estate versus the salaries of the people in those locations to manage those costs. That's been going on since 2010 or so in a very dramatic way.

I want to emphasize the point that it's almost the worst in the world in the Vancouver region, so we know a lot about it, but it's happening everywhere. Sydney and Auckland, New Zealand, and even Shanghai and places like that have a similar problem. It has to do with what they call the “financialization” of housing, which really means that it's assessed on its ability to appreciate over time rather than how much it's worth to me as a commodity.

**The Chair:** That's the time, MP Davies. We're well over.

We are moving into our second round. We don't have enough time for a full second round, but we did start a little late, so I'll allocate four minutes or so for each party with these witnesses.

We'll start with MP Chambers for the first four-plus minutes.

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

I appreciate the testimony from our witnesses today. I think it's been an excellent panel.

I did provide notice of a motion to the clerk, which has been distributed. I would like to move that motion now, Mr. Chair, as follows:

That the committee hold no fewer than four meetings devoted to a prestudy of the ways and means motion introduced in the House of Commons on June 10, 2024—

That is the capital gains ways and means motion.

—that at least one meeting be held prior to June 25, 2024, and that witnesses may be submitted by each party prior to Friday at 5:00 p.m.

Friday would be tomorrow.

Mr. Chair, we've heard from witnesses today some very important testimony about the impact of this on, in particular, landlords. There is obviously some misunderstanding of the impact of these new tax rules, such that the government, in an effort to start a class war, has made a mistake. They don't understand, actually, that it's landlords, self-employed individuals who incorporate and individuals of modest incomes who will actually be paying this tax or be affected by this tax.

In fact, StatsCan data indicates that for individuals who have \$250,000 of capital gains or more in one year, it is almost always an event that is once or twice in a lifetime. That is, data shows that, for example, in 2011, of the individuals who claimed capital gains tax increases in excess of \$250,000, two-thirds of those individuals never, ever were in that group again.

The government is correct, then, that 0.13% of tax filers are in this group. The problem is that it's almost a new 0.13% of tax filers every single year. Over 50 or even 75 years, the number of tax filers affected by this tax change are millions of Canadians. It is not the same 40,000 people each year who have capital gains in excess of \$250,000.

I think the government's made a fairly large mistake. I think they recognize that. That's why it's a ways and means motion and not final legislation. I think they're considering making carve-outs. In an effort to help the government with its legislative agenda, Conservatives are willing to prestudy legislation.

I'll note that is not normally a practice of ours. We think, frankly, stakeholders deserve to have their voices heard. We know a number of them have come out publicly to say they have challenges with the current legislation.

If the government is considering amendments, perhaps this committee will be able to offer that opportunity to have witnesses provide their testimony.

On one other quick point, of those individuals who have in excess of \$250,000 in capital gains in one year, almost 50% have an income of less than \$120,000. These are modest incomes. In fact, 10% of those individuals have incomes of less than \$20,000.

We think we should study this. We think we should give witnesses an opportunity, and we would like to take the time to do that on Tuesday next week, Mr. Chair.

Frankly, Conservatives would be open to amendments to this motion to increase the number of meetings before June 25. Of course, that's the date this is supposed to take effect. We would also be open to hearing from the minister herself for up to two hours.

I'll note that the motion as it stands right now does not include those things, but if someone would like to make an amendment to that effect, Conservatives would definitely support that amendment.

Thank you, Mr. Chair.

• (1155)

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

I have a speaking order here. I have MP Lawrence, PS Turnbull, MP Hallan and MP Morantz.

**Mr. Philip Lawrence:** Thank you very much, Mr. Chair.

I will just reiterate a couple of comments made by my colleague.

One is that Conservatives would be very open even to additional sittings before we rise to get on the record some important testimony with respect to the capital gains.

Further, we would definitely like to hear from the Minister of Finance with respect to the capital gains tax. She has certainly been outspoken in the media.

I'll just go back and reiterate a couple of other comments.

This motion was clearly rushed out the door. There are considerable errors in it, including with respect to the calculation of the capital dividend account. As more and more professionals look at it, they see the simple errors this government has made by rushing this motion, even though it had a couple of months to get it sorted.

It's clear that the Bloc has also realized the error of its ways in voting for this initially. Perhaps it's because of great stakeholders, like the ones we heard from today, on the impact of the capital gains inclusion rate.

We believe that considerable study is needed. Just to build on my colleague Mr. Chambers' excellent comment—I'll put it a little more crudely, because I'm not quite as eloquent as Mr. Chambers—the reality is that only 1% of Canadians will die each year, but in the end, 100% of us will pass away. That is the analogy I would use here. It may be only a relatively small portion in any given year, but as Mr. Chambers said, given a long enough time, nearly all Canadians will be affected by the capital gains inclusion increase, whether directly or indirectly.

I look forward to hearing what my colleagues from the Bloc and NDP, in particular, have to say with respect to this motion. It's relatively rare that an opposition party would move to a prestudy of

government legislation. We definitely see that there's an opportunity—in fact, I would say a need—to discuss this further.

Once again, I would reiterate Mr. Chambers' comments that Conservatives would be very open to additional meetings before we rise. What are we on today? We are on the 13th. By the 25th, Canadians will have to decide whether they sell their property and their assets and realize the existing capital gains inclusion rate of 50% or wait until after the 25th.

Time is of the essence. We owe it to Canadians to give them a better understanding of the capital gains tax increase, so that they can understand and decide their affairs more fittingly.

In fact, the limited time is unfair in itself. At the very least, we owe the Canadian public more ability to hear from witnesses in testimony about the impact of the increase with the inclusion of the capital gains tax.

At this point, I will pass the floor on.

Thank you.

[*Translation*]

**Mr. Gabriel Ste-Marie:** Point of order, Mr. Chair.

I seek the consent of the members of the committee to release the witnesses in the first panel.

[*English*]

**The Chair:** Members, I think so too. I didn't realize we'd have so much discussion on this, even though it is somewhat about what we are studying, which is housing. We are having it.

However, we thank the witnesses for coming before our committee. We wish them the best with the rest of their day.

• (1200)

**Mr. Don Davies:** Mr. Chair, I have a point of order.

I have a feeling that we're going to have agreement on the motion, but these are very valuable witnesses. We had a programming motion that said we would study housing. This is the NDP's study. I have more questions I'd like to put to these witnesses.

I have a feeling this motion will pass, so I would ask for the indulgence of my colleagues to push this towards the end of the meeting and finish off this round of questions with these excellent witnesses. I would like to continue to question them.

**The Chair:** Thank you, MP Davies. We do have excellent witnesses.

MP Davies, MP Chambers asked to pass this with unanimous consent, and I heard a no. Therefore, that's not possible.

**Mr. Don Davies:** Okay. That's too bad.

Thank you to the witnesses.

**The Chair:** We are still on the point of order.

MP Hallan.

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

Thank you, Mr. Davies, for bringing that up.

I think, on our end, we would be more than willing to pull our names from the talking list and go to a vote on this right now. That way, we can hear from the witnesses.

**The Chair:** Okay.

I don't know if you caught that, MP Davies.

**Mr. Don Davies:** I am happy to do that.

**The Chair:** Okay.

I have a speaking order. I have PS Turnbull.

**Mr. Ryan Turnbull (Whitby, Lib.):** I am very encouraged by the Conservatives wanting to push forward government legislation to help us pass it speedily. That's a very great sign. I think having a prestudy on this is something we would certainly welcome.

I agree with Mr. Davies that we can probably deal with and dispense with this motion quickly, but I have a couple of amendments I'd like to propose. I hope they'll be friendly amendments.

Let me read them into the record. I'll read in English what I'm proposing, which I think is very consistent with what the Conservatives put forward here:

That the committee hold no fewer than four meetings devoted to a prestudy on the ways and means motion introduced in the House of Commons on June 10, 2024, that at least one meeting be held prior to June 25, 2024, that witnesses be submitted by each party prior to Friday at 5:00 p.m., that this study be deemed the committee's priority in the fall, that all evidence gathered as part of the prestudy be considered as evidence in the committee's study of capital gains legislation upon its referral to committee, and that clause-by-clause consideration of the bill start no later than one week following the bill's referral to committee.

That's what I would propose as an amendment. Hopefully, it's a friendly amendment.

**The Chair:** Is there anyone who wishes to speak about this?

Mr. Chambers.

**Mr. Adam Chambers:** Mr. Chair, I understand Mr. Davies would like to get back to the witnesses.

In an effort to be as collaborative as possible, we will take them all, except for the last one. We can talk about the last one over the summer.

How does that sound?

**Mr. Ryan Turnbull:** If we want to defer that to after the witnesses, I'd be happy to do that. If we want to defer that to the end of the meeting—

**Mr. Philip Lawrence:** We'll subamend.

Oh, I apologize. I didn't mean to interrupt. I'm sorry. I thought you were done, Ryan.

**Mr. Ryan Turnbull:** I agree with Mr. Davies. I'd like to hear from the witnesses.

**The Chair:** Is this is an official amendment?

Yes.

MP Chambers.

**Mr. Adam Chambers:** I will subamend it to strike the last thing about clause-by-clause, so we can get back to the witnesses. We could have a vote on this right away.

We'd be more than happy to discuss a reasonable clause-by-clause start date. I don't think we have to pick that in June, since we don't even have the final legislation yet. We know carve-outs are coming. Hopefully, they might be coming for some of the witnesses here today. We don't want to program all the way to legislation that we haven't seen yet, with a clause-by-clause start date.

We're happy to accept everything else.

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

PS Turnbull, go ahead.

**Mr. Ryan Turnbull:** I will say that I think I'm opposed to that subamendment, but we can go to a vote. If the members of the Conservative Party want to just vote on the subamendment, we can. Maybe we can dispense with this quickly.

**The Chair:** We're voting on the subamendment, members.

(Subamendment negated: nays 6; yeas 5)

**The Chair:** The subamendment is defeated.

MP Lawrence, go ahead.

• (1205)

**Mr. Philip Lawrence:** I would like to bring an additional amendment, if I can. Is that in the rules? I mean subamendment. I apologize.

**The Chair:** Yes, it's an additional subamendment.

**Mr. Philip Lawrence:** Yes. I guess a different—

[*Translation*]

**Mr. Gabriel Ste-Marie:** On a point of order again, Mr. Chair.

The witnesses were supposed to be here until noon and it's now 12:05. They've already been watching our exchanges for 10 or 15 minutes.

I again request the consent of the committee members to release the witnesses.

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

[*English*]

What was asked was whether, if we did get through this quickly, we would still be able to get another question or two from these great witnesses. That's the reason we're still in this kind of holding pattern.

I'm not sure, witnesses, whether or not we will get to you quickly in the next little while.

I have MP Lawrence.

**Mr. Philip Lawrence:** Thank you very much.

I will bring a new subamendment to the end of the amended motion, which would read as follows:

“That the finance minister be invited to testify for two hours during the prestudy.”

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

Does anybody wish to speak to this?

PS Turnbull, go ahead.

**Mr. Ryan Turnbull:** I think that as long as it's understood that the minister's appearance might be in the fall and not within the next week.... I think that would be unmanageable, given her schedule.

Perhaps we can consider that.

**The Chair:** Thank you, PS Turnbull.

I have MP Hallan.

**Mr. Jasraj Singh Hallan:** Thanks, Chair.

I agree. I think the Minister of Finance definitely needs to come to try to defend this job-killing hike in the capital gains tax. The problem is that there are some claims on her end about this not affecting plumbers and others, which I think she needs to come here and defend.

I also want to talk just briefly about the clause-by-clause, because technically we don't even have the legislation in front of us, so it's jumping the gun to put clause-by-clause in there now. I think we should see if Mr. Turnbull would be willing to pull that out until we actually get the legislation. That's something we can always introduce a motion on later on. That's just something to consider.

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

PS Turnbull, go ahead.

**Mr. Ryan Turnbull:** I can't support that. I certainly support having the minister come, but I don't think two hours is the standard. I think it's an hour, or not specifying the amount of time is perfectly reasonable, and we would probably be able to agree to that, but with the two hours in it, I would have to vote against that.

If you guys want to consider that and just put in a call for the minister to come as part of the prestudy, I think we could definitely agree to that.

**The Chair:** Thank you, PS Turnbull.

I have MP Hallan.

**Mr. Jasraj Singh Hallan:** I don't want to belabour this point, but I think it's important and prudent, especially given the claims that were made yesterday about the different trades, small businesses and other Canadians who are going to be affected by this tax hike, that we get as much testimony from those people that these claims that are being made by the Liberals don't affect those entrepreneurs, the small businesses, the grandmas and grandpas who just want to leave something for their kids and their grandkids.

The more testimony we can get.... I think it is reasonable for this kind of legislation, which is a pretty big change, and the effect that it's going to have on Canadians. I think it's reasonable for her to come for two hours, especially after we have witnesses who are

plumbers and carpenters, to answer some of their questions while she's here.

I suggest that putting a two-hour limit would be good. A lot of people have a lot of questions. There might be home builders who want to come in and talk about how badly this will impact them as well.

• (1210)

**Mr. Don Davies:** I have a point of order, Mr. Chair.

This is dragging out. Can I ask my colleagues if we could postpone this debate until the next panel, perhaps the last half hour of the meeting, when we have only department officials? We have witnesses from the parties here right now. We could at least have our four minutes of questions with these witnesses, and then we could carry on the debate on this motion.

Again, I think we're going to come to an agreement on it, but it makes more sense to me to have it in the next part of the meeting, when we have department officials, who can always come back much more easily. Also, I think there are far fewer questions for them than for these witnesses.

Can I ask that we adopt that strategy here?

**The Chair:** I'm looking at the members with regard to what they heard from MP Davies.

I see people nodding in favour.

**Some hon. members:** Agreed.

**Mr. Philip Lawrence:** What time would you like to...?

**The Chair:** We're going to give each party up to about four minutes, and we're going to go for the next 20 minutes or so.

**Mr. Don Davies:** Then we can pick up the debate right after that.

**The Chair:** Are members in agreement with that?

**Mr. Adam Chambers:** Before we agree, can I ask how long we have resources for today?

**The Chair:** We have until 1:00 for sure, because that's when we were set up for.

If we took 20 minutes, members, we'd still have another half an hour.

**Mr. Adam Chambers:** In the interest of being collaborative with our NDP colleague, Mr. Davies, who I know wants to hear from these witnesses, we would agree to move this towards the end, so that we can hear from the witnesses.

**The Chair:** Members?

**Some hon. members:** Agreed.

**The Chair:** I'm glad the witnesses stayed and have been with us this whole time. We're going to get back to our witnesses.

MP Chambers, you are the first to go with these witnesses for four minutes.

**Mr. Adam Chambers:** I'll yield my time back to the floor so that my colleagues can ask the questions they want to.

**The Chair:** MP Baker.

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

Thank you to our witnesses for being here.

[*Translation*]

I have two brief questions for Mr. Cardinal.

First, can you submit to this committee compiled data on all major work done on rental properties owned by your members, over the past 30 years?

**Mr. Paul Cardinal:** As far as I know, we unfortunately don't have this data. However, we can survey our members to verify the information.

**Mr. Yvan Baker:** If you could provide us with the best information possible, that would be great.

Secondly, can you provide us with data on the number of owners per rental property?

**Mr. Paul Cardinal:** We could probably provide you with partial data. However, the Canada Mortgage and Housing Corporation, or CMHC, expanded their rental survey in 2019, and they asked about the types of landlords in the rental stock.

I'll check with CMHC to see if we can get an average of units per landlord, for example.

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

[*English*]

I'm going to use the rest of my time to ask questions of Professor Condon.

Professor Condon, thank you for being here.

We have only about two and a half minutes left, so I'll be concise, and if you can be as concise as possible, we'll get to as much as possible.

My colleagues may remember this. Back during our pre-budget consultations, when this committee was travelling in Toronto, we had a gentleman named Joe Polito, who happens to be from my riding of Etobicoke Centre, present to us. He provided a presentation on how we could do more to make housing more affordable.

He explained how he thought that a land value tax could help make housing more affordable. I think he was speaking to the issue of trying to incent those who own land to put it to good use: in other words, to develop it so that there was housing available for folks, rather than sitting on it and speculating on it.

Do you agree with his argument that a land value tax could make housing more affordable? If so, why?

• (1215)

**Prof. Patrick Condon:** Yes, I do agree with that.

That theory or fact goes back to Adam Smith, who said the same thing. He said that since land is not a productive factor of production with capital and labour—land is necessary but not productive—taxes should come essentially as much as possible from that source. Milton Friedman and others have said the same thing.

Point two is that it is a good tax, but it would be politically very difficult to change the taxing strategy that we have. If all of you can figure out how to do that, that would be great, because we don't emphasize land value as a destination for tax. The credible theory for this is that by taxing land instead of income or instead of capital gains, as you're considering, you do not undercut the vigour of the economy, and it ends up making things like housing more affordable, because it will be valued for its use value only, rather than its asset appreciation value.

I promised to be short, so I will say in the next 10 seconds that if it's politically impossible to restructure the world around a land value tax, there are also other mechanisms that have to do with zoning regulations and things like bonus density and so forth and are policy tools that do the same thing. They mitigate what would otherwise have been a land price inflation in the absence of those policy requirements.

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

I'm going to go to MP Ste-Marie now.

[*Translation*]

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

Thank you, professor, for all the answers and elements of analysis you've presented to us. They're very interesting and we'll be looking at them carefully.

Mr. Cardinal, in your presentation, you reminded us that construction costs have risen by 40% in recent years. What's more, the rental housing stock is in need of major renovation, but here too, renovation costs have skyrocketed. Meanwhile, the purchasing power of tenants has not increased at the same rate.

What would be solutions to be able to renovate the rental stock and ensure the construction of rental housing, while preserving tenants' ability to pay?

**Mr. Paul Cardinal:** Our view on this is that we need tax incentives, like the good old tax credit. As we've told you, it's difficult for people to renovate rental properties, given that they generate little net income, it costs more and you have to borrow more.

Another advantage of encouraging the renovation of rental housing is that it would greatly improve energy efficiency, and we would greatly reduce greenhouse gas emissions from older buildings, particularly those built before 1980, because the standards were different then.

In Quebec, in addition to this difficulty in renovating housing due to the economic climate, the Tribunal administratif du logement has rules for setting rents that make major renovation work very unprofitable.

To give you an idea of how absurd this is, the payback period for major renovations varies according to the rate of return on guaranteed investment certificates, plus 1%. At the height of the pandemic, this meant payback periods of up to 50 years. But no renovation work has a useful life of more than 50 years. So there's a real pitfall there.

Naturally, it's a provincial provision. On the federal side, we give tax credits or grants to homeowners for renovations that improve energy efficiency. Why shouldn't we offer such incentives to rental property owners too? I think it would all add up.

• (1220)

**Mr. Gabriel Ste-Marie:** That's very interesting, thank you.

The representatives from the Department of Natural Resources will come right after you, as they are the witnesses for the next group. I don't know if we'll have time to hear them, but I'm sure they were able to hear your suggestion.

There's about a minute left, maybe less. Do you have any final remarks you'd like to share with the committee members?

**Mr. Paul Cardinal:** I'd just like to come back to what we said earlier about the Quebec model and small rental buildings. For urban planning people who are keeping abreast of this issue, here in Quebec we also have the famous "missing link" that we see in several research works. We have many of these small, low-density buildings located in urban areas, close to services. They're still affordable, and offer much more affordable rents. I think it's important to protect that model.

**Mr. Gabriel Ste-Marie:** I thank you very much, once again.

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

[*English*]

We'll go to MP Davies.

You'll be our final questioner for these witnesses.

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

Thank you to my colleagues for indulging this. I think it's important.

Professor Condon, I'm interested in your views on the solution being offered by people to simply add density, particularly market-priced density, as a potential solution to the housing crisis.

What are your views on that?

**Prof. Patrick Condon:** My view is that it's a bit of a dead end.

What we've experienced in Vancouver is this: When we've allowed for additional density, the price of the unit has not gone down in conformance with the so-called law of supply and demand. What has happened is that the price of land goes up. There is currently, nationally and internationally, a push to just add a whole bunch of density as a solution to the affordability problem.

I will again emphasize that it's counterproductive, because what it does is increase land value, to the detriment of rental affordability and first-time homebuyers.

**Mr. Don Davies:** You wrote this in 2023:

So, if adding density can't make housing cheaper what, if anything, can be done about this?

One city that solved this problem 100 years ago is Vienna. During its own extreme housing crisis, it adjusted its municipal tax structure.... It then took the money gained from this source and used it to buy land for non-market housing. It worked with its non-profit housing providers and the city's best architects to build affordable housing—supplying land on a competitive basis to community groups anxious to create affordable communities.

Could you outline the impact this approach has had on rent prices in Vienna?

**Prof. Patrick Condon:** What happened in Vienna—of course, they had a number of decades to do it—was because of the strength of the non-market sector. This has had a mitigating effect on the market sector. You can get a market rental in Vienna for about half the price of an equivalent apartment in another major European city like Rome, Paris or wherever else.

This basic strategy suggests our country should probably examine how strengthening the non-market sector also has a beneficial effect in terms of providing an alternative to the market and reducing the inflationary influences on land value.

**Mr. Don Davies:** Some people in Parliament say we just need to cut red tape and let the free market build more market-price houses. This will solve the housing crisis.

What's your view on that strategy?

**Prof. Patrick Condon:** My view is that we've tried it for 40 years in Vancouver. You know, a lot of people like me had a lot of faith in that position, but the empirical evidence contradicts the theory in this and many other cases.

It's becoming much more evident that simply adding supply doesn't solve the problem.

**Mr. Don Davies:** My final question is this: In the 1992 Conservative budget, the federal government terminated Canada's co-operative housing program.

Can you comment on the impact cancelling that program has had on Canada's non-market housing stock and rent prices?

**Prof. Patrick Condon:** We had a tremendous industry of non-market housing. There were thousands of units in Vancouver, for example. We were already on our way. If that hadn't been discontinued back in the nineties, Vancouver would probably already have about 30% non-market housing inventory in the form of co-ops, non-profit housing providers and so forth. Unfortunately, we stopped that.

It's also important for me to say this was not a taxpayer giveaway. It was financed by some support from the federal government and other entities that guaranteed the loans, but those loans were all paid back, so it paid for itself.

I would recommend we revive that system.

• (1225)

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

**The Chair:** Thank you.

Thank you, MP Davies.

I'm glad the committee made the wise decision to continue to hold these witnesses to be able to listen to them.

Witnesses, we thank you for your patience and for sticking with us, and for the testimony you've provided our committee on housing. We wish you the best with the rest of your day. Again, thank you.

**Prof. Patrick Condon:** It's been my pleasure.

**The Chair:** Thank you.

Members, we're going to get back to the subamendment. We're going to take just one minute. I'm going to suspend for a minute or two, and then we'll be right on to that.

• (1225)

(Pause)

• (1230)

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

I have MP Chambers.

**Mr. Adam Chambers:** I just want to recap, because I don't believe we've seen the amendment. I don't believe the amendment's been circulated.

**The Chair:** Do you mean the subamendment?

**Mr. Adam Chambers:** Well, certainly, the amendment hasn't been circulated—

**The Chair:** Yes.

**Mr. Adam Chambers:** —and I don't believe my colleague has received the amendment in both official languages.

As I understand it, we're now on a subamendment to invite the minister. I think we can tie this up pretty quickly.

We have an invitation to the minister. As it relates to clause-by-clause, we would agree to a reasonable clause-by-clause start date once we see legislation. If that's going to be a hang-up and if you're going to try to pick the clause-by-clause start date now, that's obviously going to be a challenge. We would agree to a reasonable clause-by-clause start date once we see legislation.

If the government would like to bring in a clause-by-clause motion on September 21 or whenever we come back, once we have legislation, that's no problem, but we have at least one meeting left before June 25. It sounds like there's some general agreement to devote Tuesday's meeting to this issue.

The only sticking point is this clause-by-clause, which we actually don't need to resolve today. Conservatives would agree to a reasonable clause-by-clause start date once legislation is tabled. If that's acceptable to the parliamentary secretary and the government, I think we can continue on. I believe that is the consensus. We'd have to test the room on that, but I think that's where we are. That's how I understand it.

We have the motion and the amendment from the government. We agree to everything the government has, but for clause-by-clause, I've just made a recommendation to the government on how to fix the clause-by-clause language and that we add an invitation to the minister, which we know is not a summons; it's just an invitation.

I think that's a pretty reasonable position to land on for today. It means we can have the rest of this meeting—we still have some time left—and meet on Monday. I'll just leave that for the government to consider. If they want to suspend for a bit, that's no problem. We're here to find out.

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

I have a speaking list here. I have MP Davies, then MP Ste-Marie and PS Turnbull.

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

I'm wondering if we could come to an agreement on sawing it off by saying “two weeks”. We're talking about when the committee would start clause-by-clause after the bill comes to the committee.

We just went through a budget bill where we crammed in a lot of witnesses and started clause-by-clause in less than two weeks. That was a 650-page bill. We're talking about a single issue.

We could have a number of meetings. I think the motion calls for at least four. That should be a lot of meetings to get the basic points out. We can always have more if the committee decides that.

I think that giving us two weeks to begin clause-by-clause from when the bill comes to committee allows for at least a full four meetings, because if we start on Tuesday.... I'm happy to agree to Tuesday.

I will point out again that we continue to come to agreement on the agenda of this committee, and the ink is barely dry on that agreement when we have motions to change that. I'm finding that a bit frustrating, but I'm happy to do that. I would point out that the capital gains tax was announced in the budget on April 16. We've had about two months that we've known this is coming.

Given all that, I'm happy to work with my Conservative colleagues. I agree that it's an important issue. We have different perspectives on it, but I think that airing those different perspectives and doing a dive into this issue is important.

However, let's not hold up an agreement to pass this motion, to get started on Tuesday—examining capital gains and having four meetings, at least, on this—over an issue of when we start clause-by-clause. I think that saying that we will not start it for two weeks after the bill comes should satisfy everybody's concerns. Obviously, the government will want to move this bill on and needs some comfort that it will, and I think this is a reasonable compromise. I would just hope that we can start clause-by-clause two weeks after the bill comes to the committee, and then we can pass this motion.



• (1235)

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

I have MP Ste-Marie, PS Turnbull and MP Lawrence.

[*Translation*]

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

I tend to agree with the consensus that seems to be emerging.

I'd just like to remind you that, when we present an untranslated motion, the interpreters translate it as well as they can, but there may still be some vagueness. So it's always best to present a motion and written amendments so that we're all on the same page.

I'd like to propose a favourable amendment that would gain consensus.

As proposed by Mr. Davies, I would prefer that clause-by-clause consideration of the capital gains bill begin no later than two weeks after its formal referral to committee by the House of Commons. However, I would add the adjective “parliamentary”, which would be my friendly amendment, to clarify that these are indeed parliamentary weeks, to avoid the bill being introduced for a week followed by a parliamentary recess.

I therefore propose simply adding the word “parliamentary”, and would prefer that we opt for “two weeks” rather than just one.

[*English*]

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

I have PS Turnbull and then MP Lawrence.

**Mr. Ryan Turnbull:** I think we're coming very close to consensus here. If the Conservatives are willing to just have an invite to the minister without a specification of time, we can agree to that.

What Mr. Ste-Marie and my colleague Mr. Davies have put forward in terms of a two-week period, with the comment that Mr. Ste-Marie made—which is a good one—that those are sitting weeks, is more than fair. I can see consensus building around that.

I'm grateful for the Conservatives having put forward a prestudy on such an important piece of government legislation. We don't often see that, so I really do appreciate the willingness to collaborate and work together on this.

**The Chair:** Thank you.

MP Lawrence.

**Mr. Philip Lawrence:** Thank you very much.

Would it be too much to ask if the clerk could perhaps read the amended clause-by-clause portion of the motion, what that line says there? What does it say now?

**The Clerk of the Committee (Mr. Alexandre Roger):** If you don't mind, I can read the entire motion with the amendment and subamendment.

**Mr. Philip Lawrence:** That would be great.

Thank you.

**The Clerk:** It is as follows:

That the committee hold no fewer than four meetings devoted to a prestudy of the ways and means motion introduced in the House of Commons on June 10, 2024, that at least one meeting be held prior to June 25, 2024, that witnesses may be submitted by each party prior to Friday at 5:00 p.m., that this study take priority over any other study in the fall, that all evidence gained in this study be taken into consideration during the study of the capital gains legislation once referred by the House of Commons, that clause-by-clause of the capital gains bill start two sitting weeks after the bill is officially referred to the finance committee by the House of Commons, and that the Minister of Finance and Deputy Prime Minister be invited to appear during this prestudy.

**Mr. Philip Lawrence:** My subamendment was for two hours for the Minister of Finance.

**The Chair:** Within the discussion, we're not sure if it was two hours, one hour, or just to remove the hours from....

**Mr. Philip Lawrence:** That's fine.

I would like to see this all done by UC so that we don't go through the subamendment-amendment type of thing, but Conservatives would still like to see two hours for the minister. We believe that this is a substantial and pressing issue.

There are actually a number of technical errors with respect to the legislation, and that in itself could consume some time. You don't normally see that level of errors in financial bills. In my discussions with prominent economists, lawyers and accountants, they see some significant issues. What would perhaps separate this from different invitations, where they have been of a lesser amount in terms of time, is the number of technical questions I would like to ask the Minister of Finance.

That being said, we do have a precedent of actually asking the minister to appear for two hours, but we have no ability to compel her to stay for two hours. In fact, if you look back, this committee has asked a number of times for the minister to appear for two hours, and she has appeared for one hour. We're realists, and we realize that if in fact the minister chooses to come for only an hour, regardless of what it says in our motion, that is her prerogative and her right.

With respect to the clause-by-clause, you give an inch, you take a mile, right? That's what comes to mind there. Conservatives came in good faith, not to help the Liberal government but because we believe Canadians need this information to sort their own affairs, as the deadline of June 25 looms. We did propose a prestudy, which might be unprecedented, so to now ask for a clause-by-clause date prior to our even seeing the legislation, I think, is a bridge too far, to be candid.

My colleague Mr. Chambers was even agreeable—and I might even disagree with him on that—to put in a reasonable clause-by-clause date. Mr. Chambers is much more diplomatic than I am. Conservatives are significantly challenged by putting in a clause-by-clause date before we have legislation. That, I believe, would also be unprecedented.

I would counsel, to the extent that you would accept any of my advice, to quit while you're ahead. Take your victory. Conservatives have no plan, no intention, to obstruct the capital gains legislation going through committee. That is evidenced by our willingness to prestudy it.

Like I said, I would counsel the good folks on the other side to quit while they're ahead.

• (1240)

**The Chair:** MP Chambers.

**Mr. Adam Chambers:** I once had socks with pigs on them that used to get us through these log jams, Mr. Chair—bring back the socks—but I think it is unprecedented for a committee to agree to a clause-by-clause start date without seeing legislation. I wouldn't ask our analysts to dig through previous motions, but I would think you would struggle to find one.

In that vein, I can speak only for myself, but I will work on persuading my colleagues, in order to be very generous here, that if the government has an objective to ensure that the bill is not held up at committee, we would agree to starting clause-by-clause no later than three weeks from when we get the bill, which means we could start it earlier, but that you absolutely know that it will start in the fall, when we get it.

That seems eminently reasonable for a party, any party at the table or any member of Parliament to agree to moving to clause-by-clause without even seeing the bill. I respect Mr. Davies' observation that what we did with the budget was quite abridged, but we had had that bill for a while in text form. We don't have this bill in text form. All we have is a ways and means motion and, as I said, the rumours are flying ferociously—to continue to use alliteration—that there will be carve-outs, and the carve-outs are very complicated to write. That's why I think they didn't end up in the ways and means motion.

If we're to have a bill with carve-outs, that's going to be very complicated, but by giving the government the comfort of three weeks, no later than three weeks—well, three weeks generally, but we'll leave that up to interpretation—it will mean that the bill will leave the committee and be reported back to the House in the fall.

That's a guarantee, depending on when you guys decide. I suppose it depends on when you decide to table legislation in the House, but we would agree to starting clause-by-clause three weeks after the bill comes to the committee. That gives you the comfort that you're going to get a clause-by-clause start date, and if things are going very well, maybe we'll agree to start it sooner. However, I think we're actually starting a very dangerous precedent here by agreeing to establish clause-by-clause start dates before we even see legislation.

I will remind folks that Parliament will always look different after the next election. It doesn't matter who's in power and who's not, but you should be very comfortable with the idea that any precedents you're setting now will be used by a future government. I will tell you that if you guys die on this hill, then if I have anything to do with it, every single bill that comes to the finance committee will have clause-by-clause prestudy in it from here until I go, because we're going to go down a really bad road here.

I think we're being pretty reasonable. We'll agree to go to clause-by-clause at three weeks. You know you will get your bill out. That will create an impetus for the government to table its legislation early so it can come to the committee early and you will have it in the fall. If the three weeks is a no-go, then we might as well suspend until the end of the meeting, but that's kind of a fallback position and a reasonable agreement.

Of course, that is unless the government is nervous about having the study next Tuesday, which is what I suspect is really happening. The government doesn't want to have the witnesses we just had come in and say how bad the legislation is going to be, which is the only reason for which they must be putting in a drop-dead clause-by-clause start date, which has never happened before.

It is what it is, but let's see what they think.

• (1245)

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

Is there anybody else to speak to this?

Yes, PS Turnbull.

**Mr. Ryan Turnbull:** I'm not sure where we're at, but it seems that, with what the clerk read out and what Mr. Chambers just mentioned.... I thought we were moving towards consensus in terms of having an invite to the DPM, which is fine. One hour for the DPM and one hour for officials would perhaps be fine. I think it's quite reasonable to say "two weeks". I think Mr. Ste-Marie rightly said "two sitting weeks". I'm agreeable to that. I think those are very reasonable friendly amendments. I think, effectively, Mr. Ste-Marie, that that is three weeks, is it not? I don't know. I'd have to look at the sitting calendar to see whether there's an actual break week that early after we come back.

Anyway, it seemed as if we were achieving consensus on that. I think Mr. Chambers is now suggesting three weeks and the Conservatives would agree to three weeks to start clause-by-clause after the bill is reported to the committee. If that's the new debate we're having, we can talk about it, but I prefer the two-week period. I think that's reasonable—"two sitting weeks".

**The Chair:** Thank you, PS Turnbull.

I have MP Davies' hand up.

**Mr. Don Davies:** I will confess that I don't think I've ever been involved in a debate over when clause-by-clause starts on a pre-budget, so I'm struggling to work through what the implications are.

However, I'm conscious of this fact: If we didn't have this motion here today, what would the status quo be? The status quo would be that the legislation would be tabled sometime, I presume. We would come to this committee sometime in the fall. We would have nothing determined about when clause-by-clause starts. I don't know, to be honest, whether two weeks....

By the way, I agree with my colleague—"two sitting weeks", I think, is good.

I don't know what the massive legislative implications of starting after two weeks or three weeks are. However, I think the Conservative motion saying "no later than three weeks" gives us the opportunity, as a committee, to determine if it's less than that, so I think we should pass this motion now. I'm okay with starting "no later than three weeks", because it preserves the option to have this discussion in the fall, once we have the legislation in front of us. It's going to take a vote of the committee at that point, anyway. If, at that point—once we have the legislation—we decide we're going to start clause-by-clause a week or two weeks after, or take the full three weeks, we'll make that determination then.

I think this gives us a compromise that meets everybody's objectives. It puts a certain date on it for the government side, but it allows the discretion to make it less than that once we have legislation, which I think meets the Conservatives' concerns. I'm personally okay with it being "no later than three weeks" on the understanding that how it turns out in the fall will, in my view, be determined by the evidence we hear and by how complex the discussion turns out to be.

• (1250)

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

Is that the discussion?

PS Turnbull.

**Mr. Ryan Turnbull:** I'll just say that I think Mr. Davies is very reasonable in his assessment.

Yes, if the committee can come to a consensus on "no later than three weeks", I think that's fine.

**A voice:** We now want it for a month.

**Mr. Ryan Turnbull:** Oh, now you've changed it again. We know how this works.

**Mr. Philip Lawrence:** It's months, actually.

**Mr. Ryan Turnbull:** It's Conservative negotiation. The goalposts keep moving.

Have we achieved consensus, Mr. Chair? It seems as if we probably have.

**The Chair:** I believe we have.

Now we will be voting on the motion as amended and subamended.

**The Chair:** You're on a subamendment, yes.

**Mr. Adam Chambers:** I think, technically, that we're on a subamendment about the minister, which doesn't actually talk about weeks.

I think we have to deal with the subamendment first. The parliamentary secretary would have to agree to amend the timeline from one week to three weeks after we do the subamendment.

**Mr. Philip Lawrence:** My thought was that we'd just do this by UC. Conservatives are agreeable to having the minister for an hour. If that's the final hill, we can just....

**Mr. Ryan Turnbull:** We're starting clause-by-clause no later than three weeks. If we could have the clerk read out where we are, just so we're all clear, and then everyone's voting on....

**The Chair:** Okay.

**Mr. Ryan Turnbull:** If we're doing it by UC, we can all just agree, but I need to hear it read back so that we're all comfortable.

**The Chair:** Yes. Go ahead.

Thank you.

**The Clerk:** I'll now read the motion. It reads:

That the committee hold no fewer than four meetings devoted to a prestudy of the ways and means motion introduced in the House of Commons on June 10, 2024, that at least one meeting be held prior to June 25, 2024, that witnesses may be submitted by each party prior to Friday at 5:00 p.m., that this study take priority over any other study in the fall, that all evidence gained in this study be taken into consideration during the study of the capital gains legislation once referred by the House of Commons, that clause-by-clause of the capital gains bill start three weeks after the bill is officially referred to the committee by the House of Commons, and that the Minister of Finance and Deputy Prime Minister be invited to appear for one hour during this prestudy.

**The Chair:** Members, I have a hand up.

Go ahead, MP Chambers.

**Mr. Adam Chambers:** Just so we are being fair, I believe we would say "no later than three weeks". In case there is an opportunity to do it sooner, that would give that possibility.

• (1255)

**The Chair:** Yes.

**Mr. Adam Chambers:** It's "no later than three weeks", then.

**The Chair:** You are correct.

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

I think when it was read back, that "no later than" was not included.

**The Chair:** Okay.

Are all members clear on that? Yes. Does everyone understand?

**Mr. Philip Lawrence:** I'm sorry. Could you just read it back one more time?

I'm sorry, Peter. We only get one shot at this—

**The Chair:** Yes. Right.

Clerk, please can you read it?

**Mr. Philip Lawrence:** Alexandre is doing an amazing job.

**The Chair:** Yes, he is.

And the analysts.

**The Clerk:** It's my pleasure to help.

And the interpreters.

**The Chair:** And the interpreters. Yes.

**The Clerk:** It would read:

That the committee hold no fewer than four meetings devoted to a prestudy of the ways and means motion introduced in the House of Commons on June 10, 2024, that at least one meeting be held prior to June 25, 2024, that witnesses may be submitted by each party prior to Friday at 5:00 p.m., that this study take priority over any other study in the fall, that all evidence gained in this study be taken into consideration during the study of the capital gains legislation once referred by the House of Commons, that clause-by-clause of the capital gains bill start no later than three weeks after the bill is officially referred to the committee by the House of Commons, and that the Minister of Finance and Deputy Prime Minister be invited to appear for one hour during this prestudy.

(Subamendment agreed to)

(Amendment as amended agreed to)

(Motion as amended agreed to)

**An hon. member:** It's a unanimous thumbs-up.

**The Chair:** Okay. All right.

**An hon. member:** *Kumbaya*.

**An hon. member:** Shall we hold hands?

**The Chair:** It's passed by unanimous consent, as our gracious clerk here, Alexandre Roger, says.

We had a second panel here from the Department of Natural Resources. I see the officials in the back. On behalf of the committee, I'll apologize to the officials from the table. We have four minutes left. We thank you for coming.

I see MP Ste-Marie's hand up.

We want to thank them. We are not going to have time to be able to hear from our department officials from Natural Resources.

MP Ste-Marie.

[*Translation*]

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

Indeed, thank you very much for coming. We're sorry to have wasted so much of your valuable time.

As we have to hand in our witness list on Friday, I deduce that next Tuesday's session will be with the witnesses we will have submitted and not with departmental officials. I just wanted to clarify that.

[*English*]

**The Chair:** We're going to suspend for one second.

• (1255) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1300)

**The Chair:** Members, we're back.

MP Ste-Marie is going to clarify this. There may be a little discussion on this with regard to witnesses.

MP Ste-Marie.

[*Translation*]

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

Given the motion we've passed, we'll have—

[*English*]

**The Chair:** Members, if you could just...

[*Translation*]

**Mr. Gabriel Ste-Marie:** Next week, we will have a session on the study of the notice of ways and means motion.

In the motion, we said we had until Friday, this week, to send in our witness list.

I want to make it clear that the session on this study next week will be with the witnesses we invite, not with departmental officials. We will invite the latter to appear when we have the text of the bill.

[*English*]

**The Chair:** Okay. Also, is that meeting the Tuesday meeting? Is that what we're doing on the Tuesday meeting?

**An hon. member:** That's unless you want to meet on Monday.

**The Chair:** I'm just trying to get everything clear here.

**An hon. member:** We want our standard meeting time.

**The Chair:** Yes, the standard meeting time on Tuesday.

Members are saying witnesses. Just that any witnesses.... To do that, members, just be aware that sometimes we are putting the clerk and the hard-working team here on a kind of a mission impossible. To be able to get those witnesses and everything ready for the Tuesday, that is the challenge. Alexandre does go above and beyond, but it is, yes—

**An hon. member:** Beyond and above.

**The Chair:** Yes. It is a big challenge, you know, from where we are right now, to be able to do that and get the names on Friday and then try to get people here by Tuesday of next week.

MP Chambers.

**Mr. Adam Chambers:** I very much appreciate the work that goes into setting up witnesses. Perhaps what we would be able to do as parties would be to do our best efforts to ensure that witnesses who are proposed have already been contacted by us, such that those who have been submitted are aware as early as today of when the meeting would be. That might make the scheduling a little easier, if that's helpful. We would be happy to do that.

**The Chair:** It's a hundred per cent helpful to the clerk and everybody who will be trying to corral those witnesses and make sure they're ready for Tuesday.

**Mr. Ryan Turnbull:** What Mr. Chambers just said is that we should reach out to our own witnesses...? I think that's normally not—

**The Chair:** No, you would submit those, but you would reach out to them in advance on your own, and then, for Alexandre, make sure that he has the right contact information, that they are set up, etc., so that things can be more seamless.

**Mr. Ryan Turnbull:** The only other option is to start this on the Thursday and do something else on the Tuesday, which would give the clerk a reasonable time frame to actually be able to invite witnesses. That's the only other thing I can think of. I know that probably isn't a popular suggestion—

**Some hon. members:** No.

**Mr. Ryan Turnbull:** —but yes, if that's necessary, I'm happy to do that.

**The Chair:** That is another suggestion: the Thursday instead of the Tuesday.

MP Chambers.

**Mr. Adam Chambers:** We would very much agree to that, but if the House rises, the expectation will be that we'll still have the meeting on Thursday. That would be the expectation on our side, because the motion does say before June 25, right? We can leave that up to the committee to consider. I mean, we'll do what we can to make sure our witnesses are available for Tuesday.

**The Chair:** Where are we landing here, members? I'm just trying to help. Is it Tuesday?

**An hon. member:** We can make it happen.

**The Chair:** Okay.

I'm hearing—and I'm looking also to MP Davies online—that it's Tuesday for the motion study—what we said—and that witnesses would be submitted before Friday, but we would also, in turn, get in touch with those possible witnesses so that they are ready to go on Tuesday and we can help Alexandre to do his job.

MP Davies, your hand went up.

• (1305)

**Mr. Don Davies:** Yes. What I would suggest is that each party put in maybe their top three witnesses, rank them and give them to the clerk by the end of Friday. That increases the chances of the clerk finding a preferred witness to come on Tuesday. I agree that we should do this on Tuesday, because for next Thursday we don't know what's going to happen.

Let's do Tuesday. By giving the clerk more options, I think we'll be able to make sure we have the witnesses each party wants.

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

I agree, so each party would name at least a list of two or three, just in case the top witness that you prioritize is not available.

PS Turnbull.

**Mr. Ryan Turnbull:** I definitely agree with it. If Friday is supposed to be our witness deadline, yet we're only really focused on getting witnesses before Tuesday, can we all agree that we can continue to submit some other witnesses after that deadline? That's the way we've done it in other committees that I've been on, where you sort of submit a preliminary list, and then you can still add to your list of witnesses. I think that's reasonable, given the timelines here.

**The Chair:** Members are always able to continue to submit witnesses. We do try to set a deadline so that Alexandre and his team can do the best job they can to contact those witnesses and deliver headsets—you can imagine the logistics of all of this—so that everything works.

You can continue to submit, but the sooner, the better. Maybe get hold of the ones you're able to, so that when the clerk calls, they're ready to go. Is that good?

Okay, members, shall we adjourn? Oh, wait.

I'm sorry, MP Davies. Your hand went up.

**Mr. Don Davies:** I'd like to introduce a brand new subject.... No, I'm teasing.

What I meant by the two witnesses was the witnesses for Tuesday. I think we should establish another deadline for the rest of the witnesses, since we're not calling them until the fall.

Why don't we just say to submit and rank the witnesses you want for Tuesday by the end of tomorrow? Then, Chair, at your discretion, why don't you set a further deadline for three weeks from now or a month from now for the rest of the witnesses?

**The Chair:** That sounds great. Everybody's in agreement.

Thank you, MP Davies. That's a great suggestion.

Okay, members, shall we adjourn?

**Some hon. members:** Agreed.

**The Chair:** Yes, we're adjourned. Good.





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