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• (1540)

[English]

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

Welcome to meeting 160 of the Standing Committee on Finance.

Today's meeting is taking place in a hybrid format. All witnesses have completed the required connection test in advance of the meeting.

I would now like to remind participants of the following points. Please wait until I recognize you by name before speaking. All comments should be addressed through the chair. Members, please raise your hand if you wish to speak. Whether you are participating in person or via Zoom, the clerk and I will manage the speaking order as best we can.

Pursuant to Standing Order 83.1 and the motion adopted by the committee on Thursday, September 26, 2024, the committee is resuming its study on the pre-budget consultations in advance of the 2025 budget.

I'd like to welcome our witnesses.

With us today as individuals are lawyer Nathan Hume and barrister and solicitor Jeffrey Simser.

From the Business and Higher Education Roundtable, we have Matthew McKean, chief officer, research and development, and Valerie Walker, chief executive officer.

Welcome.

From the Canadian Gas Association, vice-president of strategy and delivery Paul Cheliak is joining us.

From École de technologie supérieure, we have Kathy Baig, director general and chief executive officer; and Éric Bosco, executive director of AdapT.

From Mortgage Professionals Canada, we have its president and chief executive officer, Lauren van den Berg.

Each of the witnesses will have up to five minutes for their opening remarks before we move to the members' questions. We will be starting with the individuals.

Nathan Hume, go ahead please.

Mr. Nathan Hume (Lawyer, As an Individual): Thank you.

Bonjour, finance committee.

You've already heard a lot about the financialization of housing and its impacts on Canadian families and our economy. You've also heard a lot about the imbalance between housing supply and housing demand and the causes of that imbalance, from red tape to population growth. However, I'm here today to suggest a new way of thinking about this problem and a new solution.

We have a house price crisis in Canada. It's simple: The prices are simply too high. To solve that crisis, we do need more homes, but we also need more financial innovation.

We need to build those homes and we need to build a national market in house prices. We can do both. We have the knowledge. We have the financial infrastructure. We can fix this problem right now. We can build a national market in house prices before I can build a single home in Vancouver.

Our high house prices drive the other factors behind the housing crisis. They magnify the effect of interest rates. They attract speculative demand. For many people, they're the only investment game. High price expectations can constrain supply by inhibiting sales and driving up the cost of construction.

There are two federal policies that keep our house prices high. There's the principal residence exemption, which gives real estate a tax advantage that no other asset class enjoys, and there are CHMC mortgage insurance and securitization programs that give real estate a financial advantage of cheap and abundant credit.

Mortgage insurance thresholds keep moving higher and higher, and keep anchoring our prices higher and higher. It was \$500,000, then \$1 million, then \$1.5 million, and most recently it's moved to \$2 million with a secondary suite.

These policies have created a Canadian version of the Greenspan put. Our prices always increase and are always expected to increase because the government is always there to back them up with more cheap credit and tax incentives. Those increases just drive more investor demand. They offer outsized returns with limited risk, and that's why you end up with 34% of condos in my home province of B.C. owned by investors.

The only way to get exposure to that great return is to buy a house. If you want to talk about gatekeeping, it's a great example. The only way to get access to those amazing returns is to buy a house and take on a mortgage. It doesn't have to be this way.

What we call “housing demand” is actually demand for two different goods. There are houses that offer shelter, status and control over land, and there are house prices, which offer those great investment returns supported by government policy. Instead of bundling those two goods together as we have for decades, we can and should find ways to separate them and satisfy the demand for financial exposure to house prices with new financial products.

New financial instruments, futures contracts and house price ETFs would be based on house prices and could give investors direct exposure to the house prices they want without requiring them to buy homes. These products would build on our existing financial and regulatory frameworks. They would build on our tradition of financial innovation. The first ETF was created in Canada. We can keep doing this.

We can already buy ETFs that give us exposure to weird, exotic assets like Bitcoin, Ethereum, and S and P volatility carbon credits, but we can't buy exposure to house prices, the most important asset class in the country.

A house price ETF would absorb speculative demand and would enable young families and new Canadians to save down payments that track house prices. They wouldn't fall behind. They could be held in tax-free accounts to mimic the benefits of home ownership. A renter could combine those two things and get something very similar to owning a home. They would also be compatible with other federal efforts to build more houses, like the accelerator fund.

They'd be different from REITs in two important ways. First, they would not involve the purchase of houses. They wouldn't take any shelter off the market. Second, they would provide direct exposure to house prices, not cash flows of rental properties.

I'm saying to just give the people what they want, because, clearly, what they want is more exposure to house prices.

This committee and the federal government can take steps to advance this concept by expressing interest in and support for new financial instruments that absorb speculative housing demand; studying the concepts in order to identify and resolve technical issues like defining the reference price for this instrument; and mandating the CMHC to provide specific financial support, such as credit support for the underlying swap agreements.

• (1545)

We have a house price crisis. We can solve it. Financial innovation itself is not the problem; we can build houses and a national house price market, and we can do it right now.

Thank you.

The Chair: Thank you, Mr. Hume.

Now we'll hear from Jeffrey Simser as an individual, please.

Mr. Jeffrey Simser (Barrister and Solicitor, As an Individual): Thank you.

I'm an expert in money laundering and I am here to offer you five ideas that the government could consider. I was Canada's first director of civil asset forfeiture.

The first is this. The Proceeds of Crime (Money Laundering) and Terrorist Financing Act was recently amended to add a structuring provision. That's all good, but I'm suggesting that it be repealed. I'm suggesting that instead you port it and move it into the Criminal Code.

Here's why. Canada has been criticized in the past by the Financial Action Task Force for not using our existing money-laundering offences in prosecutions. For example, we use section 354, which is possession of proceeds of crime, instead of the money-laundering prosecution.

The reason for this is pretty simple: The penal consequences are the same, but it's much more difficult to take a judge through the money-laundering provisions. Even though there have been changes to the *mens rea* of that, it's still a problematic provision to use because the prosecutor has to find a predicate offence. Of course, organized crime obviously organizes their affairs to separate their crime from their money as a risk mitigation strategy, and that makes prosecution on money laundering much less likely.

My recommendation is to bring the structuring offence out of the PCMLTFA, the Proceeds of Crime (Money Laundering) Terrorist Financing Act, and to make it a designated offence under the code so that a prosecution for money laundering would be a prosecution for money laundering, not for the predicate crime.

I'll give you a second idea that's similar.

Project Collecteur, out of Alberta, interdicted a long-standing money-laundering operation. They were moving \$200,000 per suitcase through Montreal, Toronto, Vancouver and Calgary. They might have moved upwards of \$1 billion in cash, but the problem is that airport screening could not stop them. There was no problem moving \$200,000 in a suitcase. Try to put a bottle of hand lotion in your suitcase, and you'll have a problem, but not with \$200,000.

My idea here is that we add to the code a provision for bulk cash smuggling. There is a provision in the U.S. code that's similar. That would be an offence. Again, you could prosecute a money launderer for money laundering.

Finally, I have three points about civil asset forfeiture.

The first is around FINTRAC. In the spring, the government announced in the budget that it would finally allow FINTRAC to share information with civil forfeiture authorities. We've been hoping for this for almost 25 years. That's a really good thing, but it's not in place yet.

There is a risk to be managed because, in a civil forfeiture case, the director of civil forfeiture is allowed, using the civil process, to compel information from the bad guy, from the respondent. They're deemed to undertake to that defendant or that respondent not to use that information for any other purpose. The problem is that FINTRAC routinely collects something called a VIR, a voluntary information record, from police, and then it puts that into its database. There is a big risk that if it puts civil forfeiture information into a database, and then if it's used to lay charges and to prosecute someone, there will be a defence motion five or six years later that will have the case thrown out because there's a derivative use problem.

What I suggest here is that the standing committee amend the PCMLTFA to provide clarity on how FINTRAC's VIR process works and to ask it to work with the nine civil forfeiture jurisdictions to ensure that the information can be transferred without that problem occurring.

My fourth brief thought is around the RCMP.

The RCMP has an operational manual that guides its members about how to conduct investigations and how to address civil forfeiture. What the manual says right now is that civil forfeiture is always a last resort, and that's wrong. That might have been right 25 years ago; it's wrong now. I think that the RCMP should change the protocols within their operational manual to make civil forfeiture part of the early planning on cases.

This isn't about the primacy of a criminal prosecution. No one argues that; it should be first. What's happening right now is that files are being held back because it's a last resort, and by the time it gets to civil forfeiture, nothing can be done. The bad guys are laughing all the way to the bank because they get their tainted assets returned.

My final thought is about a gap in the Bank Act, which I know sounds unusual. Section 461 of the Bank Act says that a bank deposit account is deemed to exist at the branch where it was started. We have a couple of jurisdictions—P.E.I. and Newfoundland, for example—that don't have civil forfeiture. What we're seeing is that someone could set up an account in Charlottetown and could do all of their dirty business in Vancouver, and then when the civil forfeiture authority in B.C. comes forward, they could say that it doesn't have jurisdiction because it's a P.E.I. bank account and that there's no civil forfeiture there.

• (1550)

That's something that I think would be a simple legislative fix to section 461: Allow a court to say where the bank account is for the purpose of a civil forfeiture proceeding. That is where it's transacted. Then you'll close that loophole.

Thank you.

The Chair: Thank you, Mr. Simser.

Now we'll go to the Business and Higher Education Roundtable and its chief executive officer, Valerie Walker, for opening remarks.

Dr. Valerie Walker (Chief Executive Officer, Business-Higher Education Roundtable): Thank you, Chair.

I almost feel like I need to start by saying, “And now for something completely different.”

Thank you for the opportunity to speak with you today.

My name is Val Walker and I am the CEO of the Business and Higher Education Roundtable, or BHER. I am joined today by my colleague Matthew McKean, who is our chief R and D officer. We are a national, member-based non-profit. We are the only organization in the country that brings together leaders from our country's top post-secondary institutions and companies to tackle the most pressing challenges facing Canada's economy and workforce.

Since 2019, we've played a critical role in helping post-secondary institutions and businesses, especially small and medium-sized companies, create work experiences for young people before they graduate. What we do is incredibly important, because we know that businesses need people and young people need jobs. We also know that connecting students to employers through what we call “work-integrated learning”—or WIL for short—remains the most effective way to build the skilled talent pipelines that enable Canada's businesses to be productive and innovative and to grow.

Developing the talent we need to work in growing and in-demand sectors like the skilled trades, health care, AI and clean energy doesn't happen organically. It requires curated programs, partnerships and capacity building. BHER is at the forefront of delivering solutions. We are uniquely positioned to deliver on the Government of Canada's commitment to get every student some work experience before they graduate.

We do this by developing partnerships between post-secondary institutions and companies, and we often involve other intermediary organizations like local chambers of commerce and regional economic development groups. We work with those partners to create or scale work-integrated learning programs where they didn't exist before and where they are needed most.

We're not limited to one sector of the economy. We can respond to Canada's evolving labour market priorities by working across industries and sectors in every region of the country. This flexibility allows us to ensure our programs are aligned directly with the current and future needs of this economy.

Our work has big impacts and big outcomes. To date, we have created nearly 65,000 work-integrated learning opportunities for young people. We've partnered with more than 200 post-secondary institutions and we have a pan-Canadian network of nearly 10,000 employers. We've helped a diverse range of students, 50% of whom are women and 45% of whom are visible minorities.

We talked with SME owners across Canada before we started out on this journey—hundreds of them. What they told us was that the biggest barrier to hiring students or entry-level talent wasn't paying wages; rather, it was finding and hiring them, mentoring capacity, covering project costs associated with creating quality experiences or making the post-secondary connections in the first place. That's what we do. That's what we use the funds currently provided by the Government of Canada to pay for: capacity building and partnership development. We get the employers to pay the salaries. Our exit surveys show that more than two-thirds of our employer partners hire or plan to hire their BHER students, and they're also saving big on recruitment and retention costs.

Here is the thing that might really resonate with this committee in particular: Our model is not only highly effective but also very cost-effective. In 2022-23, BHER provided 20% of Canada's federally funded work-integrated learning programming for about 2% of the federal WIL funding envelope. We had a recent evaluation by ISED that confirmed the effectiveness of our programs and our differentiated value and role in the WIL ecosystem.

We would very much like to continue to do this important work. We are requesting \$32.5 million in federal reinvestment over five years to expand our impact. With this reinvestment, we will continue to leverage our relationships with industry members and large companies to support small and medium-sized companies to do more WIL. We'll get more companies to pay more students. We'll work with the provinces and territories to ensure shared responsibility and buy-in. We'll build a program worth more than \$250 million. In other words, we ensure an 8:1 return on the Government of Canada's investment.

Thank you, Mr. Chair.

• (1555)

The Chair: Thank you, Ms. Walker.

Now we're going to hear from the Canadian Gas Association and its vice-president, Paul Cheliak.

Mr. Paul Cheliak (Vice-President, Strategy and Delivery, Canadian Gas Association): Thank you, Chair.

Hello, committee members.

My remarks today will focus on two areas. The first is setting a new narrative for Canadian energy that aligns with the energy trilemma, and the second is a proposal to leverage Canada's vast natural gas infrastructure system.

The Canadian Gas Association members deliver natural gas through 600,000 kilometres of pipeline infrastructure that connects over 20 million Canadians. This infrastructure spans eight provinces and one territory, and through it we deliver 40% of Canada's energy needs, nearly double that of the electricity system.

As energy companies serving all forms of consumers, from large industries to homeowners, we are acutely aware of Canada's productivity and affordability challenge. Energy as an input cost forms part of that productivity equation. We witness first-hand the economic benefit of connecting Canadians homes and industries to natural gas. More affordable energy means improved bottom lines, more disposable income and economic growth. The Government of Canada has an opportunity to put the conditions in place to bring affordable natural gas and renewable gases to more Canadians.

Where do we start? First, we need to work together as a nation to get the message right. I'm just back from meetings in Cairo, where dozens of countries met to discuss the energy and investment landscape around the world. The discussion centred on opportunities in the United States, in Europe and in developing countries. Canada was simply not on the radar.

How do we change this? It starts with a new narrative, a narrative that reflects our energy strengths as a nation and a narrative that speaks positively about our resources, our domestic industry and our infrastructure.

What is the new narrative? It's one that speaks to and balances each element of the energy trilemma: affordability, reliability and sustainability. Balancing the trilemma must be at the heart of Canada's energy and environmental policy and decision-making. Too much focus on any one source of energy or one aspect of the trilemma will lead to unintended consequences.

We must recognize that the world is in an era of energy addition. We need more energy, not less. Our narrative must be accompanied by durable policy that attracts capital. Our allies are vying for investment the same way that we are.

The next five years will be pivotal with the reshoring of manufacturing and the AI data centre opportunity. Canada should be pursuing both with vigour, and natural gas has a central place.

If we get the message right and we get the policy right, how can we leverage the gas system?

Hundreds of thousands Canadians live close to but are not connected to the gas system. They rely on higher-cost and higher-emitting fuels, such as heating oil and propane. To remedy this, we recommend a public-private partnership to co-fund the extension of the gas infrastructure to data centres, farms, rural communities and indigenous nations.

This would not be the first instance of a partnership. There have been several of them over the years, dating back to the 1980s. A partnership would allow the energy delivery company to connect communities in close proximity to the gas system, often less than 10 kilometres away.

We have seen leadership in Ontario, where the natural gas expansion program funded by the Government of Ontario will connect 17,000 homes and businesses to the gas system in 59 communities. The end result is 30% to 50% savings on energy costs. A federal program could expand this opportunity for the rest of Canada, lowering heating costs and putting money into the pocketbooks of households.

The industry stands ready to bring forward shovel-ready projects, along with capital and a strong Canadian workforce.

In the coming weeks, the CGA will be releasing a national policy document that outlines several gas energy opportunities for Canada, including the one I've mentioned today. We look forward to advancing this and other opportunities in the coming weeks and months.

Thank you.

• (1600)

The Chair: Thank you, Mr. Cheliak.

We will go now to École de technologie supérieure. We have Ms. Kathy Baig as its spokesperson.

[*Translation*]

Ms. Kathy Baig (Director General and Chief Executive Officer, École de technologie supérieure): Members of the committee, thank you very much for inviting me to participate in this important pre-budget consultation exercise. It is an honour for the École de technologie supérieure, or ETS, to contribute to these discussions aimed at guiding the priorities of the next federal budget. This is a critical exercise for the country's economic, technological and environmental future.

Today, I will introduce you to two critical projects for Canada's economic, technological and environmental future: the AdapT Institute, and funding for deep-tech incubators such as Centech, ETS's deep-tech incubator.

Climate change is causing our infrastructure to age and increasing maintenance costs. Urgent action is needed. By investing in research and innovation, we can develop new approaches, materials and technologies for design and construction, thereby strengthening our existing infrastructure to build more resilient cities.

Canada is at a turning point on these issues, and it should seize the opportunity to become a global leader in adaptation and resilience. Sustained investments in education and research and the resulting innovations are making and will make a difference in addressing the challenges Canada faces.

The ETS has developed an innovative model with the AdapT Institute, a one-stop shop that brings together the best researchers in the country to brainstorm concrete solutions to current and future challenges. This model facilitates multidisciplinary collaboration and accelerates knowledge transfer to meet the needs of industry and our communities. Within our industry, more than 60 promising projects are already under way. They are piloted by 27 universities in Canada and internationally.

Given the challenges—

• (1605)

[*English*]

The Chair: Madame Baig, if you could get a little more centered and closer to the mic, that should be good.

Ms. Kathy Baig: Is it better now?

The Chair: If you could start speaking, we'll let you know.

[*Translation*]

Ms. Kathy Baig: Given the challenges of climate change, it is imperative to accelerate investment. We are requesting funding of \$49 million over seven years to roll out this model nationally. The goal is to reach \$163 million for collaborative research. This will enable us to continue the projects under way and increase our response activities across the country.

More specifically, the AdapT Institute, with its proven model, makes it possible to connect researchers, businesses and governments to find solutions tailored to each context, to accelerate the development of research and innovation projects, and to strengthen the resilience of our communities.

The AdapT Institute urges the government to support cutting-edge research on climate change adaptation. By strengthening the resilience of our infrastructure, not only are we preparing our country to meet the challenges of climate change, but we are also creating a framework conducive to technological innovation.

Therefore, we recommend that the federal government help fund the AdapT Institute to promote resilient infrastructure and a sustainable economy in Canada.

The second recommendation we would like to present to you is to increase investments to support start-up incubators that specialize in advanced technology—in other words, deep tech—in order to stimulate innovation and the Canadian economy.

Deep technologies, through their transformative potential, are at the heart of the upcoming technology revolution. The ETS houses a deep-tech incubator called Centech, which UBI Global ranks as one of the top 10 incubators in the world. Centech supports companies in cutting-edge fields such as artificial intelligence, biotechnology and other high-tech sectors.

Deep-tech incubators in Canada are facing a major challenge: underfunding. Start-ups in the technology sector need more resources and a longer support period than start-ups in the usual sectors to ensure their success and survival. However, existing funding programs are not adapted to their specific needs, which limits their development and their ability to compete internationally.

To address this, we propose the establishment of a national targeted funding program of \$62 million over five years specifically for deep-tech incubators. This program, based on a competitive call for projects model, would support a network of 15 or so incubators across the country. This would stimulate the innovation ecosystem and create thousands of highly skilled jobs.

In conclusion, I would say that these recommendations reflect the commitment of the École de technologie supérieure to make a significant contribution to the green transition and to innovation in Canada, as well as to stimulate its economy and demonstrate its global leadership. By supporting AdapT and deep-tech incubators like Centech, the government could position Canada to be more resilient and innovative in the future.

Thank you for your attention and for giving me the opportunity to present initiatives that will change Canada's technological, economic and environmental face.

• (1610)

The Chair: Thank you, Ms. Baig.

[English]

I'm sure there will be many questions.

Now we're going to hear from the Mortgage Professionals Canada, and Lauren van den Berg, please, for five minutes.

Ms. Lauren van den Berg (President and Chief Executive Officer, Mortgage Professionals Canada): Good afternoon, Mr. Chair, and esteemed members of the committee.

It's an honour to appear before you today on behalf of Mortgage Professionals Canada, also known as MPC to our friends, and I think we're all friends now.

I would like to begin by sincerely thanking all members of this committee for your time and your attention to the housing challenges our country is facing.

MPC represents over 15,000 members, including mortgage brokers, lenders, insurers and other professionals who help Canadians navigate the housing market. Our members work every day with individuals and families making one of the most important financial decisions of their lives: securing a home.

Today I will discuss our pre-budget submission and highlight both the progress made and the ongoing work required to ensure access to home ownership remains within reach for all Canadians.

Housing affordability is rightly one of the most pressing concerns for this government and for all parties represented here today. There is widespread recognition that Canada is facing a housing crisis, and this challenge has only grown more urgent in recent years, due to rising interest rates, inflation and economic pressure on households. I want to commend the federal government and

members of all parties for their efforts to address these challenges, particularly the important steps introduced in budget 2024-25. These initiatives represent a significant move towards alleviating some of the pressures on Canadian homeowners and prospective buyers, and we're grateful for this action.

Housing is now a national priority, and this is due in large part to the advocacy efforts of groups like MPC and other stakeholders in the housing sector. We've worked tirelessly to ensure that the voices of Canada's mortgage professionals are heard, and we are proud to see housing issues receiving the serious attention they deserve.

Several recommendations from MPC's pre-budget submission have already been partly addressed. We very much appreciate what this represents for all homeowners across the country. For instance, we were very pleased to see the introduction of the housing accelerator fund, which aims to increase housing supply, and the elimination of the GST on new purpose-built rentals. These measures are critical to addressing housing affordability.

Moreover, the increase in the ceiling for insured mortgages from \$1 million to \$1.5 million is a crucial step forward. This adjustment reflects today's housing market realities, particularly in cities like Toronto and Vancouver, where housing prices are significantly higher.

We also welcome the easing of rules around 30-year amortization periods, which provides buyers with greater flexibility and lower monthly payments. This is especially beneficial for first-time buyers and younger Canadians who are trying to enter the market.

Additionally, we are encouraged by the government regulator's decision to relax stress test rules at mortgage renewal.

These actions represent significant progress, and we commend the government for implementing these changes. However, there are still critical areas that need further attention. Two important issues remain unresolved, and I'd like to highlight them now.

The first is the urgent need for a digital income verification tool.

Currently, mortgage applicants must provide income verification through outdated manual methods, which are both time-consuming and susceptible to fraud. A secure digital tool provided by the CRA would allow trusted third parties in the mortgage industry to instantly verify income, would reduce fraud and would improve efficiency for homebuyers and lenders alike. This tool is essential for protecting the integrity of our mortgage system and for enhancing consumer confidence.

The second unresolved issue is the establishment of a permanent housing round table.

This round table would bring together all levels of government, industry leaders and civil society to engage in ongoing dialogue and develop long-term solutions to the housing affordability crisis. While provincial and municipal governments have made commendable efforts to address housing barriers, a coordinated federal effort is still needed. A permanent forum for collaboration would ensure that Canada's housing challenges are addressed holistically and would demonstrate the government's continued commitment to solving this crisis.

At MPC, we strongly believe in the importance of ensuring access to home ownership for all Canadians. Home ownership is a cornerstone of financial stability and is vital for building strong, resilient communities across the country. Unfortunately, for many Canadians, home ownership is becoming increasingly difficult to attain. The rising cost of housing, stagnant wages and higher borrowing costs present significant barriers for first-time homebuyers in particular. Extending the amortization period for insured mortgages to 30 years, as has been done, and increasing the insured mortgage ceiling to \$1.5 million are important steps. We must continue working to make home ownership a reality for more Canadians.

We also urge the government to combine the home buyers' plan with a first-time home savings account. This would simplify the process for first-time buyers and allow them to better manage their savings for a down payment, giving them a clearer path to home ownership.

In conclusion, while we acknowledge the progress made by the government so far, there is still more work to be done to address the housing affordability crisis in Canada. These initiatives are particularly crucial to ensuring that more Canadians, particularly younger generations, can achieve that dream of home ownership.

Thank you so much. I look forward to your questions.

• (1615)

The Chair: Thank you, Ms. van den Berg.

I'm sure the members are eager to ask questions, and that's where we're going right now.

All the parties will have up to six minutes to ask questions. We are starting with MP Pat Kelly.

Mr. Pat Kelly (Calgary Rocky Ridge, CPC): Thank you.

My first question is for MPC.

We had testimony on Tuesday about the state of affordability for younger working people in Canada. One of your members, Ron

Butler, told the committee that the dream is dead and that working Canadians cannot afford to buy their first home in most of Canada's cities.

Have your members, in their grassroots work at street level, had the same experience?

Ms. Lauren van den Berg: Housing affordability remains the most critical financial challenge facing Canadian households today, particularly in urban centres. Housing costs are continuing to outpace incomes. We're looking at medium-income households now spending up to 63.5% of their income on housing, according to the latest report from RBC. In major cities like Toronto and Vancouver, families are spending as much as 84% and 106% of their income on housing, which makes saving for home ownership nearly impossible.

Affordability isn't just a local issue. It's very much a national crisis and requires a coordinated effort across all levels of government. We didn't get here overnight, and our housing affordability crisis has been influenced by multiple factors. Ensuring that the dream of access to home ownership doesn't die is not just an economic issue but also a matter of national well-being that affects the social fabric of our communities.

Mr. Pat Kelly: Thank you.

Mr. Cheliak, you said you were in Cairo, and in a discussion, presumably about accessing gas in that region, Canada wasn't even discussed. Did I understand that part correctly?

Mr. Paul Cheliak: The meetings were focused on the next generation of energy investments. That's everything from hydrogen production to carbon capture and liquefied natural gas export terminals.

Perhaps the way of summarizing it best is that there is a strong environmental plan for Canada that has been well understood and articulated, but there isn't a similar plan for energy.

Mr. Pat Kelly: Canada was not on the map in an international forum discussing energy investment.

What are Canada's gas reserves in comparison to other gas jurisdictions?

Mr. Paul Cheliak: Canadian gas reserves are in the hundreds of years—

Mr. Pat Kelly: What is the rank order among nations?

Mr. Paul Cheliak: We have the second-highest reserves of open countries in the world, after the United States.

Mr. Pat Kelly: Canada has the second-largest reserves, and nobody wants to talk about investing in our industry. Is that correct?

Mr. Paul Cheliak: It's not nobody, but it's a challenging proposition.

Mr. Pat Kelly: At the beginning, you said that Canada wasn't discussed, so it's pretty marginal, then. The international investment community is not particularly interested in the second-largest reserve jurisdiction. Is that fair?

Mr. Paul Cheliak: That is correct.

Mr. Pat Kelly: What are some of the reasons the international investment community would not be interested in investing in the open country with the second-largest proven reserve?

Mr. Paul Cheliak: The reasons are fairly well documented and understood. They date back a while and include cost overruns, permitting delays, approval processes—

Mr. Pat Kelly: What about regulation?

Mr. Paul Cheliak: Regulation is always going to be an issue.

Mr. Pat Kelly: What about Bill C-69 in particular?

• (1620)

Mr. Paul Cheliak: I wouldn't say that necessarily.

It is not just in Canada but around the world that the environmental permitting process has increased in complexity. Canada stands out as an area that has some particular issues it needs to solve in that regard, and I think that contributes to my comments.

Mr. Pat Kelly: Some of the problems are international, yet investors are talking about, and making investments in, other jurisdictions, and not Canada.

Mr. Paul Cheliak: It's not strictly a regulatory issue. It's a market access issue. The U.S. Gulf Coast, for example, has quick access to many global markets.

Mr. Pat Kelly: That's right, so what would give Canada better market access?

Mr. Paul Cheliak: A vision for the country would do that.

We have yet to encapsulate what we want to be on LNG, for example. There are different opinions about the opportunity for LNG. I don't think there's a cohesive narrative on that, and investors look for narratives—

Mr. Pat Kelly: The Prime Minister of Canada said there's no business case for LNG. If you disagree with that characterization, this is a great opportunity for you to say so and to be clear with this committee about whether or not there is a business case for LNG and whether there could be under the right regulation or political will or what it would take to make that business case.

Mr. Paul Cheliak: We have several LNG projects with permits and under construction on Canada's west coast, so the industry is evolving and moving forward.

There's always more we could do. Canada's east coast does present some challenging economics to exporting LNG from there. That statement around the economics of LNG as it pertains to Canada's east coast does hold some validity.

Mr. Pat Kelly: What about the west coast? Why is the community worldwide not stepping up to invest in Canadian infrastructure on that coast?

Mr. Paul Cheliak: It is. The challenge we're seeing is with the large pipeline that connects the current LNG Canada project. It had some cost overruns that were seen by the investment community.

When there are cost overruns or permit issues on projects, the investment community will take note of that.

The Chair: Thank you, MP Kelly.

We'll now go to MP Baker.

Mr. Yvan Baker (Etobicoke Centre, Lib.): Thanks very much, Mr. Chair, and thank you to all our witnesses for being here.

These are fascinating insights on a range of topics. I'm sorry I won't be able to ask all of your questions, but thank you for your contributions and for taking the time to be with us today to offer your insights. I appreciate that.

I'm going to start with Ms. Walker. For the folks who are watching at home, or my constituents who might be watching this exchange or reading some of this testimony, or even for the report that we end up writing for the Minister of Finance, can you explain “work-integrated learning”?

Dr. Valerie Walker: That's a really good question. It's not one that has the same answer that I would have given you 10 years ago. It is, for most people, the idea of a co-op placement or an internship. It's an opportunity for students to get some exposure to how work works before they finish school.

What we've learned, especially through the pandemic, is about the variety of experiences for students that are valuable to them and for employers. It's especially valuable to small and medium-sized companies that may not be able to afford a four-month traditional structured work experience or have many opportunities to engage with students. They understand the value students can bring to their businesses through, for example, smaller applied research projects or a hackathon in which a bunch of students participate and solve one particular issue.

We pride ourselves at BHER in continuing to work with employers to broaden the number of things we would define as work-integrated learning, as long as they provide value to the students and employers.

Mr. Yvan Baker: Can you help me understand what role you play in that? Why is it that this doesn't just happen naturally? Why don't companies create these opportunities, or why don't young people find them, or a combination of both, on their own, without your assistance?

Dr. Valerie Walker: There are a couple of things I would say to that.

One, we initially thought what was needed was some kind of matching platform. It should be obvious. We have students who need work experience and we have employers who need students. That's it. If we create a platform, they'll find each other. Emphatically, we have proven over the last five years that this is not enough.

The need for curated partnership development is key. Our data supports that. We can provide some of the broad resources that make it easier for companies to find and create quality experiences, but we need partners, working at the regional and local levels, that best understand their particular local labour market needs and that are the best positioned to execute on the specific needs of those communities. We support them and build capacity for them to provide those experiences locally.

● (1625)

Mr. Yvan Baker: What I hear you saying is that you're helping small and medium-sized businesses that may not otherwise have the capacity, the expertise and the experience to organize this or to structure these opportunities, and you help structure it for them. Am I right? Is that fair?

Dr. Valerie Walker: That's right.

At this point I would ask my colleague Matthew to provide a bit of colour to that and to expand on what we actually do with the funding we receive.

Dr. Matthew McKean (Chief Officer, Research and Development, Business-Higher Education Roundtable): As Val mentioned in her opening remarks, we talked to small and medium-sized business owners before we started this journey. We talked to hundreds of them, about 500 or 600. We went sector by sector, region by region, and asked them what they needed to do more work-integrated learning or what they needed to do it if they weren't already doing it.

More often than not, as Val said, paying the student was not the barrier. It was building that HR capacity to create the experiences, figuring out the intricacies of how to mentor students, providing quality assessment or creating programs where they just didn't exist by partnering with that local post-secondary institution.

That's the capacity-building and partnership function that we offer and that we see as being critical to the ecosystem.

Mr. Yvan Baker: This is great.

I can really relate to this. I don't know what age group you target, but man, I went to school, I worked hard and I had good grades. I had good grades in university, and then I got out of university and I couldn't find a job. I struggled, and I know many others do. I speak to many constituents—

A voice: [*Inaudible—Editor*]

Mr. Yvan Baker: That's right. Then I became an MP.

Voices: Oh, oh!

Mr. Yvan Baker: There's hope for me after all, I suppose. Yes, it is precarious work.

I can really relate to the need. I speak with a lot of constituents who come to me, frankly, and ask me if I can help their son or daughter find a job that's appropriate.

I only have a minute left. For folks at home, can you talk in about 45 seconds or less about how much funding you've received from the federal government, how many placements that's created and the impact it's had?

Dr. Valerie Walker: I can.

To date we have received a total of just shy of \$17 million. We have leveraged that funding from the federal government with private sector employer cash—and in kind as well, but cash for the salaries—to about \$270 million. On top of that, we have close to a couple of million dollars in just the last two years that our delivery partners provide in kind. It is a very good, clear return on investment with that funding.

With that money, as I said in my opening remarks, we have created more than 65,000 opportunities for students across the country with close to 10,000 companies that now understand and have that capacity to do more in future years.

Mr. Yvan Baker: Great. Thank you.

The Chair: Thank you, MP Baker.

We'll go to MP Ste-Marie now.

[*Translation*]

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

I want to begin by thanking all the witnesses for being here.

The testimony from the witnesses was really rich in content. We're taking a lot of notes, since our speaking time is very limited.

My questions are for Ms. Baig, from the École de technologie supérieure.

Ms. Baig, you mentioned that the AdapT Institute already has 60 projects under way.

Can you give us a few examples of projects and activities to help us get a sense of what the institute is doing in concrete terms?

Ms. Kathy Baig: Thank you very much for the question.

We are more than happy to provide examples.

Since we are fortunate to have the institute's director with us, I would invite Éric Bosco to answer that question by providing concrete examples.

Mr. Éric Bosco (Executive Director, Institut AdapT, École de technologie supérieure): Thank you very much for the question.

As mentioned, we have over 60 projects under way. I would first like to say that about half of these projects were launched with the support of the federal government and Public Services and Procurement Canada, or PSPC. I'm very pleased to see that the federal government is taking seriously the issue of climate change adaptation in its own real estate portfolio, if I can put it that way.

I'll give you a few examples of what we're doing with the support of PSPC. We are currently involved in the project to restore and modernize the parliamentary precinct, where we are today.

For us, it's a great project. On the one hand, it's an iconic location—we're talking about the Parliament of Canada—and on the other hand, this place is like a small town. So it contains all the challenges related to adapting to climate change. We're talking about resilience in the event of the front lawn of Parliament Hill flooding, for example. I'm also thinking of problems caused by coastal erosion, which is produced by the river behind the site. I can also bring up heat islands, heat comfort issues and the experience of visitors and parliamentary employees. There are also challenges related to the freezing and thawing of masonry. Freeze and thaw cycles are much more frequent than they used to be, which causes a lot of problems for masonry.

This is a very good project, with very long-term timelines and in collaboration with PSPC. We have several examples of collaboration with PSPC when it comes to buildings or infrastructure. However, the people from PSPC also told us about half a dozen projects proposed by companies that are starting new products. These companies would like the federal government to become their first customer in order to demonstrate the viability of their products. The problem that the PSPC people explained to us is that they are not able to really define the characteristics of the products and determine whether they can be adequate.

One of the projects in question is about evaluating a green insulation foam that is made from forest industry residues. This new insulation product is very interesting, and it is environmentally friendly. It is made from materials that would normally have been devalued. In addition, our forestry industry is important here in Canada. PSPC is very interested. For us, it's about providing expertise, characterizing the product, testing it over the long term and demonstrating the advantages and disadvantages compared with traditional products. It's super interesting and, if it works well, the company will have its first customer, the federal government. In addition, it would obtain a kind of scientific confirmation from us as to the quality of the product.

Here's another example, which concerns a municipality. You probably know that municipalities are on the front line when it comes to climate change. They are really the ones who have to deal with the problems associated with it on a daily basis. However, they are often very ill-equipped to respond. One of our projects is being carried out with the rural community of Sainte-Marthe. When there is heavy rain, which happens frequently these days, that city's filtration system receives a mixture of groundwater and large volumes of surface water, obviously contaminated. The city is having trouble filtering that water, and the quality of the water coming out of the system is not guaranteed. In this case, our job is to better predict the mixture of water and optimize the system to guarantee the quality of the water leaving it at all times.

I will also tell you about the measures we are taking. I was just talking about municipalities. We held an event on October 3 with the Union des municipalités du Québec, or UMQ. There were 130 participants. Groups bringing together mayors from various regions first told us about their reality on the ground. Afterwards, workshops were created. They consisted of representatives of private companies, researchers from various universities and, of course, municipalities. They talked about the various issues they were facing. Then researchers expressed interest in solving those

problems, and companies came forward to offer their products and services. It was a very productive day, and we are in the process of following up and starting projects.

It was a great experience, where we were really proactive. That day, we also announced a research chair with half a million dollars in funding, in collaboration with the UMQ, specifically on adapting municipalities to climate change. The event really got a lot of attention. A number of municipalities and researchers have contacted us, and we expect some great projects to be proposed.

Funding in the amount of more than \$200,000 was also announced to get these projects off the ground.

• (1630)

That gives you a bit of an idea of the nature of our activities.

Mr. Gabriel Ste-Marie: It's very impressive. Thank you.

I'll ask you a second question. If the chair, in his intransigence, were to cut you off, you could complete your answer during my next turns to speak.

As far as the AdapT Institute is concerned, this one-stop-shop model already receives funding from the Quebec government. It's operational at the provincial level. You gave some examples of that.

How could such a model actually help local communities, especially remote regions across the country, meet the challenges posed by climate change and strengthen their infrastructure with federal funding?

• (1635)

Mr. Éric Bosco: Thank you very much for—

[English]

The Chair: What I'm going to ask, because we are well over time already—

[Translation]

Mr. Gabriel Ste-Marie: I knew it.

[English]

The Chair: —is to take that into account. Put your answer together, and then, when we have more time in the next round, you'll have an opportunity to answer. Okay?

Thank you, MP Ste-Marie. We go to MP Davies now.

Mr. Don Davies (Vancouver Kingsway, NDP): Thank you, Mr. Chair, and thank you to all the witnesses for fascinating testimony on a wide variety of subjects.

Mr. Hume, if I can begin with you, in September the federal government announced it will increase the cap on insured mortgages to \$1.5 million from \$1 million, effective December 15. In addition, purchasers will be able to take out loans for a 30-year period if they are first-time homebuyers or if they're buying a newly built house.

In your view, what impact will these measures have on housing prices?

Mr. Nathan Hume: I think the evidence from the last 30 years is very clear that when the federal government takes those steps—increases amortization periods at the CMHC and increases mortgage insurance limits—prices go up and prices stay up. They act as anchors. They set people's expectations, and people across the country and from elsewhere invest accordingly.

Mr. Don Davies: It's a bit of a conundrum, isn't it? When we make it easier for first-time buyers to buy a house, we increase demand.

If we have a supply issue, it would seem that the basic laws of supply and demand would mean that we have more people chasing less stock, thereby driving prices up. Do I have that right?

Mr. Nathan Hume: Yes.

Mr. Don Davies: On October 10, the federal government announced that it will reform mortgage insurance rules to allow refinancing to help cover the cost of building secondary suites, starting in January.

I think you commented on that in your opening remarks. In your view, what impact will that measure have on housing supply in Canada?

Mr. Nathan Hume: I think it will have a limited impact on housing supply.

I remember the announcement in which the minister spoke of grandparents building secondary suites for their grandchildren to attend university. Although that's a nice thought, I do not think that this is going to have a meaningful impact on the number of homes available for families to raise children and for long-term solutions.

Mr. Don Davies: Maybe turning to some solutions that might work, you have a fascinating proposal for a housing ETF. I'd like to direct some questions to that.

Are there currently any regulatory barriers to establishing a housing ETF in Canada?

Mr. Nathan Hume: Not that I'm aware of, no. This is a plug-and-play solution. We have ETFs for almost anything you can imagine, but not houses. I do not have an answer for why that's the case right now.

Mr. Don Davies: Would it be possible for the private sector to create a product that would satisfy that?

Mr. Nathan Hume: I think the private sector is the only sector that can create this product, and I encourage every financial institution to look into it. Hopefully this committee and this government can take steps to encourage them to do so.

Mr. Don Davies: You touched on this, and I want to give you a chance to expand more on it. It's a very novel proposal and one I don't think we've heard at this committee—at least, I haven't.

What market trends or data support the need for a housing ETF at this time? Again, what do you think would be the result of such a product?

Mr. Nathan Hume: I think the main market trend is the one that I mentioned briefly during my remarks, the extensive amount of

speculative-demand, investor-owned housing in Canada, especially in the cities I've read about. In Vancouver, it's 34% of condos. In some cities in Ontario, it's upwards of 64%. I believe 85% of condos in London are investor-owned.

These percentages are mind-boggling, and a house price ETF could absorb a significant amount of speculative or investor demand. It would give that demand another channel in which to get access to house prices without taking up housing supply, so it would not have the same impact on the families that you talked about that are in need of shelter and houses.

Mr. Don Davies: Prime Minister Trudeau has noted that his government aims to make housing more affordable for younger Canadians without bringing down home prices for existing homeowners.

On May 24, in *The Globe and Mail*, he was quoted as saying, "housing needs to retain its value. It's a huge part of people's potential for retirement and future nest egg." In your view, are those compatible goals?

• (1640)

Mr. Nathan Hume: In response to that, I would say it sounds like all gas with just a bit of brakes, and that is consistent with what the federal government's housing policy has been for quite a long time. I don't mean this particular instantiation; I think it's a frank admission of the perceived political constraints governments face, which is another unintended consequence of the programs I mentioned during my opening remarks.

We know many households are dependent on house prices to finance their retirement, and a lot of people are concerned about that, and I don't think that's wrong. I know that in British Columbia, the average household savings rate for the past 25 years is 0.3% of income being saved. If you strip out the two COVID stimulus years, it's -0.4% over 23 years. Households aren't saving, which goes to the comments from the witness from the MPC, so I understand that people feel constrained and are constrained.

A house price ETF would help loosen some of those political constraints by giving investor demand another channel through which to flow, reducing the pressure on our housing stock and hopefully helping all of us find more tools and more ways to address this problem instead of fewer.

We really shouldn't look the other way when we have new financial opportunities and instruments that could help us solve the problem.

Mr. Don Davies: Just quickly, what's the role of the federal government in building non-market housing, and how might that impact the situation?

Mr. Nathan Hume: I think the proposal I've put forward today would only complement non-market housing. It's not meant to supplement or detract from it. The federal government can certainly continue to play that role and provide the shelter that people need.

The Chair: Thank you.

Thank you, MP Davies.

Now, witnesses and members, we are moving to our second round of questions. The times are a little different in these rounds.

We're starting with MP Chambers for five minutes.

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

Mr. Simser, thank you for your testimony today. Did I hear correctly that none of your proposals actually cost the government any money? Is that right?

It is. Okay. Thank you very much.

It seems to me that you're trying to beef up the Criminal Code versus the existing approach through the proceeds of crime and money-laundering act. Is that correct?

It is. Okay.

Is that primarily because we don't have a great track record of convictions and prosecutions for money-laundering offences?

Mr. Jeffrey Simser: That's correct. We don't have a very good record of charging and prosecuting, and when we do prosecute, we're not all that successful in the outcomes. It takes a long time and we don't get very good jail time.

Mr. Adam Chambers: That's right. If I were an alien and I arrived just above Earth and looked at Canada, I would think we have no money laundering in Canada, because we don't have a lot of convictions. Would that be a fair assessment?

Mr. Jeffrey Simser: That's if you were truly an outsider, I suppose, but if you were an organized criminal in a Mexican cartel, this is a playground for you.

Mr. Adam Chambers: This is where the bad guys want to come.

Mr. Jeffrey Simser: Absolutely, they do.

Right now we have a big problem with fentanyl and methamphetamine on our streets. They are coming from Mexican cartels, and actions the Chinese government took about 10 or 15 years ago created this insatiable demand for Canadian currency and created this money-laundering cycle that we're seeing again and again. We haven't been very successful at interdicting it, though.

Mr. Adam Chambers: That's very sobering testimony. Everyone should be concerned about this.

There was a private member's bill that would have made it an offence in the Criminal Code to lie to a reporting entity or a financial institution when you're opening a bank account. Is that something you think would be worthy of exploration?

The government didn't support the bill because it wanted to put the offence in the proceeds of crime and money-laundering act and not in the Criminal Code.

Mr. Jeffrey Simser: The real problem I've identified is that the only way to prosecute for money laundering under the Criminal Code is to connect money laundering to a predicate crime. What

we're seeing is professional money launderers who distance themselves from the underlying crime.

Lying to a bank could be fraud. It can be charged under the Criminal Code, but if it were made a specific predicate to support a money-laundering prosecution, as opposed to trying to find the drug case.... The case I talked about, Project Collecteur, added a year to the investigation because the prosecutor said it needed to be linked beyond money laundering to drugs, so they needed to get in to where the drug network was. While that was happening, we had suitcases with \$200,000 per plane flying from Toronto to Calgary or Vancouver.

• (1645)

Mr. Adam Chambers: Yes, and Canada's due for a Financial Action Task Force review. Is that correct?

Mr. Jeffrey Simser: Yes, we're up next year. I think we'll start in the spring of next year on the mutual evaluation by the Financial Action Task Force.

Mr. Adam Chambers: We're under obligation, statutory obligation, to review the Proceeds of Crime (Money Laundering) Act and Terrorist Financing every five years.

What will the Financial Action Task Force say about Canada since we've missed the deadline to review that legislation?

Mr. Jeffrey Simser: I think it's something that they will observe.

They look at two kinds of things. They won't look at whether the parliamentary review in and of itself has occurred; they'll ask whether there's technical compliance and whether we're effective at using things. If the review isn't done, though, that certainly will come into the mix.

Mr. Adam Chambers: You're familiar with net worth assessments from the CRA. Is that correct?

Mr. Jeffrey Simser: Yes.

Mr. Adam Chambers: Would it trouble you to learn that the net worth assessments at CRA have gone from about \$1,200 or \$1,500 a year about seven or eight years ago to under \$500?

Mr. Jeffrey Simser: That's very worrying.

Typically, where I would see net worth—and I'm not a tax person—is where a drug prosecution or a proceeds of crime case fails. Then your last resort is to say that the target has a lot of assets and no legitimate income and as the CRA to please look at them, and that's where that process comes in. If it's falling, that's very worrying.

Mr. Adam Chambers: Thank you.

I have a final question, with about 30 seconds left.

Obviously, people paying attention to the news saw this very sizable fine against a Canadian financial institution, TD Bank, in the U.S. The question is, would OSFI be able to detect the same activity in Canada with the tools it has today, or FINTRAC?

Mr. Jeffrey Simser: Maybe.

There were worrying signs about TD, so about four or five years ago, there was a public-private partnership called Project Athena in the Lower Mainland of B.C. It identified that banks were issuing bank drafts to people who were students and homemakers for significant amounts of money, and there were no names on the bank drafts, so it became like a bearer instrument. This was identified for all of the banks, and all of them changed their practice, except for TD.

What happened was that Mr. Justice Cullen, as part of his commission, actually subpoenaed the global chief anti-money-laundering officer to come and testify and explain why. He said they didn't have the resources to make the change, even though it's a massive bank.

Mr. Adam Chambers: Thank you, Mr. Simser. I have to give time back to the floor.

The Chair: Thank you, MP Chambers.

Now we go to MP Dzerowicz, please.

Ms. Julie Dzerowicz (Davenport, Lib.): Thank you so much, Mr. Chair, and I want to thank all our speakers for being here today and for your great presentations.

I'm going to direct my questions to the Business-Higher Education Roundtable.

I'm going to follow up on my colleague's questions. I'm assuming that in the work that you provide or the placements that you do for our students, you work across sectors and you work across the country. Can you just confirm that?

Dr. Valerie Walker: That's correct, yes.

Ms. Julie Dzerowicz: Why do you think it's important to provide work to students across sectors across our country?

Dr. Valerie Walker: There's a lot of great work helping students to get work experience all across the country. The short answer to your question is because we can reduce the duplication of efforts.

In so much work that happens, especially in local communities, things start from zero. They build a thing from nothing into something, and that, as we know, is the hardest to do, whereas when sectors or different parts of the country work across and have a mechanism through which to coordinate and collaborate—a hub-and-spoke model, if you will, a centralized hub that can create resources for any employer—then we can understand that the specific employer needs in Newfoundland, for example, are different from those in B.C.

We can do the bulk of the heavy lifting and provide those resources to the local community or chamber, and they can customize for that last 20%. Everyone then is learning from each other across the country and building on the work of others without having to always start from scratch.

Ms. Julie Dzerowicz: I often think that there are a lot of great jobs across the country. I'm not quite sure if we have the right information about where those skills and labour needs are. Do we have the data that we need around where the skills and labour needs are?

That would maybe help us to have our colleges and universities plan a little bit and have organizations like yours plan a little bit about how you can start moving students into areas where the skills and labour needs are.

• (1650)

Dr. Valerie Walker: I might ask my colleague Matthew to jump in on this one.

Thank you.

Dr. Matthew McKean: Thank you. I get the labour market question.

We see what we do in work-integrated learning as a way to lever young people into the labour market. We spend a lot of time talking to employers in order to try to figure out what their core needs are. That's why we say we need curated programming.

We know economists like to forecast. They're not always right. This is part of the limitation and challenge, I think, in Canada, when it comes to having the data we need. We know that when we talk to employers—particularly the big ones, but the small ones too—they have a pretty good sense of where they're headed and what they need.

Increasingly, employers are looking for skills more than anything. It's skills-based hiring. We're hearing that a lot. Work-integrated learning is a compelling way to help young people to not just get that applied experience but also understand the skills they got while they were doing it.

Ms. Julie Dzerowicz: What I'm hearing from you is that you have the skill and labour data you need in order to fill some of those needs across the country.

Dr. Matthew McKean: At a high level, we know, through working with employers and staying close to the government, where there's a need in the skilled trades and health care. We can navigate AI and things like that at a high level. It's not necessarily at the granular level that you might be thinking about.

Ms. Julie Dzerowicz: If you have a recommendation about what we could do at the local or regional level, that would be helpful.

You talked a bit about small businesses. Often, when I talk to the Ontario Chamber of Commerce or meet with 50 businesses, they'll all say they have very specific needs, but they don't have anybody to fulfill them.

I don't know whether there's something you want to say. Then I have one last question.

Dr. Valerie Walker: I might, Mr. Chair, quickly jump in on this.

This is in fact why we work so hard on the curation of our partnerships. It's to ensure that we can flow the funding through to the local chambers of commerce, which are best positioned to have that granular, localized labour market information. That's so we're able to help them help their community.

Ms. Julie Dzerowicz: Thank you.

In Europe, they have a youth guarantee. I think they did it in France. Basically, if a youth comes out of a university program and can't find a job, the government somehow guarantees a training program, work placement or additional training.

What do you think about a youth guarantee? Do you think that would be effective?

Dr. Valerie Walker: We know there are examples in Canada of individual institutions that provide that kind of guarantee. I don't know if it's still current, but the University of Regina has one.

I'm not the best one to speak about that, but I know a lot of institutions and students are looking for that backstop. What form it takes and who should own that responsibility are things I couldn't speak about with any real authority at the moment.

Ms. Julie Dzerowicz: Okay. Thank you.

The Chair: Thank you, MP Dzerowicz.

Now we'll go to MP Ste-Marie.

[*Translation*]

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

Mr. Bosco, you have two and a half minutes to answer my question about the AdapT Institute's one-stop-shop model.

Mr. Éric Bosco: Okay.

If I remember correctly, the question was about the potential outcome of expanding the model beyond Quebec.

I'll tell you a little more about what we do in Quebec. As you may have understood, we play a facilitating role. We meet with representatives of various levels of government, businesses or civil society. We first try to understand the nature of their challenges in adapting to climate change. We then turn to the university network to try to find the necessary resources and get these people to work together.

To achieve this, we take action in four ways. First, we put people on the ground to proactively facilitate business development. They meet with people from municipalities, businesses, and so on, to understand their needs. Afterwards, they have the expertise they need to find resources.

Second, as I mentioned earlier, we organize theme days where representatives of various backgrounds are invited. We try to understand their needs and find creative solutions with them.

Third, as I mentioned earlier, we issue calls for projects. That generates interest among people who have challenges and want to find solutions.

Finally, we increase research capacity. We have research chairs, and we are hiring new professors in those areas. Right now, we are working to invite international experts to our universities in order to acquire expertise here. As we are academic institutions, we obviously offer training, from bachelor's degree to graduate degrees.

Everything I just mentioned is currently being done in Quebec. If we had funding that enabled us to become a national one-stop shop, all these activities would be available across the country.

Regionally, I want to mention that the Cree Nation Government is one of the founding members of the AdapT Institute. We are currently working with it to develop a number of projects.

We feel it's very important to work in remote areas, especially those further north. As you probably know, the further north you go, the greater the impact of climate change. So research is becoming interesting. The knowledge we acquire in northern regions can normally be used elsewhere, including in regions located in the southern part of the province, for example.

• (1655)

[*English*]

The Chair: Thank you, Monsieur Ste-Marie.

MP Davies, go ahead, please.

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

Mr. Cheliak, I've done a little bit of research here. Natural gas, according to my research, is essentially 70% to 90% methane, with small amounts of ethane, butane and propane. Is that correct?

Mr. Paul Cheliak: No. The natural gas you use in your home, for example, would be over 95% methane.

Mr. Don Davies: Thank you.

I went to NASA's site. This is what they say about methane:

Methane is a powerful heat-trapping gas. An estimated 60% of today's methane emissions are the result of human activities.

Methane...is a powerful greenhouse gas, and is the second-largest contributor to climate warming after carbon dioxide (CO₂). A molecule of methane traps more heat than a molecule of CO₂....

Methane comes from both natural sources and human activities. An estimated 60% of today's methane emissions are the result of human activities. The largest sources of methane are agriculture, fossil fuels, and decomposition of landfill waste.

The concentration of methane in the atmosphere has more than doubled over the past 200 years. Scientists estimate that this increase is responsible for...30% of climate warming since the Industrial Revolution (which began in 1750).

You've made a case for the economic impact of selling the product. Is it your testimony here that you think Canada should be expanding our methane emissions? What would be the economic impacts on Canada of the resulting climate change problems that this would create?

Mr. Paul Cheliak: I'm not suggesting we expand our methane emissions, certainly. I'm suggesting we expand the use of natural gas in Canada.

Mr. Don Davies: Isn't that the same thing?

Mr. Paul Cheliak: No.

Mr. Don Davies: Can you expand the amount of natural gas we're using without expanding the amount of methane we're releasing?

Mr. Paul Cheliak: Yes.

I guess the way we look at it is that if you take a community from oil or propane and move them to natural gas, you have an emissions benefit there. If you produce and use more natural gas in Canada, yes, inherently there will be a slight increase in methane emissions, but when you take someone off a higher hydrocarbon fuel, the net benefit is a positive.

Mr. Don Davies: Have you ever done a calculation of what the impact of the climate change impacts of that may be?

I just came from Vancouver, where we had an atmospheric river last Saturday. I don't have to tell you about the forest fires, the wildfires, the droughts and those impacts, and the problems facing Canada's agriculture sector as a result of dealing with droughts and floods.

Do you have any kind of estimate of the cost of an increase in greenhouse gas emissions, which, of course, your product would contribute to?

Mr. Paul Cheliak: What I would say is that if we're looking at greenhouse gas emissions and climate change as a global issue, there are many things Canada can do to help the world. The export of our products to nations that use coal, for example, has a net benefit to global emissions. The resulting effect may be an increase in Canada's domestic emissions but a decrease in the global emissions.

If we're tackling climate change from a global perspective, then I'd suggest that this is something that we should look at, quite clearly.

Mr. Don Davies: Thank you.

The Chair: It's now over to MP Morantz, please.

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

Mr. Simser, you've written in the past about unexplained wealth orders. I'm wondering if we could get into that a little bit.

Could you talk about what they are, how they can be implemented in both the civil and legal and civil and criminal contexts and what role the federal government might play in encouraging provinces to bring this type of legislation forward or whether or not the federal government is well placed to do it itself?

• (1700)

Mr. Jeffrey Simser: That is an excellent question. Thank you for it.

With regard to unexplained wealth orders, or UWOs, we have two jurisdictions right now that use them. Those are Manitoba and British Columbia. British Columbia has been the most aggressive with their use of the tool. The UWO is an information-gathering tool. About 100 jurisdictions worldwide use UWOs.

As to what the UWO is, it's a court order saying to someone who's implicated in crime, "You have more assets than your known income and assets could support. Where did the money come from?" If there's a legitimate explanation—your grandmother died and you inherited the wealth—that's fine and that's the end of the matter, but more often than not, there isn't one. That's the stuff that's kind of playing out.

In terms of the role of the federal government, UWOs right now are mostly a civil tool. There are some places where the federal government could think about this. Take sanctions, for example; we have a very poor forfeiture regime under the Special Economic Measures Act. That might be a tool, because we do have oligarch money. It's tied up. We don't know what the legend is behind it. The oligarchs have used very effective advisers to hide the sources of their money.

The other thing the federal government could do is encourage the jurisdictions that don't have civil forfeiture, such as P.E.I. and Newfoundland, to adopt it.

Mr. Marty Morantz: Are there civil liberties issues around the use of unexplained wealth orders?

Could someone argue, for example, that it's really none of your business how they got their money, and you can't assume it's legitimate or illegitimate based on how they might respond to the inquiry?

Mr. Jeffrey Simser: Yes, there are. I personally think that they'll be overcome.

Those are playing out right now in the courts in B.C. For example, money from an investment fraud was placed in the trust account of a lawyer, Mr. Pelletier, who's been disbarred for money laundering—and I love the irony of that—so there's a UWO: Where did that money come from?

The first challenge is that this is a civil liberties issue, but Cullen's report said that on balance, when it comes to these things, it is charter-proof. It will survive a charter challenge.

Mr. Marty Morantz: Thank you for that.

I want to go to Ms. van den Berg.

I want to see if I can get you to expand a little bit on the issue of digital income verification and why it's so important, from your perspective.

Part of what I'm thinking about is that I recall that last spring, Sam Cooper wrote an article about money laundering that had gone on through HSBC. There had been falsified mortgage applications showing basically fake income letters, which allowed these mortgages to proceed.

Is that one of the reasons you'd like to have this digital income verification? How would it work?

Ms. Lauren van den Berg: We've been actively working with both the Department of Finance and the Canada Revenue Agency to propose solutions for a digital income verification tool that would work securely within the CRA systems. Our goal is to facilitate access to income verification while maintaining strong boundaries, efficiency, security and all that fun stuff. We think the tool should be free to access in order to guarantee neutrality and accessibility for all Canadians, regardless of their financial situation.

Frankly, prioritizing income verification for mortgages is essential. Mortgages are the largest financial commitment that most Canadian families will ever have to make, and mortgage fraud is on the rise. It has been for a while. A digital income verification tool is critical to combat that while maintaining data privacy.

Mr. Marty Morantz: We're dealing with people's private information, which they're providing to CRA on the basis that it will be kept private.

On what basis would a bank be entitled to receive that information? Would it need the consent of the mortgage applicant, for example, to get that information, or would the bank have to obtain it?

Ms. Lauren van den Berg: Ideally, yes.

I will issue the caveat that I am not the IT genius who has the capacity to design what the system would look like.

I would speak to the fact that the Canadian Anti-Fraud Centre processed more than 63,000 reports of fraud in 2023 alone. This is in excess of \$560 million of loss for Canada's economy.

How the digital income tool is designed to ensure that the most confidential information of Canadians maintains its confidentiality I am happy to leave up to the wizards, whether that's internal to the CRA or if it goes out as an RFP to the leading-edge technology companies that we have right here in Canada.

The reality is that mortgage fraud is on the rise. The pressure to own a home, which is something that many see as a key milestone of success, is pushing people to desperate measures. I think the expression is, "Build a better mousetrap and the mouse gets better at committing fraud."

It's becoming a costly problem for lenders. Research is showing that for every dollar lost to fraud, Canadian financial services require over \$3.78 to recover.

• (1705)

Mr. Marty Morantz: Thank you very much.

The Chair: We'll go MP Sorbara, please.

Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.): Thank you, Chair, and welcome to all the witnesses.

I will start off with Mortgage Professionals Canada.

It's great to have you with us this evening. I've interacted with your organization for a number of years.

One of the changes that we brought forward with regard to Canada's mortgage market dealt with the stress test. There had been

a stress test for insured and uninsured mortgages. With the ones for insured mortgages, upon renewal you did not have to undertake the stress test as a borrower. For uninsured mortgages, that was not the case.

I believe that the change we made greatly enhances competition and choice for consumers.

I want to hear your thoughts on that change and the other changes that we have made with regard to the mortgage market, please.

Ms. Lauren van den Berg: I think, frankly, that the changes that were made to the stress test are essential to maintaining an open market, which allows mortgage renewers to shop around for better rates and better conditions when their term is up. It doesn't keep them held hostage to the lender that they're currently with.

Frankly, we're not in the same situation as we were during the 2008-2009 financial crisis. The economic climate has evolved. Current conditions didn't justify those overly restrictive stress test rules, so we were very grateful to see those changes made.

We believe that stress test rules should be reviewed at the time of renewal to ensure that homeowners are not unduly penalized and can access those competitive rates in a competitive market. I think maintaining flexibility in the market for renewers is vital. It's vital for fostering a competitive mortgage environment and it's vital for fostering an environment that will benefit consumers and Canadians across the country.

Mr. Francesco Sorbara: Thank you, and I also think we should note that doing this in no way increases any sort of systemic risk within the banking system or the financial system here in Canada.

I want to talk about 30-year amortization mortgages. We've made some subsequent changes there, and the way I look at it is that if you're able to get buyers into the market, the first thing that happens very quickly is that people realize they can build up equity, and building up equity in your home is a great thing.

Have you heard feedback from your members? There are many members in my riding and in those of all my honourable colleagues here who work very hard and serve their clients. Have you heard their feedback on these changes that we've made?

Ms. Lauren van den Berg: I have, absolutely.

The feedback that we've been hearing has been exceptionally positive to date. When we meet with our members across the country in our regional committees, and they in turn report back on what they're hearing from clients, from Canadians from coast to coast, people are really excited about this. They're relieved about this.

Extending the 30-year amortization mortgages provides relief for those first-time homebuyers by lowering those monthly payments. I think it's a great step. We believe that extending it to not just first-time homebuyers but all buyers would give families more flexibility in managing their monthly payments. It would make home ownership more attainable in the current market.

It's not going to solve all the housing issues. As I said, there's no magic wand that we could wave. If there were, I would have a much easier time at places like a committee like this—thank you for having me—and it would provide essential relief for families facing high mortgage costs.

Mr. Francesco Sorbara: Yes, and I would like to add that with the reductions that we've seen in the key Bank of Canada rate of 125 basis points, millions of Canadians are saving a lot. Effectively, it's a tax cut for Canadians. They're saving a lot on their home equity lines of credit and their variable rate mortgages. It's great to see, and we saw 50 basis points this week.

As an economist, if I focus purely on an economic basis, I think we'll see further rate cuts in the months ahead as inflation has been tamed.

I will quickly go to the Canadian Gas Association—and Chair, please let me know when my time is up—and the Ontario system.

If you go to the IESO website—the Independent Electricity System Operator website—with regard to the electricity supply and our energy supply in Ontario, natural gas is a component. A lot of homes in Ontario are heated by natural gas, and it will remain a substantial component of our energy supply system for many years to come as we decarbonize our economy. I would like to add how important it is that natural gas remain in the mix for the temporary period for the upcoming years, and I would like to ask about the investments that your members are making into the grid, please.

• (1710)

Mr. Paul Cheliak: Are you asking in terms of investments in the gas grid or the electric grid?

Mr. Francesco Sorbara: I'm referring to the gas grid.

Mr. Paul Cheliak: We like to think about it this way: There's the fuel the system delivers, and there is the infrastructure system itself. What my members operate is the infrastructure, the pipelines underground. In Markham, Ontario, we have North America's first hydrogen blending facility.

Mr. Francesco Sorbara: I've visited that facility. It's phenomenal to see.

Mr. Paul Cheliak: That takes excess electricity, creates hydrogen from water, puts it into the gas pipeline and delivers a lower emissions molecule to the residents of Markham. There's also one in Fort Saskatchewan and there are a series of projects planned across Canada.

Similarly, we talked about methane earlier. Agricultural methane is a large source of emissions in Canada. We are capturing methane from landfills and waste water treatment plants and converting that renewable methane into a product we put into our pipelines, which again reduces the emissions profile of the product that we deliver.

Those are two examples of cleaner fuels that can flow through that infrastructure system.

I would encourage anyone in the energy policy space to think about the electric system 50 years ago in many countries around the world, such as the United States and Canada. It was very, very dependent on coal. Fifty years later, we are very dependent on natural gas and renewables. We didn't cut the wires back then because they were coal wires; we cleaned them up, and I encourage you to think about cleaning up the gas system further.

The Chair: Thank you, MP Sorbara.

Members, we are moving into our third round now, and we will get through a full third round, looking at the time.

We are starting with MP Hallan for the first five minutes.

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

Thank you, Mr. Simser, for your testimony today.

You said that Canada is a playground for money laundering. I would say that after nine years of this government, we're hearing the same thing about foreign interference.

Are you concerned at all that foreign actors are using financial crimes such as money laundering in Canada right now as a way to interfere in Canada's financial institutions and in our economy?

Mr. Jeffrey Simser: Yes, I'm concerned in two ways.

One is that the Chinese government put in currency controls a few years ago. It's created this demand for Canadian money. It's not necessarily that the government, as a foreign actor, is here, but it's encouraging people who, for example, within China, produce precursor chemicals that go to the cartels and then come onto our streets as fentanyl.

The other thing, which is not so much a money-laundering issue but is a very concerning issue, is cybercrime. We have state actors; we have North Korea and we have China, Iran, and Russia, although Russia does it a little differently. Instead of a criminal who wants to smash and grab and do ransomware and get their money out quickly, these are patient and persistent long-term adversaries, and they're very concerning as well.

Mr. Jasraj Singh Hallan: Thank you.

With that, since we're talking about money laundering, Chair, I would like to move a motion I had on notice.

It reads:

That, given the unprecedented \$3 billion fine on TD by the U.S. Department of Justice and given that the criminal activity that this money laundering fuels has likely carried into Canada, the U.S. has named Canada as a major money-laundering country and Canada has developed an international reputation for ease of money laundering and has a lack of enforcement, the committee invite Bharat Masrani, chief executive officer of the TD Bank, the superintendent of OSFI, the Minister of Finance, Bank of Canada officials responsible for the financial crimes risk management program, and FINTRAC, and that these hearings happen in addition to the regularly scheduled committee work plan, and that in order to accommodate these witnesses, regular committee meetings be extended by one hour.

This is a big issue. The Prime Minister has said this is an issue, and I was glad to see my colleague Mr. Davies raise this in the House of Commons as well just yesterday.

We know the Liberals have ignored the issue of money laundering. That's why it continues to happen. Minister Freeland sent this committee a letter last year, in November 2023, asking us to do the statutory five-year review of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act. It's now October 2024 and the review has not yet been started.

In the meantime, recommendations from the Cullen commission in B.C. have been ignored. FINTRAC has no teeth when it comes to fighting money laundering. The Liberals are more focused on making band-aid solutions to the act in different budgets. They failed to crack down on organized crime and drug cartels, especially since these criminals launder the money they get from theft and extortion through Canadian financial institutions, casinos and real estate. Over \$110 billion is laundered in Canada every single year. Money laundering is serious and a systemic criminal issue plaguing Canada and our financial and real estate sectors.

We saw TD Bank in the U.S. commit the largest money-laundering scheme in U.S. history. TD Bank is the tenth-largest bank in the U.S. and the second-largest in Canada. There is no way that money laundering at TD is an isolated incident that happened in the U.S., and there is no way it would stop at the border. Canada is known internationally—it's exactly what we heard today—for how easy it is to launder money here. In 2019, the U.S. State Department listed Canada as a major country of concern when it comes to money laundering.

This motion is not to attack any specific institution but to highlight that the system is broken. Bad actors can operate inside financial institutions without anyone stopping them. The government turned a blind eye to these crimes. FINTRAC has been ineffective in stopping money laundering. Since 2015, the total number of convictions for money-laundering offences have declined, and so have money-laundering investigations. However, the amount of money laundering being done has not. This shows how ineffective the system is here. Drug cartels operate with impunity, laundering money through real estate and driving up house prices for Canadians. Organized crime runs smuggling rings and commits car thefts and then launders the proceeds of those crimes in Canada.

This committee cannot even do a five-year review of the act on time. Officials spoke to this committee in February about how Canada's rating on money laundering with the global Financial Action Task Force was lowered in 2021. The next review takes place in 2025.

The damning TD money-laundering scandal in the U.S. shows the urgency for every member in this place to address money-laundering crimes and put an end to Canada's status as a major money-laundering country of concern. Canadians should be able to trust that criminals are not taking advantage of the financial institutions where we keep our savings and invest and that we rely on for loans and mortgages.

Oversight in Canada must be improved. Regulators must be given teeth to hold institutions and criminals accountable for money laundering and financial crimes. More responsibility should be expected from financial institutions. Penalties and fines should be painful and reflect the seriousness of the crimes committed. It shouldn't be chump change or a slap on the wrist for the people committing it. Penalties should be a deterrent against negligence or criminal activity.

I realize I'm asking to extend the time. However, since this is a very serious issue, we are open to accommodating it on a certain day—maybe on Tuesdays—until we get this done.

I'll leave it there.

• (1715)

I hope that we can get to a vote quickly on such a serious issue.

The Chair: Thank you, MP Hallan.

I do have a list started. I have MP Ste-Marie and MP Davies.

[*Translation*]

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

I want to inform the committee that I am in favour of the motion. This is a very important topic.

I would add that the news release from the U.S. Department of Justice is catastrophic for TD Bank and something needs to be done.

As our colleague Mr. Hallan said, everyone needs to agree on when the matter will be studied. Some members may not be available or they have to catch a plane. It would be better if the regular members of the committee were present. Let's find a time when that could happen.

That said, I agree with this important motion.

[*English*]

The Chair: Thank you, MP Ste-Marie.

MP Davies is next.

Mr. Don Davies: Thank you.

I very much agree with the substance of the motion. I agree with Mr. Hallan that this is an important issue. As he kindly pointed out, I raised this matter in the House yesterday. To my knowledge, it's the first time anyone has raised the issue of TD Bank's \$3-billion fine in the House of Commons.

What I think is important to note, though, is that we've already scheduled a study on anti-money laundering in January. We did that after extensive discussions among everybody at this table, including the Conservatives, a few weeks ago. They prioritized the study on the CRA as the next study to come after this one.

For anybody who's watching, we've established the committee's business for the next three months. First are the pre-budget hearings, which we're doing now. Right after that, we would move into the CRA hearing, which is a study proposed by a Conservative colleague and, I believe, by Mr. Ste-Marie. We agreed to that. Then we agreed that before Christmas we wanted to try to issue a report highlighting and summarizing all of the excellent ideas we're hearing in the pre-budget hearings. Then we would get to anti-money laundering in the very first meeting when we come back in January.

At the time we discussed that, the TD money-laundering issue was already in the media. I'm not sure that the \$3-billion fine had been announced yet, but it was certainly there. Anti-money laundering has been on our agenda and our radar as a very serious issue, as Mr. Hallan eloquently pointed out. The real question is this: Do we now want to revisit that and add time to this committee's meetings?

We sit Tuesdays and Thursdays from 3:30 to 5:30. Adding extra time to that is a disruption to the well-established schedule of this committee. As well, it was not a proposal made by anybody a couple of weeks ago.

Yes, I agree that we need to get to it. This is a very important issue. I think it's been with us a long time. I think some of the testimony today has indicated that this has been an entrenched problem. I think Mr. Hallan himself said it's been going on for nine years. It's been going on for longer than that, but it's been going on. I would say that this is a very important issue, but I don't think it's urgent. I think that we can deal with it when we begin the study in January.

I am concerned about starting to tack on ad hoc witnesses after regular pre-budget hearing committee meetings on this subject now, in October and in November, without the proper context, focus and concentration, and to then pick up evidence in February.

For example, the first witnesses I'd want to hear from are FINTRAC, OSFI and the law enforcement agencies to get an idea of the actual context in which this is occurring. I wouldn't want to call TD Bank first. It's the subject of the issue. I wouldn't know what to ask them yet. I want to be fully briefed and informed on what the legal and prosecutorial situation is. I learned more about it from Mr. Simser today than I've learned at all. I want to hear more of that.

I'd like to take an organized, concentrated, rational approach to this subject that would focus entirely on this issue, with no other distractions. The way to do that is to stick with what we've already agreed to, which is dealing with the anti-money laundering study that we've already scheduled for January.

In lieu of that, I would propose to let the Conservatives swap it with the CRA study that they decided they wanted before the anti-money laundering study. They could switch it. I'm happy to move anti-money laundering up, and we could deal with that immediately after we finish our pre-budget hearings, which will happen in a matter of a few weeks. I'm happy to do that if the Conservatives believe that it's a more important priority than their study on the CRA. However, I'm not in favour of adding an hour to these meetings.

My final point is that western alienation is a real thing. For those of us who live in British Columbia, sitting until 6:00 or 6:30 on a Thursday means that we don't go home Thursday night, which means that we go home Fridays. For those of you who come from central Canada or can get home, that doesn't matter to you. You can be home Thursday night, but we don't get home until Friday. If we turn around on Sunday, we don't get to spend as much time in our constituencies, and I want to be hearing from the people in my riding about what's important to them.

• (1720)

For that reason, I'm in favour of the substance of the motion. I think it's a great idea.

I want to thank Mr. Hallan for bringing it forward, but the scheduling of it I don't think is appropriate.

The Chair: Thank you, MP Davies.

I have PS Bendayan next, and then I have MP Chambers, I believe. Is that correct, MP Chambers? Did you want to be on the list?

You did. Good. I have PS Bendayan next, and then you.

Ms. Rachel Bendayan (Outremont, Lib.): Thank you very much, Mr. Chair.

I would like to open with my regrets to the witnesses who've made themselves available to the committee and for whom I'm sure it's very frustrating to sit through a lengthy debate on a subject that is not about the pre-budget consultations that they prepared for.

Mr. Hallan, you've introduced your motion with a lengthy introduction that I don't think I will rebut, word for word, other than to say that we had proposed to strengthen enforcement. We had proposed to strengthen FINTRAC, we had money on the table to finance the Canada financial crimes agency, and the list goes on. When those proposals were before the finance committee, the Conservative members filibustered for 20-plus hours.

I would also note that it was this government that suggested and included in the programming motion the anti-money laundering review that we will be undertaking, and I look forward to that study. I would agree with the suggestion that my colleague Mr. Davies has now proposed to extend that study. We are open on the government side to extending it by two or three meetings, depending on the list of witnesses that we agree to.

I, for one, had questions for the witnesses who are still here, and I could prepare amendments to this motion. As everybody realizes around this table, there is agreement of a majority of members between Mr. Davies and colleagues on the government side. If you would like, and if it is the will of the committee, I can prepare those amendments and submit them to the clerk before the end of the meeting, hopefully today, and we can continue with questions. Alternatively, Mr. Chair, I'm happy to go through the amendments now.

It does appear to me, therefore, that we will not get back to witness questioning. Mr. Chair, I could read them into the record if you like, but I would also like to point out that I am in agreement with my colleague opposite regarding the importance of listening, first and foremost, to OSFI, as well as Bank of Canada officials.

• (1725)

The Chair: Ms. Bendayan, on the amendment, are you proposing these amendments?

Ms. Rachel Bendayan: Yes. I'm happy to do that.

Also, I recognize that there is a speaking list, and I'm not sure if my colleague Mr. Ste-Marie wants to speak to the fact that something that was quite important to him—

[*Translation*]

In particular, it's very important for Mr. Ste-Marie to proceed with the study on the Canada Revenue Agency and to have the opportunity to hear what the Minister of National Revenue has to say.

For my part, I suggest that we keep this study. We all worked hard together, in large part because we responded to the requests of our colleagues on both sides. We agreed on the motion that gives us the schedule of meetings for the next few weeks and months. I think it is very important to continue as we had previously decided.

Mr. Chair, I see it's 5:28 p.m. Therefore, I move to adjourn debate on the motion proposed by Mr. Hallan.

[*English*]

The Chair: You're moving to adjourn debate on the motion.

The question is, "Shall the debate be now adjourned on the motion of Mr. Hallan?" It will be a recorded vote.

(Motion agreed to: yeas 6; nays 5) [*See Minutes of Proceedings*]

The Chair: We've adjourned the debate on that motion and now we're going to get back to our witnesses.

Members, I am looking at the time. We have about 10 minutes. The Conservatives already had their opportunity, so I'm going to go to the Liberals, then the Bloc, and then the NDP, and that's how we're going to finish off.

I'm going to divide up the time. Each party will have three minutes or so.

Who will be the speaker?

MP Thompson, please go ahead.

• (1730)

Ms. Joanne Thompson (St. John's East, Lib.): Thank you. I'm pleased to get this opportunity.

Thank you to all the witnesses.

I want to focus very quickly on the business of higher education, so this will probably go to you, Mr. McKean, following my colleagues' questions around what your process looks like.

I'm very proud of an organization in my riding, Econext, which I think is going to provide a more tangible example of what your process looks like and why it is so impactful.

Econext is a non-profit. Their mission is economic development and links the economy and the environment. Of course, I'm very proud to talk about the wind energy and hydrogen and the work that's happening in the province to really move us into a cleaner green economy. They have a green jobs bank, and they help industry and SMEs to build a workforce.

Could you speak to your role in empowering Econext and the organizations and the industry on the ground to move this important sector forward?

Dr. Matthew McKean: This is one of the examples we came with and are happy to talk about.

In Newfoundland and Labrador, less than half of the students get work experience, so there's a lot of opportunity for growth there, and we're keen to play a bigger role in your region and in Newfoundland and Labrador.

We're very proud to partner with Econext and with the Memorial Centre for Entrepreneurship to create career pathways. I think our partnership is for 300 students to get into the clean energy sector. This is part of our leveraging of our funding to create the HR capacity and the mentorship and assessment capacity on both the Econext side and the post-secondary side to create what we hope will be a sustainable partnership, by which I don't mean one that is green but one that will last long after we're gone.

Ms. Joanne Thompson: Thank you.

In general, how does your programming help address Canada's labour force challenge?

Dr. Matthew McKean: That's a good question.

Do you want to try that one, Valerie?

Dr. Valerie Walker: We've looked at this question specifically and have a paper coming out shortly that speaks in more detail to this.

WIL provides the ability to create targeted workforce development in sectors of the economy that have the highest growth potential and the highest productivity potential. Exposing students to careers in areas of the economy where they might not have thought they wanted to start gives them an opportunity to see the impact they could have in a place where they might not otherwise have thought they wanted to go. It has a huge, clear and direct impact on Canada's economic competitiveness, and it's our productivity challenge.

The Chair: Thank you, MP Thompson.

Now we will go to MP Ste-Marie, please.

[*Translation*]

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

I have one last question for the ETS representative.

Ms. Baig, how will the funding requested for deep-tech incubators, such as Centech, help address the current lack of financial support?

What impact could that have on the country's economic development, and what would its position be in deep tech globally?

Thank you.

Ms. Kathy Baig: Thank you for your question.

There are a lot of positive effects.

First, I would say that it can certainly help Canada become a leader in advanced technology.

Second, it's important to know that many start-ups don't have the funding they need right now. However, there are a number of reasons to justify the need to fund these businesses.

Let's take the example of Centech, the ETS's deep-tech incubator. Very simple numbers speak for themselves: Over the past five years, this incubator has created 1,500 jobs in deep-tech start-up companies. Over \$600 million has been raised to support those companies. Just in terms of the economic impact and the number of jobs created, it's remarkable.

That said, we can imagine what the benefits could be if more funding could support these businesses.

There are a number of other reasons why this funding could have a beneficial impact.

I'll ask Mr. Bosco to elaborate on that.

Mr. Éric Bosco: Another reason to fund deep-tech start-ups is technological sovereignty, which people are increasingly talking about. It is important to be able to count on reliable technologies within our country, both to ensure our economic development and to ensure Canada's defence and security.

We don't want to be dependent on China for certain technologies, but we also don't really want to be dependent on our American neighbours or countries in the European Union.

In addition, it must be understood that many of these technologies are developed in deep-tech incubators. If I take the example of Centech, about half of the companies that are created there are spe-

cialized in artificial intelligence, quantum technologies and cybersecurity.

If we want to protect these companies and make sure we develop Canadian technologies, I think we need to support our incubators.

• (1735)

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

Do you have a final comment, in 40 seconds?

Ms. Kathy Baig: Yes, there are other benefits, including job creation and economic benefits. However, we also have to talk about everything related to accelerating the commercialization of advanced technologies, as that is also a challenge.

This funding will enable greater and faster commercialization to address all the challenges that were just mentioned.

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

The Chair: Thank you.

[*English*]

MP Davies, go ahead, please.

Mr. Don Davies: First of all, again I want to thank everybody for excellent testimony. Giving you five minutes on these important subjects is never enough, so thanks for being so succinct.

Mr. Hume, I want to give my last time to you to finish off your thoughts, and I'll seed you with one question: In your view, what steps should the federal government take to support the establishment of housing ETFs or any policies that you think may help more Canadians get affordable homes in this country?

Mr. Nathan Hume: Thank you very much, and thank you all for this opportunity.

You've heard again today about housing affordability, over and over again, and the real problem is that house prices are too high. The federal government keeps pulling the same two levers, and they've been pulling them for decades—longer amortization periods at the CMHC and higher mortgage insurance limits—yet prices just keep going up. Those levers aren't enough. We need new tools. The house price ETF should be one of them.

It wouldn't be a magic wand, but it would be helpful and it would set the tone for more innovation. We need to keep innovating in financial products and in housing, and the federal government does have a role in facilitating that innovation.

I think it's fairly straightforward. Signal your interest in that at this committee. Study new innovations. Don't study the same old levers again and modify those. Ultimately, mandate the CMHC to provide support when industry seeks it to get these new products off the ground. There's a role for government in that, and I hope this government takes those steps.

Thank you.

Mr. Don Davies: Thank you.

Thank you, Mr. Chair.

The Chair: Thank you, MP Davies.

We want to thank our witnesses.

Thank you so much for your testimony, for your expertise and for the recommendations that you have brought to our committee on these pre-budget consultations before our budget 2025.

Thank you so much, and we wish you the best with the rest of your evening.

We're adjourned.

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