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Chair: Mr. Sean Casey



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• (1555)

[English]

The Chair (Mr. Sean Casey (Charlottetown, Lib.)): I call this meeting to order.

Welcome to meeting number 136 of the House of Commons Standing Committee on Health.

In accordance with our routine motion, I am informing the committee that all remote participants have completed the required connection tests in advance of the meeting.

Pursuant to an order of reference of May 29, 2024, the committee will resume its study of Bill C-368, an act to amend the Food and Drugs Act with regard to natural health products.

I would like to welcome our panel of witnesses.

Representing the Canadian Federation of Independent Business, we have Jasmin Guénette, vice-president of national affairs; and Michelle Auger, senior policy analyst, national affairs.

Representing the Canadian Health Food Association, we have Aaron Skelton, president and CEO, appearing virtually; and Jules Gorham, director of regulatory affairs and policy.

On behalf of the Direct Sellers Association of Canada, we have Peter Maddox, president.

Finally, on behalf of Food, Health & Consumer Products of Canada, we have Gerry Harrington, senior vice-president, consumer health; and Roberta Kramchynsky, vice-president, health policy and regulatory affairs.

Thank you all for being with us today. We'll begin with opening statements of five minutes per organization, starting with the Canadian Federation of Independent Business.

I understand that Jasmin Guénette will be speaking for the CFIB.

Welcome to the committee. You have the floor.

Mr. Jasmin Guénette (Vice-President, National Affairs, Canadian Federation of Independent Business): Good afternoon. My name is Jasmin Guénette. I'm the vice-president of national affairs with the CFIB. I'm here today with my colleague Michelle Auger. We would like to thank the committee for inviting us today. I'll make my presentation in English, but we are available to answer questions in French as well.

The CFIB represents 97,000 SMEs across every industry and region of Canada. Based on our monthly survey, called the “business

barometer”, the level of optimism of small business owners is currently very low. Every single line of a small business budget is increasing, and demand is low.

Our members would like to see government reduce the tax and regulatory burden to help them with the rising costs of doing business and give them more chance to grow their business and improve productivity.

I'd like to mention that we are not experts in natural health products, and we therefore cannot answer technical questions related to the specifics of these products. However, we represent nearly 2,000 small businesses across Canada that will be impacted by the recent change by Health Canada regarding natural health products.

I'll now turn it over to my colleague Michelle.

Ms. Michelle Auger (Senior Policy Analyst, National Affairs, Canadian Federation of Independent Business): Over the past few years, we've seen a piecemeal approach to NHP policies. Instead of a coherent, forward-looking strategy, Canada has been introducing new rules bit by bit, whether it be Vanessa's Law, increased licensing requirements, increased fees or additional labelling rules. This isolated approach leaves many small businesses scrambling to comply, often without a clear understanding of the long-term vision of the sector. This creates confusion and inconsistency.

Furthermore, our members believe Health Canada's current approach overlooks a crucial fact: NHPs are not pharmaceuticals, and they should not be regulated as such. For instance, the recent introduction of cost recovery fees being layered on top of stricter labelling requirements does not consider the unique realities of small businesses operating within the sector. One of our members imports approximately 800 different types of NHP. He has projected that the cost recovery program could add an extra \$500,000 per year to his business expenses.

SMEs operate with tight budgets, and many may find it challenging to absorb these rising costs, especially all the additional costs associated with compliance. This forces many SMEs to make some tough business decisions, such as reducing investment in their operations and their employees, reducing innovations and reducing proper health and safety measures. Such a situation also creates an uneven playing field between small and large businesses. With large companies better equipped to absorb these expenses, this ultimately hinders the ability and the competitiveness of SMEs.

Bill C-368 seeks to repeal sections of Bill C-47, the budget bill. However, it is important to note that Bill C-69, another budget bill, also included further measures impacting NHP businesses.

Our members are not against the modernization of NHP regulation. However, they're concerned about Health Canada's introduction of multiple uncoordinated regulatory changes that risk overwhelming small businesses and complicating their survival in an already very tough economic landscape. As such, CFIB supports the passing of Bill C-368. It's a very important bill to a lot of our members operating within the NHP sector.

Thank you for your attention to these concerns. We look forward to answering your questions.

• (1600)

The Chair: Thank you very much.

Next, we're going to hear from the Canadian Health Food Association.

Ms. Gorham, please go ahead.

Ms. Jules Gorham (Director, Regulatory Affairs and Policy, Canadian Health Food Association): Thank you very much.

[Translation]

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

My name is Jules Gorham. I'm the director of regulatory affairs and policy at the Canadian Health Food Association, a trade association that represents natural, organic and wellness products. Aaron Skelton, president and CEO of the association, and I appreciate the opportunity to speak with you today.

The central problem we're bringing to you today is the continued abuse of Health Canada's authority. In 2023 and 2024, Health Canada made significant changes to the laws governing natural health products, or NHPs, through omnibus budget bills, rather than through the parliamentary process. It has undone the hard work done by this committee and by parliamentarians on legislative studies in previous parliaments.

[English]

In budget 2023, through division 27 of part 4 of Bill C-47, Health Canada redefined NHPs within the Food and Drugs Act. This redefinition is not just semantics. The passing of that bill fundamentally changed how NHPs are regulated, placing them closer to the likes of pharmaceuticals than the lower-risk products they inherently are.

Adding a change of this magnitude to an omnibus bill was a reaction to the Auditor General's report that would bypass stakeholder consultation and questioning by this very committee, which had already stated Vanessa's Law was too complex for NHPs back in 2014. Catching an entire industry off guard and evading proper parliamentary process has left us with a mess that has severe ramifications for business, trade and public health.

It is upon this committee to remind the department that Canada has laws that compel our public service to respect international trade law and fair, transparent public engagement. In less than three years, the NHP industry has been subject to six major legislative

and regulatory changes in the form of two omnibus bills, new labelling laws built on those used to manage prescription medication, a cost recovery program proposed without proper cost-benefit or gender-based analysis, and new inspection and good manufacturing practices guidance similar to that for pharmaceuticals.

The impact of such layered, unchecked powers is not hypothetical. It has already created a staggering and untenable situation for companies across the sector. It fosters an imbalance that makes being compliant an unattractive and risky business.

The Food and Drugs Act and the NHP regulations exist to give industry trust in the regulators and stability in our system. If they can be changed without scrutiny or transparency, what protection exists for the industry or Canadians?

We would like to be clear that CHFA does not represent any smoking cessation or tobacco products. The argument that NHPs must remain defined as therapeutic drugs to keep nicotine pouches behind the pharmacist counter is worthy of a debate of its own.

We would also like to clarify a commonly cited falsehood that CHFA and our members are against regulations. Since 2004, NHPs in Canada have been the most strictly regulated in the world, under a very rigorous framework. However, Health Canada's approach is increasingly focused on creating an overly complex and costly pre-market system requiring extensive resources but without offering corresponding post-market monitoring, which Vanessa's Law will not solve. This burdensome, imbalanced framework still fails to deliver the consumer protection it promises.

Misinformation about the safety of NHPs has been a common thread through multiple testimonies by Health Canada. The serious adverse reactions that Health Canada repeatedly uses to justify the need for more regulations are taken out of context and promote fearmongering to the Canadian public. NHPs have a long history of safe use. Our access to information request and two independent studies have concluded that the 700-plus cases cited by Health Canada and the minister occurred in patients who were also on other treatments. It is impossible to establish a causal relationship.

I also want to take a moment to let this committee know that the lipstick I am wearing today cannot be recalled. It is a cosmetic product, which is not subject to Vanessa's Law, despite being part of the original self-care framework.

As an industry, we continue to support regulation and legislation that protects Canadians and is developed in a transparent, responsible and appropriate manner.

• (1605)

[Translation]

Today, we're asking this committee to support Bill C-368 and demand that Health Canada respect the open government that all industries and all Canadians expect. We cannot underestimate the need to properly address legislative and regulatory changes of this magnitude.

We look forward to your questions.

The Chair: Thank you, Ms. Gorham.

[English]

Next, from the Direct Sellers Association of Canada, we have Mr. Maddox.

Welcome to the committee. You have the floor.

Mr. Peter Maddox (President, Direct Sellers Association of Canada): Thank you to the chair and the committee for providing me with the opportunity to speak today.

My name is Peter Maddox, and I'm the president of the Direct Sellers Association of Canada. DSA Canada was founded in 1954. We have over 60 direct seller and supplier member companies, including well-known brands such as Mary Kay, Arbonne, Avon, Usana, Shaklee, SoulLife and Immunotec. We represent a diverse and dynamic industry that is integral to Canadian entrepreneurship, and we care deeply about customer service and consumer safety.

Every year, the direct-selling sales channel accounts for an estimated \$3.4 billion in retail sales and contributes \$1.5 billion in personal revenue to the approximately one million Canadians who participate as independent sales consultants, 84% of whom are women. Many DSA Canada member companies include NHPs in their product portfolios. Around 45% of current independent sales consultants gain at least some income from selling NHPs.

Our focus today is to raise concerns about process—specifically, the process followed when Bill C-47 brought Vanessa's Law to the NHP space and, more broadly, how this is symptomatic of the imperfect process that industry has seen in the federal regulation of NHPs, which has led to a lack of transparency, clarity and certainty for all stakeholders. This is creating unnecessary economic barriers and risks for both consumers and businesses. Vanessa's Law, including mandatory recalls and label changes, was introduced to NHPs via an omnibus budget bill, without being open to significant levels of debate or consultation.

We question the value of adding these measures when existing tools, such as stop-sales and inspections, are infrequently utilized. Effective regulation must be backed by consistent and proactive enforcement. Otherwise, existing rules and the introduction of new regulation have nominal impact. With the introduction of Vanessa's Law, along with other proposed Health Canada initiatives, such as cost recovery, we were disappointed by the lack of consultation and economic impact assessments, including studies of the impact on women. Our desire is for a world-class NHP system built on best practice, co-operation among all stakeholders, the use of research and data, and an intention to balance the needs of consumers, industry and other impacted parties. Slipping a new requirement into

existence via an omnibus budget bill is one piece of evidence that this is not happening.

Uncertainty and lack of clarity in regulatory processes are causing Canadian direct-selling companies to struggle with product innovation, pushing our multinational businesses to consider reducing their product offerings or exiting the Canadian market. Furthermore, international NHP direct-selling companies not yet operating in Canada are choosing to expand into other markets instead. The result is diminished investment, employment and tax contributions. Uniquely in the direct-selling industry, it also reduces earning opportunities for the many Canadians who participate in our channel as a side hustle or gig for supplementary income. A lack of consistency, timeliness and predictability in decision-making, program implementation and ongoing operations is hurting the economy, reducing consumer choice and raising costs.

One area where collective action could help improve the situation for Canadian entrepreneurs and consumers is an enforcement focus on international businesses that undertake commercial activity under the auspices of Canada's personal use exemption. If we do not invest in policing these unregulated products entering Canada, more companies will see the personal use exemption as a way to distribute products to end-consumers without having to do the right thing and go through the Canadian regulatory process. Unapproved products create potential health risks for consumers and punish companies that are deeply committed to the Canadian market while operating here in good faith and good practice.

In closing, DSA Canada supports Bill C-368 as a means of resetting and realigning the NHP regulatory environment, enabling all stakeholders to work together to create a system that prioritizes consumer safety while fostering economic growth.

Thank you, and I welcome your questions.

• (1610)

The Chair: Thank you, Mr. Maddox.

Finally, we have the Food, Health & Consumer Products of Canada.

Mr. Harrington, you have the floor. Welcome to the committee.

Mr. Gerry Harrington (Senior Vice-President, Consumer Health, Food, Health & Consumer Products of Canada): Thank you, Mr. Chairman.

The members of Food, Health & Consumer Products of Canada produce most of the natural health products sold in Canada and the vast majority of over-the-counter medicines also used by Canadians in the practice of self-care. Self-care empowers Canadians to play a greater role in the management of their own health and, in so doing, frees up resources in our health care system to deal with more complex health issues.

Bill C-368 is about a vital Canadian industry, but it's also about a very important part of health care at a crucial time for our struggling health care system. FHCP members greatly appreciate this committee's interest in Health Canada's NHP program, and we agree with virtually all stakeholders that this program, right now, is struggling. Along with the concerns raised by the Auditor General that the committee has already heard about, NHP authorization and site licensing operations are both severely backlogged, at times threatening product launches and even expansion into foreign markets.

The committee has heard a lot about these issues, along with industry's significant concerns about the labelling regulations and cost recovery. These are the problems that are blocking access to NHPs and keeping our members up at night, but Bill C-368 addresses none of those problems.

It's impossible to frame our response to Bill C-368 without reference to Health Canada's self-care framework. The framework emerged from the original debates around Vanessa's Law in 2014. The concern at the time was that it would anchor over-the-counter medicines to the prescription drug framework while leaving natural health products in a separate legislative framework, despite the fact that both categories sit side by side on store shelves and are used by Canadians without the supervision of a health practitioner. The government of the day responded to those concerns with the consumer health products framework, which sought to create a risk-based regulatory system for both product categories separate from the prescription drug regulations.

Since then, the framework has been a source of both promise and frustration. After rebranding in 2016 as the self-care framework, and a series of cross-Canada consultations in 2017, the framework was reorganized into a three-phase project in 2018. First, it proposed new labelling rules for NHPs modelled on previously passed rules for OTC products. Second, it proposed crucial regulatory modernization for OTC medicines to simplify market authorization pathways and provide innovation incentives. Finally, the third phase of the framework would bring NHPs into this modernized framework, including the simpler product application pathways and innovation incentives; it would implement cost recovery and apply Vanessa's Law.

FHCP was alarmed by that proposed plan, because we knew that the OTC rules had been a disaster for industry and for consumers. Nonetheless, the technical discussions on regulatory modernization promised meaningful new efficiencies and innovation incentives, and industry worked hard with the department to move that crucial piece forward.

Then the pandemic hit, and progress on the framework came to a halt. In 2022, those labelling regulations were approved and implementation timelines were set. Less than a year later, the NHP cost

recovery proposal was put forward, and Bill C-47 brought NHPs in under Vanessa's Law. The promised regulatory reforms originally targeted for 2019 were characterized as "to be determined" sometime in 2025, or beyond.

At that point, the idea that the self-care framework was about separating self-care products from prescription drugs was hard to defend. All measures undertaken to that point had simply moved NHPs closer to the prescription drug framework. Discussions around broader regulatory modernization had virtually disappeared.

One of the great ironies of this whole process is that the problems identified in the 2021 Auditor General report are all things that the framework would have addressed had it been completed in the original time frames. Simplified product approval pathways, originally proposed under the framework, would have improved consumer access and been much more efficient for industry. They would have also freed Health Canada resources from pre-market approvals, which the AG found robust, and allowed them to be applied to post-market enforcement, which the AG identified as lacking. That, in turn, would have permitted the development of a realistic cost recovery proposal that would generate sustainable funding for Health Canada without punitive costs to industry.

That brings us to today's debate. FHCP and its members appreciate this committee's genuine interest in the sector. However, passing Bill C-368 would not be without risks for industry and wouldn't solve the real, immediate challenges our sector faces. What both consumers and industry need is the modern consumer health product framework that was promised in 2014.

Thank you, Mr. Chairman. Ms. Kramchynsky and I are looking forward to your questions.

● (1615)

The Chair: Thank you.

We're now going to begin rounds of questions, starting with the Conservatives for six minutes.

Mr. Doherty, please go ahead.

Mr. Todd Doherty (Cariboo—Prince George, CPC): Thank you, Mr. Chair.

To our guests, thank you for being here. I appreciate your testimony.

I will start with Ms. Gorham.

On Tuesday, Minister Holland, in his opening intervention and his answers to the questions, as well as his officials, stated that over 4,500 consultations, a robust consultation process, took place. I asked the officials repeatedly, twice, if your association, the Canadian Health Food Association, was consulted. Both times they said yes. Is that true?

Ms. Jules Gorham: We were not consulted on Bill C-47.

Mr. Todd Doherty: Okay.

To the Canadian Federation of Independent Business, were you consulted on Bill C-47?

Mr. Jasmin Gu nette: If my memory is correct, we appeared at the Senate committee on that bill.

Mr. Todd Doherty: Mr. Maddox, were you consulted on Bill C-47?

Mr. Peter Maddox: No.

Mr. Todd Doherty: Mr. Harrington, were you consulted? Was your association consulted on Bill C-47?

Mr. Gerry Harrington: My recollection is that there was involvement in the process when the bill was proposed, but I don't recall any Health Canada consultations. Mind you, that was a couple of years ago.

Mr. Todd Doherty: Is it your testimony today that Canada already has a robust system in terms of stop-sale for issues such as what the minister described? I would like to characterize his testimony as sensationalizing issues that can be found in many different areas. He repeatedly talked about rat feces and urine and foreign objects. As we sit today, is there policy in place, legislation in place, that can enforce a stop-sale on a product if that is found?

Ms. Gorham.

Ms. Jules Gorham: Yes, Health Canada and the minister have stop-sale powers on NHPs.

Mr. Todd Doherty: Okay.

The question that I would ask, then, of all of our witnesses is this. If Bill C-47 is so damaging, if Vanessa's Law is so damaging to our Canadian health food industry, why do you feel that there was so little genuine consultation, and why did Health Canada then proceed without allowing the industry meaningful input? Why?

Ms. Jules Gorham: I don't know. I think we struggled. Aaron and I and our team spoke about it after Tuesday. I think several times the department said that this is a very compliant industry and that they have very few problems. It was said several times that the industry is very compliant and very co-operative, so we fail to understand why there was no room to follow proper legislative processes, proper parliamentary processes, and why Vanessa's Law had to be done through an omnibus budget bill in the dark of night and take everybody by surprise.

• (1620)

Mr. Todd Doherty: I might take it even a step further. We saw earlier this year that Health Canada officials characterized this as life-and-death. They used the death of the 18-month-old child in Alberta as a significant reason, as a catalyst to move forward with this, which I then called them on. I was very familiar with the issue and I called them on it repeatedly because this was untrue, yet they refused to capitulate and reverse their decision and apologize for it.

I'll leave it for a comment from anyone on the committee as to why you feel that Health Canada and perhaps the minister have felt the need to vilify an industry that provides so much to so many.

Mr. Harrington.

Mr. Gerry Harrington: I can't speak to the minister's thinking.

I can say that this industry has an excellent reputation internationally. Since the introduction of the natural health products regulations, one of the first things we saw was that, over the course of the next decade, exports of those products from Canada more than doubled. That's a sign of confidence.

Mr. Todd Doherty: Go ahead, Ms. Auger.

Ms. Michelle Auger: I also want to add that from our members' perspective, even when these clauses and provisions were included in the bills, there was very little information and detail as to what that entailed. Our members who are impacted by these changes were totally caught off guard, because they didn't really know the repercussions. The same thing just occurred with Bill C-69. There are some impacts there impacting natural health products, but when we actually reached out to Health Canada and asked them what this means for small businesses, we got nothing from them.

Mr. Todd Doherty: I have one last question, because I know my time is short.

Just to be clear, this impacts Canadian businesses only. Canadians will still be able to receive over-the-counter, direct-to-consumer products online through Amazon from foreign countries. Foreign products are not being met with the same regulations.

Go ahead.

Ms. Michelle Auger: In our consultation, we do highlight that. It creates an unfair playing field for businesses that are operating in Canada, and even trying to compete here. People are just going to go to Amazon and import them under the radar.

Mr. Todd Doherty: Canadian businesses go down.

Ms. Michelle Auger: Exactly. That's all included in the consultation we've already submitted. Businesses are already feeling that with the competition of Amazon in other sectors.

The Chair: Thank you.

Next, we have Mr. Naqvi, please, for six minutes.

Mr. Yasir Naqvi (Ottawa Centre, Lib.): Thank you very much, Chair.

It's interesting that Mr. Doherty started on the question of consultation. Upon his request in the last meeting, Health Canada has submitted to this committee an extensive document that demonstrates meetings, conversations and consultations that have taken place on natural health products alone, going as far back as 2016.

Let me ask some of our friends. Maybe I'll start Ms. Gorham.

Has your organization been meeting with Health Canada on issues dealing with natural health products over the last few years?

Ms. Jules Gorham: It is within Health Canada's mandate to consult with stakeholders.

Mr. Yasir Naqvi: So, you haven't consulted over the last few years.

Ms. Jules Gorham: Regular consultations do happen. Consultation on Bill C-47 did not happen.

Mr. Yasir Naqvi: Okay.

Mr. Harrington.

Mr. Gerry Harrington: Consultations with Health Canada are a weekly occurrence for our organization.

Mr. Yasir Naqvi: So, consultations do happen, and you've been meeting with them over a period of time. In those consultations, have there been conversations around possible application of Vanessa's Law?

Ms. Gorham.

Ms. Jules Gorham: If I just go back to Tuesday, the minister said that since 2014, there have been 4,500 consultations. That would equal almost 1.5 consultations a day. There have not been 1.5 consultations a day.

Mr. Yasir Naqvi: I have limited time. My question was this: In conversations and consultations with Health Canada, have they discussed the application of Vanessa's Law to natural health products?

Ms. Jules Gorham: As far as I'm aware, the last conversations would have been on what Mr. Harrington spoke to, the self-care framework. That would have been in 2019. That was not on Bill C-47.

Mr. Yasir Naqvi: Mr. Harrington.

• (1625)

Mr. Gerry Harrington: We did have outreach from some senior officials at Health Canada about potentially including NHPs in Vanessa's Law on a couple of occasions, but those were bilateral conversations. At the time, we expressed our concern, much the way I would have.

Mr. Yasir Naqvi: So the conversations have taken place.

Ms. Gorham, when the BIA was tabled, preceding that, there were at least four meetings with CHFA on Vanessa's Law with Health Canada, according to the documents that have been submitted.

Ms. Jules Gorham: When Bill C-47 reached the Senate, our president and CEO, Aaron Skelton, asked if he could testify, because we were not consulted. Aaron testified at the Senate that we did not have meetings with the department.

Mr. Yasir Naqvi: You did not have at least four meetings with the department after the tabling of the BIA.

Ms. Jules Gorham: We had a meeting with the DG at the time. She's no longer there. She told us that she did not know that it would be in the budget, Mr. Naqvi. We weren't consulted on Bill C-47.

Mr. Yasir Naqvi: I am hearing that consultations have taken place and that there have been ongoing conversations around Vanessa's Law. I find it not parliamentary at all for Mr. Doherty to suggest that the minister and the non-partisan senior officials of

Health Canada were lying—those are his words in one of his social media posts.

However, I'm mindful of my time and want to move forward.

Ms. Gorham, I want to ask you some really important questions. Do you think the government should be able to mandate a recall, yes or no?

Ms. Jules Gorham: I think if the government has gaps, they should go through the proper consultation to fix those gaps.

Mr. Yasir Naqvi: My question is this: Should the government have the power to mandate a recall of a product, yes or no?

Ms. Jules Gorham: If there is a gap and recall is the gap, then they should go through proper stakeholder consultation to fill that gap, yes.

Mr. Yasir Naqvi: Okay. Do you think the government should be able to use an injunction to stop the actions of a non-compliant company if there is an immediate risk to human health, yes or no?

Ms. Jules Gorham: I think the government might have gaps in its powers, and they should consult on those.

Mr. Yasir Naqvi: I'm not talking about gaps in powers.

So you don't think the government should have the power to recall a product.

Ms. Jules Gorham: That's not what I said.

Mr. Yasir Naqvi: You do think there should be a power. Okay.

Do you believe the government should be able to recall lettuce contaminated with E. coli or milk contaminated with listeria?

Ms. Jules Gorham: The government can recall milk and lettuce.

Mr. Yasir Naqvi: Should it have that power?

Ms. Jules Gorham: Yes.

Mr. Yasir Naqvi: Okay.

Do you believe that the government should be able to recall a health product that's contaminated with E. coli, yes or no?

On a point of order, Chair, I'm asking the witness a question. I'm finding the intervention by my colleagues from the Conservative Party in trying to feed answers to the witnesses a disservice to this committee.

The Chair: Yes, I agree. Mr. Naqvi has the floor. He remained perfectly silent when Mr. Doherty posed his questions. I would ask that you extend the same courtesy to him.

Go ahead.

Mr. Yasir Naqvi: Thank you, sir.

Mr. Aaron Skelton (President and Chief Executive Officer, Canadian Health Food Association): May I answer on behalf of CHFA?

Mr. Yasir Naqvi: Yes, go ahead, Mr. Skelton.

Mr. Aaron Skelton: I think it's important to look at what is being discussed, what product we're discussing, and then apply appropriate powers to that. I would say, wide-sweeping powers for recall, no, but depending on the risk profile and history of those products, and depending on the situation, then, yes, a recall may be appropriate.

I would remind this committee that when this was discussed at this committee back in 2014, it was deemed unnecessary. I would respect that decision, and if that decision needs to be revisited, it should be revisited in a more thorough manner.

Mr. Yasir Naqvi: Mr. Skelton, would you agree with me that, if government has powers to recall a head of lettuce, another vegetable or consumable product because it has E. coli or some other bacteria and it may jeopardize human health, that same power should, at least, extend to something like a natural health product?

The Chair: Give a brief answer, please.

Mr. Aaron Skelton: No. I think the risk profile was determined for those products and, at that point, recall was appropriate. It was reviewed for NHPs and it was deemed not appropriate.

The Chair: Thank you, Mr. Naqvi.

[*Translation*]

Mr. Thériault, you have six minutes.

Mr. Luc Thériault (Montcalm, BQ): Thank you, Mr. Chair.

When I look at the natural health products file, which I've studied quite well, a number of things lead me to say that the problems observed over the past 10 years stem more from Health Canada than from the industry. We can come back to the methodology used by the Auditor General, which consists of targeted inspection rather than randomized or randomized inspection.

The industry isn't perfect either. It's going to have to continue to improve. I imagine you agree with that.

That said, in the matter of voluntary recalls, Health Canada said that the cases it had to manage were not very problematic and that the industry was collaborating. In total, the department had 350 cases to manage. The department put out a public notice 31 times, which is what it does when the cases are more serious. Of the 31 cases that received public notification, only three were problematic.

However, Health Canada has clearly had a lot of trouble enforcing its own regulations, conducting regular, well-defined inspections, communicating its expectations to industry, clearly analyzing adverse reaction reports, and so on.

Taking a step back, including natural health products under the provisions of Vanessa's Law seems to be more of a response to Health Canada's operating problem than a response to industry's lack of compliance.

Is my analysis valid?

• (1630)

Ms. Jules Gorham: Yes, I agree with you.

Mr. Luc Thériault: Can you tell us about the methodology used by the Auditor General?

Her report is based on a review of a sample of 75 products that were known to be problematic at the outset. When it's determined that about 900 products are problematic, for example, and percentages are established, they may seem high, but it's important to remember that the sample consisted of only 75 products that were already known to be problematic. So it's a methodology that produces skewed results.

Ms. Jules Gorham: From what we understood from the report, the methodology was not to determine whether products made in Canada and offered over the counter to consumers complied with standards. The objective of the review was to determine whether Health Canada was taking the necessary steps to ensure that products in Canada were compliant. There's a difference between those two intents, and I think the intent has been a bit distorted.

Mr. Luc Thériault: In that sense, Health Canada was more problematic than the industry.

Now, the industry surely wants to have a position of authority or prestige and protect its brand. Is the industry really against non-voluntary recalls, in other words, mandatory recalls?

What would you think if, for example, Bill C-368 proposed to remove natural health products from the provisions brought in by Vanessa's Law, but still gave the minister the power to proceed with product recalls? Would you agree with that?

Ms. Jules Gorham: I believe so. Essentially, we at the Canadian Health Food Association are saying that the process by which Health Canada acquired these powers was inadequate. If we re-define natural health products so that they are now under the drug category, that changes everything. A change in the definition of these products involves changes not only in the act, but also in the regulations, as well as in all the policies and directives that follow.

We need to be able to review recall powers without having to re-define an entire industry. Otherwise, we would be the only country to define natural health products as drugs. Other countries define them more as food. The industry would be happy if this could be done, because it would prevent other changes that would make natural health products look more and more like drugs.

Mr. Luc Thériault: If I understand correctly, recalls aren't a problem for the industry. It's in the interest of any industry to want things to be done in compliance. So it would be a matter of proposing an amendment that would mean that the minister would retain a right to recalls, but would not have the power to define the parameters of pharmaceutical products. In a way, it would be a matter of redefining fines and sentences that are more appropriate. Would you agree with that?

• (1635)

Ms. Jules Gorham: Yes, we would agree with that. Like everyone else, we understand that the department can easily establish that a \$5,000 fine isn't high enough. However, you have to understand that going from \$5,000 to \$5 million is a huge difference. It's not a matter of a few cents.

Mr. Luc Thériault: Have you looked at what an acceptable fine would be?

Ms. Jules Gorham: There would have to be consultations between people in the industry, members of your committee and experts to determine what an appropriate fine would be, without compliance creating an additional risk for businesses. We live in a world where, in Canada, natural health product companies that comply with laws and regulations are at risk. In fact, the department can decide tomorrow that they're no longer compliant, and then they will be subject to a \$5-million fine. So it would be a matter of discussing them to see what measures would be appropriate. It could be a fine, but it should not put a company out of business.

The Chair: Thank you, Ms. Gorham and Mr. Thériault.

[English]

Next is Mr. Julian for a full six minutes.

[Translation]

Mr. Peter Julian (New Westminster—Burnaby, NDP): Thank you very much, Mr. Chair.

Thank you to our witnesses for their testimony. Their comments are very valid, especially when it comes to the government's lack of consultation. That was clear in each of the presentations.

There's also the whole issue of products that come from outside the country and that are currently subject to no regulation at all. That's also a very important point to make.

[English]

We understand that the health product industry is really important in terms of jobs. It's important in terms of health for Canadians. I'm a consumer myself, as is my family. It's really important for the health of communities across the country. Your presentations have been, I think, very effective in making the case for that.

There is one thing that does troubled me, though, as we've been examining this file. It is the very small number of non-compliant companies. Mr. Thériault just referenced the fact that over the last five years, there were 350 voluntary recalls. Thirty-one of them were forced to issue public warnings. Ultimately, three companies, in some cases with dangerous contamination, simply were non-compliant. That troubles me, because I know the industry is safe. The vast majority of operators in the industry are very effective and understand that health and safety concerns need to be paramount.

I want to start with you, Ms. Gorham.

If we pass this bill, those non-compliant companies could continue to be non-compliant. Can you advise this committee what we should do with that small number of operators that, to my mind, tarnish the industry by refusing to work with Health Canada on voluntary recalls when they are required?

Mr. Aaron Skelton: I would echo your statement that any non-compliance is a concern for any industry. I mean, there is a backbone of trust within our consumer base.

I think we would like to draw attention, though, to those three incidents. If we take the number of products on market, which Health Canada has claimed is 50,000, three out of that 50,000 is...we're talking about 0.006% that resulted in issues.

I don't believe that recategorizing and redefining a therapeutic product to bring natural health products in line with pharmaceuticals is the solution to that problem. As my colleague mentioned, would industry be open to discussions about recall powers that don't require this reset of definition? To put it on the record, yes, we would.

I think there could be other tools that could be used to bring those who stay non-compliant back in compliance. This is not the appropriate solution, because of the unintended consequences of that recategorization.

• (1640)

Mr. Peter Julian: Thanks for that.

What you're saying is that if Health Canada had consulted with you on the recall issue for what is, I completely agree, a tiny percentage of the industry.... The vast majority of industry is compliant and responsible; a small number of operators, for whatever reason, are non-compliant. If there had been full consultations, are you saying that the industry would agree to a recall without that reclassification, as you mentioned?

Mr. Aaron Skelton: Yes, I think our membership has stated that before. I think we'd be open to that.

However, without the opportunity for consultation.... Without getting notified that it was in the budget, that opportunity did not exist.

Mr. Peter Julian: Thank you very much.

I'd like to go to Mr. Maddox now on the same question.

What would you advise us when it comes to that small number of companies that are just non-compliant? To my mind, what troubles me about it is that it tarnishes the whole industry. We have an extraordinary industry, with the highest possible standards, and then you have a small number of operators that, for whatever reason, don't want to comply.

Mr. Peter Maddox: I think my question there would be, how did that small number of operators get to that point in the first place? I believe that if Health Canada was doing the appropriate number of inspections and using their other powers up to that point, we wouldn't have companies getting to that point.

We've always been about process. We've always been about enforcement. There's no point layering another enforcement tool onto a group of powers if you're not already enforcing them. They don't really have meaning.

For us, we're not against Vanessa's Law. Obviously, it serves a very big purpose across a number of industries and potentially with the products that we represent. However, I feel that there has to be process in terms of bringing that in, and then there has to be enforcement in terms of utilizing that if and when it's necessary.

Right now, it feels like a sledgehammer trying to kill a bug. I feel like that's a bit of overkill.

Mr. Peter Julian: Thank you.

Mr. Harrington, I have the same question for you.

Mr. Gerry Harrington: We have no objection to recall power. I have to put it as bluntly as that. It's a reputational thing from our perspective. The way NHPs were attached to Vanessa's Law caught everybody off guard, but the business of recall.... In Canada, there are very few products that can't be recalled. The growth in exports of products from Canada speaks to confidence internationally in how these products are regulated. To exclude them from what is, quite frankly, a fairly routine consumer protection measure has reputational risks to us.

Yes, I think the process could have been better, but I just cannot find it within myself to object to recall powers for a product as extensively regulated as this product.

The Chair: Thank you, Mr. Harrington.

Thank you, Mr. Julian.

Next is Dr. Ellis, please, for five minutes.

Mr. Stephen Ellis (Cumberland—Colchester, CPC): Thank you very much, Chair.

I'm going to direct my questions to Ms. Auger and Mr. Skelton.

Ms. Auger, could you refresh the committee's memory? In the early stages of your statement, you talked about how the confidence of small and medium-sized enterprises in Canada in this government is very low. Was that your term? Do I have it correct?

Mr. Jasmin Guénette: The level of optimism that we referred to at the beginning of our presentation referred to the general state of the economy and how they perceive the future of their own enterprise. The level of optimism right now for small business owners is low because they are worried about the future of their small business. There are many reasons for that, and one is the current economic conditions, which they perceive to be difficult.

Mr. Stephen Ellis: Thank you for that, sir.

Of course, we on this side of the House would contend that those economic conditions are directly related to the policies of the NDP-Liberal government. That being said, is it not true that, inside this particular space, the majority of these small and medium-sized business owners are women as well?

Ms. Michelle Auger: We don't necessarily know the makeup of our membership. We could probably do some digging and get back to you on that, if that's something you'd like.

From our perspective, our membership is split between male and female. I think we're probably closer to 60% on the male side, but for this specific industry we don't know the accurate makeup.

Mr. Stephen Ellis: Thanks very much.

Mr. Harrington, do you have a comment on many of the businesses in this sector being female-led businesses?

• (1645)

Mr. Gerry Harrington: Over my career, there has been a massive change in gender in industry in general.

I would also highlight that women are the majority purchasers of natural health products.

Mr. Stephen Ellis: Thanks very much.

Of course, comments of the minister—and I hate to say them out loud again—referred to this bill as “a cuckoo bananas bill”, and, of course, as many of you heard, the minister, and even the officials, continuously referred to this unknown factory “full of urine and feces”.

I'll turn to Mr. Skelton.

How do you think these inflammatory and provocative comments from the minister are going to affect consumer confidence in the natural health product industry in general?

Mr. Aaron Skelton: I think we're disappointed that we're here in the first place. Moreover, we're bewildered that this conversation has to continue. This is an industry that has a very strong reputation and a very high trust among Canadians. We've recently surveyed that over 81% of Canadians use these products.

To revert back to your question about ownership and who's running these businesses, the vast majority of these SMEs are female-founded or led and operated. Any comment that takes the 0.006% and paints a brush across a full industry I don't believe would be helpful to that industry, no.

Mr. Stephen Ellis: Thanks very much, Mr. Skelton.

Ms. Gorham, we asked officials to talk about this factory full of rat feces and urine, and, of course, they couldn't name it. I find that very disturbing, to be honest with you. We have a minister out there basically trying to ruin an entire industry for a reason I don't know. It's a \$13-billion industry. They were continuously referring to that factory. If that really were the fact, of course, you would expect officials to have an answer as to where this factory was and how terrible it was. Do you have any insight for us as to where this factory full of rat feces is? It seems a bit odd to me.

Listen, I know it's not humorous, but that being said, these are the minister's own words, which he kept referring to over and over again. For a Canadian—and I'm a very proud Canadian—to think that a minister would go on at length, numerous times, to suggest that any industry in Canada was a factory full of rat poop and urine is absolutely ludicrous.

Ms. Jules Gorham: I'm going to start by saying—and I think I speak on behalf of Aaron and myself, all of our members, and probably all of industry and us around this table—that we are pretty shocked to see that, on one hand, we're being said to be, and you are being told that this is, a very compliant, very co-operative industry, but then, on the other hand, the worst-case scenario in the past 20 years of this regulatory system is used to shame and stain a Canadian industry, one that we are all very proud of. We've all worked very hard to get it to where it is. I'll start by saying that.

As for the situation we believe he was referring to, I don't know, because they didn't say the name, but I think we do know because, like I said, it was the worst case. I will say that although that happened since 2023, since Vanessa's Law was passed, since the definition was changed, that situation was resolved using the powers they already had previously. The site licence was suspended for 30 days. The company was given a chance to course correct. It submitted its course correction to Health Canada. Health Canada didn't accept it, and the company's licence was cancelled. That worked.

I just find it a bit surprising that what is used to justify the need for this omnibus bill.... This omnibus bill's powers were not even used in that situation.

The Chair: Thank you, Ms. Gorham.

Dr. Powlowski, please, you have five minutes.

Mr. Marcus Powlowski (Thunder Bay—Rainy River, Lib.): I'm always asked to follow up on rat poop questions from the Conservatives here. It puts me in an awkward position, I have to say.

This law, the proposed law, would remove the protection of Vanessa's Law and its applicability to natural health products. The assistant deputy minister of the regulatory, operations and enforcement branch of Health Canada appeared before us earlier in the week. We asked her specifically whether the government already has the power with a stop-sale to be able to prevent the sale of a product on the market that is dangerous to people. She said that this does not give them the power, when a product is actually on the shelf, to prevent its being sold. This would be one of the changes that would occur if this law was passed, and it would prevent the recall of natural health products “that present a serious or imminent risk of injury to human health”.

The Canadian Health Food Association has already responded to the question about recall, although I'm not totally clear where you were. I think it was that you approve but that you don't like the way it was done. I think Mr. Maddox basically said the same thing.

I want to ask the Canadian Federation of Independent Business. You represent what, 5,000 or 7,000 businesses? A lot of people in Canada work in businesses. You represent natural health product businesses, but you represent a lot of other people too. Are you really telling us that you don't think the government should have the ability to recall products “that present a serious or imminent risk of injury”, that the government should not have the power to take those off the shelves?

• (1650)

Ms. Michelle Auger: No, we're not saying that.

In fact, we represent 97,000 small and medium-sized businesses from across the country, and about 2,000 of those are involved with natural health products. What our members feel is unfair is the way that these policies are being put in place. They're being tacked on piece by piece. There's no long-term vision, and they're not getting a lot of information or detail from Health Canada as to why these pieces are being implemented and how they're going to impact their businesses. That's why our members are upset.

I don't think they would oppose a stop law, but what they are opposing is the way in which these policies have been tacked on. They want to be part of the conversation. They want to be sitting at the table, talking to Health Canada and asking it questions about how these new policies continue to impact their businesses.

I did mention Bill C-69, which had natural health product implications. We're still waiting for a response from Health Canada as to how those will impact some of our members.

Mr. Marcus Powlowski: While we can appreciate the fact that you were unhappy with the process—the kinds of consultations and things—this question still remains: Do you really not think that the government should have the power to pull a product off the shelves when it presents a serious risk to people?

Ms. Michelle Auger: From our members' perspective, it's not that they're opposed to regulation within that industry; it's about being part of the conversation. I'm here representing the voices of small businesses, and that's what they're telling us. They don't want to be included in the pharmaceutical process. They believe that NHPs need to be regulated separately.

Mr. Marcus Powlowski: However, you also represent 70,000 businesses—hundreds of thousands, millions of Canadians. You represent them as well. Yes, you have to advocate for companies that produce natural health products, but I would also suggest that you have to advocate for those many Canadians who work in other businesses. Do you really think they should have to be in a situation where they are subject to possibly consuming unsafe products because that's counter to the interests of a small group of natural health product companies?

Ms. Michelle Auger: I think our small business owners have told us that they want to put the proper safety measures in place. They want those checks and balances, but they want to make sure that those don't hinder their ability to compete with U.S. companies, the Amazons. They want to be able to sell to their consumers at affordable prices, and some of these new policies, like I mentioned in my testimony, will increase costs substantially.

Mr. Marcus Powlowski: We heard from the Conservatives, and there was talk about confidence in natural health products. Don't you think some of these laws are actually required in order to give consumers confidence in a product? I'm a little surprised by businesses, because the vast majority of businesses are compliant. Isn't that right? For those businesses that are compliant, I would think they would be a little worried that not giving these powers would allow the bad actors to spoil the reputation of the rest, the good actors. I would think that it would be in the good actors' best interests to see these powers be enacted because it would give consumers confidence in the business. I would think that it would be in the businesses' best interests that well-regulated—

• (1655)

The Chair: Dr. Powlowski, I'm sorry, but you're out of time.

[*Translation*]

Mr. Thériault, you have the floor for two and a half minutes.

Mr. Luc Thériault: Thank you, Mr. Chair.

Right now, nicotine is considered a natural health product, although I consider it a hard drug, given that it is toxic and incredibly addictive. So it has a negative effect on people's health.

Nicotine replacement products are currently subject to the Supplementary Rules Respecting Nicotine Replacement Therapies Order, adopted on August 9, 2024, as a result of their insertion into the provisions of Vanessa's Law.

I believe that, given how dangerous they are, these products shouldn't be removed from the list of products subject to the same laws and regulations as drugs.

Do you agree with the amendment I want to propose so that the provisions of Bill C-368 do not apply to nicotine replacement products?

Ms. Jules Gorham: I think we would agree. If it's because of nicotine that natural health products should continue to be included in the definition of drugs, I think that nicotine should be removed from the list of natural health products, and then removed from the category of therapeutic products.

Mr. Luc Thériault: In fact, that's what's at stake. This is one of the arguments made by those opposed to the change that was made, which subjects natural health products to parameters other than those set out in Vanessa's Law. The Canadian Cancer Association is a big advocate for that. There aren't a lot of arguments to say that's not true.

All we need to do, then, is to propose an amendment to keep nicotine replacement products in the category they should be in. So I understand that you would agree with that as well.

Ms. Jules Gorham: Yes. I'm not a nicotine expert, as our association doesn't represent any nicotine companies, but I couldn't agree more.

Mr. Luc Thériault: What are your thoughts on inspections? Do you think that's important?

Ms. Jules Gorham: Inspections are a key component. The natural health products regulations came into force in 2004, 20 years

ago, but it wasn't until three years ago, in 2021, that inspections started, as a pilot project. That remains a key element.

You can't regulate products before they're put on the market, but you can't regulate them after they're put on the market. There has to be a balance for the system to work and keep Canadians safe.

Mr. Luc Thériault: When there were inspections, did you know what they were going to be about? Were you provided with the criteria that Health Canada was concerned about?

Ms. Jules Gorham: Interpretations change every day. The way inspectors interpret and apply inspection rules is becoming increasingly strict. There is no education or training to support the process. The new document to that effect is currently the subject of consultations. It shouldn't be used for products on the market, but it already seems to be, even though it hasn't been published yet.

The Chair: Thank you, Ms. Gorham.

I now give the floor to Mr. Julian for two and a half minutes.

Mr. Peter Julian: Thank you very much, Mr. Chair.

[*English*]

I'd like to go back to you, Mr. Maddox, on your comments about policing unregulated products entering Canada. You stated in your introduction, "If we do not invest in policing these unregulated products", we will see a greater use of this loophole. You also properly pointed out, "Unapproved products create potential health risks for consumers and punish companies that are deeply committed to the Canadian market while operating here in good faith and good practice."

What would you like to see the government do when it comes to unregulated products? It's very germane to this overall discussion about how we are in a sense undermining the health products industry by the lack of consultation that went around the original adoption of the omnibus legislation.

Mr. Peter Maddox: Absolutely. That's a great question.

Certainly, we're not against the personal use exemption as it stands, whereby Canadians are allowed to purchase products from outside Canada for three months' supply. The key there is that the person selling them to the consumer can't be commercializing those products in Canada. If they have a Canadian-facing website, if they're doing promotions toward Canadians, then that product would be commercialized. All of a sudden, it's outside what we would consider the personal use exemption.

Mr. Peter Julian: Are you seeing this?

Mr. Peter Maddox: We're seeing this, absolutely, to the point where there are natural health product companies based in the U.S. and elsewhere that have websites that would appear to be Canadian-based websites but are actually somewhere else. They're purposely promoting their products to Canadians, and Canadians are buying those. They think maybe they're buying them from an organization that sells regulated products, but the regulation of dietary supplements or natural health products in the U.S. is very different than in Canada. People could be importing products that have ingredients that are not allowed in Canada but that may be allowed in the U.S. We see that as a big health risk.

• (1700)

Mr. Peter Julian: Thank you.

Ms. Gorham, are you concerned about unregulated products coming from outside? Do you have an estimate of what the impacts are on the natural health products industry here in Canada? To what extent is it undercutting our existing industry?

Ms. Jules Gorham: I think the undercut is unknown, and it's just going to get worse. What's happening right now in Canada for NHPs is that we are seeing that the risk of being compliant in Canada is becoming one where companies literally have to judge whether they can afford the risk or not. If they can't afford the risk, they don't have to follow Canadian regulations. They can set up a warehouse in Arizona or Plattsburgh right over the border. They can sell the products without the need to go through our pre-market approval system or have any of these other regulations on cost recovery coming down the pipeline. They can sell those products back into Canada.

In terms of the threat, it's not just U.S. companies selling to Canadians that's undercutting. It's the fact that the environment here is becoming so strangled by red tape that Canadian brands are going to lay off Canadians and move over the border. They're already being given grants to do so by U.S. states to sell those products unregulated back into Canada. It's a loss-loss.

The Chair: Thank you, Ms. Gorham.

Mrs. Goodridge, you have five minutes. Go ahead, please.

Mrs. Laila Goodridge (Fort McMurray—Cold Lake, CPC): Thank you, Mr. Chair.

I want to thank all of our witnesses for the opportunity to share their side of it.

Like many of my colleagues, I was absolutely blown away that the Minister of Health would come here and decide to describe in such horrendous detail...talking about rat feces, trying to say, "This is an industry I totally support, and it's very compliant—but there are rat feces, urine and foreign bodies." Then, when we tried to drill down with officials later on with regard to how many cases we were talking about, we didn't get an answer. I asked for that information to be available to us. Unfortunately, we don't have it by today's meeting. I'm not sure if we'll even get it, unfortunately.

We heard in earlier testimony that you guys are pretty confident, because of the amount of detail, that you know exactly which person it is, and that the rules brought forward by this bill weren't even used in dealing with that case.

My question for you, Ms. Auger, is this: Did the minister's testimony impact businesses that you have talked to?

Ms. Michelle Auger: I mean, we weren't here for that testimony. I can't speak on behalf of our members directly on how they felt about it.

We know, based on the small businesses we represent, that they just want to be compliant as much as possible, but they also want to be able to compete in Canada and reach consumers. By tacking on all this additional cost and these regulations, it's really hard. It's hard for small businesses. They're really concerned about all of these new rules.

Mrs. Laila Goodridge: Thank you.

Ms. Gorham, you were saying earlier that U.S. states have realized that our regulatory system has become an absolute failure because of this omnibus piece of legislation. The U.S. states are incentivizing Canadian businesses to leave Canada and go to the States.

What kind of economic impact will this have on Canada?

Ms. Jules Gorham: There have been some attempts to separate out Vanessa's Law and say that there's no cost to it. What we are saying is that there are six major changes rooted in this redefinition of NHPs as therapeutic products. The six major changes—two legislative and the others regulatory—make it very hard for a small company to stay competitive and to compete with the big guys. We have two very big guys in Canada, and a few medium guys. The rest are small, and there are a lot of micros. We can look at indigenous businesses in that space, as well. I think they are smaller than what would be defined as a micro NHP company. It becomes very hard to stay afloat. It becomes very hard to even stay competitive.

When you walk into a natural health food store to buy... I'll use vitamin C, because it's well known. There's a reason there isn't just one. There are many options in vitamin C. There is no patent IP protection on NHPs. You spend on innovation. You spend on research. You put a product out. Someone can copy that product tomorrow, and it will be on the shelf right beside yours. To stay competitive, prices have to stay within a range people can afford. You can't price yourself out of the market.

What's happening in the States is that they're not facing this regulatory burden. It's a lot cheaper to operate. Even with the exchange rate, you can sell your products into Canada online on the 90-day importation at a much lower cost. The Canadian consumer, unknowingly, is going for the product they can afford. It's available to them. It ships to their door. In the meantime, we're losing jobs, production and retail here in Canada.

• (1705)

Mrs. Laila Goodridge: Thank you. It's incredibly troubling.

You brought up the indigenous piece. Will this impact traditional indigenous medicines?

Ms. Jules Gorham: I would like to say yes.

I believe there's a reason why those things need to be studied before any change in legislation or regulation is made. There's a reason why those studies need to be done. I can't tell you what those impacts are, because it's not up to me to do the study. We don't have those study results in our hand.

I would assume that communities that have been foraging and making their teas are under these regulations. These are considered natural health products. Therefore, the rules also apply to those communities and medicine people.

Mrs. Laila Goodridge: Thank you. I appreciate that.

I know we heard, through testimony, that 84% of women utilize natural health products. You highlighted the fact that your lipstick can't be recalled, but your lipstick is something that I think is in a unique space. There are all kinds of conversations around cosmetic products that have happened through decades of regulation.

It really troubles me that, when we asked whether there was a gender-based analysis.... Again, I asked the minister's officials whether they would table this. We still don't have it. Hopefully, we will before we have to make these decisions. We are left to trust that there was a gender-based analysis done on this.

Ms. Gorham, do you have any statistics, by chance, on how many of these small and micro businesses are run by women entrepreneurs?

The Chair: Ms. Gorham, give a brief response, please. Mrs. Goodridge talked right through her time.

Ms. Jules Gorham: I don't have actual statistics, no. However, looking at our membership and the micro and small space, especially the start-up space of women's health, we believe probably 45% to 50% of those are female.

The Chair: Thank you.

Ms. Kayabaga, go ahead, please, for five minutes.

Ms. Arielle Kayabaga (London West, Lib.): Thank you, Chair.

I want to start by making a comment about the point CHFA raised around consultation.

Health Canada tabled the records of four meetings with CHFA in 2023 where Vanessa's Law was discussed. They also tabled evidence of presenting at two CHFA regulatory conferences, where they highlighted plans around Vanessa's Law. They also, in fact, sent evidence of meetings in 2021, 2020 and 2019, all on Vanessa's Law.

Therefore, accusations by opposition members that the minister or non-partisan Health Canada officials lied are not factual. It's—

Mrs. Laila Goodridge: I have a point of order.

The Chair: Wait a second, Ms. Kayabaga. There's a point of order by Mrs. Goodridge.

Mrs. Laila Goodridge: Thank you, Mr. Chair.

It is absolutely inappropriate, as per our standing orders, to accuse someone of lying. I think it is—

The Chair: The accusation was actually levelled by Mr. Doherty. You may want to take your point of order up with him.

Ms. Arielle Kayabaga: That's not a point of order, Chair.

The Chair: Go ahead, Ms. Kayabaga.

Ms. Arielle Kayabaga: Thank you. Hopefully, I will not lose any time from that, Chair.

My questions are going to be for Mr. Harrington, from Food, Health and Consumer Products of Canada.

We heard this week from the minister that there are some benefits to industry maintaining Vanessa's Law, such as in precision regulating. Could you talk about how Vanessa's Law can benefit the NHP industry and how passing Bill C-368 could actually harm the industry instead of serving it well?

Mr. Gerry Harrington: Yes. Thank you for the question.

I mentioned previously that from the industry perspective there's a reputational risk from any weakening of the authorities around natural health products, but from a consumer perspective I think there are other really important considerations.

One of them.... Let's take the example of the nicotine order that we were discussing and that Mr. Thériault brought up earlier. In the absence of Vanessa's Law authorities, as he pointed out, it would be impossible to deal with the current challenge around a specific product that was introduced by a tobacco company without also interfering with the availability of legitimate smoking cessation therapies. What Vanessa's Law does, as it continues to be modernized, is give us new tools to deal with that without disrupting consumer access.

The other one is something that we're working on right now. I've mentioned our challenges around the labelling file. This is a regulation that was passed just in 2022. We are in a position where industry is simply not going to be able to comply by the current compliance deadlines for that. The ability of the minister to issue exemption orders under the most recent changes under Bill C-69 will give us a mechanism to potentially deal with that.

I wouldn't say that we rely on Vanessa's Law for our well-being, by any stretch, but there are benefits. We're talking about modernizing legislation that, until Vanessa's Law came along, had been virtually untouched for 50 years. This is important for regulating in the environment we're in, where change is constant.

• (1710)

Ms. Arielle Kayabaga: What is the actual impact of Vanessa's Law on industry? Do you think it causes businesses to flee? Some of the statements that have been made are that businesses will flee Canada. Is this an accurate representation of Vanessa's Law?

Mr. Gerry Harrington: I can see no reason, from our membership's perspective, to fear or flee because of Vanessa's Law. In terms of the impact on our industry, we had concerns when it was first introduced about things like how it handles confidential business information. The primary concern was that half of these products are affected by it and others aren't, but at the end of the day, I think the law, by protecting consumers, enhances the reputation of the industry. We've yet to feel any really negative impacts from its passage.

I might add just one final point. The other products that our members sell, the OTCs, have been under Vanessa's Law for a decade now, and this has not created any challenges for us.

Ms. Arielle Kayabaga: Do you think the government should be able to mandate a recall? If you do, can you lay out the importance of that?

Mr. Gerry Harrington: There are two aspects. Again, one of them that I mentioned before is reputational. The other aspect—and I think it was a good point raised earlier in this discussion—is the competitive situation of manufacturers. You not only face the possibility of those people harming the reputation of the industry, but you also have to compete with people who aren't following the same rules. From an industry growth perspective, there are additional protections there.

The Chair: Thank you, Mr. Harrington.

Thank you, Ms. Kayabaga.

Mr. Doherty, you have five minutes, please.

Mr. Stephen Ellis: Chair, I'll take this round.

The Chair: Go ahead, Dr. Ellis.

Mr. Stephen Ellis: Thank you very much, Chair.

It's interesting, Ms. Gorham, that you mentioned six major changes to regulations in the industry, which realistically are related to the change in definition around a therapeutic product and how natural health products fit in there. That is directly addressed by Bill C-368.

We focused very much on Vanessa's Law and those kinds of things, but all of the other changes, because of the change in definition, would follow suit, which are the six major changes that you have outlined. Could you please tell us, for the benefit of those listening at home, what those six major changes are?

Ms. Jules Gorham: As Mr. Harrington has referred to, the labelling changes were passed into law in 2022. Those are to start being enforced early next year. Those labelling changes will essentially make NHPs a lot more similar to over-the-counter medication packaging—essentially drug packaging.

We have a cost recovery proposal that is now in its second consultation, which has closed down. This must be one of the consultations being counted, which was on cost recovery. Regardless of

anything, that is set to go into the Gazette, part II in spring 2025, and the industry will be faced with cost recovery fees as of December 1, 2025.

We have these two omnibus bills, Bill C-47 and Bill C-69. We also have new good manufacturing practice guidance and quality guidance that is coming out. The one that was written before was written in conjunction with the department and industry, and the new one seems to be very similar to what is out for pharmaceuticals.

• (1715)

Mr. Stephen Ellis: Thanks very much.

Really, this characterization that Bill C-368 will only change Vanessa's Law is actually not true. Is that correct?

Ms. Jules Gorham: When we want to narrow it down and say that it's only about recall powers, it's simplifying it. What we did was redefine natural health products as therapeutic drugs within the act. The act is the highest level, and everything flows from that.

Mr. Stephen Ellis: Realistically, what we understand is to be followed is labelling changes, which Mr. Harrington has already quite eloquently said are actually impossible for the industry to follow, and the significant cost recovery program, which, again, as we all understand—or at least I think those of us over here understand—has the potential to drive 20% of businesses totally out of business in Canada.

Is that true?

Ms. Jules Gorham: Yes, that's exactly true. No one is going to leave Canada simply because of recall powers. It's the sum total of everything that's happening.

Mr. Stephen Ellis: Very good.

Of course, we know very clearly, as has been elucidated here, that over 80% of Canadians use natural health products, and the result of many companies going out of business or having their business driven elsewhere will be, in simple terms, that people will access these products in other places, most likely online.

Is that true?

Ms. Jules Gorham: We did a recent Leger report, which we're happy to table with the committee if you would like to see it, just to get an understanding of that. What we saw is that Canadian consumers really do value Canadian-made products. I think all Canadians try to buy local as much as possible. There's a great reputation. The industry is safe and compliant. These are low-risk products. However, the driving decision-makers are accessibility and price. The way we are going, our prices will be higher when competing with the online world over the border.

Mr. Stephen Ellis: The other thing that's incredibly important, besides all the things that you have talked about, including consumer choice, etc., is related to how these products are treated by the government. Part of what we heard on Tuesday was related to a study commissioned, I think, by CHFA with a very reputable company, Deloitte. Of course, the minister, using his usual bombast and provocative nature, even called that study into question—this is a company that the NDP-Liberal government actually uses for consultations themselves—once again mis-characterizing the industry as a whole.

How does that make you feel as a representative of that industry?

Ms. Jules Gorham: I'm very saddened, if I'm to be honest with you, and very disappointed. I think this industry has gone above and beyond to offer Canadians safe, reliable products. What maybe a lot of people don't understand is that the regulations that are already in place are what guarantees safety, efficacy and quality. That is the pre-market approval system that Canada has. To hear that being torn apart and to have this industry shamed and stained made us sad, because we've all spent our careers in this industry, and we're very proud of it.

Mr. Stephen Ellis: You should be.

Thank you.

The Chair: Thank you.

Next up is Ms. Sidhu.

Please go ahead for five minutes.

Ms. Sonia Sidhu (Brampton South, Lib.): Thank you, Mr. Chair. Thank you to all the witnesses.

My question is for FHCP.

Mr. Harrington, are you aware of any clause in Vanessa's Law that would increase costs for businesses?

Mr. Gerry Harrington: No, there would not be for a business complying with the law.

Regarding the previous question, if it was in regard to Vanessa's Law.... Most of the things we've been talking about are about labelling issues.

Mr. Todd Doherty: I have a point of order.

The Chair: We have a point of order from Mr. Doherty.

Mr. Todd Doherty: Mr. Chair, it looks like our colleague, Mr. Powlowski, is lost once again. I'm wondering if his staff can go and try to find him.

The Chair: We'll send them a message. Thanks for your concern, Mr. Doherty.

We'll go back to Ms. Sidhu.

Ms. Sonia Sidhu: I will ask—

Mr. Gerry Harrington: I'm sorry. To complete that answer, things like the very expensive labelling project have nothing to do with Vanessa's Law.

Ms. Sonia Sidhu: So there are no sections in Vanessa's Law that would lead to increased costs for businesses. That's what I wanted you to clarify. Thank you.

We know that most natural health product producers try to comply with health regulations, because you already told us that it's about the companies' reputation. Certainly, some businesses do not. This bill will take us back where the maximum consequence for NHP producers that do not comply with the safety regulations is a \$5,000 fine from the courts.

Do you think it would be fair to producers if some companies could ignore safety regulations and only get a \$5,000 slap on the wrist? What do you think about that?

• (1720)

Mr. Gerry Harrington: The ability to affect decision-makers and to enforce the will on a regulated party is a critical part of any regulatory regime. Again, a compliant company has nothing to fear from higher fines or recall powers.

Ms. Sonia Sidhu: I asked the minister, because the minister's duty is the safety of Canadians. If there's some contamination, the minister has to explain that to Canadians. Not every business is doing that, as I said. Some companies do that.

Health Canada has the ability to call that out. If this bill was passed, NHPs would go back to being the only health products that Health Canada could not recall. It could recall the milk contaminated with listeria, but not the NHP contaminated with E. coli.

What is your view about that?

Mr. Gerry Harrington: There's a reputational risk there to the industry.

Quite honestly, in addition to considerations around Vanessa's Law, the real issue there is Health Canada getting out and inspecting.

As I said in my presentation, the debates around Vanessa's Law are.... Again, we appreciate the interest, but the real challenges we have right now are operational within Health Canada and the current regulatory regime. That includes, as the AG identified, the need to be doing more post-market inspections. In order to be able to do that, there is a need to put a lighter touch on the front end, bringing products onto the market.

For me, Vanessa's Law is a bit of a non-issue here, quite honestly, but the urgency around those regulatory challenges is not. It is why companies are not introducing new products in Canada to the degree they might be, and it is why some players are staying out of the country.

Ms. Sonia Sidhu: Thank you.

I have one minute. Is there anything else, Mr. Maddox, that you would want to say about Vanessa's Law?

Mr. Peter Maddox: To Gerry's point, we're looking at a case of death by a thousand cuts. It's not Vanessa's Law. It's Vanessa's Law layered on top of other things, and on top of other things.

I'll give you a quick example. We have a company based in the U.S. It's a multinational company in six countries. About 80% of the products it sells are natural health products. It has a product regulatory team of 15 people in the U.S., and half of those people deal with Canada. Out of the six countries, half of its regulatory staff only deal with Canada. That's how much of a headache it is. They're actually saying that they're thinking about leaving Canada.

That might not seem important to a multinational, but it provides revenue to many independent sales consultants, so it's very important to those people in your riding who sell that product. It's not just about Vanessa's Law; it's about all the other things that are hurting the natural health product industry.

Ms. Sonia Sidhu: I'm not seeing that—

The Chair: I'm sorry, Ms. Sidhu. That's your time.

[*Translation*]

Mr. Thériault, you have the floor for two and a half minutes.

Mr. Luc Thériault: Thank you, Mr. Chair.

I'm looking for solutions. Ms. Gorham, you may have something to add.

I would like to quickly address the issue of regulatory changes related to labelling. You talked about that. Yesterday, I asked the minister if he would agree to use the QR code for labelling natural health products. At a previous meeting when he appeared before the committee, he told me that he agreed with the idea of a QR code for labelling cannabis products.

When it comes to changing labelling, do you think a hybrid solution, which would also use the QR code, would solve part of the industry's problem, which has to respond to new requests for safe labelling?

Mr. Gerry Harrington: Yes, I fully agree. Frankly, we have no other option than to introduce digital measures to resolve the labelling issue. That's one of the potential benefits of Vanessa's Law.

• (1725)

[*English*]

It gives us the tools to fix the regulation without disrupting the current availability of products, by having the ability to pull products out of that regime and fix the regulations so that we can use QR codes and other digital tools to enhance the labelling and then bring them back in. That is a new authority that was just made available through Bill C-69, and it's a solution we're pursuing very hotly right now.

Those kinds of modern tools, when we have change at the rate we do in our environment, are essential. The current labelling rules were developed in the United States in 1989, pre-Internet, in a country with one language. Those rules absolutely don't work in Canada. We need to be able to use things like QR codes to communicate with Canadians.

[*Translation*]

Mr. Luc Thériault: So you agree that labelling rules regarding the safety of products should be tightened. You would agree that more of the label should be used to warn consumers about adverse reactions. However, if consumers wanted to know the entire com-

position of the product, such as the percentage of magnesium, they could use the QR code.

Did I understand your position correctly?

Mr. Gerry Harrington: That's correct.

Mr. Luc Thériault: Do you have anything to add, Ms.—

The Chair: Thank you, Mr. Thériault. Your time is up.

Mr. Julian, you have the floor for two and a half minutes.

Mr. Peter Julian: Thank you, Mr. Chair.

Ms. Gorham, I'll allow you to answer Mr. Thériault's question.

Ms. Jules Gorham: Thank you very much, Mr. Julian.

I fully agree with Mr. Harrington. I think the QR codes would also help address the issue that the Auditor General raised, which was that some of the labels that were looked at weren't compliant. In addition, the QR code would make it easy to verify the health information on the product.

So, yes, we would completely agree with that measure. It would go a long way toward solving the labelling problems we're currently seeing.

Mr. Peter Julian: You talked about products that weren't regulated. A few minutes ago, I asked if the industry or your association had a rough idea of the place unregulated products currently occupy in the natural health products market. If I understand correctly, you don't have a percentage estimate or figures to give us on that.

Ms. Jules Gorham: No, but I can tell you that it has an impact every day. Mr. Skelton could certainly tell you more about it than I can, but I think our association receives a call every week from one of its members who is thinking of going to the United States, precisely so as not to have to deal with the conditions we're currently subject to.

Mr. Peter Julian: Yes, I understand, but the question was very specific. Have you done any studies on this or do you have any anecdotes to share with us?

Ms. Jules Gorham: Before the changes made by Vanessa's Law, we conducted a study that focused solely on labelling changes. At that time, in 2022, one in five Canadian companies said they were going to leave Canada simply because of labelling rules.

Mr. Peter Julian: One in five companies was going to leave Canada, but—

Ms. Jules Gorham: Also, I think 70% of businesses said they were going to have to cut jobs.

Mr. Peter Julian: I understand, but that doesn't really answer my question. My question is really related to unregulated natural health products that come from outside the country. I'd like to know what percentage of the market these products occupy and what type of products they are. Mr. Maddox said that it was increasing, but, at the moment, you don't have any data.

Ms. Jules Gorham: We can't really know, because any company—

[English]

Mr. Aaron Skelton: Mr. Chair, if I could interject.... I'm sorry.

The question is a good one. We are engaging to try to find out specifics around that. Anecdotally, though, I can tell you that I get multiple emails from multiple members every single week with pictures of boxes in condos and in mail rooms that are from U.S. businesses. We have undergone our own investigation and have ordered some of those products, and we can procure products that are not regulated, that would not be allowed to enter Canada but that are free-flowing over the border.

• (1730)

The Chair: Thank you, Mr. Skelton.

Thank you, Mr. Julian.

Next, we have Mrs. Goodridge.

Please go ahead for five minutes.

Mrs. Laila Goodridge: Thank you, Mr. Chair.

I appreciate this opportunity to ask questions once again.

It is frustrating to me that the government is now saying that this is basically, and I'll quote the minister, "a cuckoo bananas bill", to go back to a regime that was the regime that the Liberal government did not spend any time, actually, quickly fixing. It only decided to put this into an omnibus bill and hide it after being in power for eight years. After eight years, it didn't do this as a stand-alone bill. After eight years, it decided to put this, hidden, in a very large bill, hoping that Canadians wouldn't see this. Yet, now, it's trying to say that this is the most important piece to protect consumers and trying to scare consumers about the entire industry by talking about an absolute one-off case.

Ms. Gorham, I'll start with you, and we'll move down. Do you believe that this common-sense bill from my colleague Blaine Calkins is a better solution than what currently exists in our legislation?

Ms. Jules Gorham: I think this bill is important because it has given us the opportunity to come talk about it, which we were not granted before Bill C-47. For that, I'll say thank you, Chair and all members. It's the first time we will all have our say.

However, I think the bill is also important because putting natural health products under the definition of therapeutic drugs is not what's good for industry. It's not what's good for Canadians. If there are gaps, those can be addressed and discussed.

Mr. Aaron Skelton: If I could add—

Mrs. Laila Goodridge: Just let me.... I'm sorry.

Mr. Maddox.

Mr. Peter Maddox: I don't think this bill is a solution, but it's certainly a good step back. Let's reset. You can see here that we have four associations. There are many other associations, like traditional Chinese medicine and others. It's an incredibly passionate industry. You've probably all received postcards from people in this industry.

We want to consult. We want to be involved. In my time working with these people, we're probably the most open industry in terms of sharing solutions and working towards best practice, so let's take that step back, and then we can work out what's next.

Mrs. Laila Goodridge: Thank you.

Ms. Auger or Mr. Guénette, go ahead.

Ms. Michelle Auger: I think from our members' perspective, this bill is so important. It's not a solution, because what existed before was not perfect either. It certainly has some issues to it, and those have been raised by our members before. However, taking a step back and really assessing the bigger picture, taking a look at cost recovery and the impacts that will have on small businesses, is certainly an important step too.

I will add that we do represent traditional Chinese medicine as a group of ours, and it has provided us with some significant numbers in terms of how all of these changes are going to impact its imports of products. Something as simple as a ginseng bottle may cost a consumer a significant amount of money going forward in Canada.

Mrs. Laila Goodridge: Thank you.

Mr. Harrington.

Mr. Gerry Harrington: I'll cede the question to Ms. Kramchynsky.

Ms. Roberta Kramchynsky (Vice-President, Health Policy and Regulatory Affairs, Food, Health & Consumer Products of Canada): Thank you.

When we're thinking about this bill—and I think from FHCP's perspective—we appreciate the attention that it's bringing to talking about the challenges in the NHP program, like labelling and cost recovery. These are all things my colleagues across the table have talked about today.

All of these actually predate Vanessa's Law, and I think Bill C-368 doesn't solve those problems. However, we really appreciate the opportunity to talk about these challenges facing our industry and to think through how we can work to solve those. As we said in our opening statement, this bill doesn't solve those problems, but by working together, we can find those solutions and bring that forward to be safe and to provide a common-sense approach for Canadians.

Mrs. Laila Goodridge: Thank you.

I will go to Mr. Skelton.

Mr. Aaron Skelton: As a point of clarity, Vanessa's Law does not have recall powers. Vanessa's Law is the recategorization of NHPs to be the same as pharmaceuticals, and that's the concern.

If there are proper processes, discussions, deliberations and analysis, we're all open to that. I think everyone in this group would be open to it. It's the reclassification, which imparts the recall powers, that's the concern.

Mrs. Laila Goodridge: Thank you.

I think this is part of a larger space we've been hearing about. I and many of my colleagues—I would assume most members of Parliament—have received thousands of individual, unique pieces of correspondence. I have talked to many people who brought this forward as a very serious concern because they want to have their choice in an industry that they trust and to be able to make an informed decision, and they have been robbed of that, or they feel like they're going to be.

Mr. Maddox, I'm going to give you the last word because you've raised so many concerns regarding the imports and the stuff coming across the border. Is there anything else you'd like to say on this? I think this is something for which we really need an economic impact assessment, and I don't know if the government actually did one, because I don't think it actually understood that this was a problem.

• (1735)

Mr. Peter Maddox: I was interested in the question about whether industry had done research on that. Industry could play a part in the government doing research on that, rather than it being on industry. We definitely want to play a role in that.

The fact is that I can go online and order an unregulated product from Mexico, Japan, the U.S. or wherever, and it may have the ingredients on it, but I don't know if what it says is in it is what's in it, whereas when I order a product from Canada or a product that's regulated in Canada, I know.

I think that's a really important step in how we have more oversight of that and how we understand the size of that issue.

The Chair: Thank you, Mr. Maddox.

Thank you, Mrs. Goodridge.

The last word goes to Mr. Naqvi for five minutes.

Mr. Yasir Naqvi: Thank you very much.

First of all, thank you, again, to all of you for being here, spending this much time with us and giving us your thoughtful remarks.

Mr. Harrington, I want to talk to you a bit about your views on Vanessa's Law. What I'm hearing from you is that it's an important piece of legislation that is good for consumers in protecting Canadians, but also for industry. Am I correct?

Mr. Gerry Harrington: We see no harm in it. Absolutely.

Mr. Yasir Naqvi: Again, just to clearly understand your view about this particular bill we are discussing, do you feel that this bill, if passed in its current form, could be harmful to the industry and to Canadians?

Mr. Gerry Harrington: It doesn't solve the problems we're facing. Maybe I'll put it that way.

Mr. Yasir Naqvi: Can you elaborate? I think I'm hearing from you that the operating side of things, at Health Canada, is a bigger concern for you.

Mr. Gerry Harrington: Yes. Making natural health products therapeutic products does not necessarily make them pharmaceuticals. In fact, the therapeutic products regime goes from pharmaceuticals and vaccines to medical devices. It is a broad category.

The real issues we're facing are regulatory. It has been identified from the time Vanessa's Law became law that we need to treat consumer health products differently from prescription drugs. The fact that we're spending this much time talking about labelling is one of the most obvious reasons for that, because you label a consumer product in such a way that consumers can use that product without any professional supervision.

Those kinds of issues that have developed over time—the cost recovery problem and the post-approval inspection issue, which is very real—are all things that emerged prior to the application of Vanessa's Law, and they'll still be here if Bill C-368 passes.

Mr. Yasir Naqvi: The set of issues you're raising will not be solved by this particular bill. We need to have a more thoughtful, serious conversation on other issues as opposed to somehow giving the impression that this bill deals with the issues around labelling or cost recovery, etc. Is that correct?

Mr. Gerry Harrington: Absolutely.

Mr. Yasir Naqvi: This is a very focused bill that deals with recalls. Again, just to reaffirm what I'm hearing clearly, this could hurt industry and Canadians if it's passed into law.

Mr. Gerry Harrington: Put it this way: We didn't need Vanessa's Law in order to have confidence in these products, but having now applied it, pulling it off is not a good look. It's not a good look for our industry. It's not a good look for our reputation as a sector. It takes us out of the modernization process that's been going on for some time in the Food and Drugs Act, with new tools that are actually going to be very useful in solving the problems we have.

Mr. Yasir Naqvi: I look forward to working with you on other important issues you've raised.

Thank you, Chair.

The Chair: Thank you, Mr. Naqvi.

Thank you to all of our witnesses for being with us today, and thanks for hanging in there for the late start. We appreciate your being with us. We appreciate the service you provide to your members and the level of preparation that you very clearly put into your testimony here today.

Is it the will of the committee to adjourn the meeting?

Some hon. members: Agreed.

The Chair: We're adjourned. Thank you.

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