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Chair: Karina Gould



Standing Committee on Finance

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• (1100)

[English]

The Chair (Hon. Karina Gould (Burlington, Lib.)): Good morning. I call this meeting to order.

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

[Translation]

Today's meeting is being held in a hybrid format.

I would like to remind participants of the following points.

Please wait until I recognize you by name before speaking. If you are participating via video conference, click on the microphone icon to activate your microphone. Please mute yourself when you are not speaking.

[English]

For those on Zoom, at the bottom of your screen you can select the appropriate channel for interpretation: floor, English or French. For those in the room, you can use the earpiece and select the desired channel. For members participating in person or via Zoom, please raise your hand if you wish to speak. The committee clerks and I will do the best we can to maintain a consolidated speaking order. I remind you that all comments should be addressed through the chair.

[Translation]

Pursuant to the motion adopted on September 22, 2025, the committee is undertaking its study of the 2025-26 budgetary cycle.

Pursuant to the order of reference of Thursday, June 12, 2025, and the motion adopted on September 22, 2025, the committee shall resume consideration of Bill C-4, An Act respecting certain affordability measures for Canadians and another measure.

I would like to welcome the witnesses.

We welcome the honourable Minister of Finance, Mr. François-Philippe Champagne, and the deputy minister of finance, Mr. Chris Forbes.

Mr. Champagne, you have the floor.

Hon. François-Philippe Champagne (Minister of Finance and National Revenue): Thank you, Madam Chair.

It is a privilege to appear before you today.

I would like to congratulate all my colleagues on their appointment to the Standing Committee on Finance.

Colleagues, first of all, let me thank you for inviting me to speak today.

I want to thank the committee, because it is important to have an open and regular dialogue between the Minister of Finance and the Standing Committee on Finance.

As you know, Bill C-4 contains several pieces of good news for Canadians. I would like to take a few moments today to discuss this bill and talk about how future federal budgets will help build on the momentum of Bill C-4.

[English]

Faced with the economic uncertainty caused by a very fast-changing global order, Canadians have called for a serious plan to address this new economic landscape and the rising cost of living. I said that in a press conference: I think it's the speed, scale and scope of the change in the world economic order that really mandate that we do things differently in this country.

They've asked for change that puts more money in their pockets, builds the strongest economy in the G7 and builds one Canadian economy, not 13. With Bill C-4, our new government is delivering on that mandate for change. With our upcoming budget, we will seize upon a generational opportunity to transform the Canadian economy, through ambitious investments and a rigorous expense review, so that we can spend less and invest more.

[Translation]

Our government is committed to building, protecting and strengthening the Canadian economy and empowering Canadians across the country. This includes ambitious investments in workers, industries and communities across the country.

[English]

Bill C-4 received unanimous consent at second reading. I want to thank colleagues. There are not many things that go on in this House with unanimous consent, but everyone agreed that this was the right thing to do for Canadians. We have a package of affordability measures for Canadians, which is going to be transformational for our country. I want to thank all of you for voting in favour of it.

From a middle-class tax cut, which is saving money for 22 million Canadians, to eliminating the GST for first-time buyers on new homes of up to \$1 million and removing the federal consumer fuel charge from law, this legislation will put more money in Canadians' pockets.

I should also mention that we heard concerns regarding unintended consequences of the tax cuts on some disability tax credit recipients. I can assure you, Madam Chair, that we are working on resolving them.

To build upon the momentum of Bill C-4, on November 4, I'll be tabling budget 2025.

[Translation]

Today, I am pleased to inform members of some fundamental changes to our government's approach to budgeting that will help us deliver more results for Canadians.

[English]

What we're proposing is a new way forward on budgeting. The global economy has changed, as I said, and Canada must change with it. We're responding with generational investments that build bigger and better at home. The urgency of this moment demands new ways of budget planning, and that's exactly what we're doing.

• (1105)

The cornerstone of this new approach is a capital budgeting framework that distinguishes and enables the government to prioritize spending that stimulates public and private sector capital investment versus day-to-day operational spending. This will mean more transparent decision-making and more taxpayer dollars allocated to investments that will grow our economic potential.

Going forward, the Government of Canada will also adopt a fall budget cycle, starting with budget 2025. The fall timing, before the main estimates, will facilitate the oversight and study of public expenditures for parliamentarians, inherently making the process more transparent. It will also support effective financial planning for federal departments and agencies, provinces and territories and Canadian businesses and organizations, allowing for more informed decision-making on where public funds will have the most impact.

This updated budget cycle will more closely align with construction season and provide increased certainty and predictability for businesses and investors. Spring budgets often didn't allow projects to take full advantage of the construction season. A fall budget cycle changes that, giving builders and investors a real head start.

The new fall budget will be followed by a spring economic and fiscal update as the new fiscal year begins, as well as pre-budget consultations over the course of the summer, as we did this year.

[Translation]

Holding these consultations during the summer will give us more time to develop budgets that better reflect the priorities of Canadians—

[English]

The Chair: Minister, your five minutes are up. Could you wrap it up, please?

Hon. François-Philippe Champagne: I just have one minute left. I'm happy to extend my stay by one minute.

The Chair: Yes, please go on.

[Translation]

Hon. François-Philippe Champagne: Holding these consultations during the summer will give us more time to develop budgets that better reflect Canadians' priorities. To that end, recent consultations were held in 26 cities across the country in July and August. They resulted in 50 round tables and 60 bilateral meetings.

[English]

In making these changes, Madam Chair, I would remind the committee that we are, in fact, implementing recommendations made to the government by various parliamentary committees and the Parliamentary Budget Officer.

In conclusion, our government has a plan to build a new Canadian economy—the strongest economy in the G7 and one that works for everyone. Bill C-4 was an important first step in the plan, and budget 2025 will be a historic next step. I look forward to releasing our full plan on November 4, with budget 2025.

Thank you for your indulgence, Madam Chair. I look forward to the questions from my colleagues.

The Chair: Thank you so much, Minister Champagne.

We will now begin our rounds of questioning.

Mr. Hallan, you have six minutes for the Conservatives.

Jasraj Hallan (Calgary East, CPC): Thank you, Chair.

Minister, what are your fiscal anchors?

Hon. François-Philippe Champagne: Madam Chair, I would like to say thank you to the member of the committee. It's a real pleasure to see him.

We have been very clear during the campaign that we will be balancing the operating budget in the next three years.

Jasraj Hallan: Is that your fiscal anchor?

Hon. François-Philippe Champagne: That is a fiscal anchor that we have been talking about and have put in the platform.

Jasraj Hallan: Are there more?

Hon. François-Philippe Champagne: We said that there would be a declining deficit-to-GDP ratio over the same period.

Jasraj Hallan: Okay.

Regarding the deficit-to-GDP ratio that you're claiming is supposed to decline, the PBO says that he doesn't think so. He doesn't even think that you have fiscal anchors right now. Is he right?

Hon. François-Philippe Champagne: Different parliamentary budget officers have had different views than the one you're referring to now.

Madam Chair, Canadians should rejoice, because Canada has a very strong fiscal position. We have the lowest debt-to-GDP ratio in the G7. We have the lowest deficit-to-GDP ratio in the G7, and we are one of only two countries in the G7 that have a AAA credit rating.

Jasraj Hallan: I'm sorry, Minister, but sticking with the deficit-to-GDP ratio, it was supposed to be 1%. It is doubled right now. You're saying that it's supposed to decline. It doesn't look like it's going to decline.

According to the PBO, you are going to have 80% higher deficits, and the economy is shrinking. How do you square that? How do you square having higher deficits and a shrinking economy? Your deficit-to-GDP ratio is already double what you claimed it was supposed to be. How is it supposed to decline?

• (1110)

Hon. François-Philippe Champagne: Madam Chair, perhaps I have more confidence in Canadians and the Canadian economy than my colleague does.

Canada is in a very enviable fiscal position. When you look at the G7, Madam Chair—and I attend these meetings; I chair them—you see our colleagues say that Canada has a very stable fiscal position. We have the means of our ambition and we're going to seize that generational opportunity.

I would argue that having the lowest debt-to-GDP ratio and the lowest deficit-to-GDP ratio in the G7, plus a AAA credit rating, is a pretty enviable position. I know you're the official critic for finance, so you would know that.

Only Germany has a AAA credit rating in the G7. Canada is one of them. We have a very strong fiscal position.

Jasraj Hallan: Canada has the fastest-shrinking economy in the G7. Saying that we have a AAA credit rating is almost like a participation ribbon right now for Canadians waiting in food bank lines, because they're the ones who are suffering with your government's spending.

Again, you didn't answer the question specifically. You're claiming that the deficit-to-GDP ratio is going to be going down, but there are no specifics. Are you saying that in this fantasy budget somehow the GDP is going to massively grow at the same time as having deficits that are going to be 80% higher than what even Justin Trudeau had, which is surprising?

Hon. François-Philippe Champagne: I think it's pretty offensive for Canadians who are listening this morning to your comments, because Canadians will be reminded that your government, your party—

Jasraj Hallan: I'll correct you, Minister, because it's what the PBO said about your ratio. He said that your ratio is “very alarm-

ing”, “stupefying”, “shocking” and “unsustainable”. That's what the PBO said. We agree, and Canadians agree. Do you agree?

Hon. François-Philippe Champagne: I would say there is a.... Kevin Page said, and I quote, Madam Chair—

Jasraj Hallan: Is the PBO lying?

Hon. François-Philippe Champagne: Do you want me to answer? Otherwise, I'm happy to listen to your questions all day, sir.

Jasraj Hallan: It was a yes-or-no answer, Minister.

Hon. François-Philippe Champagne: But if you want me to answer—

Jasraj Hallan: Do you agree with the PBO saying that it's “very alarming”, “stupefying”—

Hon. François-Philippe Champagne: If you just want to ask the question with no answer, Canadians will probably use their judgment.

Ryan Turnbull (Whitby, Lib.): I have a point of order.

The Chair: Yes, Mr. Turnbull.

Ryan Turnbull: Chair, I know it's the informal practice at committee, because I've been on many committees, to give the minister at least as much time as it took the member to ask the question. The minister wasn't even able to get the first word out.

Pat Kelly (Calgary Crowfoot, CPC): On that point of order....

The Chair: Mr. Kelly.

Pat Kelly: The minister ran my colleague's clock earlier in the round. I think it works itself out.

Jasraj Hallan: I don't see the minister—

The Chair: Mr. Hallan, I'll just ask everyone to maintain a respectful atmosphere.

Thank you.

Jasraj Hallan: Definitely.

Okay, I don't see the minister answering that. We all believe the PBO, who said that the finances are unsustainable.

Moving on, you said in your statement that you want to make operational spending, whatever that is, and balance it in three years. Mark Carney, the Prime Minister, tried this failed experiment in the U.K. last year. It failed horribly, and now you guys are trying the same accounting trick here in Canada. At the end of the day, the bottom line is still the bottom line.

I'll quote the PBO and what he's saying about your claims about splitting it between operating and capital costs. The PBO said, "we haven't seen a clear definition of what would fall into capital and what would fall into operating." He further said about your operating budget, "We currently don't have a definition of the operating budget". He went on to say something very alarming: "The bottom line of the government will not change." That means debt is still debt at the end of the day. It doesn't matter how many columns you try to present in front of Canadians to try to trick them.

He went on to say:

The international public sector standards that everyone uses to measure the deficit and levels of debt will not change. The first reason that won't change is that those are the accounting standards. The second reason is that the ratings agencies won't let you change it. That's the first thing they're going to go to, and if they have a sniff that somehow something...that there's a change in presentation, you can bet your boots that we're going to be paying more for debt pretty quickly.

You guys are going to try the same failed experiment that Mark Carney advised the U.K. government on just last year. Are you guys going to be cooking the books, trying to trick Canadians with these tricky accounting practices, or both?

Hon. François-Philippe Champagne: Madam Chair, I think it's irresponsible for a member of Parliament to use language like that. I will say that. It's irresponsible. The member knows full well that we're not replacing anything; we're adding. This is a new lens for people at home to understand the distinction—

Jasraj Hallan: Would the minister agree debt is debt?

Hon. François-Philippe Champagne: Madam Chair, I'm happy to listen to his questions, but if I'm not allowed to respond with the same time.... I've been a minister for quite some time in this House, and normally—

Jasraj Hallan: Indeed, it's not a new government.

Hon. François-Philippe Champagne: —I have the same time as the colleague.

Canadians deserve to have the record corrected, because that was an irresponsible statement.

The Chair: Thank you, Minister.

Thank you, Mr. Hallan. That's time for that round.

We're going to move on to Monsieur Leitão.

• (1115)

[*Translation*]

Carlos Leitão (Marc-Aurèle-Fortin, Lib.): Minister, good morning.

Mr. Forbes, good morning, it's good to see you here.

First, I would like to make a comment. The Canadian economy is not in decline.

[*English*]

Economic growth in 2025 will be plus 1.2%, according to the PBO, whom our esteemed colleague has just mentioned so many times. What has changed, though, is the economic environment. We now live in a much more complex and much more uncertain world, which requires a strong adjustment on the part of our government.

[*Translation*]

Minister, I would like to hear you talk about this a little more, since you haven't really had time to express yourself.

In this climate of uncertainty, we need to commit to implementing measures that will help us get through this period. What are the main measures you are taking in this regard?

Hon. François-Philippe Champagne: Thank you, Mr. Leitão. You are a renowned economist and former minister of finance of Quebec. Thank you for pointing that out. Indeed, the forecasts predict economic growth in this country. As I reminded our colleagues, that was an irresponsible comment, because we all know that Canada is one of only two G7 countries, along with Germany, to have an AAA credit rating, and that it has the lowest debt-to-GDP ratio. We can therefore agree to tell Canadians that Canada is in a strong fiscal position.

Now, as you said, some macroeconomic changes are taking place. The global economy is changing. People see everything that is happening in the world, and that is why we have said that we need to reduce spending on current operations so that we can invest more in the future. I think this is a generational opportunity.

Canada attracts talent from all over the world. It is a country that builds airplanes, cars and ships. It has critical minerals and abundant energy resources. Canada is the only G7 country that has a free trade agreement with every other G7 country. So when I hear some of the comments from our colleagues, I think we have a responsibility as parliamentarians to promote Canada and talk about what it can do. I look at Canada's fiscal position and I have confidence in Canadians and the Canadian economy.

Furthermore, with regard to the comments made earlier by our colleagues, that is precisely why we are implementing a new way of presenting the budget. This will give Canadians a better understanding of which part corresponds to investments and which part corresponds to spending. People listening to us at home understand that when they pay their mobile phone bill, it's an expense, but buying a house is an investment. It's better to provide Canadians with more clarity and transparency.

In fact, the new budget cycle, which means that we now present the budget in the autumn, was requested by the committee. Parliamentarians asked us to change the budget cycle. Furthermore, within the G7, it is the norm rather than the exception to table a budget in the autumn. Canada was the odd one out in that group. So this will certainly increase clarity, not only for parliamentarians, who will now have the opportunity to see the budget before voting on the main estimates, but also for the provinces and territories. I have spoken to my colleagues in the provinces and they are very happy with this change because, for them, there have been several years when the federal budget was presented after the provincial budgets. You were minister of finance, Mr. Leitão, so you know that this is not ideal. I see you smiling.

On the other hand, tabling the budget in the fall will also allow people to better align with the construction season. Having spoken to contractors, I know that they want predictability. So if the budget is tabled in the fall and the provincial budgets are tabled around February or March, that gives people time to prepare for the construction season, when we need to do more in this country. In short, with this new formula, parliamentarians, Canadians and construction contractors all win, because everything is clearer.

This is a new way of presenting the budget, but it does not replace anything. The deficit will be calculated according to the same accounting rules as before, as will the debt. What we are adding is a way of presenting the figures. Obviously, there will be an accounting reconciliation exercise, and the public accounts will still be based on the same accounting rules that apply to the Government of Canada. There is no change on that front. We are simply adding more clarity and transparency.

In fact, Madam Chair, I would even say that we are giving the committee more tools to play its role, which is to oversee public spending. This will allow our colleagues to conduct pre-budget consultations in the summer. They will have the entire summer to do so, as we did this year, and I think this will inspire confidence among Canadians.

• (1120)

The Chair: You have 20 seconds left, Mr. Leitão.

Carlos Leitão: I just want to inform the committee that, as a former minister of finance for Quebec, I do indeed find that this new budget cycle will greatly facilitate the preparation of a provincial budget. In that regard, it is very good.

The Chair: Thank you, Mr. Leitão.

Mr. Garon, you have the floor for six minutes.

Jean-Denis Garon (Mirabel, BQ): Good morning, Minister.

Hon. François-Philippe Champagne: Good morning, Mr. Garon.

Jean-Denis Garon: Mr. Champagne, you were appointed minister in early 2025. You did not table a budget. Your Prime Minister called an election, your financial platform was riddled with errors and was not balanced, and it included \$20 billion in tariff counter-measures. It was embarrassing.

You returned in May, and on May 14, you announced that there would be no budget this autumn. You were publicly contradicted by

your own Prime Minister. Last spring, you were asked to prepare a budget for this autumn, but you refused. Finally, after coming under pressure, you decided to prepare one.

For several weeks, we have been asking you whether there will be a budget next spring. You refused to say 'yes.' You refused to say 'no.' It was a complete lack of transparency. Meanwhile, the committee's work was stalled. More than 200 groups in Quebec were unable to be heard in public, before the committee, rather than behind closed doors with the Liberals, at your home or at the Prime Minister's home. These more than 200 groups will not be heard by the committee, even though you are championing pre-budget consultations.

Minister, is this the government's new transparency, with the Prime Minister conducting consultations behind closed doors? You receive oil companies and your friends behind closed doors. Groups come to our offices to tell us that they have not even received acknowledgements of receipt from your department.

Is this the new way of making decisions for Canadians?

Hon. François-Philippe Champagne: Mr. Garon, you are the vice-chair of the committee, but I don't hear much happiness in your voice this morning. I'm surprised because this is good news. In fact, you asked us to be clear. We have been very clear, and I held a press conference—

Jean-Denis Garon: One month ago.

Hon. François-Philippe Champagne: —and you asked me to present our new way of doing things; that is what I have done. You asked me to respect Parliament; I respect what Parliament asks of us. You asked me to be more transparent; I am doing that. You asked me to consult with the provinces; I have done so. You asked me for more clarity; we have issued a press release and I also responded to the press earlier today. I am before the committee this morning.

You should therefore be happier this morning, since I have done everything you asked me to do, Mr. Garon. That should help you tell Canadians and Quebeckers that we are working together.

Personally, I want to work with the committee. The proof is that you asked me to do things and I did them. That's good, because it benefits parliamentarians. Just imagine, you will have the whole summer to hold consultations. You can travel—

Jean-Denis Garon: One year.

Hon. François-Philippe Champagne: —across the country.

• (1125)

Jean-Denis Garon: Madam Chair, the minister has taken his minute and a half. We know what the minister does with the clock.

The minister is telling us that he is going to table a budget, that he has not consulted anyone in public, that the committee is not consulting anyone in public, and he is telling us that the world and the situation have changed. He is telling us that we should be in a good mood because they have not consulted anyone. Groups are calling us to say that they are not getting any response from his office. The minister is telling us that we will be able to consult with people next year. That is the new approach: closed doors. It seems we have an omniscient Prime Minister and minister.

Minister, have you lost control of your department?

I will tell you why I am asking this question. In the middle of summer, you asked ministers to reduce spending by 15%. For three budgets, the Liberals have been saying that they will reduce consulting budgets, but in the spring estimates, you increased them by 26%. For equipment purchases, for example, the new estimates show a 300% increase; for current government spending, the increase is 16%.

What happened over the summer to make you change your mind? Have you lost control?

Are you the one making the decisions?

Hon. François-Philippe Champagne: Mr. Garon, I don't hear much happiness in your voice this morning.

This summer, all I did was work. As for budget consultations, there were actually fifty round tables. I think your colleague Mr. Turnbull must be offended by your comments.

Jean-Denis Garon: Was that done here, in committee?

Hon. François-Philippe Champagne: There were 57 bilateral round tables. We visited 26 cities, 13 provinces and territories, and 83,729 questionnaires were completed by Canadians. There were 3,743 electronic submissions. I have only been here for 10 years, but in the history of Canada, the consultations we conducted are among the most extensive ever undertaken.

You should sound happier this morning.

Jean-Denis Garon: I know you like my questions.

How can you, in the same statement, tell us that the committee's and the opposition's consultations are important, that they must take place, that they are important, but that we have to wait until next summer? We are putting together a budget, but in the end, the 200 or so groups that were supposed to appear here before the committee have to wait a year.

How can you say that?

Liberals held a party during the summer, and you don't think the committee is important. Now you're telling me that I should be cheerful and rejoice at how much you respect Parliament.

What world are you living in, Minister?

Hon. François-Philippe Champagne: I live in the real world, Mr. Garon.

I don't need to make clips and post them on social media. I work for Canadians. The reality is that 83,729 questionnaires were completed.

Jean-Denis Garon: That is an insult, Madam Chair. My questions are tough, but respectful.

Groups come to us and tell us that they have written to the minister's office, but have not even received an acknowledgement. That happened last week.

The minister comes to tell us that we should be happy, that we should be cheerful, because five minutes before the committee meeting, he announced something he should have announced a

month ago. Then he tells us that our way of defending people is to make clips on TikTok.

Madam Chair, do you see how this government behaves and how out of touch it is with the people? It tells us that the world has changed, but that the committee's consultations can wait another year.

This is embarrassing, Minister.

Hon. François-Philippe Champagne: Mr. Garon, you should be pleased that I follow you on social media.

Furthermore, as I told you, we received 83,729 comments. Yet today, you are claiming before the people of Quebec that there were no budget consultations—

Jean-Denis Garon: The committee did not conduct any consultations, Minister.

Hon. François-Philippe Champagne: —and I ask you to keep some perspective.

The Chair: Thank you, Minister.

Jean-Denis Garon: The committee did not conduct any consultations.

The Chair: Mr. Garon, your speaking time has expired.

[English]

I am going back to the Conservatives.

Mr. Hallan, you are going to be taking this round.

Jasraj Hallan: Thank you.

Minister, since your government doubled the national debt, Canadians are stuck with a bill that sees more tax dollars going to bankers and bond holders in interest payments on the debt your government accumulated than what goes to health care transfers to the provinces.

Can you confirm that in budget 2025 bankers and bond holders will get less than what goes to provinces for health care transfers?

Hon. François-Philippe Champagne: I won't stand here and be lectured by a member of the Conservatives, Madam Chair, who voted against every measure we presented to support Canadians. This member and his colleagues have voted against pharmacare, against dental care—

Jasraj Hallan: Minister, it's a simple question. Can you confirm for Canadians—

Hon. François-Philippe Champagne: —and against helping children with the children's food program across the nation.

Jasraj Hallan: —that health care transfers will be larger than what goes to bankers and bond holders? It's a simple yes-or-no question, Minister. As usual, you're not answering.

Hon. François-Philippe Champagne: For Canadians who are watching, I think they should go look at your voting record and why you voted against families and workers when we provided support—

Jasraj Hallan: I will take that to mean that bankers and bond holders—

The Chair: I would ask members and the minister not to talk over each other, for the sake of the interpreters.

Jasraj Hallan: I'll take that to mean that bankers and bond holders will once again get more money in interest payments on this government's debt, from Canadian taxpayers, than what goes to health care transfers.

Minister, in September 2023, you made a big spectacle. You were going to haul in all the grocery store CEOs, and you claimed that, by Thanksgiving 2023, grocery prices would come down. Two years later—it's almost Thanksgiving 2025—grocery inflation has skyrocketed due to Liberal grocery tax, other taxes and the amount of money that you guys spent. On top of all that, we see that overall grocery price inflation has increased to almost 7%. Ground beef is up 30% since then; apples are up almost 40%; tomatoes are up 15%; chicken is up 20%. Food prices are rising 50% faster in Canada than in the U.S.

When will food prices and grocery prices come down?

Hon. François-Philippe Champagne: I would say, Madam Chair, to Canadians who are watching that I invite the member to vote in favour of Bill C-4, which provides a middle-class tax cut to 22 million Canadians, and—

Jasraj Hallan: Will Bill C-4 lower grocery prices, yes or no?

Hon. François-Philippe Champagne: I could not hear the question, Madam Chair, because I was talking while the member was asking me to respond.

I would invite all the members—and I'm sure, because he's a very influential member of the Conservative caucus, that he can convince his colleagues—to vote for Bill C-4, because it will reduce taxes for 22 million Canadians. That is the kind of measure that puts more money in the pockets of Canadians, and that's the kind of affordability measure that Canadians will be wanting.

● (1130)

[*Translation*]

Eric Lefebvre (Richmond—Arthabaska, CPC): I will also be asking questions. I have a few minutes left.

Minister, you said that several round tables were held over the summer. Today is October 6, and the budget will be tabled on November 4. It will be ready for printing in two weeks. That means the budget must be 90% complete.

What is the purpose of the Standing Committee on Finance? Why are we here if no opposition members were able to participate in the meetings you held as part of the consultations?

You say that Canadians have been busy. You tell us that we have an important role to play as members of the Standing Committee on Finance. We have been talking about respect for some time now, and you are a politician for whom I have a great deal of respect.

Now, I would like to know how you show respect for the members of the Standing Committee on Finance.

Hon. François-Philippe Champagne: You should be pleased that we are setting the record straight. We are responding to the

committee's request to change the budgetary cycle. The Parliamentary Budget Officer asked us.... You were not in Parliament at the time, but a report from the Standing Committee on Finance asked us to change the cycle. I consulted with the provinces, I consulted with people in your part of the country. Contractors want more predictability when it comes to construction.

Eric Lefebvre: Minister, today is October 6—

Hon. François-Philippe Champagne: You will have the entire summer to conduct consultations. You had the entire summer to do so. We did our part. It is up to you to decide when you want to consult with people. We did it this summer.

Eric Lefebvre: What you are telling us is that you are doing this on your own and that this committee does not need to hold consultations.

Is that really what you are telling me?

Hon. François-Philippe Champagne: It's up to you to choose how you do things.

Mr. Lefebvre, you should be happy today. I know the people in your community. I know quite a few of them. The people in your constituency are saying today that it's a good thing that we are aligning ourselves with Quebec, that we are aligning ourselves with the construction season.

As a member of Parliament, you are just starting out here in the House of Commons—

Eric Lefebvre: Minister—

Hon. François-Philippe Champagne: When you vote on the budget appropriations, you will have a clearer picture because you will know what is in the budget. You should be pleased.

Eric Lefebvre: Minister, as my speaking time is very limited, I would like to return to the questions I have for you.

To help our listeners understand the situation, I would like to point out that the role of the Parliamentary Budget Officer is to provide non-partisan, neutral and independent economic and financial analysis. In your opinion, does Mr. Jacques have the necessary skills to do this job?

Hon. François-Philippe Champagne: He is entitled to his opinion. What I have seen is that—

Eric Lefebvre: I'm asking you if you think he has the skills—

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

Eric Lefebvre: Saved by the bell, Minister.

Hon. François-Philippe Champagne: He is entitled to his opinion.

[*English*]

The Chair: Thank you.

I will now go to Kent MacDonald.

Mr. MacDonald, you have five minutes, please.

Kent MacDonald (Cardigan, Lib.): Minister Champagne and deputy minister, thank you for being here today.

I think Canadians know which parties have been stalling and grandstanding. We've been here for almost a month, and we could have heard from stakeholders, but because of the games that have been played, we haven't had that ability.

I'll pose this question to the minister today: What are the cornerstones of this upcoming budget, with your new way of framing expenses to capital investments versus to operating costs? How will this help both the government and private organizations, particularly those in the construction trade, to invest in Canada and help build the strongest economy in the G7?

Hon. François-Philippe Champagne: I'll say thank you to Mr. MacDonald and to Prince Edward Island. We're all happy that the federal, provincial and territorial group of finance ministers was chaired by Prince Edward Island.

I did inform the chair this morning of our new way of doing this. I think it's very simple. The world is changing at a pace that we have rarely seen before. The speed, the scale and the scope of the change require that we adapt. Today, it gives us an opportunity to focus on our core objective, which is to spend less so we can invest more. That's why we're presenting a new capital budgeting framework and a new budget cycle.

The first one responds to clarity, because members of Parliament have been asking us through the committee—and I know the vice-chair will go on the record—to change the budget cycle in order to leave more time for parliamentarians to see the budget when they vote for the main estimates, because the main estimates have to be presented by March 31. There have been instances in the past when the budget came after the main estimates, which is not ideal. We've been asked, and we're responding to that.

The second thing is predictability for a province or a territory or a business. I think about all these organizations in the country that depend on federal funding for their functioning and their operation. They would like to know whether they will be getting funds in the budget ahead of their own fiscal year. Depending on the timing of their fiscal year, it's difficult for them when they don't know what the federal contribution is going to be.

Lastly, Mr. MacDonald, you will understand this because you've been an entrepreneur. You've been very successful, and we're lucky to have you in Parliament now. If there's one thing that doesn't wait for parliamentarians, it's the construction season. That won't be a surprise to our friends from Alberta, because in Alberta and in different parts of the country, I've heard from people who ask me—and I was the infrastructure minister before—if I can align our decisions with the construction season. If a budget is presented in the spring, for example, and you need to build in the north, you need to book the barge a year in advance. If you can't book that, if you can't book your workers and you cannot have requests for proposals from entrepreneurs by that time, it's too late. We can't afford as a nation to miss another construction season. We can't afford that. We need to make generational investments in our future.

That's why this framework will help us to focus on what matters, prioritize our investments and be more transparent to Canadians.

That's why you have seen provinces and groups thanking us for changing that. Even the vice-chair of the committee would agree. That's what we've been asked for, and we're responding to the wishes of Parliament. For me, it's about setting the clock straight.

After that, the committee and the chair will have to decide when you do your budget consultation. We will certainly do that all through the summer, and we do that all year. I want to thank Mr. Turnbull for all the work he's done this summer.

One thing that is slightly offensive is to say that we haven't consulted. This is probably the largest public consultation for a budget that we have seen in the last 10 years. Therefore, I think this is going to be welcomed by Canadians. They want more transparency and more clarity. I think that presenting the difference in terms of where their money goes with respect to capital investment and day-to-day spending is adding. That's why I don't understand the criticism from my Conservative colleagues, because this is adding. It's not replacing. It's just providing a new lens. I can tell you that the deficit and the debt will be recorded in the same manner as in previous budgets, but this is going to provide an additional lens so that more information is provided to people. As parliamentarians, we should all welcome that.

• (1135)

Kent MacDonald: Minister, can you speak to how your department is working to scale up prefab and industrialized construction methods in smaller jurisdictions, like Atlantic Canada?

The Chair: You have 15 seconds, please.

Hon. François-Philippe Champagne: Thank you for that. I think all members would be happy to hear that.

We need to do things differently. We need to build more homes. The three things that Canadians have told us during the summer—and I'm sure it's the same thing for Mr. Garon, who has been listening to many people—

The Chair: Thank you, Minister.

Thank you, Mr. MacDonald.

Just before I turn back to Mr. Garon, I'll ask Mr. Kelly to please keep his comments to himself. Everyone else is able to listen. Thank you.

Mr. Garon, go ahead.

[*Translation*]

Jean-Denis Garon: Minister, during the election campaign, your government bought votes a few days before the election by refunding a carbon tax that they had not paid in seven provinces. It was refunded in advance.

I see that you are taking out your notes and that you already have a prepared answer.

I know you are going to tell me that this is not the case, but the former parliamentary budget officer, Mr. Giroux, confirmed this to us.

One of your officials, Mr. Coulombe, confirmed to us that the tax was refunded before it was paid.

Do you still maintain your position? Are you going to continue to say that you did not make this refund with money that had not been collected?

Hon. François-Philippe Champagne: First, you saw that I moved my notes, because I don't need notes to answer you, Mr. Garon.

Jean-Denis Garon: We hope so.

Hon. François-Philippe Champagne: I see you every day, I like your questions and I like your work. You are doing a good job.

Jean-Denis Garon: What is the answer?

Hon. François-Philippe Champagne: You've heard the answer from the officials. It's a technical answer. It was provided to you, and I even saw it on your social media.

Jean-Denis Garon: It proves our point. That's true.

Hon. François-Philippe Champagne: Quebec has a different carbon pricing system from that of the other provinces and is known as the carbon exchange. A rebate was paid to the provinces where the tax existed, and the money did come from the consolidated revenue fund.

When you look at—

Jean-Denis Garon: You took your 35 seconds, Minister.

Minister, in those provinces, the federal government sent out cheques before the tax was collected.

You owe the Government of Quebec \$814 million. That's from Mr. Giroux, the former parliamentary budget officer, appointed by your government.

How long are you going to keep telling us that the Earth is flat?

Will you pay back the \$814 million you owe Quebec?

Is the reimbursement of the \$814 million included in your budget?

Hon. François-Philippe Champagne: Mr. Garon, as I told you, that money does come from the consolidated revenue fund.

When the Samuel De Champlain Bridge was built in Montreal, the money also came from the fund.

Jean-Denis Garon: Minister—

Hon. François-Philippe Champagne: When the Quebec City bridge was built, the money also came from the consolidated revenue fund.

Jean-Denis Garon: Minister, you sent out rebate cheques—

Hon. François-Philippe Champagne: To carry out the Port of Montreal expansion project in Contrecoeur, we dipped into the consolidated revenue fund.

Jean-Denis Garon: Minister, you'll be reading your budget on November 4—

[English]

Ryan Turnbull: I have a point of order, Madam Chair. I'm really conscious of the interpreters. I was in the procedure and House affairs committee. We heard about acoustic shock, the fact that our interpreters can't regulate the sound and they use their ears and voices. I'm surprised that a Bloc member would talk over someone, knowing how sensitive the interpreters' ears are. We'd like to avoid injuries among that valuable resource.

• (1140)

The Chair: Thank you, Mr. Turnbull.

Mr. Garon, please go ahead.

[Translation]

Jean-Denis Garon: On the point of order, I understand my colleague's concern. It's true that we have to be careful.

However, Madam Chair, we are in a committee meeting and a question was asked. Minister Champagne is almost reading his budget in advance to avoid answering this question. I'm asking him to answer my question. It's his job to do so.

The Chair: Please, Mr. Garon, Minister and all committee members, let's think about the interpreters.

Jean-Denis Garon: The question is very simple, Minister. You know that I really appreciate you.

Is the reimbursement of the \$814 million owed to Quebec included in your budget?

You were going to read me your budget. Is the reimbursement part of it?

Hon. François-Philippe Champagne: Out of respect for the interpreters, I apologize, Madam Chair.

We're going to try to do better for those who help us do our jobs here.

Jean-Denis Garon: Is the reimbursement in the budget, Minister?

Hon. François-Philippe Champagne: Mr. Garon, I told you that the money used for the rebates came from the consolidated revenue fund.

Jean-Denis Garon: What about the reimbursement to Quebecers?

Hon. François-Philippe Champagne: The money was not returned to Quebecers because the carbon tax did not apply to Quebec.

The Chair: Thank you, Minister.

Thank you, Mr. Garon.

Jean-Denis Garon: You're still telling me that the Earth is flat.

[English]

The Chair: This round of questioning is over.

I now turn to Mr. Kelly, from the Conservatives, for five minutes.

Pat Kelly: Thank you.

Minister, in what year will the budget be balanced?

Hon. François-Philippe Champagne: Our budget will be a generational investment in the future of this country. You're going to be happy, Mr. Kelly, because there will be a lot for you to talk about to your people in Alberta.

Pat Kelly: If you don't mind, Minister, would you answer my question? In what year will it be balanced?

Hon. François-Philippe Champagne: As I said, I have already responded to this question, but what you're going to see are generational investments to put this country on a path to being the strongest economy in the G7.

Pat Kelly: Minister, you may have responded to the question, but you haven't answered it. I'm asking you, since this is a parliamentary committee, whether you would answer the question.

In what year will the budget balance?

Hon. François-Philippe Champagne: I've already answered that question. You can ask me as many times as you want, sir, but the answer is going to be very similar to what I've told you before.

Pat Kelly: Humour me, then. Tell me when you answered that question.

Hon. François-Philippe Champagne: I've already answered that question. We've been very clear that we're going to balance the operating budget by 2028-29.

Pat Kelly: Okay. Minister, it's correct that you have been asked this question many times, including by me. You have responded many times. You have never answered it. You have just now said something about an operating budget. I understand that you are distracting Canadians with accounting rule changes, but I would like you to answer. I'll give you one more chance to answer my question.

When will the budget be balanced?

Hon. François-Philippe Champagne: I've heard you very well, and I think it's irresponsible for a member of Parliament to suggest the question you've been asking.

The deficit and the debt will be calculated and presented, as they have always been, in accordance with the accounting principles.

Canadians are watching that, and they're watching you carefully. They understand it. I just did a press conference and, trust me, Canadians really understand that. They said—

Pat Kelly: Minister—

Hon. François-Philippe Champagne: —that the government will present a new lens so they have more transparency and more clarity.

You should talk to your colleagues at the provincial level. They really welcome what we're doing, sir, and that's what you've been asking me.

For the record, the committee of Parliament has been asking—

Pat Kelly: Okay, Minister, that's enough.

Hon. François-Philippe Champagne: —the Minister of Finance to change the budget cycle.

Pat Kelly: Minister, you're not answering the question.

Hon. François-Philippe Champagne: We're responding to the wish of Parliament.

Pat Kelly: Minister, you were refusing to answer the question, as you have refused to answer this question repeatedly. I am left to conclude that the budget will never be balanced under this government.

In fact, at the operations committee, the PBO said that the path we're on currently "is not sustainable", and when he was asked what year the budget will be balanced, the PBO said, "Is that a trick question?"

It's not a trick question. It's a question that Canadians need answered by the Minister of Finance, so will you answer, at this committee, and tell Canadians what year you will balance the budget?

Hon. François-Philippe Champagne: Let me just quote a previous parliamentary budget officer, who said, "It's not shocking to see a deficit go up because the economy is slowing and we have NATO commitments. To me, it's sustainable". That was Kevin Page, sir—

Pat Kelly: Okay. So—

Hon. François-Philippe Champagne: —who was a parliamentary budget officer for quite some time.

Pat Kelly: Yes, he did great work.

Now, Minister—

Hon. François-Philippe Champagne: Actually, what he said is the reflection.... I so wish he could be at the G7 meetings with me, because he would say what colleagues are doing. We have the most stable fiscal position in the G7.

Pat Kelly: Okay, Minister.

You're not answering the question, so we'll try a different question, Minister.

Hon. François-Philippe Champagne: We have the lowest debt-to-GDP ratio and the lowest deficit-to-GDP ratio. You should at least tell Canadians as it is, sir. Those are facts.

Pat Kelly: Minister—

Hon. François-Philippe Champagne: You can have your own opinion, but you're not entitled to your own facts. The facts are what they are, sir.

Pat Kelly: Indeed.

Minister, it's a fact that the budget—

Hon. François-Philippe Champagne: We have a AAA credit rating like Germany.

Pat Kelly: The current budget deficit is projected to be.... Your current budget deficit does not even include NATO commitments. The C.D. Howe Institute, for example, stated that if we start to include the commitments you've made publicly, the deficit may be as high as \$90 billion. Is that correct? Will it be over \$90 billion if you keep some of your spending promises?

• (1145)

Hon. François-Philippe Champagne: Are you suggesting that we should not meet our NATO commitments to defend the sovereignty of Canada?

Pat Kelly: No, I'm suggesting that you should answer a question.

Hon. François-Philippe Champagne: The answer is very clear. We're going to meet our NATO commitments. We're going to invest in the sovereignty of Canada. Canadians understand that the world is changing and that we need to make these generational investments.

[*Translation*]

Eric Lefebvre: Thank you, Minister. I want to go back to my questions for a moment.

According to the Parliamentary Budget Officer, if the government continues its trend of increasing the debt-to-GDP ratio, the outlook is very alarming. Should Canadians be alarmed about this? We are also very alarmed about the increase in the ratio.

Hon. François-Philippe Champagne: I can tell you that Canada is in the most enviable position in the G7.

This is what CBC News Online reported about Kevin Page:

[*English*]

“Page didn't disagree with the recent PBO report, but he argued Canada is fiscally 'in a pretty good place' relative to other G7 countries.” I'm just reading from the article.

What you're saying is that—

[*Translation*]

Excuse me, I will continue in French.

Eric Lefebvre: Thank you, Minister. Understood.

The Chair: Thank you, Mr. Lefebvre. Your time is up until the next round.

[*English*]

We're now going to go to Mr. Turnbull for five minutes.

Ryan Turnbull: Thanks, Chair.

Thanks, Minister, for being here, and to the deputy minister as well.

Minister, I'm struggling here, because opposition members are saying that somehow we haven't done comprehensive consultation. I can assure them—just ask my wife for a testimony about how little I was home for the summer as we travelled across the country and met with so many stakeholders—that this was a highly comprehensive approach, in my view, to consultation.

What I think the members are suggesting, though, is that they have not taken the opportunity to use this committee's time to do pre-budget consultations, which was their choice, not our choice, because we actually suggested that our committee could be undertaking that work currently, but, as Mr. MacDonald suggested, we have spent the last month on other topics.

Bill C-4 is certainly important, but before I get there, I want to ask you a little about the new capital budgeting framework and the new budget cycle.

First of all, we consulted with the PBO. Is that correct?

Hon. François-Philippe Champagne: Yes, we consulted with the Auditor General and we have.... If I may, I just want to thank you and your family, Mr. Turnbull, because I know this summer has been very busy. I understand your feeling because, for me as well, when 83,722 people took the time to submit an online survey, it's surprising to hear some of the comments. What would you say to these 80,000 people who took the time to do that? Their voices matter. They voiced that, and they provided us with the information. There were 50 round tables, 57 bilats, 20 cities, 13 provinces and one federal-provincial-territorial meeting. I mean, this has been a consultation that I haven't seen in a long time. I want to thank you, because you've been so instrumental.

To your point, I think the committee members will have the opportunity to do that next summer. It's going to be great. They'll be busy all summer if they wish to go around the country and listen to witnesses to inform the budget. However, to suggest that there have not been budget consultations.... You would know, because you did it yourself, and your family paid quite a heavy price with your having to travel across the country to do that. I understand how you feel.

Ryan Turnbull: Thanks, Minister. I believe it was a very comprehensive process.

We also released detailed and clear definitions of “capital investments” today, did we not?

Hon. François-Philippe Champagne: Yes, we did a press release today. We've been very clear on what is going to be capital formation. I would say, Mr. Turnbull, Canadians understand that. As I said, when you pay your bills, you spend. When you buy a house, you invest. For me, that's why I don't understand some of the comments that were made earlier, because, as Mr. Leitão, the former finance minister of Quebec, said, by having more transparency and clarity for parliamentarians, we're actually ensuring what Parliament asked us to do. They said, “Change the budget cycle.” Then, what we heard from business was, “Provide us the predictability we need. We'd like to know in advance what you're going to put in the budget so we can plan accordingly.” Then, one thing that parliamentarians wish is to match the construction season and the time we need to do that.

For me, it's telling Canadians in a very clear way, “This is where your money is going. This is for capital formation. This is for operating expenses.” I think my Conservative colleagues and the Bloc should be celebrating that we're providing that kind of transparency.

Just so we're clear with Canadians, this is not replacing; it is adding. It is adding a lens so that people can see.... When they open the budget, they can say, "Okay, I understand where my money's going." Then, everything else will be in accordance with all the accounting standards that we have always used for budgeting in Canada.

• (1150)

Ryan Turnbull: Thank you, Minister.

When I knock on doors in my riding and talk to my constituents, they all say the same thing: They want a growing, strong economy in Canada. They want jobs for their kids. They want affordable housing. To me, what we're entering into here is a budget cycle and a capital budgeting framework, and we're making these changes to focus on something we call "capital formation".

How is that going to help our economy grow?

Hon. François-Philippe Champagne: This is fundamental to the future of our nation. You know, the world is changing. We need to adapt. As I said, the speed, scale and scope of the changes are once in a generation. I think, as parliamentarians—it's not just the government, but I look to my colleagues on both sides of the aisle—we need to meet that moment.

People before us have met the moment. I think that, in 1945, people met the moment. Canadians instinctively understand that, when faced with something like that, you need to invest. You need to reduce your expenses. That's why we say we're going to spend less so we can invest more.

The Chair: I'm sorry, Minister, but that is the time for this round. Thank you.

Colleagues, in looking at the clock, we don't have time for another full round, but if colleagues are interested, we could do a condensed round with two and a half minutes each to the Conservatives and the Liberals, and one and a half minutes to the Bloc. Do I see agreement for that?

Some hon. members: Agreed.

The Chair: Thank you.

Go ahead, Ms. Cobena.

Sandra Cobena (Newmarket—Aurora, CPC): Minister, I'd like to have a frank discussion with you—just simple questions, simple answers.

You say you want to change how you budget, and I have to ask myself, "Why not change your reckless spending instead?" If I say to my husband that buying too many purses is an investment, that doesn't change the fact that it is irresponsible. My question for you is, why are you changing how you present the budget, rather than changing your reckless spending so that, on a net basis, you actually balance it?

Hon. François-Philippe Champagne: Well, you should ask yourself why you voted against measures that support Canadians. I think people watching at home would be surprised to see your voting record, that you voted against measures that would make their lives easier.

Sandra Cobena: Minister, it's a very simple answer. I really want you to answer my question. Why are you changing how you're presenting it, rather than actually trying to balance the budget?

Hon. François-Philippe Champagne: I think Canadians are entitled to transparency. In a frank discussion between you and me, I think your husband, your family and everyone in your riding is entitled to more transparency to see the budgeting and where their tax dollars are going to be used. This is about transparency.

Sandra Cobena: I agree that transparency is a good thing, but every single person in my riding does not get to rework their budget to see if it looks better at month's end. The bottom line is the bottom line. If you don't have money, you don't have money. Why are you changing how you're presenting the budget instead of actually balancing it?

Hon. François-Philippe Champagne: The bottom line is the bottom line, but I think you cannot be against giving more information to Canadians. People want to know where their money is going: Is it for expenses or for investments?

Eric Lefebvre: The result is the same.

Sandra Cobena: Is the deficit going to be higher under your government and Mr. Carney's government compared to Trudeau's?

Hon. François-Philippe Champagne: You should be informing your constituents that we have the lowest deficit-to-GDP ratio in the G7.

Sandra Cobena: Minister, please, I'm asking a very simple question.

Hon. François-Philippe Champagne: That really matters.

Sandra Cobena: Is it going to be higher than Trudeau's, or not?

Hon. François-Philippe Champagne: You need to compare our fiscal position with the other G7 countries, because Canadians look at that and our colleagues and the bond rating agencies.

Sandra Cobena: Minister, numbers don't change. It's black and white. I come from the financial sector.

Is it going to be higher than Trudeau's, or lower than Trudeau's?

Hon. François-Philippe Champagne: I know you come from the financial sector. That's why I'm happy you're on the finance committee. You would know, because you're a very smart financial planner—

The Chair: Thank you, Minister.

Thank you, Ms. Cobena.

I'm going to turn it over to Mr. Leitão for two and a half minutes.

[Translation]

Carlos Leitão: Thank you, Madam Chair.

Minister, I have one more question for you. However, I would first like to clarify something.

The part of the budget that is invested in the economy will have an effect, an impact, on Canada's economic growth potential. It won't have an inflationary effect. We are not in the process of stimulating demand; we are in the process of stimulating supply and production capacity. There is no inflationary effect.

Minister, my question is about affordability.

Bill C-4 deals with that. In the current context, where prices have indeed risen quickly for some products, what impact would Bill C-4 have on affordability?

• (1155)

Hon. François-Philippe Champagne: First of all, thank you, Mr. Leitão, for informing the committee members.

As a former Quebec finance minister and renowned economist, you have a good read on the subject. Honestly, as an economist, when you look at Canada's economic record and ratios, you understand that we're in a good position.

Obviously, we know that investment in infrastructure gets multiplied. The goal is to grow the Canadian economy. We have set a goal of having the strongest economy in the G7.

I would like to say that Bill C-4 helps us. The government's flagship measure was the tax cut. I think my colleagues should celebrate that. The first thing we did was lower taxes for 22 million Canadians. When we talk about affordability, we're talking about more money in taxpayers' pockets. That was one of the first things we did.

I look at my colleagues and see that they are happy, ultimately, because this is an important measure. They voted for it. I hope they will vote for the measure at third reading, because it would be a bit awkward to go and explain to their constituents why they aren't voting in favour of a tax cut. We heard it this summer, and I know Mr. Garon heard it as well: The first thing people talk to us about is the cost of living, the second is housing and the third is the economy. I think it's pretty much the same for everybody.

I think the fact that we've already taken action to reduce the tax burden on Canadian households is important.

I thank my colleagues for voting in favour of this measure, and I am confident that they will do the same at third reading. I know that, in their hearts, they also want to help Canadians at the critical juncture we are at right now.

Carlos Leitão: Thank you, Minister.

The Chair: Thank you, Mr. Leitão.

We will give the floor to Mr. Garon for a minute and a half.

Jean-Denis Garon: Thank you, Madam Chair.

Minister, many conditional and ad hoc health transfer agreements are expiring.

You are telling us today that we may have an 18-month budget. Therefore, I feel it appropriate to ask you the following question.

Starting next year, health transfers, as they are currently designed, will start to grow less quickly than health spending.

Can you tell us if you are going to significantly increase unconditional health transfers to the provinces in your budget?

Hon. François-Philippe Champagne: First, I would like to correct your statement. I suggest you look at the statement or press release we issued today. There will be an economic update, as we do in the spring. There will be an economic update, but—

Jean-Denis Garon: Minister, will health transfers increase this fall?

Hon. François-Philippe Champagne: Mr. Garon, you're a renowned economist. For these questions, you will understand that a minister of finance, 30 days from the federal budget—

Jean-Denis Garon: —must know about health transfers.

Hon. François-Philippe Champagne: This is not the time to talk about that. You'll have to wait a little longer to get answers to all your questions. I know that, on November 4, you will be pleased with what is in the budget. There are many measures to help Quebecers. I can tell you that this budget is good for the provinces, for the territories, for the regions, for industry and for this country.

Jean-Denis Garon: Thank you, Minister.

The Chair: Thank you all.

Thank you, Minister, for being here.

Thank you, Deputy Minister. It was really difficult for you today.

Colleagues, we're going to suspend for a couple of minutes as we set up for the next phase of our meeting.

• (1155)

(Pause)

• (1205)

[English]

The Chair: Colleagues, we're going to get started on the second hour of our meeting today.

Pursuant to the order of reference of Thursday, June 12, 2025, and the motion adopted on September 22, 2025, the committee shall resume consideration of Bill C-4, an act respecting certain affordability measures for Canadians and another measure.

I would like to welcome our witnesses.

We have Jennifer Keesmaat, president and CEO of Collecdev-Markee; Geoff Cape, CEO of Assembly Corp.; and Richard Lyall, president of the Residential Construction Council of Ontario.

All virtual witnesses have conducted a mandatory witness onboarding test.

I would like to make a few comments for the benefit of the new witnesses. Please wait until I recognize you by name before speaking. For those participating by video conference, click on the microphone icon to activate your mic, and please mute yourself when you are not speaking. For those on Zoom, at the bottom of your screen you can select the appropriate channel for interpretation: floor, English or French. For those in the room, you can use the earpiece and select the desired channel. I'll remind you that all comments should be addressed through the chair.

You will have five minutes for your opening remarks, after which we will open the floor to questions.

We will begin with Ms. Keesmaat.

Jennifer Keesmaat (President and Chief Executive Officer, Collecdev-Markee, As an Individual): Hello, honourable committee members. It's a thrill to be here with you today and to speak to you regarding housing, in particular delivering affordable housing.

My name is Jennifer Keesmaat. I am the CEO of Collecdev-Markee, a Canadian development company focused on delivering purpose-built rental and affordable housing across Toronto, with a project in Hamilton as well. I am also the former chief planner of the City of Toronto, and I'm also the founder of the Canada Builds Modular Summit, an inaugural event that will take place on October 23. We look forward to welcoming Minister Robertson for a fireside chat, where we will be looking at creating a deeper and broader ecosystem to modernize construction in Canada.

At Collecdev-Markee, we are home builders, and let me tell you, it is tough out there. Our company is currently leading the development and construction of projects that directly advance federal and municipal housing priorities, including Tyndale Green, a 1,400-home, mixed-income mass timber modular community with a day care and community facilities, and 275 Merton Street, 447 purpose-built rental homes in the city of Toronto with 30% of units that will be affordable for 99 years. Both of those projects began construction this month.

On Bloor Street in downtown Toronto, we are rebuilding the Bloor Street United Church in the podium of a building that has about 300 residential homes above. It's a project that straddles the subway. It's incredibly complex, and this week we will be pouring the 14th-floor concrete slab. Window installation begins in the next few weeks. Residents are expected to move into their new homes in 2027.

We've also spent this year closing units and moving residents into 450 new transit-oriented homes in a new mid-rise building in the north of the city, and that includes affordable home ownership in partnership with Habitat for Humanity.

As you can see, we have housing at every stage of development, and these are exactly the kinds of projects this committee and our government want to see more of—projects that integrate affordability, sustainability, modularity and community amenities.

Today, though, these projects are the exception. They are not the norm. Many others, including viable sites in our pipeline and across the sector, are being deferred and cancelled outright as we speak, as

a result of high government fees combined with uncertain market conditions and a stubbornly high cost to build.

I support the first-time homebuyer GST rebate in Bill C-4 as a step forward, but I see it only as that. I also believe it should be available to all buyers of primary residences, not just first-time homebuyers. In some ways, it's the beginning of what we should be doing.

We know that CMHC's last forecast shows that housing starts will decline by approximately 30,000 homes between 2024 and 2027. If that projection holds, the impact will be severe on both affordability and jobs. We know, based on StatCan data, that we are seeing tens of thousands of jobs being lost in construction across the country for framers, plumbers and electricians who build our homes. This doesn't even consider the broader supply chain that produces windows, concrete and drywall, all of the other businesses that feed into the development process and the \$1-million contracts and \$10-million contracts that our company tenders every single day as part of our projects. These are important companies building an important product, and right now they are on the cusp of significant decline in our country.

For this reason, I urge you to take an ecosystem approach to understanding housing delivery in Canada. We have locked too many into their existing homes, and they are being penalized by the GST, the land transfer tax and the high cost of development charges, or DCs, on new builds when people consider downsizing. This means that we lock up the system. It prevents families from being able to access the homes they need, and it prevents young people from thinking about a future and the dream of raising their family in this country. We have an industry that is robust and capable, and strangely, government fees such as taxes and DCs are the very last thing that should be hindering housing development.

We find ourselves in a rather bizarre situation. The government has signalled that it will act on development charges, but in the absence of doing so immediately, the industry will continue to slow.

• (1210)

If you sat and listened to the King during the Speech from the Throne, you heard him talk about DCs being cut in half across the country, but that hasn't yet been implemented.

The Chair: Ms. Keesmaat, can I ask you to wrap up, please? Thank you.

Jennifer Keesmaat: Yes, absolutely.

I will say this: The risk to us right now is inaction. We need to move quickly. We needed to move quickly six months ago. We needed to move quickly two years ago. The longer we wait to get these policies in place, the more we will have to make up in the long run, as our industry continues to slow at a time when we need it to scale.

Thank you.

The Chair: Thank you so much, Ms. Keesmaat.

Mr. Cape, you have five minutes, please.

Geoff Cape (Chief Executive Officer, Assembly Corp.): Thank you.

I'm Geoff Cape, the CEO of Assembly. I am also here to represent a coalition we've put together over the course of the last six months, focused on industrialized construction: the Canadian industrialized construction coalition. It has over 100 companies aligned in their views on the policy requirements to try to advance affordability in Canada.

First off, thank you, all of you, for focusing on such a critically important subject, the affordability agenda. I understand that Bill C-4 has a particular focus on the GST relief, and that is an opportunity both to affect purchasers and to accelerate the construction of new builds. Certainly, I believe it's the right idea at the broadest level. It is an opportunity to help accelerate purchasing and create the necessary momentum in the industry, so it's warmly welcomed.

I suppose there is always a debate about whether it's enough, too much or not enough in regard to the scope of that particular policy recommendation. That's not for me to opine on. I know it's a policy initiative that's required in relation to a larger collection of policy agendas.

With that in mind, the announcement made by the Prime Minister and the Minister of Housing and Infrastructure on Sunday, September 14, to invest \$13 billion in the Build Canada Homes initiative is the right companion to the GST relief strategy—the larger, more robust program that wraps around GST rebate and feeds and supports individual consumers of housing. That larger strategy is what I believe is the necessary focus for us as we drive towards affordability in Canada. It's a critical requirement for us to shift the way we build and the way we build our supply chain relationships in regard to the construction of housing in Canada.

With that in mind, the coalition we put together developed 19 primary and 17 secondary recommendations, all of them policies oriented towards financing, supply chain integration development and the critical requirement for streamlining approvals and approval processes across the country.

I'll leave it at that, other than to identify that the work Assembly is doing right now is drawing on global best practices. As a company, we spent the last seven years trying to figure out where in the world the most informed and advanced thinking is in regard to both policy and fabrication for affordable housing, and we landed on Sweden. We designed a deep working relationship with Lindbäcks, one of the largest firms in the world focused on modular housing. The learning curve for us, I think, is something we can share across the country. It's certainly an idea that should be shared through policy networks provincially, municipally and federally, of course. The opportunity to leapfrog in Canada is available to us, and that's my hope.

• (1215)

The Chair: Thank you, Mr. Cape. It's not often we get time back from opening statements.

Mr. Lyall, I go over to you.

Richard Lyall (President, Residential Construction Council of Ontario): Thank you for the opportunity to appear today.

Following finance minister Champagne is, I hope, a recognition of just how important addressing the housing crisis is for our country's future prosperity. As Prime Minister Carney has noted, we are dealing with a fracture on many levels. Housing is one of them.

We know the top two issues for Canadians are affordability and housing. How did we get to where we are now? The answer is essentially that we systemically dropped the ball. We took housing for granted, and no one was really paying collective attention or even aligning policies. The ratio of housing costs to incomes became grossly imbalanced, and we have ended up with a national crisis, with the epicentre in Ontario and Vancouver.

It should be kept in mind that the crisis varies in different regions of the country, and that makes one-size-fits-all federal solutions difficult. Alberta will build nearly 60,000 homes this year, roughly the same as Ontario, which has three times the population. Indeed, the Ontario situation is, by far, the worst in North America. Given that it's Canada's engine of growth and that we are facing unprecedented challenges from south of the border, this is bad news for the country as a whole.

Governments have taken some useful measures, yet the various targets set by them have not been met. In fact, we are going in the opposite direction. The solutions are complex to the uninitiated. The challenges are technocratic. Shelter, food and safety are unique economic, fundamental, basic needs for any society. People need housing. However, we are taxing it like cigarettes and alcohol, with so-called “sin taxes” designed to discourage use, which is just wrong-headed. RESCON was first to release a report demonstrating the scale of these costs. Dumping those costs onto the young and on first-time homebuyers in many jurisdictions is fundamentally unjust.

The affordability of housing is central to well-being and prosperity. You can't grow a modern economy without housing. You can't attract investment without it. We will only drive away our best and brightest without it. Builders have cut prices in a desperate attempt to make new projects work. Sales of new condos in our region of the country are down 90%, low-rise housing has fallen by 70% and there is no end in sight. The coming loss of employment will devastate the broader economy.

We have long advocated consumer relief, in the form of cutting sales taxes and development charges—which are a brutally regressive consumer tax—land transfer taxes and other charges. We also need approval processes to be streamlined and modernized here, like almost everywhere else. The private sector accounts for 90% of the housing that is produced, and that market is currently dysfunctional. There is a need for social housing as well, which we build, but the government must drive those solutions.

Bill C-4 addresses some issues, which is important. Of greater importance, though, is that the new federal government is doing what it said it would do. Do we think more is needed? Yes, but this is a critically important first step, in our view.

There are two issues of critical importance. The first is the first-time homebuyers sales tax for consumers. We commend the government for taking this step. While we thought it should have gone further, we welcomed it as providing some relief for first-time homebuyers.

It is unfortunate that this has not been picked up by the Province of Ontario. Tarion, Ontario's new home warranty program, noted that in 2024, 39% of new housing purchasers were first-time buyers. This and other mixed messages about just how many first-time buyers there are have had a chilling effect on the market, manifested by those waiting for sales tax relief to be extended by Ontario.

Sales of new housing in the GTA have reached a historic low: There will be fewer than 5,000 units sold this year. The first-time buyer break will help one segment of the market; I have no doubt that further measures will be needed to assist others. Homebuilding projects cannot pencil in on the scale required without consumer tax relief.

Another challenge lies with development charges, which have become a runaway tax grab camouflaged as a charge to developers. This is where the federal government's announcement with respect to addressing them in Ontario is critically important.

The housing accelerator fund must be more disciplined in rewarding municipalities that meet targets. A report we released last week with Mike Moffatt of the Missing Middle Initiative scored 22 of 34 Ontario municipalities with an "F". Also, it is worth noting that, ultimately, municipalities are creatures of the province, so if they are continuing with "not in my backyard" policies, the province can and must step in, as has been done in Alberta.

With respect to Build Canada Homes, we appreciate the government's intention of aligning all things housing under one roof. The trick here, of course, will be how it will work and whether or not the government can be nimble and effective. Choosing Ana Bailão to lead BCH is an inspired choice.

New housing supply must be a priority. Bill C-4's inclusion of housing affordability measures is a serious step in the right direction and must be supported. Measures must be expanded, and policies and programs must be adjusted as required. Housing supply should not be a partisan issue. The various levels of government need to be aligned on this, as it affects other policy-related matters.

• (1220)

We need to get the dream of a better life back on track and help our young, who have, frankly, been let down in the extreme.

Thank you for that.

The Chair: Thank you, Mr. Lyall, and thank you to all of our witnesses for their opening remarks.

I want to let witnesses know that Mr. Cape is temporarily off-line and we are working to get him back.

In the meantime, the first round of questioning goes to Ms. Cobena.

You have six minutes.

Sandra Cobena: Thank you, Madam Chair.

My question is for Mr. Lyall.

Would a Canadian who lost her home as a result of the affordability crisis and who is now trying to re-enter the market benefit from the GST rebate?

Richard Lyall: Yes.

Sandra Cobena: What if it's not a first-time homebuyer?

Richard Lyall: Then the answer is no.

I'm sorry. I'm focused on first-time homebuyers.

Sandra Cobena: So the answer is no.

Would a single mother who sold her home—because of a divorce, for instance—benefit from the GST rebate?

Richard Lyall: If she's not a first-time homebuyer, no, she wouldn't.

Sandra Cobena: Would seniors who are looking to downsize to a smaller unit, thereby freeing up a family home, benefit from the GST rebate?

Richard Lyall: No.

Sandra Cobena: Would a young couple who are looking to sell their condo and move to a townhouse to start a family benefit from the GST rebate?

Richard Lyall: No.

Sandra Cobena: This GST rebate policy discriminates against people based solely on the fact that they have had a home. It does not take into consideration their life circumstances. Would you agree with that?

• (1225)

Richard Lyall: Yes.

Sandra Cobena: Development charges can be responsible for about 30% of the cost of a new home. Would you agree with that?

Richard Lyall: We did two studies on this. The first one was 31%; then we updated it to 36%. That's all taxes, fees and levies, including DCs. Depending on where you are, DCs have been set differently in different municipalities. In Ontario, at any rate, DCs are around 20%.

The other fact I would bring up is that the Tarion report, which is the new homeowner report on new housing produced, set first-time homebuyers—and this is why we think this is worth supporting—at 39% of buyers in 2024. That's for new housing.

What we're interested in, of course, is that we need net new supply—not resale.

Sandra Cobena: On the topic of development charges, do you agree that development charges have increased up to 600%, roughly, in the last decade?

Richard Lyall: We've done work on that and we've worked with Mike Moffatt on that. Depending on which scale you pick, it can be up to 2,000%. They've certainly outstripped incomes. There has been virtually no real income growth; meanwhile, these costs have just gone right through the roof. Effectively, a down payment today, especially for first-time homebuyers, is basically an increase in two taxes in just over 10 years—in development charges and sales taxes.

Sandra Cobena: Then it's no surprise that we have a housing crisis and that Canadians cannot afford a home.

Does the bill we're looking at, Bill C-4, impact development charges?

Richard Lyall: No.

Sandra Cobena: Would the bill accelerate the timeline for municipalities to approve projects?

Richard Lyall: No.

Sandra Cobena: Is it true that housing starts in Toronto fell to their lowest level since 1996?

Richard Lyall: Yes. In fact, with where sales are going, we're really at the beginning of this crash. This is why any and all steps need to be taken, but it's also why we will welcome positive measures. Certainly, when governments say they're going to do something and actually do it, we have to respond favourably to that.

Sandra Cobena: How much would you say housing costs have increased in the last 10 years, roughly, particularly in the GTA?

Richard Lyall: They've gone through the roof. There's no pun intended.

I mean, you've had a massive increase in costs. In the city of Toronto, in one year, development charges increased 43%. Over a 10-year period, a DC that was \$8,000 per unit went up to \$88,000 per unit. How can consumers afford that increase? It's impossible.

Sandra Cobena: Further to that, RBC's "Housing Affordability" website mentions that home ownership costs have increased about 54% in the last 10 years, so it's a serious situation here.

I have another question, though. How much of an average person's income goes toward mortgage payments?

Richard Lyall: Well, in Toronto, the most recent numbers I've seen were in the 60th percentile range, which is crazy.

At one point in time, there were people who wanted to redefine affordability because it was so bad. The CMHC has had a long-standing measure that it shouldn't be more than a third of your income, basically, so we're way out of whack. Even though prices have come down, we are still facing other things. We've had increased construction costs and so on. Rates are obviously important, but the bottom line is that the—

The Chair: Mr. Lyall, could you just wrap up for this round of questioning, very briefly?

Richard Lyall: I was just going to say that the bottom line is the tax issue. That is the most important thing right now.

The Chair: Thank you.

Thank you, Ms. Cobena.

I'll go over to Mr. Sawatzky.

You have six minutes.

Jake Sawatzky (New Westminster—Burnaby—Maillardville, Lib.): Thank you, Madam Chair, and thank you to the witnesses for joining us today.

Ms. Keesmaat, you've been clear that Canada's housing system isn't working for an entire generation of young people, who are now shut out of home ownership. As the committee studies Bill C-4, we're looking at measures like the GST relief on new homes and the creation of the Build Canada Homes agency, both of which aim to make it possible to build and buy the kinds of entry-level homes people need.

Given your experience in aligning policy, planning and market incentives, I'd like to explore how these changes could help with pathways for younger Canadians to enter the housing market. You've often said that our housing funding model has been broken for years, so how does removing the GST on new homes under \$1 million and reducing it on builds up to \$1.5 million help rebalance project economics so that builders can produce the entry-level, attainable homes that families actually need?

● (1230)

Jennifer Keesmaat: One of the strange things that have happened over the course of the past several years is that we've moved into a high interest rate environment, and during COVID, we went into a supercharged environment in terms of the cost of construction. Every cost went up. Now there's uncertainty around costs because of tariffs.

What that's done is introduce a tremendous amount of uncertainty, in addition to additional new costs. We find ourselves in a very strange situation, because whereas several years ago development projects could tolerate these types of charges—when I was chief planner for the City of Toronto, I'm very proud that we frequently secured things like new community centres and new parks as part of a development approval—that is no longer a viable model. It's no longer sustainable. The cost of borrowing is too high and the cost of construction is too high, so we need to fundamentally recalibrate housing delivery.

Importantly, I and many others in the GTA know of sites where, even if we zero out the cost of land in a development, it is still not a viable project, given the cost to borrow for construction and to actually build the home.

What that means is that we need a fundamentally new model for how we deliver, and it starts with eliminating these taxes and costs that projects could bear five or 10 years ago but that they can no longer bear in this current environment.

It also means—and I think Build Canada Homes is an excellent example of this—that we need to look at using public land in a fundamentally different way. At the very least, we need to zero out land in our pro formas, in addition to getting rid of a whole series of onerous costs. When we do that, we can begin to piece together viable developments that do build homes for new Canadians.

We have a great example in our Merton project. Land contributed by the City of Toronto was assembled with some of our land, and as a result, 30% of that housing is deeply affordable. We're building 450 new homes. That project was approved in an expedited process and is being built in this existing market. It's a really big clue, and I think it builds on many of the principles that you see in Build Canada Homes.

Jake Sawatzky: Thank you.

Do you see the GST reduction as a practical incentive that will accelerate new builds?

Jennifer Keesmaat: It's a piece of a puzzle. There are a variety of pieces that we're working on. There's no golden goose. There's no one way to fix housing delivery. There's no one way to fix a pro forma.

I've spent a lot of my time with my financial team looking at our various sites and our projects and figuring out what the trigger points are that can tip a project into viability. Sometimes it's reducing the parking a bit or getting a shortened approval timeline on rental buildings. For sure, the GST forgiveness on rental buildings has been absolutely critical for rental buildings. It's a piece of a larger puzzle.

Right now, there's a lot we need to eliminate, including DCs, in order to start getting more projects. Not all of them will become viable as a result of these changes, but some will, and that's what we need to work towards.

Jake Sawatzky: Do you think a national GST rebate will signal to the private sector that the federal government is more serious about creating the conditions to build?

Jennifer Keesmaat: I think that's true. I think every move that's made has a positive implication.

I'd just like to say that making it not just for first-time homebuyers but for any primary residence is an important amendment. That would have a bigger impact on movement within the housing system for many people. I'm in this category myself; I'm an empty nester. I still live in the home where I raised my children. Between the land transfer tax and the cost of GST on a new home, there's a disincentive for me to downsize into a more rightsized home. If I did so, I would, of course, be freeing up a home for a young family.

Looking at the entire housing system and removing the GST on any primary residence is really critical.

• (1235)

Jake Sawatzky: I have one last question.

You mentioned lowering DCs. Do you happen to have any suggestions or recommendations on what a path forward with that could be?

Jennifer Keesmaat: I do. The federal government has signalled that it is interested in doing so. I think it's critical for the government to act very quickly and make it clear to municipalities that it will make them whole for any project that is shovel-ready within the next two or three years, ready for shovels in the ground.

It won't be perfect. As we know, different municipalities have different DCs—

The Chair: Thank you, Ms. Keesmaat. We're going to have to end it there.

Thank you, Mr. Sawatzky.

[*Translation*]

Mr. Garon, you have the floor for six minutes.

Jean-Denis Garon: Thank you.

I'd like to thank all the witnesses for being here today.

Mr. Lyall, the Quebec equivalent of your organization, the Association des professionnels de la construction et de l'habitation du Québec, or APCHQ, testified before the committee last week. The representative expressed some reservations to the committee about the date on which the GST rebate on new homes would apply. She explained that the measure was first announced in March by the Prime Minister, before the election campaign. Then there was the election campaign, and when parliamentary work resumed, a motion was introduced in Parliament. That explains why the GST rebate starts for contracts signed as of May 27, if I'm not mistaken.

The APCHQ explained that some people thought that the program was in place from the time of the Prime Minister's announcement. As a result, they started signing contracts and acquiring their homes before the measure came into effect.

In light of this, do you think it would be appropriate for the government to move up the new home GST rebate implementation date to the time of the Prime Minister's announcement in March?

[English]

Richard Lyall: I certainly wouldn't have any objection to that happening.

If you look at it, in fairness, people aren't really that conversant with some of these tax issues and how the dates apply and whatever. If you heard that, you may have thought, "Oh, I'm going to get a tax rebate here", but then it didn't happen, because the date was May 27.

Saying that, I also accept the fact that setting those dates is a difficult choice, because you're drawing a line in the sand somewhere, but if they were to move it back, I wouldn't have an objection, personally. It's kind of fair.

[Translation]

Jean-Denis Garon: In your industry, have you ever heard from contractors, businesses or builders who told you that some of their clients had later learned that their purchase did not qualify for the GST rebate? Have cases like this been reported to you?

[English]

Richard Lyall: I wouldn't say that specifically—well, yes, but the bigger issue has been the alignment with the province. Our members have had repeated calls asking, "When can I get it, and what does it cover?" We have said, "Well, the province will be acting on this", but that hasn't happened yet. There are some challenges around this. This is the difficulty, I think, in our country with the alignment of policies between the various levels of government. That, of course, raises questions of accountability, which are so important.

However, on housing, I think your point is that we need clarity, and there has to be some consideration given to some buyers not really understanding the system.

[Translation]

Jean-Denis Garon: You're talking to a Quebec separatist. I completely agree with you that there are too many levels of government in this country. You and I can agree on that.

Has your organization done an assessment of the cost to the federal government of the proposed date change for the retroactive application of the first-time homebuyer GST rebate? I know that the Association des professionnels de la construction et de l'habitation du Québec has done so. Have you calculated it as well?

• (1240)

[English]

Richard Lyall: I think one estimate I saw was something in the range of \$60 million, and then, of course, there have also been estimates of extending the GST break to move-up buyers, downsizers and things like that. Those numbers have been calculated as well, both at the provincial and at the federal level, but specifically to your question, I think it was about \$60 million.

[Translation]

Jean-Denis Garon: Ms. Keesmaat, in recent years, a number of programs have emerged that are aimed at enabling young people and first-time buyers to acquire a property, given that property prices have increased significantly, as we know. For example, the

FHSA, or tax-free first home savings account, was set up. There was also the first-time homebuyer measure that we talked about today.

However, when we look at statistics from the Canada Mortgage and Housing Corporation and Statistics Canada, we see that, since the pandemic, a very high proportion of first-time buyers have received money from their families, particularly their parents or grandparents. Young people who come from families with enough capital are privileged. For someone who has less money and comes from a more modest background, it is harder to put money into an FHSA and to have enough of a down payment to buy a property.

During the election campaign, the Bloc Québécois proposed that the federal government offer an interest-free loan to some young people to cover part of their down payment. That way, the children of parents and grandparents who have a lot of capital aren't the only ones who can buy a first home, even with the current programs.

Do you think that's an avenue the federal government could explore?

[English]

The Chair: Ms. Keesmaat, you have about 20 seconds.

Jennifer Keesmaat: Thank you very much for the question.

The challenge, any time you're actually helping people on the demand side and putting money in their pockets, is that the cost of housing is in fact increasing. I think the only solution is on the supply side—more supply and building more affordable housing that is targeted specifically to young people. Our Merton project is a good example of this. The affordable units—there are about 150 of them, 30%—will be at 50% below market rent.

Putting more money in people's pockets drives up the cost of the home.

The Chair: Thank you, Ms. Keesmaat.

I'm going to have to move on to the next round of questioning.

Mr. Kelly, you have five minutes.

Pat Kelly: Thank you.

Mr. Lyall, in your opening statement and in your responses to earlier questions, you mentioned, more than once, taxes being the obstacle or the principal driver of the cost of housing. The GST is one, and we do support the removal of it. We agree with you that the government could have chosen to go further.

What about other taxes? There's an industrial carbon tax that affects the cost of producing raw materials. If you want to talk more about development charges, the committee, I think, would like to hear some more details about how taxes make housing more expensive.

Richard Lyall: Sure. I'll start with DCs. Development charges basically became, certainly in Ontario, a runaway train. Now there are some disciplines being imposed on them, most recently with Bill 17 in the Ontario legislature, but it's still an issue. They rose dramatically, without real justification.

There needs to be a new system in order to support growth-related infrastructure and things like that, aligning the three levels of government. There are some measures there that are being contemplated. I like Alberta's attitude. Alberta's Minister of Municipal Affairs, Dan Williams, says housing is priority one, and all other considerations are secondary.

Within that context, I can't in principle support any kind of taxes, including carbon taxes, relative to that number one priority for housing supply, because it's so fundamental to so many of our needs, whether it's health care, education or our ability to compete with the U.S. Yes, I'm all in favour of cutting taxes on new housing, whatever they are.

Pat Kelly: Then the industrial carbon tax, for example, is yet another example of how taxes—in this case, a tax completely under federal jurisdiction—make housing more expensive.

• (1245)

Richard Lyall: To the extent that it drives up the cost of housing, yes, I'd support that proposition.

Pat Kelly: You mentioned in your opening statement that a number of municipalities got an “F” for their contribution to the cost of housing in the form of policies that hinder development and cater to the Nimbyism within their jurisdictions. You gave one example of costs, I think in the city of Toronto, going from \$8,000 to \$88,000 per unit.

Can you give some other examples, just so the committee has concrete numbers that Canadians can get their heads around for just how much government adds to the cost of a home?

Richard Lyall: Yes. For example, that was in the GTA, and I'd be happy to provide further information after this session if required.

We've looked at different municipalities. Some have adjusted. In the city of Vaughan, Mayor Del Duca recently cut their DCs in half. They're still quite high, but at least that measure was taken, because we weren't selling anything anyway, so they had nothing to lose. Mayor Parrish, in the great city of Mississauga, produced a great housing plan and cut through DCs as well.

Some municipalities didn't jack up their DCs to that extent. In fact, I've received calls from them saying, “Hey, we're pretty good”, and they were. They didn't get carried away with this stuff.

I think that's one of the problems, though: You have these freaky jerky differences between different municipalities. This is where, again, I like the Alberta approach, which is to say that if a municipality is way out of line, the government is going to step in, because municipalities are creatures of the province. We need that kind of standardized approach across our provinces.

Pat Kelly: I don't think I have time for another question. I'm going to ask the witness to table the information that he mentioned he has access to, which could give more information to the committee.

Richard Lyall: Yes.

The Chair: That's great.

Thank you, Mr. Kelly. You were right on time.

Next is Mr. Leitão.

[*Translation*]

Carlos Leitão: I see that Mr. Cape is back with us.

Before I turn to him, I would like to thank Ms. Keesmaat and Mr. Lyall.

[*English*]

You remind us over and over again that this issue is really a supply-side issue. We have to make sure that we find ways to build as much as we can and as fast as we can. Measures that work only on the demand side would in fact likely be counterproductive at this stage.

Mr. Cape, thank you for coming back. My question is this: In this context of having to work hard on accelerating construction, how do you view non-market housing? You mentioned the Swedish example. How do you view that as being appropriate for Canada at this time? We've done it before, after the Second World War. How can we accelerate non-market housing?

Geoff Cape: Thank you.

I apologize for my technical difficulties. I guess something went down in the neighbourhood, but we're back up.

Yes, on non-market housing, the critical importance of affordable housing in Canada has never been more pronounced. It's a challenge that right now is being felt around the world in different communities, but here in Canada it seems to be particularly important and stressed.

The various not-for-profit organizations leading in this space in different communities across the country all have strategies and a high degree of capability to operationalize the delivery, maintenance and management of affordable housing programs.

For us in Canada, our focus as a company has been working with not-for-profit agencies. We've worked with four indigenous organizations and I think four or five different not-for-profits in the GTHA. Each and every one of them is looking to massively increase the availability of their particular solution in their communities.

The question you're asking, I think, is more regarding how we create a higher degree of affordability. Is that what you're really getting at?

• (1250)

Carlos Leitão: Yes, that's right.

Geoff Cape: It's an enormously complex question, with more than one particular tax solution required. Obviously, the GST relief being proposed is important in the mix, but there's a larger supply chain network that needs to be designed. There are critically important investments required at all levels of government to try to incentivize different ways of building in Canada.

The modular focus, the idea of increased levels of completion off-site in factories, has proven to be dramatically successful in Japan and northern Europe, with a particular focus in Sweden, where over 90% of all housing is produced off-site in fabrication facilities, producing a higher-quality product much more quickly and at a lower cost. We believe that Canada has all of the ingredients to make that same success, if not globally lead in that particular space.

There have been challenges, of course, in trying to roll out affordable housing programs related to modular housing and industrialized construction. These ideas have been tried over the last five decades or more. Uniquely right now, though, technology infrastructure is being designed, whether it's digital platforms and digital innovations or in the realm of robotics and machine learning, as well as supply chain development and policy integration. All of these things are beginning to coordinate to create a unique opportunity right now for these efficiencies to be properly put together by companies like ours at Assembly across the country in different communities.

The opportunity for faster builds, higher-quality builds and lower-cost production of housing, with a focus on affordability, is real. There's no doubt in my mind that the Build Canada Homes initiative that was announced by the Prime Minister and the housing infrastructure minister on September 14 is heading in the right direction. That type of investment is not just about affordable housing, but also about building an industry in Canada. Economic development is the parallel opportunity for that particular focus of Build Canada Homes.

I'll leave it at that.

Carlos Leitão: Thank you very much.

The Chair: Mr. Leitão, you have about 10 seconds.

Carlos Leitão: Well, thank you.

The Chair: Thank you, Mr. Leitão.

Thank you, Mr. Cape.

[*Translation*]

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

Jean-Denis Garon: Thank you, Madam Chair.

Again, thank you to the witnesses for being here today.

Since we don't have a lot of time, I'm going to ask an open-ended question. Much has been said about the fact that there is a housing affordability crisis. Many measures have been put in place to enable first-time buyers to buy a home.

Ms. Keesmaat, you talked about housing units that could one day be acquired at below-market cost. In the greater Montreal area, for example, there is a homelessness crisis. It's obvious that there are a

lot of people who, despite all these measures, will remain on the street and have trouble finding housing. This is a major crisis. I understand that your organizations are private organizations focused on construction, design, urban planning and so on. I would still like to ask you about the importance of social housing, that is, housing held by municipalities to help people in need find housing at a price that may be even lower than market value or than what you offer.

The question is for whoever wants to answer it.

[*English*]

Jennifer Keesmaat: I'm happy to speak to this issue.

One of the ways in which we are delivering social-level housing, and have been in the Toronto context for the past almost 25 years now, is through partnerships with the private sector. Almost every social-level housing, with that level of affordability, has been integrated into a market development. A subsidy that has been provided by either the municipality or the province, or in some instances through CMHC in the affordable housing fund, has deepened the level of affordability.

I believe one of the reasons this has been done is that, on an international scale, we see that mixing deeply affordable housing into market housing is a more socially sustainable way to do so. It's more likely that people will be lifted from poverty over time. In the 1960s model of affordable housing, where we built large developments of deeply social housing—this is absolutely true in the Toronto context as well—they have become places where people have become trapped in poverty intergenerationally. We still have those communities. They are a real struggle. We've been trying to turn them into mixed-income communities.

This model of integrating deeply affordable housing into—

• (1255)

The Chair: Ms. Keesmaat, could I ask you to wrap up your thoughts, please?

Jennifer Keesmaat: It's a model that works.

The Chair: Great. Thank you very much.

Colleagues, looking at the time, we don't have enough time for another full round of questions.

Go ahead.

[*Translation*]

Jean-Denis Garon: I imagine you were announcing that we had finished the rounds.

I had a point of order.

The Chair: Can I first thank the witnesses?

Jean-Denis Garon: Yes.

The Chair: Thank you.

[*English*]

I think we'll wrap up questions here.

I want to give a big thank you to our witnesses for coming today. We really appreciate their time and preparation. I also appreciate colleagues and their excellent questions.

[*Translation*]

You have the floor, Mr. Garon.

Jean-Denis Garon: Far be it from me not to thank the witnesses. In fact, I thank them as well.

On a number of occasions, the Minister of Finance referred to a committee report in which, in previous legislation, the Standing Committee on Finance asked him to change the budget cycle. I would like him to send that document to the committee, please, so that we have the information for our future work.

[*English*]

The Chair: It's not officially a point of order. Are you asking the committee to look into that?

[*Translation*]

Jean-Denis Garon: If you agree to my request, I would like the Minister of Finance to send the committee the report he referred to a few times.

[*English*]

The Chair: Mr. Turnbull.

Ryan Turnbull: I think I might have some clarity. I think it was a previous OGGO report, actually, that perhaps the minister was referring to. That's the operations committee.

[*Translation*]

Jean-Denis Garon: That may be the case, but the fact remains that, regardless of the committee that tabled the report in question, I think the minister would certainly be very happy and very enthusiastic to send it to us, as he said.

The Chair: That's great. Thank you.

[*English*]

I want to mention very quickly that all committee members received two budget requests on Friday. They were circulated. I was hoping we could approve both of those.

The first is with regard to Bill C-4. The amount requested was \$13,400. For the study on the 2025-26 budgetary cycle, the amount requested was \$2,750.

Can we approve those amounts?

Some hon. members: Agreed.

The Chair: Thank you so much.

Monsieur Garon.

[*Translation*]

Jean-Denis Garon: I'd like to ask one last question.

I'm not going to raise a point of order, because I don't think it qualifies.

Would it be possible for the clerk to send us a schedule of the committee's upcoming meetings so that we can know a bit about what's ahead of us and what we'll be studying?

The Chair: We'll do what we can.

Jean-Denis Garon: Thank you very much.

[*English*]

The Chair: Thank you.

Do we have agreement to adjourn the meeting?

Some hon. members: Agreed.

The Chair: Thank you very much.

Thank you, colleagues. Take care.

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