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Chair: Angelo Iacono



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• (1105)

[*Translation*]

The Chair (Angelo Iacono (Alfred-Pellan, Lib.)): I call the meeting to order.

Good morning, fellow members and witnesses.

[*English*]

Today is meeting number 20 of the Standing Committee on Environment and Sustainable Development. This meeting is taking place in a hybrid format and is in public.

We have witness testimony for two hours.

For those attending in person, please follow the health and safety guidelines found on the cards on the table to prevent audio feedback incidents.

For the witnesses, you'll be seeing this yellow card go up, indicating that you have one minute left to speak. When you see this side, I'll ask you to quickly complete your sentence so that we can move on.

[*Translation*]

The committee is beginning its study on protecting Canadian residents from extreme weather events.

[*English*]

This morning, we are meeting with the following witnesses.

From Aviva Canada, we have Mrs. Susan Penwarden, managing director of personal lines, who is appearing virtually; from the Institute for Catastrophic Loss Reduction, we have Paul Kovacs, founder and executive director, and Madame Sophie Guilbault, director of partnerships; and from the Intact Centre on Climate Adaptation at the University of Waterloo, we have Mr. Blair Feltmate, head.

[*Translation*]

The witnesses will have five minutes per organization for opening statements.

[*English*]

We will start with Susan Penwarden.

You have up to five minutes.

Susan Penwarden (Managing Director, Personal Lines, Aviva Canada): Thank you, Chair and committee members, for inviting me today.

I'm Susan Penwarden, managing director of personal insurance for Aviva Canada, a national property and casualty insurer serving two and a half million customers across auto, personal property and commercial insurance. I'm also the outgoing chair of the Insurance Bureau of Canada's natural catastrophe committee and co-chair of the resilient homes task force at the ICLR. All that is to say that I see first-hand both the human and economic impact of extreme weather events on Canadians from coast to coast.

As I'm sure your study will demonstrate, we must act now to protect Canadians and their assets from this ever-increasing risk. For our part, Canadian insurers continue to manage escalating claim volumes while funding community-level projects that support resilience. We share your commitment to protecting Canadians, but the scale of this challenge means we cannot do it alone. We must adopt a whole-of-society approach to solving this challenge.

What can the federal government do to support a resilient future for our nation?

Number one is a shift in mindsets. We must move away from reactive disaster recovery and toward proactive investment in risk reduction and resilience. Why? Simply put, it makes economic sense. Last year, insured losses from severe weather ballooned to \$9.2 billion, a shocking sum, yet only a portion of the total economic impact. As our ICLR colleagues will highlight, we estimate that insured losses account for less than half of the total economic cost of disasters.

In contrast, investing in adaptation and resilience creates wide-reaching benefits for Canadians and the broader economy, from the mitigation of direct losses to the ability of local economies to recover quickly. Through investments in research centres like ICLR, our industry knows how homes can be built to withstand these threats. We've invested in putting that knowledge to the test, right now with two pilots in southern Alberta, in partnership with both the ICLR and Habitat for Humanity.

With this knowledge, Canada could become a leader in adaptation, but we need the federal government's help to scale what works. This means updating the National Building Code and ensuring adaptation is at the core of the new Build Canada Homes agency framework. It also means supporting the manufacture of resilient building materials to improve their supply, making necessary upgrades cheaper for Canadians while also generating economy-wide benefits. At a municipal level, it's equally urgent for all levels of government to work together to ensure that critical infrastructure is upgraded to meet the demands of future weather conditions.

This leads me to point number two: We need to close the adaptation funding gap through better capital allocation. The \$2-billion disaster mitigation adaptation fund was massively oversubscribed. For perspective, it's estimated that Toronto alone needs \$26 billion in infrastructure improvements to withstand severe weather. We need to give adaptation the urgency it deserves.

Point number three, we need to ensure that all Canadians have adequate protection against flooding, which is Canada's greatest climate-related risk. Today, more than 1.5 million homes—or 10% of the current housing stock—are built in areas of high-risk flooding. In effect, these properties are becoming uninsurable. This is why you must continue to work on a national flood insurance program that is complementary to the private insurance industry and will provide protection for those high-risk homes.

However, this has to be a sustainable solution. Over the long term, the program must also incorporate elements of adaptation to reduce risks over time, while also discouraging local governments from steering future development towards these high-risk areas.

Finally, we have point four. Our industry, alongside coalitions like Climate Proof Canada, is urging the federal government to create a national emergency management agency to improve coordination for disaster preparedness, response and recovery.

We were glad to see the federal government's recent launch of a new weather alert system. This is an important step towards helping Canadians to protect themselves. However, Canada remains the only G7 country without a dedicated national emergency management agency, which would greatly enhance national coordination, strengthen resilience and reduce the financial toll of natural catastrophes.

To close my remarks, I must emphasize again that severe weather directly impacts people, their communities and our economy. The scale of the threat in the future depends on what we do today. If we act now by making meaningful investment in resilience a national priority, scaling the adoption of evidence-based solutions and better coordinating national disaster recovery and preparedness response, then we not only protect Canadians today but also shift the economic trajectory of our nation and transform risk into an opportunity.

- (1110)

With your support, we are ready to work with you to make adaptation part of Canada's economic strength.

Thank you.

The Chair: Thank you, Ms. Penwarden.

The floor is yours, Mr. Kovacs, for five minutes.

Paul Kovacs (Founder and Executive Director, Institute for Catastrophic Loss Reduction): My name is Paul Kovacs. I'm the founder and executive director of the Institute for Catastrophic Loss Reduction.

Sophie's going to lead for us, and then I'll follow with some advice.

[Translation]

Sophie Guilbault (Director of Partnerships, Institute for Catastrophic Loss Reduction): Good morning. My name is Sophie Guilbault, and I'm the director of partnerships at the Institute for Catastrophic Loss Reduction. I also colead the Canadian Centre for Recovery and Resilience.

[English]

Thanks for the opportunity to appear in front of you today. The purpose of ICLR is to build disaster-resilient communities. We look forward to sharing our advice with you today.

ICLR recently published a database tracking the history of societal insured and uninsured losses from extreme weather damage. In 1994, Canada experienced a third of a billion dollars in losses. Last year, we experienced \$13 billion in damage, which includes \$7 billion paid by insurance companies. Damage increased by 9.4% a year over several decades, which I'm sure you can agree is a trend that is very much unsustainable.

The good news is that most of these \$13 billion in losses last year were preventable. We know what to do. We know which locations in Canada are at high risk. We know what the three or four essential actions are that can be taken to reduce the risk of severe damage to homes from different hazards. Often, these three or four actions can be accomplished for under \$15,000 per home. We know that each dollar invested in resilience likely results in five to 10 dollars or more in terms of future avoided losses.

I want to give some examples of how we know how to protect homes at risk. This is from the flooding that happened in Montreal and Toronto last year. The insurance companies paid \$3.5 billion to 100,000 homeowners who had to clean up their basements of polluted water. We know that on top of the insured claims, there was likely over \$1 billion of damage to homes without insurance.

Less than 10% of homes take preventative actions like putting in a backwater valve or a sump pump, or having landscaping that slopes the water away from their homes. Those are all measures that can be easily implemented and can significantly reduce these costs.

Next, in British Columbia, we see on this slide that a house was protected from wildfire by implementing things like a class A fire-resistant roof and fire-resilient cladding, as well as a 1.5-metre non-combustible zone around the property, which stood up through the fire, as opposed to the neighbouring home, which was completely destroyed. We've seen these cases in many communities in Canada when we did forensic investigations in Jasper, Kelowna and all these places.

Finally, in Calgary last summer, we had a roof that was previously rehabilitated with impact-resistant shingles following a hail-storm. The other half of the roof was not. You can see significant differences in damage. Similarly, if you look at the siding of the two homes next to each other, we see severe losses from wind-driven hail, with the house on the right having vinyl siding that was severely impacted. The one with impact-resistant siding is on the left.

There is some good news in what we're sharing. We know how to reduce damage, but we must take actions like these to reduce unsustainable trends.

- (1115)

Paul Kovacs: Thank you, Sophie.

We're rushing a bit, trying to respect your time.

I'm going to close with three recommendations.

First, the Government of Canada should establish national building codes by 2030 to protect Canadian homes from flooding, wildfire, hail and severe wind. Again, we know what to do; we just need to codify it by putting it in the codes.

Second, Public Safety Canada should partner with the provincial and territorial governments and the insurance industry, with the focus always being on building back better with resilience after a loss. After you experience a loss to your home or your community, the expectation always should be to build back better. The federal government took an important first step earlier this year with the modification of the disaster financial assistance arrangements. The need now is to coordinate the federal opportunity with provincial follow-through and to collaborate with the insurance industry.

Our third and final recommendation today, which Susan started on and we strongly agree with, is that we need a coordinated approach to proactively encourage homeowners to implement the advice and changes that are needed. At the moment, the municipal governments and insurance companies have been bringing in a number of incentives in different communities, in different ways. We do not yet have a national collaboration whereby the federal government and provincial governments work with the others who benefit when a home is prepared, when a community is prepared. There are big savings that can be made. We think a dollar can save five to 10 dollars more. At the moment, you have municipal governments stepping up to some extent, and you have insurance com-

panies stepping up. We are looking for the federal and provincial governments to have this collaboration, this overall pre-event, "Let's get homes ready, and let's do all these things that our science shows can be done."

To conclude, thank you for the opportunity. We want to share with you that there is a crisis going on in the United States, where they have failed to deal with the same issue that's confronting us. In my opinion, we are not in crisis, but we're going the wrong way very fast. The losses are going up, and we know what to do about it. The fact that the Americans didn't do it is not a good excuse. We need to get on with doing the right things. We need to proactively invest in risk reduction. We need to take advantage after a loss. We need to put in building codes, so that we do this before any risk comes along. We think this does not need to become a crisis, but unfortunately we're going the wrong way fast.

Thank you.

[*Translation*]

The Chair: Thank you, Ms. Guilbault.

[*English*]

Thank you, Mr. Kovacs.

The floor is yours for five minutes, Mr. Feltmate.

Blair Feltmate (Head, Intact Centre on Climate Adaptation, University of Waterloo): Thank you very much.

My name is Dr. Blair Feltmate, and I appreciate the opportunity to meet with you. I'm head of the Intact Centre on Climate Adaptation, housed within the Faculty of Environment at the University of Waterloo.

I'm pleased to discuss the challenging topic of protecting Canadian residents from extreme weather events. More specifically, I'll zero in on how Canadians can protect themselves from residential basement flooding, which is the number one cost of climate change in Canada, and I'll then turn to residential wildfire protection.

As you will see, there is much that the federal government can do that is currently not being done to help homeowners help themselves to limit their exposure to the growing financial burden of flooding and wildfire. Before turning to these actions, let me just paint the picture of the formidability of the challenge we're facing in terms of insurance costs impacting Canada's housing market.

I've shared a graph with you that profiles insured losses for Canada from 1983 to the present. What matters most on this figure is the shape of the curve. It's bending upwards sharply, which means that the costs of flooding and wildfires are getting worse faster. This is not where Canada wants to be. To go a bit further, as a result of growing extreme weather, 10% of Canada's housing stock—that's 1.5 million homes—is no longer insurable for flood risk. That's one in 10 homeowners who are unable to insure their biggest financial investment and their retirement plan, their home.

No insurance is a problem for many, given that the average cost of a flooded basement in this country right now is \$54,000. In Quebec, in communities where flood risk exceeds 5% in a given year, Desjardins has stopped renewing mortgages. This trend will continue across Canada if we don't get ahead of the curve on adaptation. Over the past 12 years in Canada, for homes and communities impacted by catastrophic flooding, the resale value of homes dropped by 8%, which has changed the loan-to-value ratio on mortgages.

Our group, the Intact centre, will soon release a new report documenting that, for homeowners living in flood-impacted neighbourhoods, we see spikes in the costs of medications to cope with mental stress, psychosocial stress, counselling services and lost time for work. These are your constituents who are suffering.

Turning to some wildfire facts, State Farm and Allstate have stopped writing home fire insurance in California and Arizona. Without fire insurance, you cannot secure a mortgage, which renders a home a stranded asset. In Canada, we need to understand, as Paul referenced, that we are not immune to a California-style situation.

Now that we've covered the bad news, the depressing stuff, let's turn to some good news, starting with the return on investment associated with preparing homes for flooding and wildfire. Notably, one dollar invested in adaptation produces, in avoided losses per decade, about three to eight dollars. What does adaptation look like for Canadian homeowners? This leads us to the infographics I've shared with you, starting with three steps to cost-effective home flood protection.

In the interest of time, I'll leave similar infographics that focus on community flood and wildfire protection for another day. The information presented on the infographic is based on input from the Standards Council of Canada, the Canadian Red Cross, the Insurance Bureau of Canada, and scores of subject matter experts.

Along the top row of the infographic, you see steps that a homeowner can take to protect their home for \$0 to lower their flood exposure. Actions can be as simple as checking that a sump pump works by adding water to a sump well and seeing if the pump turns on and pumps water outside. Most people find out that their sump pump doesn't work when they walk into three feet of sewer water in their basement. For a bit more effort, a battery backup supply can be connected to a sump pump to keep it running in the event of an electricity outage, which is very common during major precipitation events.

Turning to wildfire risks, three steps to a cost-effective, fire-smart home, the material I shared with you, show that many simple actions can be taken to limit exposure to wildfire, such as removing

shrubs from within a few metres of a house and replacing them with nonburnable materials.

These infographics, the ones I've shared with you, motivate homeowners to act, and this is the key point. Upon receiving infographics, within six months, 70% of homeowners take at least two steps, two actions, to protect their home that they otherwise would not take.

Currently, the infographics on flood and wildfire risk are being shared with customers of major Canadian banks, RBC and BMO, credit unions such as Meridian Credit Union, and property and casualty insurers' customers and clients.

• (1120)

Through these distribution channels, the infographics are currently being shared with about 3.5 million Canadian homeowners twice per year. The federal government could help Canadian homeowners to protect their homes by distributing flood and wildfire infographics on Government of Canada websites like those of Environment and Climate Change Canada, Public Safety Canada and Housing, Infrastructure and Communities.

The Chair: Thank you.

Blair Feltmate: I'll finish my last sentence.

Canada's national adaptation strategy, published in 2023, stipulated that by 2025, 50% of Canadians would have taken concrete actions to better prepare for and respond to climate change risks facing their households. The infographics I've shared offer a proven means to meet this NAS, or national adaptation strategy, target.

Thank you.

The Chair: Thank you, Dr. Feltmate.

Now we will start with Mr. Lloyd of the Conservative Party for six minutes.

Dane Lloyd (Parkland, CPC): Thank you for having me at committee today. I'm not a regular member.

Thank you to the witnesses for being here today.

I'll start with Ms. Penwarden.

We're talking about creating incentives for people to protect their own properties. I noticed there was no recommendation to provide a tax credit for mitigating fire or flood risk in homes.

Is that something you think would be useful in encouraging Canadians in high-risk areas to protect their homes?

Susan Penwarden: I think anything we can do to help Canadians pay attention to this would be good.

There are a number of actions and incentives—for example, at the municipal level—at the moment that are provided by the government. People can access them freely.

Our main challenge, if I'm honest, is making everyone aware of those things and then encouraging them to actually act. There's an education and action component, and if they worked together, I think we would see a bigger take-up.

There are definitely options around that.

• (1125)

Dane Lloyd: Thank you.

I have an anecdote. I was visiting Kelowna this summer on a wildfire tour, and they had just done a FireSmart program where they were telling people to remove the juniper bushes next to their properties, yet the local school was doing a fundraiser a week later, selling people juniper bushes so they could plant them right next to their properties.

You're right; there is a lack of education.

Mr. Kovacs or Ms. Guilbault, what are your thoughts on a tax credit for home renovations like putting in sprinkler systems or flood mitigation systems?

Paul Kovacs: We're fully onside. As Susan said, any incentives are a good thing, as is anything that creates awareness.

We've been promoting more coordination, so we'd like to see the federal government coordinating with the provinces, the municipal governments and the insurance industry in a unified approach. Tax incentives can be a very helpful part of that.

Dane Lloyd: Over the past number of years—at least five years that I've been watching it—I know there's been a lot of talk about creating a national flood insurance policy. That doesn't cover it all, but as you said, Dr. Feltmate, basement flooding is the largest insurable loss in Canada currently.

Do you know where we are on a national flood insurance policy in this country?

Blair Feltmate: Right now, it remains a work in progress.

There's a group called Climate Proof Canada, which is an assemblage of insurers, NGOs and academics who are looking at what steps would need to be engaged to launch this program.

Right now, I think it's in a stationary status. It's not moving forward or backward at the moment, I don't think.

Dane Lloyd: Okay.

Mr. Kovacs, would you like to comment?

Paul Kovacs: I'd only add that maybe 10% of homeowners can't get flood insurance right now. To make a decision to put a program in place is something we need right now.

Dane Lloyd: The program wouldn't be for the 90% who don't need it. It would be for the 10% of people who can't get insurance coverage. Is that correct?

Paul Kovacs: Yes. The majority of us live in places where the risk of river flooding is not serious—90% or so—and flood insurance is offered in the private sector. It's been taken up quite a bit. It's fairly affordable.

The problem is for those with high or extreme risk; that's where most of the flooding happens and where most of the risk is. To

move forward and make a decision to have a program would be very helpful.

Dane Lloyd: I've seen some different models. The Americans have a model through FEMA, and I think the U.K. has just launched a model.

What are some recommendations you could make for things to avoid if you were crafting such a policy based on those of our allies?

Paul Kovacs: I'm going to sound flippant, but usually what the Americans do does not work.

Dane Lloyd: I see there's about a \$20-billion shortfall in their program through FEMA.

I see that the U.K. had a policy whereby they would provide subsidies for the insurance premiums for only 25 years. Can you tell us why that is? Do you know why that is?

Paul Kovacs: Frankly, coming up with a program so that all Canadians would be protected against flood and other hazards—so that they have insurance if they experience a loss, they can recover and there's money available—is really important. That's really critical to have.

What's better than having a program where money is paid after a loss is to not have loss. The commitment in the U.K. was to try, over 25 years, for a national effort to avoid any risk of loss by putting in flood defences and all kinds of protection.

Some of us are a little skeptical as to whether that will be completed in 25 years and whether there's enough funding, but the concept was that it would take some time—25 years was the time chosen politically—to not need flood insurance because you'd have protection.

Dane Lloyd: That's interesting. The government set itself a deadline of 25 years to protect all of the communities that were at risk of flood, so that there wouldn't be a need for the flood insurance program.

Paul Kovacs: That's correct.

Dane Lloyd: One reason I heard was that it wanted to give people 25 years to financially plan for a future where they wouldn't have subsidized flood insurance, so they could possibly sell their property and move to a safer area or they could have 25 years to invest in mitigation.

Is that another reason [*Inaudible—Editor*]?

Paul Kovacs: I fully agree. That's absolutely correct.

To take the risk down to an acceptable level whereby in the next 25 years, we could have enough flood protection so that most homes would not experience extraordinary flood risk would be a good thing. However, there's still risk. You can have these very extreme events.

Dane Lloyd: I have one minute left.

Can you tell us if the DFAA program is successful? If not, how is it failing?

Sophie Guilbault: The DFAA is very proactive in the sense that it says fairly clearly that we will not pay again if they choose to rebuild in a high-risk area without the appropriate mitigation measures. This is a very strong step in the right direction, in that it supports the understanding of risk and the risk mapping and mitigation planning to get to a place where we—

• (1130)

Paul Kovacs: The changes made this year in the DFAA were outstanding.

Dane Lloyd: What were those changes?

Paul Kovacs: The changes were to focus on risk reduction and on a future where we are truly trying to have more focus on reducing risk in addition to paying for losses.

The Chair: Thank you very much.

[Translation]

Mr. St-Pierre, you may go ahead for six minutes.

[English]

Eric St-Pierre (Honoré-Mercier, Lib.): Thank you.

Over the past four decades, the number of catastrophic events has skyrocketed. Canada went from around 38 catastrophic events from 1985 to 1994 to double that, at about 78, between 2005 and 2014. Given the increased rise of CO2 and climate pollution, we have now doubled those catastrophic events in Canada in the last decade to about 133, and 44 of those were water-related. Canadians are faced with these events every day, and the most vulnerable people in our society have to bear the costs.

I've seen these impacts myself, in my own riding. This past summer, in Anjou, basements were flooded. There was a flash flood. I think Mr. Feltmate mentioned that the average cost of a flooded basement was \$54,000. Given the frequency of these flooding events, a lot of homeowners are unable to insure their basements. It adds to the housing crisis that some of my constituents are feeling in Anjou. We're seeing that the annual cost of flooding is projected to hit \$1.8 billion next year.

I have a question for Mrs. Penwarden. Would you agree that with the rise of climate change, Canadians are paying a greater price to adapt to catastrophic events?

Susan Penwarden: You've laid out the statistics yourself, which say that more and more extreme weather and more frequent extreme events, as you've described, are costing the economy, individual constituents, consumers and Canadians more each year in both insured costs and personal costs. It takes time to recover, and it takes time to rebuild, and whether they can afford insurance or not will obviously affect the impacts.

It certainly is an escalating issue, and you can see it in some of the graphs my colleagues have presented to you today.

Eric St-Pierre: How would an insurer like Aviva pass on those costs to one of its clients? Would you anticipate the cost of premiums being increased in the future?

Susan Penwarden: Canadians are subject to many impacts of climate and extreme weather across a number of different vectors, including insurance. Anything we can do now, as I've said in my call to action, to start to mitigate some of those impacts by taking some of the actions we've discussed will help change the impacts in the future.

We have an opportunity, and I welcome the discussion we're having today, to change that trajectory and that curve.

Eric St-Pierre: That's great.

Mr. Feltmate, the Intact Centre on Climate Adaptation recently produced a report, called "Managing Rising Risks: Climate-Resilient Shorelines for Canada". The report talks about Canadian shorelines facing risks from climate change. My colleague from Halifax has probably seen some of those impacts herself.

Can you provide a copy of this report to this committee? In less than a minute, can you explain why nature-based or engineered solutions are required to protect our shorelines?

Blair Feltmate: Can we share a copy? The answer is yes.

Historically, in reference to protecting shorelines, actions have turned immediately to built infrastructure like large cement revetments that would hold back the water, which is good. However, sometimes that can end up just passing the problem further down the shore, in that you solve a problem in one area, but it can cause a change in the flow dynamics along the shoreline such that solving your problem can exacerbate somebody else's. We found that if we look at using natural infrastructure, grasses, shrubs and sedges along shoreline areas, working in combination with built infrastructure, the two working hand in glove take risk out of the system that can't be realized using one or the other on its own.

Engineers historically have leaned towards the big, mega infrastructure projects, but sometimes we've found now that the natural infrastructure working hand in glove with built infrastructure mitigates shoreline flood risk. By the way, the big challenge is that sea level right now is rising six millimetres per year, which is a lot. That's going to change the shorelines around the world. We're going to have to deal with the consequences.

• (1135)

Eric St-Pierre: Thanks for that.

A few years ago, you and your colleague, I believe it was Kathryn Bakos, produced a report called “Transitioning from Rhetoric to Action: Integrating Physical Climate Change and Extreme Weather Risk into Institutional Investing”. I’m curious about whether you could provide a copy of that report to the ENVI committee. The report speaks to practical means of factoring climate change and extreme weather risk into institutional investing—what you call climate risk matrices, or CRM. We know that the TCFD, the task force on climate-related financial disclosures, and the ISSB have frequently called out for the need to better adapt climate risks to institutional and investment decisions.

How and why should investors incorporate physical climate risk into portfolio management? I’m thinking about commercial real estate portfolios, banking, or wind electricity generation.

Blair Feltmate: Right now, when they think about climate change, institutional investors—the pension funds—focus almost exclusively on transition risk, the cost on carbon and what it means to the companies they invest in. That’s fine to do. What they’ve virtually completely and totally ignored are the impacts of flood, fire, hail, wind and snow load, the physical climate risk impacting the operations of the companies they invest in. Now it’s being brought to their attention that they have to consider mitigation and adaptation simultaneously.

[Translation]

The Chair: Thank you.

We now go to Mr. Bonin for six minutes.

Patrick Bonin (Repentigny, BQ): Thank you, Mr. Chair.

Ms. Penwarden, you talked about Canada’s \$2-billion national adaptation strategy. Considering that Toronto alone needs \$26 billion in improvements, how much do you think all of Canada’s adaptation needs amount to?

[English]

Susan Penwarden: I don’t have exact figures, but if Toronto needs \$26 billion, I think you can start to imagine the impacts and adaptation gaps that we have in terms of investing.

What I will say is that in terms of the current investment portfolio objectives, there is a \$6-billion fund that has been put aside in the government’s current budget to engage and invest in projects in communities that can make a difference in terms of resilience and adaptation. It’s not sufficient, but I would say that at least it’s a step in the right direction. What we would do is welcome, obviously, more investment at a higher level across the country to support adaptation.

[Translation]

Patrick Bonin: I see.

The \$6-billion fund you’re referring to is the Canada community-building fund, is it not? As I understand it, the fund is by no means meant solely for adaptation projects. It also applies to public transit, housing and other things. Does it not?

[English]

Susan Penwarden: Yes, there is a build communities strong fund, which is \$51 billion over 10 years, but there is a \$6-billion

tranche of that to support regionally significant projects, including climate adaptation. There is a subset within that overall plan at the moment. It’s not to say that it is everything we need, but it is a good step in the right direction.

[Translation]

Patrick Bonin: All right.

How many years does that \$6 billion cover, and is it specifically for adaptation? How much funding should be earmarked for adaptation? In terms of the needs for all of Canada or for certain provinces, can you give us any figures? I imagine they exist.

[English]

Susan Penwarden: I’m not an expert in calculating the adaptation costs needed for the entire country, so I would not be the right person to answer that question. All I can do is point to what we have with the \$6 billion that’s being earmarked at the moment and say this is good progress, but we would obviously welcome more investment by the federal government in adaptation to accelerate the response to what we see.

[Translation]

Patrick Bonin: Can any of the other witnesses provide figures to help us gauge how the \$2 billion in Canada’s national adaptation strategy stacks up in relation to Canada’s adaptation needs?

[English]

Paul Kovacs: I would add only that I have not seen a figure, and we have not produced one at this point in time.

The evidence we would share with the members is that we find that each dollar spent on adaptation avoids five to 10 dollars of losses in the future, and the amount of money being spent is not sufficient. The losses are unacceptable, and further investment than what is in place right now would be a really wise investment by the government.

• (1140)

Blair Feltmate: I have one more point to add.

From 2015 to 2024, the federal government invested either directly, or by way of tax subsidies, \$160 billion into mitigating greenhouse gas emissions. Over the same period of time, the federal government invested \$6.7 billion into adaptation.

With respect to the climate file, the ratio of spending in this country on mitigation versus adaptation is 24 to one. Almost everything is going to mitigating greenhouse gas emissions, and virtually nothing is for adaptation. I don’t know what the right ratio is, but it should not be the lopsided 24 to one, that’s for sure.

[Translation]

Patrick Bonin: We are currently on track for a global temperature rise of 2.5°C. For Canada, temperatures will increase by 5°C. How much will it cost to deal with the effects of temperatures rising by 2.5°C or more versus how much it would cost to adhere to the Paris agreement and limit global warming to 1.5°C? Is there a big difference?

Sophie Guilbault: As I mentioned earlier, damage costs have been increasing by 9.4% a year. My colleague studied the societal costs of extreme weather events and estimated that what Canada will have to assume in reconstruction costs equates to 3% of annual construction spending. That means that reconstruction would absorb two weeks of construction spending annually. If the trend holds and we remain on the same trajectory being observed in the U.S., give or take a few years, we could reach a point where costs rise dramatically.

Patrick Bonin: Can you tell us how the cost differs by scenario? How much would it cost to limit warming to 1.5°C globally and 3°C in Canada versus a warming of 2.5°C globally and even more in Canada? Are we talking an exponential difference?

Sophie Guilbault: It would certainly be exponential. The higher the temperature rise, the greater the risks, which means costs go up. Eventually, the effort to mitigate societal costs will absorb more than two weeks of spending a year; it will be three, four or five weeks, with increasing disruptions to businesses. It's hard to give you an exact figure.

Patrick Bonin: Are you aware of any scenarios, literature or analyses illustrating those differences, even if just to give an idea of the magnitude?

[English]

Paul Kovacs: What I can add is that I represented Canada as a volunteer with the Intergovernmental Panel on Climate Change for 20 years, trying to answer these science questions. We found it very hard. They're excellent questions. They're important questions, but they're hard to answer.

The part that we answered with more rigour is that emissions cause warming. We've quantified that. Emissions cause more precipitation. Emissions also cause other storms. That's just hard to quantify.

The Chair: Thank you to the witness for those answers.

We will now move to the Conservatives.

Mr. Leslie, you have the floor for five minutes.

Branden Leslie (Portage—Lisgar, CPC): Thank you, Mr. Chair.

I'd like to start with you, Mr. Kovacs. You mentioned the 10% gap in coverage that we're looking to fill. Obviously, we're looking at some sort of a government-supported, insurance-backed system here. How do we avoid creating a system whereby private insurers keep profits in good years but push losses onto taxpayers in bad years?

Paul Kovacs: I'll invite Susan to come in as well, as an insurer, as opposed to an academic giving an opinion on this.

We're in a situation where about 10% of Canadians are not presently covered by flood insurance, because they have high or extreme risk and are largely viewed as uninsurable because of the very high risk. Until we bring the risk down, there is going to be a long-standing issue of the private industry perhaps saying this is uninsurable, that the risk is beyond their ability to offer a price that would be acceptable.

If we can bring the risk down.... We are offering flood insurance to people with low risk. I mean, that's not been an issue. The private sector is very active with the 90% of us who are in areas that are not at high risk. One of the critical parts is whether as a society we can identify the specific locations where risk is unacceptable to insurance and to society, and then do something about it.

Branden Leslie: I come from Manitoba. We have a lot of water-related issues. We have them in our own property there, personally. A lot of this seems to be land use and development, particularly, in our case, in Saskatchewan. There are a lot of big impacts upriver, so to speak. There's population growth and development in high-risk zones. In terms of the costing, obviously, there's the ever-increasing price of upgrading things.

You mentioned some costing with the DFAA program and some changes. Could you help me understand those changes and whether those enhancements allow for resiliency to be built back in better, as you kind of alluded to? If you need a bigger culvert, you need to spend more money the next time around. Could you run through what those changes are, how they've been helpful thus far and where you can see them going?

● (1145)

Paul Kovacs: We are fans. We think the change made on April 1 in DFAA was a very positive move by the Government of Canada. We're looking for the provinces and others to pick it up and really act upon the changes.

I can give an example of one of the changes. DFAA is offered under five streams. Stream number five says that once the Government of Canada accepts a provincial cost and reimburses a provincial cost, as it has for many years and as it continues to happen, there is an additional funding made available to the province, in this case 20% funding, that is used for risk reduction. This is new and very generous: The Government of Canada says if you need \$1 billion to put things back, we will give you \$1 billion plus 20% to put things back, and with risk reduction. This is a very helpful change.

There's also the tone of DFAA. The spirit since 1970 with the program, as the provinces picked up the program in most cases, was, "Can we put people back?" The tone of the new program, and the clear message, is, "Can we put people back with reduced risk?" The message or the purpose of what the Government of Canada is trying to make Canadians do is, in my opinion, a very helpful and improved tone. They want to put people back after a big loss with reduced risk.

Branden Leslie: Thank you.

We've talked a bit about the adaptation of the \$2.1-billion program. I'm curious to hear your assessment of how it has been prioritized thus far in terms of spending. If you were the government, how would you prioritize that batch of money or any future batch? What would you put the money toward in terms of the best use for adaptation purposes?

Paul Kovacs: I love volunteering answers. I can go first, but I'm sure Susan and Blair and Sophie can touch on this as well.

The fact that all the losses continue to show that it's going up and up is not enough. We need more money put in for risk reduction. We know where the risks are the highest. It's very easy. We can identify it. Here's where the wildfires are, and here's where the floods are. We would target the areas with the highest risk. There's a scientific basis for saying that more money should go here than there, because the risk is higher.

Blair Feltmate: We know the actions to be taken to make a house and/or a community less exposed to wildfire. We know exactly what needs to be done to make houses and communities less vulnerable to flooding. We can use berms, diversion channels, holding ponds, cisterns, bioswales and permeable surfacing to direct water to safe locations and keep people and property out of harm's way. What we need to do is mobilize known solutions to known problems, and we need to do it rapidly.

Just to be clear, people need to understand that climate change is irreversible, period. Climate change is here to stay. We're not going backwards. All we can do is slow it down. If we think extreme weather is extreme now, just hold on. It's going to get a lot worse going forward.

The Vice-Chair (Ellis Ross (Skeena—Bulkley Valley, CPC)): Thank you very much for that.

We now turn to Ms. Miedema for five minutes.

Shannon Miedema (Halifax, Lib.): Thank you very much to all the witnesses for coming. I'm really excited for day one of this study. It's a study that I proposed. I've been involved in this issue for many years, since my time working for the City of Halifax on climate change.

In 2023 we had a wildfire in Tantallon that destroyed many, many houses in a suburban area near the wildland-urban interface. We had a hurricane, and we had a flash flood that took four lives just outside the boundary of the HRM. Thinking back to that Tantallon wildfire, we were scrambling, obviously, because Halifax and Nova Scotia weren't used to this situation. We were trying to figure out how the insurance sector played in something like the rebuild after a wildfire, when insurance has typically been "like for like", in the exact same place.

This is maybe a question for Ms. Penwarden and others. Is the insurance sector thinking about flexibility in its coverage, so that we can build back better and reduce risk on a go-forward basis?

Susan Penwarden: Most insurance companies now have some sort of build back better allowance within their insurance products.

It's interesting that last year, for example, with all of the floods and events we had, we wrote to all of our individual claimants to urge them to take advantage of the extra funds available and, as I mentioned, the municipal incentives to help them build back better. We didn't get a lot of take-up, which is interesting. It goes back to the education and the need to make what's available more visible and encouraging people to do that.

On that subject in general, we want to work on that. When it comes to building back in the same location, typically we don't require the same location, physically, anymore. We will obviously move the customer or the claimant to a location that's more appropriate. That's part of the claims settlement process.

• (1150)

Paul Kovacs: A small part I would add is that—and this hasn't been touched on—most insurance companies, in the last few years, have brought in something. Many municipalities are doing something. This is not yet coordinated. The federal government, through DFAA, has brought in something, but we're all doing it, and it's not yet together.

Shannon Miedema: It sounds like a story we've heard before, across many issues. Thanks for that.

Ms. Penwarden, on the other side of it, are there any benefits for your clients if they were to implement any type of resilience measures for flooding, wildfire, etc.? Would they get a decrease in their insurance premiums? Is that typical of the insurance sector in Canada?

Susan Penwarden: Certainly they would, if they let us know that they've taken specific resilience measures. We will change their premium based on the measures they have taken and shared with us. Yes, we will do that in terms of premium.

We also factor that into our cost models, if you like a wider way of looking at risk. We look at individual property levels and whether community-level resilience changes have been made. Those come into our pricing as a general possibility. I know other insurance companies are looking at the same types of incentives. Each does its own version of it, but there are definitely incentives for individual Canadians to take those actions.

Shannon Miedema: What does the math look like on that? Would there be a calculated return on investment for the homeowner? Let's say, for the measure cost, if it's \$5,000 or \$10,000, would the premium ultimately pay that down over a certain number of years? Do you have numbers on that?

Susan Penwarden: I don't have specific numbers on that, but if you think about the fact that we're insuring many Canadians across many different geographies, it would be hard.... We share risk as it is. It's a pool of risk, if you like, and everybody helps to contribute to everybody's insurance coverage. It's a little less than a one-to-one relationship, but there's definitely some reduction in cost for an individual Canadian who takes those actions.

Shannon Miedema: Did anyone else have comments on that?

Blair Feltmate: I have one quick point.

We're talking a lot about insurance incentives, adjustments in premiums, cap limits and so forth. That's all important, but don't forget the banks. We're in the early stages of discussions right now with the banks for homeowners who put the measures in place to mitigate flood or wildfire risk to get a couple of basis points shaved off the cost of their mortgage, because there's a lower probability of them having a flooded basement or having a house burn down. If you're holding the mortgage on a property, that's important. There are multiple financial drivers emerging rapidly.

The Vice-Chair (Ellis Ross): Thank you very much for that.

We will now move to Mr. Bonin for two and a half minutes.

[Translation]

Patrick Bonin: Thank you, Mr. Chair.

Mr. Feltmate, you talked about the reinsurance program, among other things. How long has the federal government been considering introducing such a program?

[English]

Blair Feltmate: I'm sorry, but which program is that?

[Translation]

Patrick Bonin: I'm talking about the program for the 15% of people who can't get insurance. Is that the right percentage?

[English]

Blair Feltmate: Yes, it's 10% of the residential housing market and 1.5 million Canadians.

How long has the federal government been looking at this file? It's a long time. We have lots of policy on it. The problem isn't policy. We're policy rich and operations poor; that's the problem.

In 2016, we had the pan-Canadian framework on clean growth and climate change, which had explicit direction in chapter 4 on how to mobilize adaptation. Nothing happened from that report. In 2018, we had adaptation and resilience measures round tables and reports. Those came out in 2018, and within six months, they had been shelved.

In 2023, we had the national adaptation strategy. It put out 26 targets to mobilize action on adaptation, 10 of which are to be realized before 2026 closes. We're going to miss virtually all of those.

The problem is that we have known solutions to known problems, but we cannot get the federal government to act, to mobilize in that direction. That's the problem.

• (1155)

[Translation]

Patrick Bonin: How long would it take to put a reinsurance program in place?

[English]

Blair Feltmate: I think it's a very short period of time, like two to five years or something like that, because we know what needs to be done. To a large extent, we're doing it.

In what we're doing, to some extent we're saying, by the way, we'd like to get the support of the federal government. We're saying, "Come along with us."

[Translation]

Patrick Bonin: Mr. Kovacs, you're an expert in public safety and emergency management. When a disaster occurs, it's mainly the provinces delivering the response, and the armed forces may step in to help. Shouldn't the government strengthen the provinces' response capacity and ensure better coordination between actors, instead of setting up a new federal or national response mechanism? It seems to me that a more effective approach would be to apply the principle of subsidiarity, whereby local decision-making takes precedence. What would the mechanism add? What is needed at the federal level?

[English]

Paul Kovacs: It would very much be better to have a national system for emergency management. Almost all countries have done this. Canada right now does not have as much coordination between what the federal government does and what the provincial governments and the municipalities want. Having that coordination would be a good thing.

The Vice-Chair (Ellis Ross): Thank you for that.

We will now turn to the Conservatives, with Mr. Bexte for five minutes.

David Bexte (Bow River, CPC): Thank you, Chair.

Thank you, witnesses, for being here today. I appreciate it. This is a very important topic, and some of my questions were stolen by other members across the way. They beat me to the punch, and that's fantastic.

I did want to talk about or ask some questions related to the comment about proactively incentivizing resiliency. We know that there are always unintended consequences from other actors and different levels of government doing things like civil works that impact each other. How do we develop a bit more of a coordinated organizational structure and strategy to make sure that, with other actors, we're not cutting off our nose to spite our face?

This may be a specific instance. I know that where there's been some overland flooding, we have flood maps. This goes to the next question, about flood mapping and the status of that. A road gets built that hasn't been included in that map and then exacerbates a flooding event because that water can't drain the way it used to drain. How does that impact the homeowner?

Paul Kovacs: I can build on coordination in particular, and it ties back to the earlier question as well. Our research shows that if the homeowner spends a dollar to protect their home and if the community spends a dollar to protect their home, there will be five to 10 dollars of avoided losses. The challenge right now is that the homeowners do not themselves get the five to 10 dollars. It is shared by the homeowner, the Government of Canada, the provincial government, the municipal government and the insurance company.

If we have a system where you're waiting entirely for insurance to pay all of the costs, it isn't adding up. It hasn't happened. Insurance does give discounts, but it is not enough to get homeowners to work.... Until we get that coordination, where all of those who are benefiting come together and coordinate what they are doing and jointly say that together they will put one big incentive or they will coordinate the different incentives they have.... How do you do that? Someone needs to lead. At the moment, the leaders have been the municipal governments—they are acting very effectively—and insurance companies. That's not coordinated, but they independently have seen their own enlightened reasons to do this.

At the moment, the federal government is not there, and the provinces are really not there. Someone—hopefully, the federal government—could bring all the beneficiaries together and say that they will now coordinate what we do or want to do and will give back some of the benefits they're getting. There's a lot of money on the table that's getting lost because we're failing to protect ourselves.

David Bexte: Following from that, how essential is it to complete modern flood mapping and keep it alive, so that it is updated in a meaningful time frame? That's for anyone.

Go ahead, Mr. Feltmate.

Blair Feltmate: Basically, Canada has to swallow some very tough medicine on flood-risk mapping. People like flood risk maps until they have them. Then, all of a sudden, they find out that this community over here or that community over there is designated as being in a flood zone, and people, I can tell you—I've been involved in this many times—go apoplectic when that happens. You've now devalued their property and stigmatized it. You've red-tagged it. Almost immediately, they start with, "How do we even know climate change is real?" That will be their response.

However, by not recognizing that we need flood plain maps to direct where not to build or where to reinforce building to mitigate the flood risk, and by not addressing it, this is what the graphic

showed at the very beginning, with the costs going up exponentially. That's what you get. There is no way to cheat this system. If you cheat the system, you're going to lose. That's the way it is.

• (1200)

Paul Kovacs: I would add a small part, if I could, very quickly.

The flood maps are not ideal. They need to be improved. We have maps for wildfires, and they're excellent. We have maps for tornadoes. We have maps for hail. We have maps for a lot of climate risks, and they're outstanding. Flood needs some work.

David Bexte: Going a bit further on that, I'm not sure if you're familiar, but there was some overland flooding in my riding of Bow River, in Taber, Alberta, in 2018. Subsequent to that—not in 2018—the Horsefly spillway near Taber was a municipal and inter-municipal project to mitigate this. It's delayed, because of COVID—because of lots of other things—and prices are escalating. How do we bridge that gap when projects get delayed and inflation is rising? They ran out of project money, because the budget ran out. How do we get past that?

Paul Kovacs: Advise the Government of Alberta, which has to take the lead, with support from the federal government.

Before the 2013 flooding, there had been studies about what needed to be done for Calgary, and those things weren't done. There were losses in 2013. They were avoidable.

The key is to just get on and do something.

David Bexte: Just figure it out. I appreciate that.

The Vice-Chair (Ellis Ross): Thank you very much.

We will go to Mr. Fanjoy.

Bruce Fanjoy (Carleton, Lib.): Thank you, witnesses.

Mr. Kovacs, I'd like you to elaborate. You were saying how flood mapping needs to be updated. You suggested that we know where the risk is stronger in terms of wildfires and hailstorms and other extreme weather events.

I wanted to give you an opportunity to elaborate on that. I would have thought that flood plains were more predictable, and I didn't get that impression....

Paul Kovacs: Thank you very much. I appreciate it.

The most common hazard in our country is floods, so we need to get this one right—and it's not right at the moment.

Canadians experienced 13 billion dollars' worth of damage last year, and most of it wasn't from flooding. How do we look across all the hazards as part of our research program?

We know where the wildfires are. The maps are all agreed to; there's not a debate about the wildfire maps. We know where the hail happens. We know where the very strong winds create tornadoes and hurricanes. For most of the climate hazards—and for earthquakes, moving past climate—the hazard maps are determined. They were determined 20 years ago, and we just nudge them every year.

Floods keep changing. We have people moving into zones of high risk. We were trying in the seventies to stop that, but we have people moving there.

One part is where the water goes and how fast the water goes, but it's what you put in these different locations. We need to do better on the flood maps. Even if you get all of them up to date, they need to be maintained. That's part of the process as well. The flood map is a bigger challenge than the maps most of the other hazards.

Bruce Fanjoy: Thank you.

Mr. Feltmate, you brought up the ratio between measures to mitigate extreme weather events, to reduce greenhouse gas emissions, and measures to adapt. I think the ratio you shared was 26:1—mitigation versus adaptation.

I think it would be interesting to know, from a public policy standpoint, what a good ratio or at least a good range would be for that to be in. Has there been any study by the insurance industry or the adaptation community on what that ratio should be?

Blair Feltmate: In terms of a study, I'm not sure it was a study, but when you turn to the Insurance Bureau of Canada, for example, it was leaning more into the zone of 50:50. I'm not sure that was based on a rigorous algorithm more than a gut feeling. What they were saying was that it's certainly not 24:1. It's, I think, probably very much in that zone of a 50:50 ratio that many people would agree with.

• (1205)

Bruce Fanjoy: Okay. Thank you.

I believe it was you, Mr. Feltmate, who presented the graph showing the increased rate of insured losses over the years.

My first question is, were those inflation-adjusted numbers?

Blair Feltmate: Well, it's adjusted for inflation and for per-capita wealth accumulation. In other words, if you were insuring twice as many homes today as 10 years ago, you'd assume insurance would be twice as high. That's taken into account.

Horizontally, you were looking at a comparison of apples to apples.

Bruce Fanjoy: Okay. That's good.

It was a curve, and it was one that was getting steeper. It's hard to imagine a more existential crisis for an insurance industry than unmitigated climate change. How prepared is the insurance industry for that curve to get steeper?

Blair Feltmate: I'm not speaking for the insurance industry, but overall there are about 160 property and casualty insurance companies in Canada, or something in that order. I could say that some are very well prepared. It tends to be those at the larger end of the equation that are much better prepared than others, but there's a lot of variance in the system.

Bruce Fanjoy: What about the different levels of government? You mentioned that municipal governments and the insurance industry are working quite well together. You were leaving provinces and the federal government out, I noted.

How big is the gap? What would you like to see?

Blair Feltmate: From my perspective, I have spent a great deal of time with mayors and councillors across this country. I would say that something like nine out of 10 mayors, when you show them what they need to do and the actions they need to take in their communities to help their constituents not end up with a flooded basement or the house burned down, get it instantly, within five or 10 minutes. They want to mobilize action to mitigate the risk.

Adaptation in Canada is moving forward at the level of the municipality.

The Vice-Chair (Ellis Ross): To all our witnesses, thank you very much for that testimony. Thank you very much for all that. It was very enlightening.

We will now suspend and give our staff time to get our next round of witnesses in for round two.

• (1207)

(Pause)

• (1214)

• (1210)

[*Translation*]

The Chair: The meeting is resuming.

The committee is continuing its study on protecting Canadian residents from extreme weather events.

[*English*]

This afternoon we are meeting with the following witnesses: as an individual, Mr. Craig Stewart, author; from the Corporation of the City of Markham, Robert Muir, manager, stormwater and environmental services. From Wawanesa Mutual, we have David Leibl, vice-president, sustainability and corporate affairs; and Mitchell McEwen, director, sustainability and climate affairs. Welcome to you all.

• (1215)

[*Translation*]

The witnesses will have five minutes per organization for opening statements. I will hold up this card to indicate that you have a minute left. When I hold up the back side of the card, it means that you are out of time; please finish your sentence, so that we can move on.

[English]

We start with Mr. Craig Stewart. You have five minutes.

Craig Stewart (Author, As an Individual): Good afternoon. Thank you, Mr. Chair and distinguished committee members, for the opportunity to speak to you about your present study on protecting Canadian residents from extreme weather events.

For the past decade, I have worked closely with many of your other panellists, leading advocacy work for the property and casualty insurance industry on disaster resilience. In that capacity, I founded a national advocacy coalition called Climate Proof Canada, co-chaired the disaster resilience and advisory committee for Canada's first national adaptation strategy, and co-chaired the national advisory committee on flood insurance. I have now left IBC and speak only as an individual expert. My opinions are my own.

Seventy-one years ago, on October 15, 1954, Canada experienced its worst natural disaster in modern times, when hurricane Hazel swept through southern Ontario, claiming 81 lives. The regional government of Metropolitan Toronto had been formed that very year and, together with the provincial government of Leslie Frost and the federal government of Louis St. Laurent, collaborated on swift action to ensure Ontarians and Canadians would be better prepared for hurricanes in the future.

St. Laurent and Frost—one a Liberal and the other a PC—collaborated in appointing a royal commission. As a result of that commission's findings, the Toronto and Region Conservation Authority was formed, within three years, to oversee management and flood control across nine watersheds; the dominion weather bureau was resourced to provide better flood forecasting and alerts during severe weather events; and, most importantly, the Conservation Authorities Act in Ontario was modified to allow authorities to procure land and regulate development in flood plains, paving the way for the establishment of the greenbelt. Today, Toronto residents are safer, and flood losses in Ontario are fewer because of the focused collaboration between the Frost and St. Laurent governments in the lee of hurricane Hazel—all this from one event.

Now to look at the present, in our work preparing the national adaptation strategy, Canadian experts identified three risk factors related to extreme weather events: hazard, exposure and vulnerability.

The first factor is the hazard itself—flood, wind, hail, wildfire—and is usually determined by geography. For example, if you live in a dry, coniferous forest, you may face wildfire risk, or if you live in a valley bottom next to a river, you may face flood risk. However, that does not determine your outcome.

The second factor involves exposure to that hazard. If your home is built with fire-resistant materials in a fire-smart community, your exposure to wildfire can be decreased. The massive investment in the Red River floodway in the 1960s reduced flood exposure for most of the city of Winnipeg.

The third factor involves personal vulnerability. Two neighbours facing the same hazard with the same degree of exposure may face very different outcomes, based on either their financial or health-re-

lated situations. If one person, for instance, has chronic obstructive pulmonary disorder, they are more vulnerable, and their health may be impacted much more severely by extreme heat or wildfire smoke than a neighbour's. If one is better protected by their insurance policy or has ample savings, they may be less financially vulnerable and better able to recover financially from extreme weather losses than one who does not. Therefore, a financially sustainable path forward to protect Canadian residents from extreme weather should include measures to reduce both household exposure and personal vulnerability.

Household exposure can be reduced by some of the measures you've heard already: retrofitting homes to make them more climate-resilient, building new homes to higher resilience standards, implementing defensive infrastructure and ensuring communities are fire-smart. Personal vulnerability can be reduced by ensuring that we identify vulnerable populations in advance of extreme heat and wildfire smoke events and provide necessary supports to them. Financial vulnerability can be addressed by ensuring that public insurance programming is in place when private insurance is no longer available, starting with high-risk flood.

Finally, there has been too little collaboration, beyond the programmatic level, among orders of government. The development of the national adaptation strategy did not engage other orders of government in a meaningful way. Ongoing disaster preparedness discussions do occur at federal-provincial-territorial tables, such as among the senior officials responsible for emergency management, but we need to strengthen this base. Politicians have collaborated, with urgency, across orders of government and political parties in the past. All that is needed now is sufficient political will.

● (1220)

The Chair: Thank you, Mr. Stewart.

Mr. Muir, the floor is yours for five minutes.

Robert Muir (Manager, Stormwater, Environmental Services, Corporation of the City of Markham): Thank you.

Good day, and thank you for the opportunity to support the work of the committee and speak on the important topic of extreme weather damages.

I'm Robert Muir. I'm a professional engineer who has practised across the country for 35 years, specializing in flood hazard and stormwater management for natural and urban systems. I'm currently the manager of stormwater at the City of Markham, where we developed a long-term, \$386-million flood control program to reduce flood risks. The program, now in its 12th year of project construction, reduces sewer backup and overland and river flood risks through proven, cost-effective means.

Prior to joining the city, I was a partner at Dillon Consulting Limited, where I was the national water resources practice leader. My work there included developing and reviewing city-wide master plans to reduce risk in municipalities like Stratford and Windsor, Ontario.

In Markham and in the private sector, I've been active in the development of flood management guidelines, including Natural Resources Canada's federal guidelines on flood hazard identification and priority setting; the CSA standard, "CSA W210:21, Prioritization of flood risk in existing communities"; and the National Research Council's cost-benefit guideline, whose full title is "Guidelines on undertaking a comprehensive analysis of benefits, costs and uncertainties of storm drainage and flood control infrastructure in a changing climate".

I'd like to draw from these NRC guidelines to comment on the October 6 motion by the committee. On economic losses, the motion states "that...insured losses alone...don't adequately represent [all public] economic losses". Data provided by Munich Re and presented in the NRC guidelines supports that motion's statement. Specifically, expected uninsured losses were estimated to be over 90% of reported insured losses.

On finding a financially sustainable path forward to protect Canadians, the federal government has already taken important steps to reduce costs and risks. One step is through supporting guidelines for risk prioritization to guide its partners in identifying worthwhile projects. Another step is through grant funding like Housing, Infrastructure and Communities Canada's disaster mitigation and adaptation fund, DMAF, which funds 40% of project design and construction costs.

In Markham, five sewer upgrade projects have been completed with generous DMAF grant support, and more projects, including naturalized flood plain reclamation, are now ongoing.

In my opinion, the DMAF program is a strong template for financially sustainable risk reduction efforts, as it requires a minimum project benefit-cost ratio of 2:1 for approval. This was a unique requirement for infrastructure funding in Canada. A review of over 20 approved DMAF projects in our NRC guidelines showed ratios between 5.5 and 17 to one, showing the high cost-effectiveness of approved projects.

In the future, additional DMAF-type funding can continue to cost-effectively reduce risks across Canada. How much funding? I'm glad you asked, as the NRC guidelines included a case study to answer this specific question. We estimated that the 10-year national infrastructure project spending that could be justified based on damage reduction benefits was \$28 billion. This compares with

the \$9.5 billion in project spending that DMAF program grants of \$3.8 billion could support today.

In conclusion, three times more spending can be justified, even with pre-2024 extreme weather and damages. Increased weather risks and damage would only increase the benefits of project spending.

In closing, I'd be pleased to submit a brief on the above, including some further recommendations on tracking losses to help assess risk reduction effectiveness over time.

Thank you.

The Chair: Thank you, Mr. Muir.

The floor is yours, Mr. Leibl, for five minutes.

• (1225)

David Leibl (Vice President, Sustainability and Corporate Affairs, Wawanesa Mutual): Thank you, Mr. Chair and members of the committee.

I'm very pleased to be here on behalf of Wawanesa Insurance to join this important conversation.

Wawanesa is a national insurer. We insure just under two million Canadians across Canada. We are a mutual insurer, which means we're owned by the Canadians we are privileged to protect.

We've been in business for about 130 years. That is a very long time, but there is no precedent for what we're seeing now when it comes to the impacts of severe weather on the communities that we're fortunate to serve.

If you were in downtown Winnipeg this summer, where our headquarters are located, you would have had a front-row seat to something that was certainly unprecedented, at least in this part of Canada. Our headquarters are immediately adjacent to the Winnipeg convention centre, which was filled this summer not with conference delegates but with wildfire evacuees, as was the case with hotels across Winnipeg. It was a front-row seat to very significant human hardship and disruption, with people displaced from their communities.

We are doing our best as a mutual insurer—as other insurers are trying to do—to be part of the solution. In the past three years alone, we've committed over \$5 million to people and organizations on the front line of climate change. This committee has heard about the gap when it comes to adaptation spending, and that's where we're directing a significant allocation of our funds.

However, we of course need a whole-of-society approach; the committee has heard that many times today, and there are many levers that only government can pull.

I'll share my time with my colleague, Mitch McEwen. I'm glad to take any questions.

Thank you.

Mitchell McEwen (Director, Sustainability and Climate Resilience, Wawanesa Mutual): Thank you, Mr. Chair and members of the committee.

Extreme weather is no longer a future projection; it's a present reality. Protecting Canadians now requires a more proactive, collaborative approach across government, industry and communities.

Insurance is fundamentally a promise to be there when people need us the most. The growing frequency and severity of climate change-fuelled extreme weather is threatening that promise, and the industry cannot solve it alone. The solution is reducing losses in the first place and making recovery faster and more predictable for Canadians.

We recommend three priority areas.

The first is building climate-ready homes and infrastructure. Canada needs modernized building standards, land-use planning and clear national resilience standards. Federal investments should focus on the highest-risk communities and support municipalities as they upgrade infrastructure that keeps people safe.

The second is to strengthen disaster recovery. Canadians in the highest-risk areas need predictable financial protection after major events, including a national flood insurance program and a federal earthquake backstop. Recovery also depends on the ability of local governments to manage prolonged rebuilding and re-entry efforts.

The third is to help Canadians take practical action. Homeowners want to reduce their risk but often lack clear guidance. Canada needs consistent standards and accessible incentives for proven resilience measures like fire-resistant materials and wind- and hail-resistant roofs.

Wawanesa is already making investments in community resilience, such as by sponsorship of the Institute for Catastrophic Loss Reduction's resilience display in Winnipeg and providing 35 wildfire prevention grants across Canada since 2022.

Neither the government nor the private sector can solve climate impacts alone. Government brings the scale and public infrastructure, and insurers bring the risk and on-the-ground experience. Partnerships let us move from reacting to disasters towards preventing them, and they are the most efficient way to protect lives, reduce losses and keep insurance coverage available and affordable for Canadians.

In closing, Wawanesa is committed to working with the government and industry partners to make these solutions a reality.

Thank you, Mr. Chair and members of the committee. We would be pleased to answer any questions.

The Chair: Thank you very much.

We will start with Mr. Lloyd for six minutes.

Dane Lloyd: Thank you.

Thank you to the witnesses.

Mr. Stewart, are you familiar with the "Adapting to Rising Flood Risk" report? I found it very interesting. This report estimates, as of 2020 numbers, that there's about \$3 billion in annual flood risk, and 34% of that risk is to 1% of all properties.

Can you tell us a bit more about that?

Craig Stewart: Yes. The report essentially says that the top 10% account for about 90% of the risk.

The financial exposure to flooding is highly concentrated in that top 10% of Canadians who can't presently obtain adequate flood insurance.

Dane Lloyd: It was pretty shocking to me that probably over \$1 billion now is just for that 1% of properties.

It starts to make me wonder whether there is any insurance policy out there that can mitigate risk, when it's 1% of properties facing 34% of the risk. What are the other options you think the government should be looking at and working on with communities to mitigate this risk?

• (1230)

Craig Stewart: As you've heard, investments in infrastructure, like focusing.... If another DMAF program were to be funded, focusing that infrastructure spending on that 1%, on those at highest risk, is going to provide the best return on investment. Where insurers are still playing a role with flood is in insuring the 90% where unpredictable risk is happening. We're getting these significant rainfall events, such as what happened last summer in southern Ontario and Quebec and what happened in 2023 in Nova Scotia. These were unpredictable events where there were significant...billions of dollars in flood losses, but—

Dane Lloyd: Thank you.

I actually toured Grand Forks this summer. They had a significant flood event a number of years ago. They did receive some DMAF funding, but they actually had to buy out an entire neighbourhood because there was no way, even with \$100 million extra, that they could protect that neighbourhood. People were saying that it was a big issue, because once this flood happened, the value of those properties dropped by two-thirds. This is people's livelihoods, so they actually had to come forward and agree to pay the people out something close to the pre-flood value of their property. These were mostly low-income and fixed-income people.

Is there a policy that says that maybe we should be moving people out of their communities? Is that the most cost-effective way?

Craig Stewart: That is the most expensive and most difficult decision to make. It has been made in High River, Alberta. It's been made along the Bow River in Calgary. It's been made across the river here, in Gatineau.

Dane Lloyd: You say that it's the most expensive, but in this case, they ruled that it was cheaper to do than mitigating, so it's not always the most expensive, is it?

Craig Stewart: It's the most politically difficult, because you're disrupting people, and they don't necessarily want to move. In Calgary, where the offer was made—and it was voluntary—along the Elbow Park part of Calgary, I think about one in three households decided to move, and that was right after they'd been flooded. The others decided that they wanted to stay.

Dane Lloyd: I'm going to go to our insurance friends here.

If there were to be a national flood insurance program, this report that I was citing says that a mandatory opt-in would probably be the best way to ensure that they have the widest coverage. However, I've been told that the federal government's mandating an opt-in infringes on provincial responsibility. Can you elaborate on that issue?

David Leibl: I think this underscores the need to have a nationally led dialogue. This is because where we've seen challenges in implementation so far is, in part, around interjurisdictional authority and responsibility. A federal-led discussion is key. We do need all stakeholders at the table to continue to drive the best form of implementation.

Certainly, as insurers, this is something for which we've been advocating for a very long time. My colleague Craig Stewart, in his former role on behalf of the IBC, was leading that discussion. The position that we've certainly taken as an insurer—and that I think others have taken—is that we will work with government to establish the right framework for Canadians.

Dane Lloyd: Can you confirm, though, that there is a provincial issue with a mandatory opt-in? Is that a provincial responsibility?

David Leibl: I can't comment specifically on that.

Dane Lloyd: Okay. I'll move on in my final minute and a half of questioning.

I know that this is a study about climate-related disasters, but I've been told that the largest disaster risk for Canada is an earthquake on the west coast, and that's not necessarily a climate-related risk.

Mr. Stewart, could you elaborate for us? You know, it's not an unlikely scenario. Are we, as a country, prepared for it? If not, what do we need to start doing now to prepare?

Craig Stewart: This is the issue that keeps insurance executives up at night more than any other: the possibility of a Cascadia subduction earthquake. After the 2011 earthquake that happened off the coast of Japan, which was far greater than any modelling had predicted—that was a 9.0—there was an analysis done globally on where else such big earthquakes could happen. Unfortunately, off the coast of B.C. is one of those zones. It is difficult to imagine the extent. Essentially, the continental shelf would basically drop six feet, so Delta, B.C., would be underwater. You would basically have the ocean just flood-roll in.

This is—in the words of a previous OSFI superintendent—an event that will happen; we just don't know when.

Dane Lloyd: Could it happen very soon?

Craig Stewart: It could happen soon. The last significant quake.... The periodicity of these quakes over time is about one every 500 years. The last one was 300 years ago.

That's the event that we worry about the most.

• (1235)

The Chair: Thank you very much.

Mrs. Miedema, the floor is yours for six minutes.

Shannon Miedema: I know very well the pain of trying to negotiate a buyout program from a city role, with the provincial counterpart, using the available federal dollars. This is a hard question, and maybe there are no good answers.

Do you have any suggestions on what the federal government could do, aside from playing a convening role or maybe a strategy that has no teeth, to actually enable buyout programs for very at-risk homes and neighbourhoods?

In Nova Scotia, there's one along the Bedford Basin. In that area, it floods up the staircases of the basements fairly regularly. We were hoping that the province would enable a buyout program whereby the city actually took over the land and made it a park or a public space using federally available dollars, but they didn't want to do that.

Do you have any suggestions on a path forward for that type of situation, between a rock and a hard place?

Mr. Stewart, would you like to start?

Craig Stewart: It's a very difficult question. Public Safety Canada analyzed it extensively in the course of preparing that report. There are good examples across the country. The best example is the Province of Quebec, which did introduce a buyout program. Unfortunately, the price of the buyout was about \$200,000 on average, which was too low to entice people to accept it.

Where Public Safety Canada landed was that the best timing for it is after an event. Instead of rebuilding, that's when you try to offer people money, so that they don't rebuild in harm's way.

It's difficult to get people to leave unless you somehow make it a mandatory buyout program, which is sometimes politically very difficult.

There is a lot of great experience across the country with these buyout programs that you can learn from. High River in Alberta is the one that's held up as probably the most successful.

At least putting the framework in place would be good. The SOREM discussions with the provinces on this topic are quite far along. They have discussed it; it's not new, so there is a foundation to build upon.

Shannon Miedema: I have a question for Wawanesa folks. We heard in the first hour some commentary about the devaluation of homes and properties from risk.

I actually thought that Intact had a study showing that there was more of a perception of a devaluation of property than a reality. Does anyone have any updated figures or study on that? If they are in a flood-prone or fire-prone area, are their values actually decreasing?

Mitchell McEwen: We encourage the government to continue to work to improve hazard data, so that Canadians understand their risks. With that, we also encourage the focus on risk reduction rather than risk transfer, but we don't have any current stats at this moment.

Shannon Miedema: Would anyone else like to comment on that?

Craig Stewart: There's a body of work on this south of the border. The sense is that immediately after an event, devaluation occurs, but people tend to think it's not going to happen to them and tend to be optimistic. That's why people still buy homes in Miami Beach, which is going to be under water in 20 to 30 years. It's why people still buy homes in high earthquake-prone zones.

The most clear example in Canada is when the City of Edmonton released flood-zone maps. There was great fear that there would be devaluation of home prices in areas that were at high risk on those maps. It didn't occur to the extent that city council in Edmonton expected it to happen.

Devaluation can happen right after an event has happened, but people have short memories. That's the best way to put it.

Shannon Miedema: Mr. Muir, do you have any comments on that?

I know that you also participated in a class action suit for Oakville. Do you have any comments on municipal-federal interactions, property values and lawsuits, in the time I have remaining?

Robert Muir: Yes, I could comment on how to get the flood-prone properties out of the flood plain. The DMAF program did include funding for property purchase. In the naturalized flood plain reclamation wetland that we are building right now in Markham, the land purchase was funded through DMAF. We could show a positive benefit-cost ratio and even buy those properties at market value.

In terms of impacts on watersheds with development, such as in that Oakville case, I think it's important to have strong watershed managers and conservation authorities looking at the cumulative effects of development, so that we can avoid increasing existing risks.

● (1240)

Shannon Miedema: Thanks so much.

[*Translation*]

The Chair: Mr. Bonin, you may go ahead for six minutes.

Patrick Bonin: Thank you, Mr. Chair.

Mr. Stewart, can you give us any figures on the rising insurance costs for property owners in recent years? Does the trend show that insurance is becoming more and more expensive?

[*English*]

Craig Stewart: The best data source on this is the consumer price index. Statistics Canada has a component of the shelter index that focuses on property and mortgage insurance. When you take a look at the last 22 years, since the CPI index has been introduced and monitored, the two components of the shelter index that have risen the most are fuel oil and property insurance. The number has gone up in that time, I think, about 370%. Yes, we have the numbers, and we can track them on a provincial basis.

[*Translation*]

Patrick Bonin: Can some of the increase in insurance costs be directly attributed to the costs of extreme weather events?

[*English*]

Craig Stewart: Absolutely. Inflation, the cost of replacement materials such as lumber and the cost of labour all factor into that. The bottom line is that insurers price risk, and the risk has escalated significantly across Canada, particularly since 2009. It's been a driving factor. I know that my colleagues whom you heard from this morning, both Dr. Feltmate and Dr. Kovacs, have done a fair amount of work on assessing exactly this.

[Translation]

Patrick Bonin: Can you provide the committee with any documentation on that, to help us get a clearer sense of the costs?

Also, are there any figures showing that insurance costs are higher for farmers as a result of extreme weather events?

[English]

Craig Stewart: I suspect that we do have the numbers; however, crop insurance is run under a federally run program. They probably have those numbers. The property and casualty insurance industry doesn't have those numbers.

[Translation]

Patrick Bonin: All right.

Mr. Leibl, you maintain that climate change and increased risks and insurance costs are connected. Isn't that right?

[English]

David Leibl: Yes.

[Translation]

Patrick Bonin: I assume you're also of the view that there's a connection between climate change and greenhouse gas emissions from fossil fuels.

[English]

David Leibl: That's right, but to whatever you would attribute the cause, we're certainly seeing a clear trend line towards more frequent and severe weather events that are driving up the cost of insurance and claims.

[Translation]

Patrick Bonin: We often hear about insurance companies insuring new fossil fuel projects. Does it make sense to you that insurance companies do that but then say that the damage caused by climate change is costing them more?

[English]

David Leibl: I think it's a very fair question. I would say that, for us as an insurance company, we want to be partners in funding a transition. We recognize the global climate around energy and Canada's own ambitions around energy needs and energy independence. We need to be mindful of that as an insurance company.

We think there's room for both. Certainly, as an individual insurer, we have a growing allocation of our invested assets in what we call impact investments. Are we still partners in insuring the energy industry? Yes, we are, very much. I would say that we and other insurers are very much on a journey and mindful of the broader geopolitical climate.

• (1245)

[Translation]

Patrick Bonin: For the sake of consistency, do you think insurance companies should have transition plans in line with the Paris targets?

[English]

David Leibl: Some of this is prescribed to us. Insurance companies are federally regulated by OSFI, our federal superintendent of

insurance. There's legislation to which we must align and report on some of these issues specific to addressing climate risks and documenting how these risks impact our own business and that of our...we call them "members" as mutual policyholders, and mitigating opportunities.

[Translation]

Patrick Bonin: I know it's not prescribed, but for the sake of consistency and regardless of what the government requires, do you think insurance companies should have transition plans in line with the Paris agreement?

[English]

Mitchell McEwen: Our focus as an insurer is on physical risks such as wildfires, hail, flood and extreme heat, which of course effectively direct our—

[Translation]

Patrick Bonin: Sorry to interrupt, but I'd like a yes or no answer. Should insurers have transition plans in line with the Paris agreement?

[English]

Mitchell McEwen: Canada needs stronger resilience and recovery systems to protect people from extreme weather.

[Translation]

Patrick Bonin: Do they have to have transition plans, yes or no?

[English]

Mitchell McEwen: Under our regulator, our guidance from OSFI is that yes, we need a transition plan.

[Translation]

The Chair: Thank you.

[English]

Is there a last remark?

David Leibl: I'll very briefly respond, if I might.

There is no insurer in Canada that is immune to these challenges. It is a hockey stick curve. Last year was a significant.... We've all heard the \$9-billion figure. Interestingly, this year, at least from an insured loss perspective, was not a bad year, yet the human hardship, the disruption, was profound across our country.

Every insurer is invested in this. Every insurer is at a different point along their journey through our partners at the Insurance Bureau of Canada. You heard from Paul Kovacs this morning. There's work we're doing collectively, but I don't think there's an insurer in Canada right now that doesn't have some plan, because this impacts their own futures so significantly.

Thanks very much.

The Chair: Mr. Ross, the floor is yours for five minutes.

Ellis Ross: Thank you, Mr. Chair.

There are a number of us here who are brand new MPs, but in my previous life I actually dealt with this as an MLA for the provincial legislature in B.C., as well as a chief councillor back in my small native village in B.C. It was Mr. Leibl or Mr. McEwen who put it best. We need a whole-of-society approach.

Just looking at this list, we're talking about individual responsibility, health, vulnerability and zoning; we're talking about provincial alignment across all of the ministries, mining and forestry; and we're talking about relocation issues. We're talking about the devaluation of properties. We're talking about the cost to the taxpayer, whether we're talking about a failed model in the United States or the DFAA program in Canada, which could be offset by the topic that we're talking about here today.

However, we haven't even begun to talk about the larger range of issues that have to fall under this umbrella. We're not talking about the transboundary agreement, for example, that caused the flooding in Abbotsford. We're not talking about dams and their role in managing floods.

It's not just your round of panel discussion. The panel before you emphasized that this work is already done. It's already been documented extensively over the last 10 years. All we need now is government action.

I will turn to Mr. Leibl, I suppose, to ask, where would the government provide its best effort in kick-starting this process, which covers a lot of different sectors?

David Leibl: I appreciate that you've laid out the business case for government investment and leadership in this area more eloquently than I could. As a leader who has held previous roles prior to joining this table or the House, you would know well that it's smaller municipalities and local leaders who are often on the front lines of this issue. They're closest to their constituents. They are the ones who see at a ground level the impacts on families, often people they know, members of their community and their neighbours. It's also these same communities where leaders have the fewest resources; the infrastructure simply isn't there.

Canada is fortunate, in my view, in that we have had such strong ambassadorship and local leadership from municipalities. Part of the reason is that they are on the front lines of this issue and they're hearing it from their residents. You've laid out a clear business case for the need for a coordinated national response.

In my view, there are areas of this that do not need to be overorchestrated. What we're seeing, at least in the insurance sector—and these are very early days, because the nature of the threat is evolving so quickly—is climate resilience or severe weather re-

silience also emerging as a bit of a competitive space within the insurance industry. This is very positive, and there's opportunity here for real innovation.

A government could, for example, create something of an innovation fund that might incentivize insurers to put in more of their own money, provided there was some government partnership. In this sense, perhaps there are opportunities to leverage private-public opportunities without the need for the level of coordination that you've rightly described to truly have a coordinated national response.

However, that is a very steep hill to climb. We must do that work, but where are the opportunities along the way? We need those, too. The experiences from this past summer and recent years show us that the time for action and mitigation is clearly now. Canadians need it.

● (1250)

Ellis Ross: It has been stated that the U.S.A. model is actually failing, mainly because it's over budget and doesn't cover all of the costs coming from extreme weather events. Canada has the DFAA, and we're talking about the issue of trying to mitigate that cost or maybe building on the DFAA, but in this case we're talking about a partnership with the private sector, which is the insurance sector.

Is there a pathway forward that's open, transparent and accountable to the people of Canada, showing that we're going to mitigate these costs, including all of the encouragement to homeowners building in high-risk areas?

David Leibl: I think that partnership is essential. Canadians look to their insurance companies, rightly, to protect them, but when climate risk becomes a near certainty, it's no longer a risk but rather an almost certain event. The role of insurers there is very limited. That's not how the insurance system was designed.

For Canadians to have adequate protection, there needs to be that partnership between insurers and the government. We've started down that road. We're certainly very open to it, and I think I speak on behalf of the industry when I say we're always willing to come to the table, because these discussions are essential.

The Chair: Thank you very much.

Mr. Fanjoy, the floor is yours for five minutes.

Bruce Fanjoy: Thank you, witnesses.

David, I'm quite familiar with Wawanesa. When you were talking about locations in downtown Winnipeg, I was thinking about how I was there for most of a decade, nearby on Garry Street.

I want to ask about rural policyholders, of which I expect you have many. The rural residents of Canada face all of the same issues with respect to climate change and extreme weather events. I expect their experience recovering from those events is different from that of people in the cities. Perhaps you could elaborate on what we're facing through a rural lens.

David Leibl: We insure across Canada, but we have many rural members. The challenges in rural communities are quite pronounced, and often more pronounced than those in urban centres.

In urban centres, we saw with the hail in Calgary and the flooding in southern Ontario and Quebec last year that there was very catastrophic, enormous damage. For context, with that rain last year in southern Ontario and Montreal, the volume of insured losses from just those 48 hours of rain was roughly equivalent to the average insured losses that we used to see in an entire year just a generation ago. This is the reality we're in right now. That's the concentration.

In rural areas, you don't have that same concentration, but you also don't have the same level of infrastructure. Again, with local leaders, we have full partners at the table, and we invest as part of our philanthropic giving and community giving in organizations supporting rural communities—farmers in particular—in mitigation and awareness efforts.

We've heard from local leaders that they absolutely need the support. In some of these communities, you may have mayors and Reeves who are in a part-time role, for example. The infrastructure is simply not there. These are the communities that are often demonstrating exceptional leadership. Rural communities are tough, and they know how to respond to challenges—that's not new—but when the face of the threat is evolving as quickly as it is, we need to be there to support them.

When we hear, as we did this summer, for example, that one rural community is lending fire trucks to another, that's wonderful, but is there a coordinated federal response to help these same local leaders, so that we can be there in their time of need?

• (1255)

Bruce Fanjoy: You have “stronger home” and eco-friendly coverage available to policyholders. I don't know how prevalent that is in the industry, but I'd like to give you a chance to tell us about that.

David Leibl: I very much appreciate your familiarity with some of our insurance products.

We do have two optional coverages available right now that we price on a cost recovery basis. The intent is for as many Canadians, our members, to avail themselves of these optional coverages as possible. Essentially, the way that the building back better provision works is, if you were to encounter a loss, as part of your claim settlement, for no more cost to you as the policyholder or the member, we would be able to have a higher resilience standard. If a significant event were to happen again, you'd be better protected.

More broadly, beyond just Wawanesa Insurance now, there is an ongoing shift within the insurance industry, and it's a necessary one, shifting from that protective reactive posture to more of a preventative one. That is a change, and it takes a lot of public education. In my view, it's very fair for Canadians to say now, “Why do I need to

be invested in these prevention efforts? You're the insurance company. You should be there for me.” Historically, that has been the absolute value proposition, as it is today. For any of our members who suffer a loss, we will be there for them. That's why we're in business. As a mutual company, we take those responsibilities very seriously.

Could uptake around these products be stronger? Yes. I don't think we're alone as an insurer in having that experience. What you're seeing now is increasingly some insurers bundling some of these coverages into their base wordings, in other words, as part of their core product suite. This is something that's evolving very quickly in real time, but here again there's also a chance that insurers are taking on disproportionate risk. This is happening in the absence of a broader national conversation around these needs.

Again, we'll try to do our part, but I think we need the federal government to join us.

Bruce Fanjoy: Thank you.

You asked whether uptake could be better. I think that speaks to Mr. Stewart's point earlier that there's a pervasive feeling among individuals that, while disasters happen, they're not going to happen to them personally. We then tend to get, as individuals, more reactive than proactive.

I'd like to open this question to all of the witnesses.

What have you learned about what...?

Oh, that will be for the next round. Thank you, Chair.

[*Translation*]

The Chair: Mr. Bonin, we now go to you for two and a half minutes.

Patrick Bonin: Thank you, Mr. Chair.

We're talking a lot about water and flooding, so I'd like to take a moment to propose a motion that I had moved and explained previously. It pertains to the drafting of a report for the freshwater study the committee undertook during the 44th Parliament. I think my fellow members are all in favour of quickly adopting the motion, which was sent to all members, as well as to the clerk.

Shall I read it?

The Chair: Have you already sent it out in both languages?

Patrick Bonin: Yes, I have. I move the following:

That, pursuant with Standing Order 108(2), the committee undertake a study on freshwater without receiving new testimony, and that the testimony and documents received by the committee during the First Session of the 44th Parliament concerning the study be made available to the committee and taken into consideration by the committee during the current session; that the committee proceed to the drafting of a report.

• (1300)

[*English*]

The Chair: Monsieur St-Pierre.

[*Translation*]

Eric St-Pierre: Could we suspend the meeting for two minutes to have a quick discussion?

[*English*]

The Chair: We are suspended.

• (1300)

(Pause)

• (1304)

The Chair: We are resuming.

Yes, Mrs. Miedema.

Shannon Miedema: Thank you, Mr. Chair.

I have a question for Mr. Bonin.

You're wanting the analysts to do the report of the freshwater study based on all of the witnesses from the 44th sitting, and you're not suggesting that we introduce new testimony. Is that correct?

• (1305)

Patrick Bonin: Exactly, and then we'll look at the report, and we can have discussions afterwards if we think we want to do something else, as we did with the finance report previously.

Shannon Miedema: Perfect. Thank you.

The Chair: Before going to Mr. St-Pierre, I want to ask the committee if we want to let the witnesses go. Do we intend to continue questioning the witnesses after we finish debate on the motion?

An hon. member: They can go.

The Chair: Okay.

I would like to thank the witnesses for their presence.

You are now excused. Thank you again, and happy holidays.

[*Translation*]

Go ahead, Mr. St-Pierre.

Eric St-Pierre: Thank you.

[*English*]

It is so noted that it's not my colleague Leslie this time around.

I'm just recognizing your previous efforts.

[*Translation*]

Mr. Bonin, do you want the committee to take the same approach it took for the climate finance study? Basically, in January or February, we would have a full analysis, we'd take an hour or two to review the report and make any necessary changes, after which, the chair would report it to the House. Is that what you would like?

Patrick Bonin: Ideally, yes. If, after reading the report, we want to have any discussions or do anything else, we could, but that's basically what I'm proposing.

[*English*]

The Chair: Mr. Fanjoy.

Bruce Fanjoy: I think, amongst my colleagues at least, we're happy to proceed to a vote.

The Chair: I'll get to that.

Before that, Mr. Leslie, would you share some comments?

Branden Leslie: Yes. They would be very similar.

Just to clarify, the analysts have compiled everything already. It will be a report similar to the financial impacts report shared with the committee, ideally in one smooth review—in committee, in camera, in committee business—because it is from the last Parliament. That's not to say it wasn't important. It was a lengthy study. It might be tougher to get done in one meeting, so I would just hope that we could perhaps all have our amendments prepared and not be doing things on the fly.

Maybe we could have a bit of a heads-up, Mr. Chair, on when this is coming, so that we have a little leeway and adequate time to review this and get in order the amendments that we want to see, without a lot of back-and-forth. A high number of witnesses did come for that study. We're okay with passing this motion so that we get the report and get it tabled in this Parliament. I just don't want to devote too many resources and too much time on going back and forth on certainly nothing new.

The Chair: Thank you, Mr. Leslie.

Mr. Bonin.

[*Translation*]

Patrick Bonin: That's precisely the idea.

That makes me wonder. Will we, as committee members, have access to the briefs and evidence provided? Perhaps we already do.

The Chair: I'll ask the clerk to answer that.

The Clerk of the Committee (Leif-Erik Aune): All the evidence is already available on the website, and the briefs submitted as part of the study are online as well. However, any committee documents that were not published, such as background material, will be compiled and distributed to all committee members again.

[*English*]

The Chair: Mr. Fanjoy.

Bruce Fanjoy: I would just like to add that I think it's to the credit of this committee that where work has been done in the previous Parliament, and witnesses have put a lot of time and energy into providing us this information, we're not letting that good work slide. I think it's very good. It's why we support this.

• (1310)

The Chair: Thank you, Mr. Fanjoy.

Is there any further debate?

(Motion agreed to)

The Chair: Mr. Leslie.

Branden Leslie: I know we're going to be wrapping up here soon. I would like to put a motion on notice for the first available opportunity, as follows:

That the Standing Committee on Environment and Sustainable Development report to the House that, in the interest of restoring Canadian economic sovereignty, it recommends that the government immediately introduce a Canada sovereignty act that:

(a) Re-establishes Canada as a competitive resource-producing nation by repealing federal measures that block or penalize development, including:

the Impact Assessment Act (formerly Bill C-69);

the Oil Tanker Moratorium Act (Bill C-48);

the federal industrial carbon tax;

the oil and gas emissions cap;

the federal electric vehicle sales mandate;

the federal plastics manufacturing prohibitions; and

federal regulatory restrictions that impede communication and advocacy by Canadian energy companies;

(b) Rewards provinces, businesses and workers who build and invest in Canada by:

introducing a Canada first reinvestment tax cut to spur domestic industrial activity; and

providing free trade bonuses to provincial governments that remove internal trade barriers and fully open their markets to fellow Canadians; and

(c) Protects Canadian innovation by requiring the Minister of Industry to present plans to Parliament to keep Canada's inventions, discoveries and innovations from being sold off to other countries.

This is a common-sense motion that I look forward to debating and having our committee pass and refer back to the House.

Thank you, Mr. Chair.

The Chair: Mr. Fanjoy.

Bruce Fanjoy: On a point of order, that's quite a long list, and I didn't hear one thing that related to our present study.

I want to ask the chair, is this motion in order or out of order?

The Chair: Mr. Clerk, I'll let you respond.

Thank you.

The Clerk: I had a moment to quickly read through it. Of course, it's not for me to determine whether it's in or out of order; that's for the chair to decide. However, just as a procedural note, the usual practice is for the chair to rule on any question of procedural admissibility once the motion is moved.

Mr. Leslie has given verbal notice of the motion. It will appear in the minutes. Once he moves it, points of order regarding the admissibility would usually be made.

Thank you, sir.

The Chair: Seeing that the clock is at 1:13, we shall adjourn.

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