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Chair: Mr. Peter Fonseca



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• (1105)

[English]

The Chair (Mr. Peter Fonseca (Mississauga East—Cooksville, Lib.)): I call this meeting to order. I know our witnesses are waiting, and we have excellent witnesses.

Welcome to meeting number 115 of the House of Commons Standing Committee on Finance.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Thursday, September 21, 2023, the committee is resuming its study of policy decisions and market forces that have led to increases in the cost of buying or renting a home in Canada.

Today's meeting is taking place in a hybrid format, pursuant to the Standing Orders. Members are attending in person in the room and remotely using the Zoom application.

I'd like to make a few comments for the benefit of the witnesses and the members.

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

For interpretation for those on Zoom, you have the choice, at the bottom of your screen, of floor, English or French. For those in the room, you can use the earpiece and select the desired channel.

Although this room is equipped with a powerful audio system, feedback events can occur. These can be extremely harmful to interpreters and cause serious injuries. The most common cause of sound feedback is an earpiece worn too close to the microphone. We therefore ask all participants to exercise a high degree of caution when handling the earpieces, especially when your microphone or your neighbour's microphone is turned on. In order to prevent incidents and safeguard the hearing and health of the interpreters, I'd like participants to ensure they speak into the microphone into which their headset is plugged in, and to avoid manipulating the earbuds by placing them on the table away from the microphone when they are not in use.

I will remind you that all comments should be addressed through the chair. For members in the room, if you wish to speak, please raise your hand. For members on Zoom, please use the "raise hand" function. The clerk and I will manage the speaking order as best we can, and we appreciate your patience and understanding in this regard.

In accordance with the committee's routine motion concerning connection tests for the witnesses, I am informed by the clerk that all witnesses have completed the required connection tests in advance of the meeting.

Before we go to the witnesses, PS Bendayan has asked for the floor.

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

At our last meeting, we adjourned on the motion that we had before us. I am of course very aware that the witnesses have come here to provide important testimony, and I look forward to getting to that testimony, but, Mr. Chair, following discussions with members, I understand that the majority of members would like to get back to that motion and vote on it today.

Mr. Chair, I therefore move:

That the Chair of the committee immediately report to the House, that the committee:

1. Celebrates the Canada Pension Plan as the foundation of a secure and dignified retirement for tens of millions of Canadians and a pillar of Canada's economy;
2. Recognizes the important contribution of the Quebec Pension Plan which was established independently at the same time as the Canada Pension Plan; and,
3. Stands with the majority of Albertans who are opposed to Premier Danielle Smith's dangerous plan to withdraw from the Canada Pension Plan that threaten the pensions of millions of seniors and hardworking Canadians from coast to coast.

Mr. Chair, I trust that we can get to a vote on this quickly in order to hear from our witnesses.

Thank you.

The Chair: Thank you, PS Bendayan.

MP Blaikie and MP Ste-Marie have their hands up, and MP Lawrence's hand is up too.

Mr. Daniel Blaikie (Elmwood—Transcona, NDP): Mr. Chair, I am happy to get back to debate on this. I think it's an important motion.

I wonder if we might be able to have unanimous consent to let our witnesses do their opening statements or even have the first six minutes of questions for each party so that witnesses don't feel put out by having come. I respect the business of the committee and I respect the motion, but this might be a way to just ensure that witnesses have the opportunity to participate, notwithstanding the other important business before the committee.

The Chair: Thank you, MP Blaikie.

I'll look to PS Bendayan and others to see if we have unanimous consent for this.

Some hon. members: Agreed.

The Chair: We do have UC for this. Thank you for that.

We will get to our expert witnesses right now.

[*Translation*]

We have Isabelle Demers, Vice-President, Développement stratégique, affaires publiques et innovation, of the Association des professionnels de la construction et de l'habitation du Québec.

[*English*]

From the Canadian Federation of Independent Business, we have the vice-president of national affairs, Jasmin Guénette, as well as the director of national affairs, Christina Santini.

From the Canadian Union of Public Employees, we have the senior officer of human rights, Aditya Rao. Joining Aditya Rao is senior research officer, Emily Niles.

From Dream Unlimited Corporation, the chief responsible officer, Michael Cooper, is with us today.

From IceCap Asset Management Limited, we have the chief investment officer, Keith Dicker.

From Kindred Works, we have the chief executive officer, Tim Blair.

We will start with the Association des professionnels de la construction et de l'habitation du Québec, please, for five minutes.

Thank you.

[*Translation*]

Ms. Isabelle Demers (Vice-President, Development, Public Affairs and Innovation Strategic, Association des professionnels de la construction et de l'habitation du Québec): Mr. Chair, thank you for welcoming us to the Standing Committee on Finance as part of your study on government policy decisions and market forces that have led to increases in the cost of buying or renting a home in Canada.

The Association des professionnels de la construction et de l'habitation du Québec, or APCHQ, is a private, non-profit organization that brings together more than 20,000 housing and construction businesses in 13 regional associations.

The APCHQ has specialized in housing and renovation, and since 1995 it has been the employer representative that negotiates collective agreements on behalf of 16,000 employers in the residential sector.

Our mission is to be a unifying agent of change for the benefit of Quebec society by representing and supporting professionals in the residential construction and renovation industry.

Through their residential construction and renovation activities, APCHQ's 20,000 members provide homes for Quebecers and support the social and economic development of Quebec. Our industry

generates an economic impact of \$45.6 billion and provides 270,000 direct and indirect jobs.

More specifically, 70% of our members work in the renovation sector and 30% in new construction. Lastly, our members work mainly in the residential sector.

The housing market has been in serious disequilibrium since the 2000s. The resale sector is systematically a seller's market, and home prices have quadrupled. Affordability is now at its lowest level in the last three decades.

Home ownership is in decline in Quebec. Quebec now lags behind the rest of Canada for the first time in its history, and young people are the ones suffering from it most. The home ownership rate is 59.9% in Quebec, compared to 66.5% for Canada as a whole.

We are therefore collectively creating the first generation that will not be owners. Given the impact that access to ownership has on household wealth, this is a major concern.

Furthermore, the rental vacancy rate has now fallen below the equilibrium level of 3% across the province, having declined from 2.5% in 2000 to 1.7% in 2022. In the absence of supply, this puts strong upward pressure on rents, thus causing what could be called a perfect storm.

Turning from the present state of affairs to the causes of this historic decline, the problem is structural, not situational. In recent decades, new housing supply did not outstrip demand. As is the case elsewhere in the country, there is now a strong consensus that companies have been underbuilding in Quebec for many years. Housing starts have already declined some 37% in the first three quarters of 2023.

As a result of the sharp increase in construction costs—of nearly 40% since the pandemic—and, more recently, the rise in financing costs, many housing projects are still on ice because they simply are not financially viable.

According to APCHQ, there will be 37,000 residential housing starts in Quebec for 2023, a 35% decline, and a very minor increase of 11%, with 41,000 starts, in 2024. In short, we are headed for the worst year for residential construction since 2001.

APCHQ proposes a number of measures to spur housing starts in the next few years. We welcome the elimination of the goods and services tax, the GST, on rental housing construction. That's a structural measure that is particularly appreciated by the industry.

However, we need to keep working, in particular, by providing better financing for social housing; improving and enhancing certain programs offered by the Canada Mortgage and Housing Corporation, or CMHC; and allowing a longer maximum amortization period for the purchase of a new energy-efficient home in order to lower the price of new homes relative to those of existing ones and to modify buyer behaviour while increasing the energy efficiency of the housing stock.

However, that won't be enough because demand remains very strong and is getting stronger. Our migratory balance has reached record levels. The federal government announced last week that it still plans to accept 500,000 newcomers in 2025, a target that will be maintained for the next few years. We will also have to continue to taking in large numbers of temporary workers in the next few years as a result of the general labour shortage and aging population.

In conclusion, we invite the federal government to spare no effort, to work closely with the Quebec government and municipalities and to do so in an agile manner. It will take targeted, strong and concerted action by all housing sector stakeholders to resolve the crisis.

Thank you for your attention. We are now ready to answer your questions.

• (1110)

The Chair: Thank you, Ms. Demers.

[*English*]

Now we'll hear from the Canadian Federation of Independent Business.

I understand that you'll be splitting the time. Jasmin Guénette will be going first, followed by Christina Santini.

[*Translation*]

Mr. Jasmin Guénette (Vice-President, National Affairs, Canadian Federation of Independent Business): Good morning.

My name is Jasmin Guénette, and I am vice-president, national affairs, of the Canadian Federation of Independent Business. I am joined by my colleague Christina Santini.

As I'm sure you know, the Canadian Federation of Independent Business, the CFIB, represents 97,000 owners of small and medium-sized businesses, or SMBs, in all economic sectors across the country. We have more than 9,000 members in the construction industry alone.

I want to thank the members of the committee for inviting us to attend this meeting.

It goes without saying that most of our members support any measure that can increase the available housing supply for Canadians, particularly for workers.

Some of our members tell us stories about how hard it is for their employees to find housing near their workplaces, in major urban centres, for example.

Some members of Parliament have also told us about similar problems in their constituencies, where businesses lack workers, particularly because there is a lack of available housing near their workplaces.

Today we want to focus on two issues that slow down housing construction. The first is the labour shortage in the construction industry, and the second is rising interest rates.

Seventy-three per cent of our construction industry members cite the skilled labour shortage as the main factor limiting production and sales, while 39% of CFIB members in the construction industry also feel that the shortage of unskilled and semi-skilled labour is one of the main factors limiting production growth and sales.

Most people obviously acknowledge that we have to build more housing faster, but I would ask committee members not to forget that the low construction rate can't be attributed to a single phenomenon, such as excessive and complex regulation. We also have to keep in mind the impact that the labour shortage is having in the various construction sectors.

To build homes, we need people in all trades, tinsmiths, electricians and many others. At the moment, it's very hard for businesses to recruit and hire all the necessary workers to complete projects promptly and start new ones.

This labour shortage has a cost. We estimate that the labour shortage in the construction industry has resulted in a revenue shortfall of \$9.6 billion for SMEs, \$1.5 billion for the residential construction sector alone.

To build more homes, we will obviously need more tradespeople in our construction businesses.

Another factor currently limiting new housing construction is rising interest rates. My colleague Ms. Santini will tell you more about that.

• (1115)

Ms. Christina Santini (Director, National Affairs, Canadian Federation of Independent Business): In a survey that we conducted in September, our members told us that rising interest rates were a factor, and 59% of members in the construction industry confirmed that rising interest rates were having an impact on their businesses.

Higher interest rates mean that businesses have to pay more to borrow, and some of them can't afford to borrow in order to carry out projects or to buy machinery and equipment, for example.

Construction ranks fourth among all the sectors that CFIB represents and that report they are affected most by rising interest rates. That can obviously slow down housing starts. Input cost increases and administrative delays are also significant factors noted by our members.

Ultimately, it's essential that we expand the pool of available workers, and immigration and training policies can play a significant role in that regard.

Thank you for your attention. We are eager to answer your questions.

The Chair: Thank you.

[English]

Now we will move to the Canadian Union of Public Employees.

I understand Emily Niles will be first. She'll be sharing time with Aditya Rao, who will be second.

Ms. Emily Niles (Senior Research Officer, Canadian Union of Public Employees): Thank you for the opportunity to make this presentation today on such a pressing matter for workers in Canada.

The Canadian Union of Public Employees is Canada's largest union, with 740,000 members, including workers at publicly owned housing corporations, homeless shelters, long-term care homes, and other social and health care services at the front line of the housing affordability crisis. Many CUPE members are also suffering under the same crisis as wages fail to keep up with rising costs.

One reason the cost of buying or renting a home in Canada has increased so dramatically is that people and institutional investors have treated housing like an investment, specifically as a means to fund retirement. Our research has found that Canada's inadequate public pension system has been a factor behind the current housing affordability crisis. To put it simply, too many people must rely on the value of their homes going up, which worsens affordability for future generations, in order to have dignified retirement.

Retirement security in Canada was supposed to be a three-legged stool: the Canada pension plan, old age security and a workplace pension plan, but more than 60% of Canadians don't have a workplace pension plan, which leaves the majority of workers with a very wobbly stool.

One way people have been making up for this gap is by treating housing like an investment rather than a basic right. Recent surveys indicate that around 40% of Canadian homeowners rely on the appreciation of their homes to fund their retirement, and the federal government has actually promoted this view of housing. Up until a few weeks ago, the Government of Canada website dedicated to retirement planning proposed selling your current home and buying a less expensive home or getting a reverse mortgage as retirement income options.

Federal tax policy has also fed into this phenomenon because equity gains in primary residences are not considered taxable income. There is also the homebuyers' plan, which allows people to withdraw from their RRSPs to build or to buy homes.

Encouraging Canadians to count on their homes as investment vehicles for retirement income is very risky. It leaves people at the mercy of the boom-and-bust cycle of the housing market. It also means that homeowners can see efforts to bring down house prices as a direct threat to their retirement. This misplaced fear of falling house prices can lead homeowners to fight against more affordable housing in their neighbourhoods.

There's a second piece to this, and that's how workplace pension plans have fed into the financialization of rental housing as they search for the high returns for their members. More and more, pension funds are investing in purpose-built rental housing in Canada, and unfortunately, the way those pension funds view housing is no different from REITs or other asset managers who seek to maximize profit.

Investors profit from both value appreciation and a stable form of income in the form of tenants' rent. Investors often reposition their real estate holdings to make even more money: They buy existing affordable housing, evict tenants, and then replace them with more expensive units. Our union wants our members' pension funds to achieve decent investment returns, but not at the expense of workers and the Canadian public.

We implore this committee to focus on the more than 1.4 million people in core housing need, nearly one million of whom cannot afford monthly housing costs of more than \$1,050 a month. It is those people for whom the consequences of inaction are the most dire.

This committee heard it from a representative from Skyline earlier in the study. The private market, by definition, will not deliver below-market affordable housing; it's against its interests to do so. The current path is not working. Government should stop using public subsidies, financing and forgone revenue to support for-profit investors as they build unaffordable housing. Instead, for those who are in the most need, we need direct public investment in affordable housing, which Governor Macklem has confirmed would not be inflationary spending.

The committee can use today's study to refocus the national housing strategy towards social, non-profit and co-operative housing, investments that would actually advance the right to housing.

The federal government can also use its spending power to require greater protections for tenants from the profit-seeking imperative of their financialized landlords. For all Canadians, government should guarantee a good pension for all through old age security and the Canada pension plan, and stop encouraging Canadians to count on their home sales to pay for retirement.

My colleague, Aditya, will now add some brief additional remarks.

● (1120)

The Chair: Go ahead, please.

[Translation]

Mr. Aditya Rao (Senior Officer, Human Rights, Canadian Union of Public Employees): Thank you, Mr. Chair.

To follow up on the points that Ms. Niles raised, we would like to add the following. Our union represents international students and migrant workers across Canada. So we're seriously concerned by the fact that too many people say, on the one hand, that there's a causal link between international students and temporary foreign workers arriving in Canada, and, on the other, that this puts upward pressure on housing prices. This is a baseless argument that could destabilize our national consensus on immigration.

The members of our communities, who are already more likely to be marginalized and who are victims of the housing crisis, are being told that they're the cause of that crisis.

[English]

Migrants are not pushing rents up. Landlords are choosing to increase rents. Government is allowing investors to gamble with housing and to push prices up. There is no peer-reviewed evidence showing a causal link between immigration and the housing crisis, but there is evidence showing that predatory, deep-pocketed investors rely on weak tenant protections and a virtually unregulated real estate market to inflate prices and to profit from them.

[Translation]

Thank you very much.

The Chair: Thank you.

[English]

Now we will move to Dream Unlimited Corporation.

Michael Cooper, go ahead, please.

Mr. Michael Cooper (Chief Responsible Officer, Dream Unlimited Corp.): Thank you so much for having me here, and with a different point of view.

My name is Michael Cooper and I'm the founder and chief responsible officer of the Dream group of companies. Dream is a Canadian real estate company with a global reach. For over 30 years, we've been building communities across the country, across all major asset classes. We have about \$24 billion in assets under management, from both public shareholders and institutions.

We've always tried to build our business not only to achieve financial returns, but also to achieve social and environmental goals. Please refer to the backgrounder for information on our impact goals and implementation.

Over the last three decades, governments have significantly reduced their investments to create affordable housing. For many years, purpose-built rental housing for the private sector was not a viable investment and the government wasn't doing it. CMHC projects that 5.8 million homes will be needed by 2030, with a supply gap of 3.5 million housing units. At an estimated \$550,000 per unit, it's going to cost \$3.2 trillion to fill that gap. I believe that one of the impediments to solving the crisis is a lack of understanding of how much capital is required to actually address it.

Since 2019 in Toronto, development charges for two-bedroom apartments have increased by 47%. Hard costs have increased by 45% and interest rates have increased by 204%. Current uncertain markets make it very difficult to attract risk capital to build new

rental housing today. These conditions affect all providers of housing, whether they're not-for-profit, government or private.

We recognize that this is a shared problem, with each sector having different levers and roles in delivering the solutions to unlock supply across the housing continuum. This will require coordination among all levels of government and throughout all the various sectors.

We have three thematic recommendations for your consideration today regarding capital, labour and innovation, with a focus on capital.

First, capital is required on a major scale to provide housing. With the valuable waiver of HST, we are still able to provide only a 4.5% return on the total cost of building housing today. Pension funds and others require a return of 5.5% or more. This is because they can receive a 5% return by buying a Government of Canada bond or an 8% return by buying a good-quality company bond, and they can get 11% or higher from all sorts of other readily available relatively safe investments.

CMHC has done a lot to help solve the crisis, and they're an important partner to deliver housing. We have successfully partnered with CMHC many times. We proposed a CMHC program enhancement, such as increasing the size of the RCFI program. We think we need to have interest rates reduced to build a lot more housing, and we think that locking in the interest rate earlier in the process will allow people to have the certainty to be able to raise the capital to build more housing.

The housing challenge itself is very much a math problem. Given that government can loan money to facilitate construction of purpose-built rental housing to for-profit, not-for-profit and governments, and all of the money they lend ends up being repaid within 10 years, we recommend that the federal government consider a big and bold plan to lend money for rental housing on a large scale and provide reduced interest rates to attract capital to fill the supply gap.

Today, the 10-year cost of money is about 3.7%. If CMHC were to loan money at 2%, builders from all sectors, profit and not-for-profit, could attract the equity capital to proceed to develop housing that they cannot do today. If we allocated \$55 billion alone a year, we could add another 100,000 units a year. If we did it for 10 years, it's a million units and the government will get all the money back over the next 20 years. The cost of providing the discount on interest will work out to be about \$35,000 per unit, once, maybe 6% of the total cost.

Currently, the interest rate can only be set under RCFI programs three days before you borrow the money. That is too short to be able to convince investors or boards that you know what the returns are when you start spending the millions of dollars required to get RCFI financing. Like the Canada Infrastructure Bank, they lock in the rates earlier, and I think if CMHC could provide more certainty—maybe three to six months in advance—more units would be built.

As far as the underwriting goes, right now it takes one year for CMHC to underwrite an apartment, and that's much too long. I think that can be done in under three months.

• (1125)

In the 1970s, we had a program to create housing that accelerated depreciation. In five years, 200,000 units were built. All the money gets paid back by taxes later on, but it certainly helps attract capital now.

On the labour front, first, I want to commend the government. There have been a lot more immigrants coming in who are skilled workers since the changes in June, and that's a great thing. We also think that these are very high-paying jobs, so a lot of people born in Canada should be encouraged to go into skilled labour. Colleges should be better funded, and I think we need a campaign to encourage people. The average pay is \$100,000 a person. That's a good living.

As far as innovation goes, for whatever reason, in Canada the amount of time it takes to build a house is the longest in the world, and there's a lot more to be done to speed that up. I think reducing the time will also help reduce the cost.

As a final thought, it's obvious that providing accessible, inclusive, suitable, sustainable and affordable housing is a priority, as the economic and social well-being of our country depends on it. In order to achieve this, I think we all need to work together.

I'm happy to answer any questions.

• (1130)

The Chair: Thank you, Mr. Cooper.

There will be a lot of time for questions, hopefully.

We're going to hear from IceCap Asset Management Limited and Keith Dicker, please.

Mr. Keith Dicker (Chief Investment Officer, IceCap Asset Management Limited): Hello, everyone.

I would like to thank the committee for the opportunity to speak with everyone here today.

We manage investment portfolios for families right across Canada, and we also manage money for investors outside of Canada. Our focus on markets is what we would call global macro factors. What that means, if you're not familiar with that, is that it's really focused on the very large moving trends that affect the price of housing, such as interest rates, inflation, economic growth, monetary policy, fiscal policy, things like that. What we tend to focus on primarily is risk first, and then we're able to anticipate where markets may or may not move.

With regard to the current challenges we have here in Canada with the housing market, we tend to look at, first of all, the short-term challenges and then the longer-term challenges.

The short-term challenges have basically been brought on by a mismatch between supply and demand factors. It is our view that supply has not been able to grow as fast as it should have been, and demand has been greatly affected by the policy responses from the COVID pandemic back in 2020. This includes the monetary policies from the Bank of Canada and other global central banks, as well as fiscal spending from the government side. All of this put together allowed the demand side to increase while supply was not able to increase and grow at a normal rate.

What I really want to look at next is the longer-term factors. I think that's what is being missed in a lot of these conversations. What I want to share with you is what may be developing. It's something that may not be expected by Canadians. As this goes, we could be having a different conversation a very short time frame from now, so instead of trying to increase supply for the housing market, this could very quickly flip around to a conversation about demand, what happened to demand all of a sudden.

First of all, I would like everyone to appreciate that all markets around the world are significantly affected by the long-term interest rates. Overnight rates for central banks count, but long-term rates are even more important.

In the early 1960s all the way up to 1982, long-term rates using the American markets proxy went from about 5% almost up to 20%. Maybe some of your parents had a mortgage back in the early 1980s at 20% to 24%. You know what I'm talking about.

From the early 1980s all through the 1980s, and then the 1990s and the 2000s, long-term interest rates went from effectively 20% down to 0%. When that is happening and you overlay it with globalization, you're going to have a growing market in a lot of different industries, including the real estate world, but it also helps with the cost of funding. It goes lower and lower and lower.

When the American housing market broke in 2008-09, this was a critical moment that really set the stage for the growth in the Canadian housing market 25 years onward. It is that interest rates should have been allowed to reset. Instead, central banks around the world, including the Bank of Canada, anchored overnight rates at 0% or near 0%. The Europeans and the Japanese went to negative overnight rates. Also, a lot of the central banks used quantitative easing to help suppress what we would call the global U curve, or they prevented price discovery from taking place. Then we have a full decade of lack of pricing taking place in the bond market, which means borrowing rates are kept lower and lower. This has enabled governments and households to continue to borrow and borrow until the day comes when we're having what we're experiencing right now.

Now we have 40 years when the Canadian economy has never experienced a moment with long-term rates going higher and the ability to continue to borrow at lower and lower rates. Also during this time, the Canadian economy has never experienced a national recession or an economic crisis of any kind. Alberta will have experienced one, because they are in a cyclical industry exposed to oil, but not the rest of Canada.

What I'm sharing with you today is that we view the world now as having global risk being synchronized. The challenge for Canada is that we do not get a soft landing. We actually have a recession that's deeper than what's being projected by a lot of economic platforms. Instead, what that's going to do is reduce employment. It's going to force, or cause, commercial banks to become restricted with credit and lending. It's actually going to cause mortgage rates to go even higher. This will cause the effect of housing prices coming down. Rental prices may come down as well.

You will get your wish, but at the same time, we're going to be facing another challenge at the exact moment when you're looking for something else.

• (1135)

That's my closing statement for everyone.

The Chair: Thank you, Mr. Dicker.

We'll now go to Kindred Works.

Tim Blair, go ahead, please.

Mr. Tim Blair (Chief Executive Officer, Kindred Works): Good morning, Mr. Chair and members of the committee. Thank you for the opportunity to speak to you today.

Kindred Works is a developer and manager that is creating a scalable, systems-based solution to the housing crisis and the climate crisis. We're unlocking the potential of some of the largest urban infill land banks in the country. Our goal is to build 20,000 new rental homes over the next 15 years. We currently have 18 projects and about 3,000 units in various stages of development. It's our aim to have one-third of our rental homes at below-market rent to meet core housing need. This is a measurement that allows housing affordability to be tailored to people's unique needs in their respective communities.

We all know that rents are increasing rapidly across Canada. This is caused by a lack of accessible, climate-friendly, affordable and

purpose-built rental units to house our growing population. This issue disproportionately impacts Canada's most vulnerable populations. It's also pricing working Canadians out of the communities where their skills are needed, threatening economic growth.

To provide enough housing units to accommodate individuals and families and to return housing costs to acceptable levels of affordability, we need, according to CMHC, 5.8 million new homes of all types before 2030. That is approximately tripling Canada's historic homebuilding rate, and it requires trillions of dollars of investment. We know that government can't do this alone. We need to attract private capital and private investment with social responsibility.

Kindred Works is a participant in the national housing accord, which provides a framework for industry and government to address housing affordability, particularly recognizing the need to build two million new rental units by 2030. A key recommendation from this framework has been adopted—namely, eliminating the GST on purpose-built rentals. This will have a significant positive impact on bringing new supply forward and getting more shovels in the ground sooner, but this is offset by the higher interest rate environment, construction costs and labour costs.

I also want to highlight the importance of the continued availability of debt financing for new construction of rental housing. This can be supported by the federal government through either the national housing strategy or CMHC loan insurance programs. Ultimately, we need to think of housing, particularly rental housing, as infrastructure.

Programs such as the rental construction financing initiative, RCFI, have a meaningful impact on incentivizing new construction by providing low interest rate loans in exchange for a percentage of the units being at below-market rates. We see from our portfolio underwriting that when we use RCFI interest rates, we can deliver 20% to 30% of the units at below-market rents that meet core housing need, particularly for moderate-income working families or multi-person households that are increasingly being priced out.

We also see from our experience working with non-profits that to deepen affordability to meet low-income or the very low-income quartiles, all levels of government need to make substantial investment to fund these deeply affordable units. This can be done through capital grants, such as the co-investment program's forgivable loans. However, the inconsistency in the program criteria and the percentage of the forgivable loan limits its effectiveness. Overall, CMHC needs to do further work to streamline the approval process, and we recommend assessing affordability based on core housing need data.

I also want to raise environmental standards. At Kindred Works, we're committed to creating a carbon-neutral portfolio by 2030 because it's smart and necessary. However, CMHC programs and local step codes are inconsistent in their environmental requirements. This results in undue cost and complexity. We need simple, consistent and effective requirements, such as a single bar of entry to access federal funds.

In closing, I would like to thank you for the opportunity to share our perspective and ideas. The issue of housing is a shared responsibility, and we're committed to working with all levels of government and industry to tackle this crisis.

Thank you.

The Chair: Thank you, Mr. Blair.

Thank you to all of our witnesses for their opening remarks.

Members, there was an agreement to go through at least one round.

MP Ste-Marie, go ahead.

• (1140)

[*Translation*]

Mr. Gabriel Ste-Marie (Joliette, BQ): I have a point of order, Mr. Chair.

I get the impression there'll be a lot to say about the motion introduced by our colleague Ms. Bendayan. Consequently, I would like to see unanimous consent for two rounds of questions with the witnesses, not one, before we go back to the motion. I also propose that witnesses be allowed to leave the meeting when we come to the debate on the motion.

[*English*]

The Chair: I'm looking to the members.

[*Translation*]

Ms. Rachel Bendayan: Mr. Chair, there was unanimous consent for one round of questions.

[*English*]

The Chair: We do not have unanimous consent.

For the witnesses' sake, we're going to have one round of questions before we get back to MP Bendayan's motion.

In this round, each party will have up to six minutes to ask our witnesses questions.

We are starting with MP Morantz for six minutes, please.

Mr. Philip Lawrence (Northumberland—Peterborough South, CPC): On a point of order, Mr. Chair, I would like to bring Mr. Ste-Marie's motion to a vote.

The Chair: That's not possible. The member had asked for unanimous consent, not a vote.

We're back to our first round of questions and MP Morantz for six minutes, please.

Mr. Marty Morantz (Charleswood—St. James—Assiniboia—Headingley, CPC): Mr. Chair, I have to say this at the outset.

I don't know whether the Liberal members of this committee know this, but we have a housing crisis in this country. We're dealing with a very thoughtful study on the housing crisis. We have excellent witnesses here today on a very thoughtful study brought forward by Mr. Blaikie. It is highly disrespectful to these witnesses to abridge their ability to impart their wisdom to us on this issue for what is really a partisan motion put forward by the Liberals. It's designed to divide Canadians so they can try to distract Canadians from their abysmal record on the economy.

Having said that, I do have some questions for the witnesses. I want to start with Mr. Dicker.

I'm sorry that the Liberals are doing this to you, Mr. Dicker. I'll try to be as concise as I possibly can.

There was a very interesting editorial this morning in *The Globe and Mail* that was really damning in terms of the Liberal government's economic record and its management of the economy. One thing the editorial said was that "the Liberals have governed" while Canada's "GDP per capita has flatlined"—it actually uses the word "flatlined"—"and their policy choices are making the problem worse."

Would you agree with that assessment from the *Globe*?

Mr. Keith Dicker: Thank you for the question.

I did not read the article, but the challenge for Canada's economy right now... If you look at aggregate economic growth, it's sort of flattish or down a little bit. Once you make adjustments on a per capita basis... That is the key. Per capita is how many people it takes to produce one extra unit of economic output, whatever that may be. The fact that it's increasingly taking more people to produce that same output means that economic growth is deteriorating.

Whether it's a good policy or not, what we looked at is that the probability—

Mr. Marty Morantz: I'm sorry to interrupt. I just have limited time, but I think I get the gist of your response there.

I want to ask Mr. Cooper a question about the same editorial. The Globe highlighted that the housing crisis is “the most prominent example” of failed Liberal policy choices.

Would you agree with that assessment?

Mr. Michael Cooper: I think it's the failed government choices for 30 years. Whoever was in power at any given time could take an equal amount of responsibility.

Having said that, on the per capita question, the issue is that people can't afford more now than they did six years ago and they don't feel good about it. Meanwhile, housing has gone up a lot.

I think that's really where the big issue is; it's more a focus on growth.

• (1145)

Mr. Marty Morantz: On your point about the three decades, I do have to point out what the editorial said. The Globe said that our “prosperity problem” has accelerated “since the Liberals took power in 2015”.

Would that not be accurate to say?

Mr. Michael Cooper: The three decades was money for affordable housing. It's absolutely true that there's been no growth in the last six or seven years on a per capita basis.

Mr. Marty Morantz: In fact, they went on to say—and this was just this morning—that Canada's “prosperity is in a steep decline”, with the GDP per capita “falling well below the average for advanced economies” in the OECD, and that “there is an increasing likelihood of an outright decline in living standards”.

Mr. Michael Cooper: I think that's right. To the extent that people have less money, they can afford less rent or they can buy houses for less money. That's kind of a tautology, but more money allows people to solve the housing problem.

Mr. Marty Morantz: What makes it even worse, in my mind, is that since 2015 this government has actually doubled the national debt from \$600 billion to \$1.2 trillion. They call these expenditures “investments”. In my mind, normally an investment means that there will be a return on an investment, but the truth is that despite all that spending, we have economic growth that has flatlined, so it clearly hasn't worked.

I'm just wondering if you would agree that the only realistic assessment you could give the Liberals on the economy is that they've actually engaged in economic malpractice.

Mr. Michael Cooper: A lot less than the States....

Mr. Marty Morantz: Well, somewhat, then... Would you agree?

Mr. Michael Cooper: It's been a tough time. The fiscal is bad.

Mr. Marty Morantz: How much time do I have left, Mr. Chair?

The Chair: You have a minute and a half.

Mr. Marty Morantz: You touched on accelerated capital cost allowance, which is something near and dear to my heart. I remember that, when I was a young lawyer, there was a program in Canada called the MURB program, multi-unit residential buildings, which I think you touched on, that allowed investors to deduct capital cost allowance from professional and personal income. It got hundreds of thousands of units built.

There are also other ideas. Mike Moffatt has written in his report about the idea of deferral of the capital gains tax when the money is invested in low-income housing or purpose-built rentals.

I wonder what you think of those kinds of adjustments to the Income Tax Act to incentivize new builds.

Mr. Michael Cooper: Accelerated depreciation means that people pay less tax up front by investing in housing, but they will pay it back when they sell the property, or they'll have less depreciation later, so it's just time shifting. The government will get the same amount of money. It's a very effective way of doing it. The other one I'm not as high on.

Mr. Marty Morantz: Thank you.

Mr. Chair, I'd like to move at this point that there be a second round of questioning of the witnesses after this round is finished.

The Chair: There is a move to ask for a second round of questioning.

I see hands up.

Go ahead, MP Blaikie.

Mr. Daniel Blaikie: Thank you very much.

Mr. Chair, I would be happy to support this motion if we knew we were going to get a vote on the other motion by the end of the meeting. If somebody could provide those assurances, I'm happy to hear more from our witnesses, have a brief debate and make a decision on the motion, whatever way that's going to go. However, if we can't come to some kind of reasonable compromise about being able to get to a vote, that makes it harder to find reasonable compromises elsewhere.

The Chair: Thank you, MP Blaikie, for that.

I have MP Chambers on this motion, and then PS Bodayan.

Mr. Adam Chambers (Simcoe North, CPC): I would hope that we can get to a vote on Ms. Bodayan's motion, but there may be amendments that I'd like committee members to consider, so I wouldn't want to prejudge the ability to get there.

The Chair: I have PS Bodayan, and then MP Blaikie.

Ms. Rachel Bodayan: Thank you, Mr. Chair.

If we can amend the motion to ensure that there is a vote by the end of the committee meeting, we would be in favour.

The Chair: Now we'll go to MP Blaikie.

Mr. Daniel Blaikie: Chair, I would just say that, to the extent that we may be asked to consider amendments, ones that we have yet to see, that tends to suggest that we may need a little bit more time in order to conduct the debate and come to a successful conclusion, so that leaves me at a loss as to what to do in terms of voting for a second round, despite my preference to hear more from witnesses, because it sounds to me like we're going to need more time in order to try to come to an amended solution on Ms. Bendayan's resolution.

• (1150)

The Chair: We will suspend.

• (1150)

(Pause)

• (1150)

The Chair: We're back. MP Blaikie had the floor.

We have MP Blaikie and then PS Bendayan.

Mr. Daniel Blaikie: Thank you, Mr. Chair.

I have said my piece for now. I'm interested to know if there may be some kind of amendment that we have a high level of confidence we'll come to so that we can take more time with the witnesses, but I'm not in the driver's seat on that.

I'm happy to yield the floor.

The Chair: We have PS Bendayan before we go back to this motion.

Ms. Rachel Bendayan: I'm very happy to work with my Conservative colleagues. I've asked them to provide us the amendment they are hoping for so that we can see if we can come to an agreement. Until we get it, it's very difficult for me to say whether or not we have time for a second round.

I look to my Conservative colleagues.

The Chair: Go ahead, MP Hallan.

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

In my discussions with Ms. Bendayan, it would be best for us if we could let one more round go and, during that round, we could discuss some of the amendments and see if we can come to a conclusion that might lead us to vote on Ms. Bendayan's motion today. It is important that we have really good witnesses for all parties here today, and we should let that round go. While that round is happening, we can discuss what we need to do going forward.

The Chair: Thank you, MP Hallan.

Go ahead, PS Bendayan.

Ms. Rachel Bendayan: I'll respond to my colleague.

I appreciate the overture. I would like some confirmation that we will get to a vote today. If my colleague opposite will confirm—perhaps in a friendly amendment to his motion—that all members agree to get to a vote today, without specifying the hour, we would be in favour of a second round.

The Chair: Go ahead, MP Hallan.

Mr. Jasraj Singh Hallan: I think we all want to get to that point, but we don't know where we're going to land when we start talking about amendments.

I don't think we should put a time allocation on this discussion. There's a lot my colleagues still want to get on the record. I'm sure Mr. Blaikie and Mr. Ste-Marie also want to talk on the motion first—and we can. Depending on how the discussions go, we can get somewhere. We'll all be comfortable with an amendment of some sort, but I don't think we should put a time allocation on that at all.

• (1155)

The Chair: Thank you, MP Hallan.

Go ahead, MP Blaikie.

Mr. Daniel Blaikie: Mr. Chair, I wonder whether, for the moment, we could get unanimous consent to withdraw the present motion and bring it back at the end of the six-minute round. Perhaps that will give us some time for Mr. Hallan and Ms. Bendayan to figure out what the rest of the meeting would look like and whether or not it's advisable to have a second round with the witnesses.

This allows us to not have to make the decision right now and to go back to hearing from the witnesses while there's still time on the clock.

The Chair: Thank you for that, MP Blaikie. I see a thumbs-up on that.

Go ahead, Mr. Morantz.

Mr. Marty Morantz: I'd like to bring my motion to a vote.

The Chair: Go ahead, Ms. Bendayan.

Ms. Rachel Bendayan: I think Mr. Blaikie made a very reasonable recommendation, which I support.

I would encourage the Conservative members opposite to step outside with me now to discuss those amendments while the witnesses are responding to questions.

The Chair: Go ahead, MP Hallan.

Mr. Jasraj Singh Hallan: This is the last time I'll speak on this.

There will be amendments and dealings back and forth. It gives us a lot more time if we can let the round finish and have another round after that. We know we might not be able to solve this amendment issue in the next 10 or 20 minutes. Maybe we need a little more time.

That's why I suggest we vote on this now. I'm encouraging my Liberal and NDP colleagues. If we extend the round, it gives us more time to talk about amendments. Then we don't even have to talk on the motion much at all, after that.

The Chair: Thank you.

Go ahead, PS Bendayan.

Ms. Rachel Bendayan: Mr. Chair, I would like to remind Canadians and all those watching that this is a motion I moved on Thursday last. I put it on notice a week ago today. It was moved on Monday. My colleagues clearly have amendments to this motion that they are withholding in the interest of getting us to vote on a second round of questioning.

I would like nothing more than for witnesses to be able to provide their testimony. However, I am asking for a reasonable explanation as to why my Conservative colleagues do not wish to step out of the room now to discuss their amendments, but rather are asking us to do so in the next round.

The Chair: Thank you, PS Bendayan and MP Hallan.

Mr. Jasraj Singh Hallan: To be clear, we can step outside right now. I just think it's better for us if, when we're negotiating, we have more time to negotiate. In that time, we can get testimony in and also have more time to discuss any amendments or come to a conclusion on Ms. Bendayan's motion. I think that's fair for everybody. We get testimony, and we get to discuss at the same time.

I don't think I ever said I didn't want to step out now.

The Chair: Thank you, MP Hallan.

Go ahead, PS Bendayan.

Ms. Rachel Bendayan: Thank you, Mr. Chair.

I suggest we continue with this current round, and my colleague and I will get back to you with the results of our discussion with respect to the second round.

The Chair: Thank you, PS Bendayan.

Members, we still need to deal with this motion.

Mr. Marty Morantz: Let's have a vote.

The Chair: Are there any other speakers? I see none.

(Motion negatived: nays 6; yeas 5)

The Chair: That is defeated. We are back to our witnesses.

We have MP Thompson, because MP Morantz is finished.

We'll have MP Thompson, please, for six minutes.

● (1200)

Ms. Joanne Thompson (St. John's East, Lib.): Thank you, Mr. Chair.

Welcome to all the witnesses.

I'd like to begin with you, Mr. Blair, if I could, and then, hopefully, have time for Mr. Cooper.

I have a question for you, Mr. Blair. I was researching your work, and I noticed that on your website you reference that "Climate Change is the defining issue of our time". Thank you for being so definitive on that. I agree. I was also very pleased to hear your reference in your opening statement the need to understand that private capital can link to social responsibility.

I know you have a project that you've completed or that is about to be completed in Saint John, New Brunswick—I believe it's

called Portland—and you have connections with Nova Scotia and, I'm proud to hear, with St. John's, Newfoundland, my province.

Would you speak to your model and how you've been able to move those projects forward with the links with government, not-for-profits and private investment?

Mr. Tim Blair: Thank you very much for that question.

Absolutely. I think that when we're looking at building rental housing, we need partnership with all levels of government. I think it starts with the federal government and CMHC. Absolutely, the low-interest rate loans, either through RCFI or through co-investment, are critically important.

The project in Saint John that you referenced is a bit of an outlier in our world to this point, but we're hoping it will be funded through co-investment with the grant portion. It has been delayed because of the changes within the co-investment funding requirements; both the social requirements and the forgivable loan portion go up and down quite regularly.

When you're going through planning, designing and building, that's many years, and we're making multi-million dollar commitments. Having the security of knowing earlier in the process what the funding is going to look like when we go to put a shovel in the ground is really important. CMHC doesn't allow us to even submit our funding application until we have all municipal approvals in place in a class B, which means that I need 50% of my building designs, so I've sunk substantial costs into design.

To get to a level of affordability that's really below moderate income, you need investment with multiple provinces, and when you're working outside the major markets like Toronto, you really need the provincial government at the table. Saint John has been successful because the Province of New Brunswick has come to the table with a capital grant. It's the same in Nova Scotia. The provincial government is coming to the table with capital dollars to help fund those affordable units.

For our communities, we believe very much in the mixed-income model. Our goal is to combine market rent, which provides a sustainable cash flow, with affordability. We talk a lot about the core housing need metric, and I think the housing assessment resource tool is a great way to assess and benchmark whether you're meeting the affordability in your market.

Ms. Joanne Thompson: Thank you.

Mr. Cooper, if I could, I'll move to you. I was really interested in your model and the work you're doing, and also in the reference to integrated communities. Quayside is an example.

Would you speak to why that's important for you and your company and why it is the model that you want to bring forward as part of ensuring that affordable housing is incorporated into your housing mix?

Mr. Michael Cooper: We all live together, and I think there are so many people who don't feel that they belong. We're talking about housing now, and I think housing is the hardware. We need people to have respectful housing.

However, we've gone a step further and really focused on the soft part of it, which is how you create places where people feel that they're fortunate. We have a foundation. We send kids to camp. We had haircuts for kids before going to school. It's amazing when the people say that's the first time their kids have had a professional haircut, and they felt really special. We try to do lots of things so that people in our communities—people who live in our buildings, plus the people from the surrounding area—feel good. I think one thing that's not focused on as much is what it feels like when you're a resident or you live in an area. When we do our designs, we really try to focus on what it's going to feel like for the people who are living there as well as in the adjoining areas.

Quayside is a 4,300-unit development on Lake Ontario, right at the base of the city. It's going to have 800 affordable housing units. We're working with between 15 and 20 not-for-profits, including aging in place, and we are working with the hospital and George Brown College to create medical care right in the community.

It's really difficult to deal with the soft side and think about what everybody needs. I think what we're really missing in a lot of this is that people have to feel good about their lives, and I think it's the shared responsibility of all of us to do that.

• (1205)

Ms. Joanne Thompson: Mr. Cooper, could you elaborate on the importance of moving beyond the idea of just an isolated unit to the concept of a neighbourhood that takes on the broader space in terms of how someone is able to access what they need, and the idea of that linked to well-being? I think you referenced that.

Then I'll go to Mr. Blair on the same thing.

Mr. Michael Cooper: Harvard came out with a study last year. They measured people in the lowest quintile of income and compared their success 20 years later depending on how much time they spent with people in other quintiles. It's a massive thing that people intermingle and get to see what other people's lives are like. I think that helps people think about the different choices they have in their life and that they have the same chance as other people.

If you have all affordable housing in one spot, there's not enough diversity of thought. People don't see what their lives could be like. I think the movement towards market and affordable housing together is much healthier.

The Chair: Time goes quickly here. Thank you, Mr. Cooper.

Now we're off to MP Ste-Marie, please, for six minutes.

[*Translation*]

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

Greetings to all the witnesses.

I'm genuinely sorry we'll only have one round of questions because that really limits the discussion. We bring in experts to help us determine what can be done to resolve the housing crisis, and instead we're going to discuss routine business amongst ourselves. I'm really sorry, but we're going to retain the information provided in the presentations and the documents provided, and we're going to draw inspiration from it. I really want to thank the witnesses for being with us.

Ms. Demers, greetings to your colleagues who are in the room. Your first recommendation is to provide better financing for the construction and renovation of social and affordable housing. As we all know, an agreement was finally reached between Quebec City and Ottawa to transfer \$900 million. Even better, Quebec City has matched that amount, and \$1.8 billion will now be allocated to that file. We're really pleased about that, and you are as well, but is it enough to meet the needs?

Ms. Isabelle Demers: Thank you for that question.

[*English*]

I'll be answering in French.

[*Translation*]

We're obviously very pleased with that announcement, just as we were when it was announced that the GST would be eliminated on rental housing construction. However, according to CMHC, there will be a shortfall of 1.2 million units in Quebec by the end of 2023. That's pretty far off the mark.

For us, every gesture counts. We have to promote access to ownership to enable people to become owners if they wish to do so and to prevent people from only being renters out of obligation, not by choice. We also need to make every effort to spur construction and renovation of the housing stock, which in some instances is in very poor condition. Quebec has a very poor housing stock balance for the moment. Every unit that's removed from that stock now is one unit fewer. The most affordable housing is housing that's already built.

We need to promote renovation, not just new housing construction. We should also enhance certain CMHC programs, particularly for energy-efficient projects, and not just introduce measures such as eliminating the GST on new housing construction. That would help promote renovation and, consequently, maintenance of the existing housing stock.

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

You mentioned one of your proposals: eliminating the GST on new housing construction. I'd like you to explain that at greater length and to hear your opinion on the subject, Ms. Demers. Then I'd like to hear that of the CFIB people, if they have any further comments.

• (1210)

Ms. Isabelle Demers: Thank you. That's an excellent question.

We know that bread and butter generally aren't taxed because they're viewed as basic goods. However, housing, for a first-time buyer, is a necessity. So it should also be considered a basic good, and first-time buyers should be exempted from paying the GST on a new home.

A measure is already in place, but the value of the home can't exceed \$225,000 for people to access it. There are no longer any homes valued at \$225,000 in Canada, and the average price of a home in Quebec is \$350,000. Outside Quebec, in two thirds of British Columbia and all of the greater Toronto area, for example, no buyers would qualify for the measure, as a result of which first-time buyers can't access it.

Incidentally, 5% of the price of a house is a large amount. It's \$50,000 in many cases. That would be enough to pay the notary and the transfer tax and to buy a house. So we think it's necessary to eliminate the GST or to raise the upper threshold associated with these kinds of measures so they're accessible to more people.

Mr. Gabriel Ste-Marie: Thank you.

Mr. Guénette or Ms. Santini, would you like to comment further on the subject?

Mr. Jasmin Guénette: Very briefly, I'd say that CFIB supports the idea of granting tax relief measures to people for ownership purposes and to businesses that build houses so they have the resources to build more.

Mr. Gabriel Ste-Marie: Thank you.

I'll go back to you two, but I would ask you to be brief because I have virtually no time left.

APCHQ is requesting that the home buyers' plan, or HBP, and the first home savings account, or FHSA, be turned into intergenerational plans so that funds saved by parents can be used as down payments for their children.

Would you please explain that to us? I'd also like to know if CFIB is in favour of the measure.

Ms. Isabelle Demers: Thank you for your question.

Yes, it's one of the existing measures, but it isn't the only one. It shouldn't be viewed as the only measure. We need many measures to promote housing construction and home ownership. We want there to be an intergenerational plan enabling parents to help their children access ownership.

We're concerned about the fact that we're creating the first generation that won't have access to housing. Furthermore, given the discrepancy between the equity of a retired homeowner and that of a retired renter, we're also putting the next generation in a financially vulnerable position.

Mr. Gabriel Ste-Marie: Thank you, Ms. Demers.

Mr. Guénette, there are 30 seconds left. Would you like to say a few words?

The Chair: We don't have enough time for that.

Mr. Gabriel Ste-Marie: All right. Thank you.

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

[English]

Now we go to MP Blaikie for six minutes.

Go ahead, please.

Mr. Daniel Blaikie: Thank you very much.

I want to thank the witnesses for their expertise in their presentations, as well as their patience with the committee, which is never dealing with just one thing. I do hope my colleagues on the committee are going to find a good way to proceed that will maximize the time we have to hear from you.

Mr. Guénette, in your opening remarks you were talking about the vast requirement for housing supply across the spectrum. I know that Scotiabank has said that Canada's social housing supply sits at about 3.5%, which is half of the OECD average, and that Canada needs to increase its social housing supply. Is that included in the advocacy that you're doing today for housing supply across the spectrum?

Mr. Jasmin Guénette: We focus essentially on our members, who represent 85% of the construction workforce across the country, and how we can support small business efforts to build more housing by helping small businesses have access to more labour and by helping them cope with the increased cost of borrowing. Businesses are also facing red tape challenges and many other challenges. We are here today to speak about the different challenges our members are sharing with us and ensure that small businesses can contribute to building more houses more rapidly.

● (1215)

Mr. Daniel Blaikie: Do you agree that if Canada had an ambitious social housing building program that would create more opportunities for small businesses in the business of building housing?

Mr. Jasmin Guénette: Potentially. To have the position of our membership, we would need to ask them questions on their views of different programs to build more social housing, but the issue remains the same. It's one thing to have a program, and it's another thing to have the people to build the houses that are needed.

Mr. Daniel Blaikie: Ms. Niles, I know you were talking about the role that pension plans have been playing in the acquisition of housing and what that's meant for housing costs. I just wonder if you have some policy recommendations for the committee that you really want to emphasize or single out as being important in trying to ensure that the money Canadians invest in their pension plan isn't working at cross-purposes with the needs of the housing market.

Ms. Emily Niles: Yes, I think it's important to understand that pension funds exist to maximize return in order to provide lifetime retirement income for their members. There is no other altruistic means. I think it is often a mistaken belief that funding projects through pension funds would lead to better outcomes. There are a number of examples. Here in Ottawa, for example, hundreds of low-income, largely racialized tenants in the Heron Gate neighbourhood were displaced by a company that's partly owned by the Manitoba teachers' pension fund. That is one of many examples.

I think it's important to recognize that this isn't the proper forum for delivering affordable housing for the core housing need. It's not through workers' pension funds.

There are a number of ways that the governments could address this. I think the most important one would be requiring human rights outcomes for housing projects. If there were greater protections for tenants, this would combat some of the profit-maximizing behaviour that we see from financialized actors and attempt to restore some balance into that equation.

Mr. Daniel Blaikie: We've heard some talk around this table about the use of federal Crown lands in order to be able to incent new housing development. I am wondering if you have some guidance for the committee around what kinds of rules you think would have to be in place around the use of federal lands for new housing in order to ensure that we're maximizing the return on investment for Canadians themselves. We would expect to see their public resources used in a way that benefits the public interest.

Ms. Emily Niles: Our union's position would be that Crown lands, for the purpose of housing, should be targeted toward those in core housing need—through public housing, through co-operatives, through non-profit housing. We really think that the core housing need is being lost in the public conversation around housing right now. Those are folks for whom, really, the consequences are the most dire. I think that would be the best, most effective use of Crown lands.

Mr. Daniel Blaikie: Thank you.

[*Translation*]

Ms. Demers, are you considering using public land for housing construction?

What kind of rules do you think should be put in place to make sure that really benefits the public?

Ms. Isabelle Demers: That's an excellent question, Mr. Blaikie. Thank you for raising it.

Yes, we haven't addressed that today, but the use of public lands is a concern for us.

We have to consider various models and think differently about this so we can respond to the current crisis.

Under one of those models—and there are many—housing could be built on municipal, provincial or even federal property. You could adopt approaches involving emphyteutic leases or the possibility that people might own the built environment but not necessarily the underlying land. That would certainly make it possible to lower prices and to access ownership. It would also undermine all

efforts at speculation. It could definitely be considered as one of the measures that might be encouraged.

Obviously, if housing were a simple issue, a single measure would already have helped to resolve the crisis. In actual fact, it takes many measures to promote housing construction, housing access, access to ownership and especially choice. What concerns us right now is that Canadians don't have choice. They are either renters out of necessity or owners, but just barely. As we previously mentioned, there's a housing deficit. Some 3.5 million units will have to be built by 2030, and that number will only increase.

In short, all measures that can be taken to resolve the situation should be considered.

• (1220)

Mr. Daniel Blaikie: Thank you very much.

[*English*]

Thank you, Mr. Chair.

The Chair: Thank you, MP Blaikie.

I also want to thank the witnesses.

You probably heard the discussion. We are going to have to go back to the motion.

Mr. Philip Lawrence: Mr. Chair, I have a point of order.

The Chair: I just want to apprise the witnesses of what is going to be taking place right now.

We have to go back to the motion. Depending on how members work their way through this, it may be quick or it may not be so quick.

I have a list. I have MP Blaikie, then MP Ste-Marie and then MP Chambers.

MP Blaikie, go ahead.

Mr. Daniel Blaikie: Thank you, Mr. Chair.

I look forward to hearing what the product of the conversations between Mr. Hallan and Ms. Bendayan was. Hopefully, we can resolve this issue quickly and still have time for testimony.

I won't say any more, in the interest of time.

[*Translation*]

The Chair: Thank you.

[*English*]

MP Ste-Marie, go ahead, please.

[*Translation*]

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

First, I have a point of order.

I would request unanimous consent to allow the witnesses to leave the meeting, if they so wish.

I repeat that I have a point of order and request unanimous consent to release the witnesses immediately, if they wish to leave.

[*English*]

The Chair: Okay, is there unanimous consent to release the witnesses?

Some hon. members: No.

The Chair: There is no unanimous consent.

[*Translation*]

Mr. Gabriel Ste-Marie: That's fine.

It sends a message that there's hope.

Now I'm going to use my turn to discuss the motion for a minute.

First of all, I commend the sensitivity shown in Ms. Bendayan's motion with regard to Quebec. I acknowledge it, and I commend Ms. Bendayan for it. I'm going to vote against this motion, and that's a very strong and well supported "nay" designed to recall the positions of the Bloc Québécois.

I want to note that the logic underlying the division of powers in the Constitution Act, 1867 was that, when something concerned the system, it was federal, and, when it concerned people, it was provincial. As a result, the cultural differences between Quebec and Canada would not prevent the country from functioning. That was the compromise contemplated in Confederation.

Under an amendment made in 1951, section 94A of Canada's Constitution Act gave the federal Parliament legislative authority respecting pensions but acknowledged the preponderant authority of provincial statutes in the matter. Parliament may therefore legislate unless a province decides otherwise and prefers to do so itself. That is a right of the province.

When the federal government introduced the Canada pension plan, Quebec was enabled under section 94A to refuse to participate in the plan and to create the Régime de rentes du Québec and the Caisse de dépôt et placement du Québec. It was up to Quebec, and Quebec alone, to make that decision. It has not been Parliament's decision since the Constitution Act was amended in 1951.

The same is true for Alberta. Whether you agree or disagree with the province's choice is of no importance; it is up to Alberta alone to make the decision.

Thank you.

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

[*English*]

MP Chambers, go ahead.

• (1225)

Mr. Adam Chambers: Thank you very much, Mr. Chair.

Thank you to our witnesses.

I know you said that time is short and runs fast, but you missed the second half, which is that this is also where logic comes to die.

We have some great witnesses here today. I'd love to talk to Mr. Keith Dicker and let him know that we're maybe both wearing our "no central bank digital currency" shirts underneath our tie and suit jacket. There's Mr. Blair, who actually has a proposed project in Orillia. I think we should be able to get back to the witnesses. There is some very good testimony to be had here.

I won't take very long, Mr. Chair, other than to say that if the motion is the way it is currently written, we won't be getting a vote on it. I'll just put the position out there. If we want to try to pass the motion in its current form, we're not voting on it today. We'll talk until midnight tonight or until whenever we have resources for. People want to go home, and I understand that, but that's our initial position.

We have proposed some language, which I think is being considered right now, that would allow us to bring this motion to a vote. Since it's a report to the House, anybody can stand up in that chamber and say whatever they want about any premier in the entire country, but we cannot approve the way the motion is written right now, with the third bullet: "Stands with the majority of Albertans who are opposed to Premier Danielle Smith's dangerous plan to withdraw from the Canada Pension Plan that threaten the pensions of millions of seniors and hard-working Canadians from coast to coast."

We cannot approve that, for multiple reasons, not the least of which is that nobody even knows what Albertans think right now. They're going to be asked what they think. I personally believe they should be encouraged to stay in the CPP. I have other colleagues who may have different views. That is up to Albertans to decide. There's a whole process by which provinces can consider whether they would withdraw from the CPP.

My personal belief is that I don't think the methodology underpinning what assets are to be given to the CPP makes sense. That being said, I don't actually know what Albertans believe now. I would prefer that we encourage them to stay in it so that we can secure the CPP for all Canadians who are currently part of the program, including those people in Ontario.

With that, Mr. Chair, I think there are some discussions going on. We have the witnesses here.

Mr. Cooper, Kellie Leitch says hello. We should maybe have MP Michael Cooper come question Mr. Cooper and confuse the translators.

Since there are still some discussions going on and we have the witnesses here, I will move a motion that we have another six-minute round while the discussions are still happening, so we can use the time with our witnesses well.

The Chair: MP Chambers, did you just move a motion?

Mr. Adam Chambers: Yes. I propose a six-minute round. I'd love to get some more great insights from our witnesses. We can let the conversations happen behind the scenes.

The Chair: MP Chambers, you cannot move a motion.

Mr. Adam Chambers: In that case, Mr. Chair, I'll seek unanimous consent to allow another six-minute round so we can get some wonderful feedback from our witnesses, so that they haven't just wasted their time.

I actually think the government is just upset about what Mr. Dicker might say, because he was so ruthless on the Bank of Canada and the fiscal monetary policy. Anyway, I'll set that aside. I'll have six minutes with him later, potentially.

I want UC to go for another round here so we can get some testimony on the record while we negotiate.

The Chair: Is there unanimous consent?

An hon. member: No.

The Chair: We do not have UC.

Mr. Adam Chambers: Sorry, who didn't allow UC?

The Chair: We just do not have UC.

Mr. Adam Chambers: I wasn't sure who.

The Chair: I heard a "no".

MP Morantz, you're next on the list, and then MP Lawrence.

Mr. Marty Morantz: Thank you, Mr. Chair.

With respect to the motion we have before us, I think it would be worthwhile to read it into the record, just so that all the people who are watching understand what it is that Liberal members of this committee have put forward.

Before I read it, I have to say, again, that we have a housing crisis in this country. We heard Mr. Cooper say that we need to build 5.8 million homes by 2030 and that the cost would be over \$3 trillion. To put it in perspective for those watching, the cumulative total of the national debt is \$1.2 trillion, accumulated since 1867. Now, in a spectacular fashion, the Liberals have managed to double that in just eight years, from \$600 billion to \$1.2 trillion.

The fact of the matter is that we have some excellent witnesses here on a very important study that my colleague Mr. Blaikie put forward on a crisis that is of the highest import to Canadians at this point in time.

What do the Liberals choose to do? They choose to bring in a motion to try to wedge and divide Canadians to distract them from the government's horrible economic malpractice committed on our economy over the last eight years. That is what this is about: to divide and distract Canadians from the Liberals' terrible record. As Conservatives, we're not going to let them do it. Canadians will not let us let them do it, frankly.

About the motion itself, I know Liberal members of this committee are sitting on the edge of their seats, wondering what I think of this motion and what ideas I might be able to bring to bear on the quality of the motion. I'm sure our witnesses are going to find this conversation very interesting.

Let's read the motion into the record so that Canadians know exactly what we're talking about in the middle of a housing study. It says, "That the Chair of the committee immediately report to the House". What that means, for those watching, is that sometimes

motions come before the committee and they're not reported to the House of Commons, and sometimes they are. When a motion is passed at committee and is not reported to the House of Commons, it just ends here. We at the committee make a statement on whatever the motion is, and it doesn't go any further than that.

However, when somebody introduces a motion that includes the words "report to the House", if that motion passes in the committee, what it means is that debate can actually be taken up in the House of Commons by all members of the House of Commons. It's an important distinction that those who are watching this debate need to understand.

Let me just read it again, because I want to make sure it sinks in: "That the Chair of the committee". This is asking you, Mr. Chair, that the committee report this matter to the House, if I have that correct. If this motion did pass, Mr. Chair, it would then be incumbent upon you to report that the motion had passed and to report the content of the motion to the House. Then, what would happen is that a member of the House could stand up and call for a debate on this motion. The reality is that, I think, that's an important piece of the puzzle when it comes to debating important issues on the Hill. Sometimes an issue could be adequately debated just here in the committee. At other times, it's important that the motion also be debated in the House. Sometimes we include that proviso, that it be reported to the House, and sometimes we don't. In this case, the mover of the motion has decided to include that.

• (1230)

The motion goes on, in number one, to say that the committee "Celebrates the Canada Pension Plan". I have to say that I think it is worth celebrating. It's a very important piece of the puzzle in terms of preserving the dignity of Canadians when they retire to make sure they have sufficient income to live the lifestyle they've become accustomed to.

However, I have to say that inflationary deficits and spending policies of this government, as confirmed by not only the Governor of the Bank of Canada, but former finance minister John Manley... In fact, the present finance minister herself admitted that they fuelled the inflationary fire. Canadians are probably rightfully worried that their pensions will not go far enough in terms of allowing them that goal—to live a life of dignity in their elder years, which is the point of the Canada pension plan in the first place.

It says, "Celebrates the Canada Pension Plan as the foundation of a secure and dignified retirement for tens of millions of Canadians and a pillar of Canada's economy". Now—

• (1235)

Ms. Julie Dzerowicz (Davenport, Lib.): Mr. Chair, I'm sorry, but I have a point of order.

I don't want to interrupt Mr. Morantz, but I think at this point I would maybe ask if we could let our witnesses go. It looks like it's just going to be a waste of their time to be here.

The Chair: Thank you, Ms. Dzerowicz.

I'm just looking around to the members. I think everybody seems to be in agreement.

Mr. Philip Lawrence: No, there is still hope.

The Chair: Okay, I heard a “no” from MP Lawrence.

Mr. Marty Morantz: May I continue, Mr. Chair?

The Chair: Yes, MP Morantz, go ahead.

Mr. Marty Morantz: I'm still hoping. The witnesses are here. I know some of them travelled long distances to be here early this morning. I'm still holding out hope that maybe we'll actually be able to hear from them today, despite this inconsiderate approach by the Liberal members of this committee.

In any event, what I find interesting about the motion in clause 1 is that it actually talks about how the Canada pension plan is “a pillar of Canada's economy”. I think that's a very important part of the motion.

It gives me the opportunity, Mr. Chair, to actually talk about Canada's economy. There's so much to say. My goodness, I could go on for hours and hours. People know how I love to talk about capital cost allowances, about accelerated depreciation, about the MURBs program from the 1970s and about Mr. Asselin's testimony that our social programs are unsustainable because interest costs are outstripping economic growth.

The thing I found interesting—which put it all together for me just this morning, Mr. Chair—was this incredible opinion piece published by The Globe and Mail. I thought I would take the opportunity, only because the motion specifically addresses the matter of Canada's economy, to actually get on the record the state of the Canadian economy. I thought I would take a few minutes—not too long—to read this opinion piece into the record. I know the folks at The Globe and Mail will be very happy to see that I'm reading this important piece into the record. Let me proceed with that.

The Chair: MP Morantz, it's just starting to get off the motion.

What I would say is that I think we should dismiss the witnesses.

On that, I also want to ask members to send to the witnesses any questions that they would have liked to ask them. We would like to get those answers. Witnesses, if there is anything further you wanted to put on the record beyond your opening statement and the testimony, and the questions that you've already answered—we thank you for those—please submit that through the clerk to our committee. We would like that for our report.

Thank you very much.

My apologies, but these things happen. As we dismiss you, I want to say that you are a great group of people. We thank you for your expertise and for coming before our committee.

We will suspend.

• (1235) _____ (Pause) _____

• (1240)

The Chair: We are back.

MP Morantz, you had the floor. Then I have MP Lawrence and MP Dzerowicz.

Mr. Marty Morantz: Thank you, Mr. Chair.

Because of the interruption, maybe I should start from the beginning so that the flow of the conversation is consistent.

First, I want to say how disappointed Conservative members of this committee are. We have these incredible witnesses here today to impart their wisdom to us on the economic crisis of our day in this country, which is the housing crisis. CMHC has said we need to build 5.8 million houses by 2030, which is 3.5 million over and above what would normally be built. We heard testimony from Mr. Cooper that this would cost an astounding \$3.2 trillion, almost three times the accumulated national debt since 1867. What do the Liberals do? They dismiss the witnesses. It's very disappointing. I don't know if we'll ever get such an excellent group of witnesses back on this study again. It's too bad we didn't have the opportunity to question them, given that they were literally sitting right here.

Having said that, I will turn my thoughts to the motion at hand. I think it's important for people watching to understand how this works. The motion says that the chair of the committee—which is you, Mr. Chair—immediately report the motion to the House, if this motion should pass. The reason I'm raising this is that not every motion says that. In fact, many motions don't say that. Sometimes the committee decides that a debate on any particular motion at the committee is sufficient and it doesn't need to go any further, but other times members will include these words in a motion, that it be reported to the House.

What that means, Mr. Chair, is that if this motion should pass, it could be raised for debate in the House and be debated among all members of the House. I think it's very important for all those watching this meeting to understand the distinction between a motion that is absent the words “report to the House” and a motion that contains the words “report to the House”. This motion, in fact, contains the words “report to the House”, which means that, should it pass, Mr. Chair, you will be obligated to report the decision on this motion and the content of the motion itself to the House, where it could be taken up for debate at some future point in time.

Clause 1 of the motion says, “Celebrates the Canada Pension Plan as the foundation of a secure and dignified retirement for tens of millions of Canadians and a pillar of Canada’s economy”. I want to take a bit of a deep dive on that sentence, so let’s look at the first part. It says, “Celebrates the Canada Pension Plan”. I think all of us at this committee would agree on that. It is something to be celebrated. Canada is the best country in the world. Canada has created a pension plan that allows Canadians, in their retirement years, after working hard for so many years, contributing to their communities and raising their families—and, back then, being able to afford to buy a home—to retire in dignity. We all support that goal, and I think the words “Celebrates the Canada Pension Plan” in this motion are completely appropriate.

Then it goes on to say, “as the foundation of a secure and dignified retirement”. Again, as I said, that’s obviously something any reasonably thinking person could support.

It then goes on to say, “retirement for tens of millions of Canadians and a pillar of Canada’s economy”. Now, I have to say, Mr. Chair, that I’m glad the mover of the motion included those words, because I think it’s very important that when we’re looking at the economy, we talk about all of the economy. The fact of the matter is that the better the Canadian economy does, the more secure Canadians’ pensions are. I think most people would agree that this is true. You can’t borrow your way into a secure retirement plan. It needs to be done through economic growth.

• (1245)

That’s why I was so interested in this opinion piece, published just this morning in *The Globe and Mail*, which talks about Canada’s economy. I thought I would take a moment to actually read it into the record. It’s just so interesting. It raises so many points that are relevant to the Canada pension plan, I have to say.

The headline says, “Canada’s prosperity problem points to a lower-wage future: The country is not just losing ground relative to other countries but there is an increasing likelihood of an outright decline in living standards”.

This was written by the editorial board, just to be clear, of *The Globe and Mail*. This is the editorial board of *The Globe and Mail*.

The article says:

Thirty years ago, Canada could be rightly thought of as one of the more prosperous countries in the world. Canadians were not quite as rich as Americans, but we had many other advantages—and were better off than pretty much everyone else.

That’s the past. The present and future look to be a great deal less pleasant: Canada is not just losing ground relative to other countries but there is an increasing likelihood of an outright decline in living standards.

According to recent data and forecasts in a report from the C.D. Howe Institute, Canada’s relative prosperity is in steep decline—

These are strong words from *The Globe and Mail* editorial board and should be taken note of by all members of this committee who care about our economy.

—with this country’s gross domestic product per capita falling well below the average for the advanced economies that make up the Organization for Economic Co-operation and Development.

That’s what many people may recognize as the OECD, which is an international body.

In 1993, Canada’s real GDP per capita was 106 per cent of the OECD average. The C.D. Howe Institute forecasts that in 2024 Canada will be just 89 per cent of the average of advanced economies. Canada has also fallen compared with the United States: In 2023, this country’s GDP per capita is forecast to be less than three-quarters—

That’s less than 75%.

—that of the U.S. (Those statistics are relatively generous to Canada, since the institute has adjusted them for domestic purchasing power.)

Like so many of the big issues vexing Canada, the prosperity problem is longstanding, but has gathered speed in recent years, accelerating since the Liberals took power in 2015. It would not be fair to lay the problem entirely at the feet of the Trudeau government.

I’m going to say that, because that’s what the article says.

Now, it does go on to clarify that position—

Mr. Philip Lawrence: I disagree.

Mr. Marty Morantz: My colleague says he disagrees. I think there’s a strong argument there, but I’m just reading what it says:

Like so many of the big issues vexing Canada, the prosperity problem is longstanding, but has gathered speed in recent years, accelerating since the Liberals took power in 2015.

It then says, “The housing market is just the most prominent example.” This is pertinent to the study that we were trying to have just a few minutes ago, which got abridged because of this political motion that we’re now forced to debate.

In any event, it reads:

The housing market is just the most prominent example. There are many factors that have led to a massive housing shortage and surge in prices, but Ottawa’s failure—

There are such strong words in this editorial.

—to act aggressively to curtail the market—and in some instances to add fuel to the fire in the form of subsidies—is a key part.

Household debt is bigger than the Canadian economy, with mortgages accounting for three-quarters of that total. That’s not just a burden on homeowners—the need to fund those mortgages diverts capital from loans to, say, entrepreneurs that might be riskier but could boost Canada’s economic performance.

Pardon me, Mr. Chair. I’m just getting over a bit of a cold. I need to take a sip of water so that I can continue on with this very unnecessary but important debate.

It says:

The housing market is just the most prominent example. There are many factors that have led to a massive housing shortage and surge in prices, but Ottawa’s failure to act aggressively to curtail the market—and in some instances to add fuel to the fire in the form of subsidies—is a key part.

• (1250)

Household debt is bigger than the Canadian economy, with mortgages accounting for three-quarters of that total. That’s not just a burden on homeowners—the need to fund those mortgages diverts capital from loans to, say, entrepreneurs that might be riskier but could boost Canada’s economic performance.

Conversely, the prosperity problem makes stratospheric housing prices even more of a hardship. Mortgage costs would eat up a smaller share of household income if the economy were growing as fast as the OECD average. One crisis bleeds into another.

There's a similar story to tell with immigration. The Liberals' determination to increase immigration levels, particularly temporary migrants, does help to increase the size of Canada's economy.

But the pace of economic growth is not keeping up with the pace of population expansion, exerting downward pressure on average living standards. As with housing, the prosperity problem intensifies the challenges of higher immigration. A richer Canada would be better able to afford to build the infrastructure needed to accommodate newcomers. One crisis feeds on the other.

The problem is complex, and there will be no simple solutions.

Spurring greater capital spending is key, including tilting the tax code in such a way to encourage investment in productive assets, perhaps through broader and more aggressive amortization rules. Tearing down barriers to competition both internal and at Canada's borders are part of the equation, as well. Of course, smarter housing policy aimed at sustained supply increases will help, as would an immigration policy focused on boosting incomes rather than importing cheap labour.

Those ideas, and more, have been on offer for years. What has been missing—

This is key, Mr. Chair. I really recommend that you tune in on this part. It says:

What has been missing is a government that sees building a high-wage economy as its core mission—

This is just a damning piece on Canada's economy, which is a key part of the motion. I just want to be clear on that. I am talking about this motion because the motion actually says that the Canada pension plan is a pillar of our economy. I think it's important for those watching to understand in a more fulsome way where Canada's economy is actually at. I think this editorial really nails it.

I'll continue reading:

What has been missing is a government that sees building a high-wage economy as its core mission, and bends every policy to that end. The Liberals have been fond of saying—

This is where it gets really good, Mr. Chair. I know you'll love it.

—that their government aims to help the middle class, and those working hard to join it.

Eight years on—

Does that sound familiar to my colleagues? Who's been saying that? Who's been talking about “after eight years”? Apparently it's The Globe and Mail editorial board.

It continues on to say: “Eight years on, the prosperity problem is even more urgent, and in need of a government”—we are in need of a government, Mr. Chair—“that focuses relentlessly on the entrepreneurial class—and helping those working hard to join it.”

I just thought it was so pertinent to our discussion today. I want to thank you, Mr. Chair, for allowing me to read it into the record.

The motion goes on. There are a second and a third clause, so we should maybe take up an analysis of both of those clauses.

The second clause recognizes “the important contribution of the Quebec Pension Plan which was established independently at the same time as the Canada Pension Plan”. I think that's important to say. I think it was former prime minister Harper who recognized Quebec as a nation within Canada. Conservatives completely respect the fact that Quebec decided—many years ago, at the begin-

ning of the Canada pension plan back in the 1960s—that they wanted to have their own pension plan. In fact, as I understand it, although I'm not an expert on the Canada pension plan legislation, it is permissive of provinces having their own pension plans.

● (1255)

That is not to say that.... As my colleagues have said, I certainly would encourage Albertans, once they've had a chance to fully consider and understand the nature of the idea of going out on their own and leaving the Canada pension plan, to dismiss that idea. However, I want to say that I completely respect the luminaries. They are the intellectuals who governed Quebec in the 1960s and had the foresight to decide that, for Quebec, this was the right thing to do. Therefore, I think that's appropriate to acknowledge in this motion as well.

We then come to number three. Let me read it into the record, Mr. Chair. Number three reads:

Stands with the majority of Albertans who are opposed to Premier Danielle Smith's dangerous plan to withdraw from the Canada Pension Plan that threaten the pensions of millions of seniors and hardworking Canadians from coast to coast.

This is the “divide and distract” part of the motion. This is the political part of the motion. I want to take quite a bit of time to go through this, because I think it's very important that people who are watching understand what this motion is really about, because it's really about politics.

The first six words of number three are “Stands with the majority of Albertans”. I don't know, for instance, how the mover of this motion knows that. I really wonder where that comes from. Is that just an assumption? Did they hire Leger to go and do a poll?

Mr. Philip Lawrence: Leger is saying we'll get a majority.

Mr. Marty Morantz: Yes. I would trust Leger, because it has us up about 15 points in the polls, but I wonder. If there is a poll, I would ask that the mover of the motion table it. Wouldn't you agree?

An hon. member: *Oui.*

Mr. Marty Morantz: Yes, exactly. That seems like an awfully big assumption.

I want to say that I hope the mover of the motion is right. Frankly, I hope the mover of the motion is right that Albertans want to stay in the Canada pension plan, but I don't see how I could vote for a motion that makes such a broad assumption about the opinions of.... How many people live in Alberta these days? Is it four million? I wouldn't presume to profess what four million people might think at any given time, so I think it's a bit of a stretch to ask a standing committee of the Parliament of Canada to make such a blunt observation without empirical data to support it.

For that reason alone, number three is out. I can't see how we could possibly support it.

The motion then goes on to say “who are opposed to Premier Danielle Smith's dangerous plan”. I don't know what her plan is. I know the Liberals have a hidden agenda, but I'm not sure that Ms. Smith has a plan. I guess we'll have to see. I think what she wants to do is consult with Albertans to find out whether or not there's any buy-in for this idea among the people of Alberta. Again, we don't know the answer to that question.

With that, Mr. Chair, I could go on and on, but I think I'll simply move to adjourn.

• (1300)

Mr. Yvan Baker (Etobicoke Centre, Lib.): I have a point of order, Chair.

Can I clarify what that means? He's moved to adjourn. What does that mean?

The Chair: He moved to adjourn. We have to go to a vote.

Mr. Yvan Baker: I'm just clarifying what the vote is. That's all.

The Chair: We'll wait until Alexandre gets in the chair, so we have both here.

Mr. Marty Morantz: My understanding is that it's a dilatory motion, Mr. Chair.

If everyone isn't in their seats, that's too bad.

The Chair: MP Morantz, we're going to get to this vote.

Mr. Marty Morantz: If they're not at their seats, you have to call the vote.

If they're not here, you have to call a vote.

An hon. member: I've never seen you delay this long for a vote.

Mr. Yvan Baker: Gentlemen, I have seen you delay votes a lot of times in my time on the finance committee. Please don't go down that road with me.

I'm happy to go to the vote. I was just clarifying.

The Chair: I will turn to the clerk.

(Motion negatived: nays 6; yeas 5)

The Chair: We will continue.

[Translation]

Mr. Gabriel Ste-Marie: I have a point of order, Mr. Chair.

I find the points raised very interesting, but I unfortunately must leave you. Mr. Xavier Barsalou-Duval will replace me at the table as the representative of the Bloc Québécois.

Goodbye, and I can assure Mr. Morantz that I will check the “blues” before the next meeting so I'm informed of everything that's been said.

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

[English]

I have MP Morantz.

Mr. Marty Morantz: I do want to thank Mr. Ste-Marie. I always appreciate his perspective and his viewpoints on the important issues that come before this committee.

One of the things that I think is also very important to do is that, if we're asked to vote on a motion about the Canada pension plan, we need to do a bit of a deep dive for Canadians on what exactly the Canada pension plan is.

With that, I thought I would talk a little bit about what it does. The Canada pension plan “mandates all employed Canadians who are 18 years of age and over to contribute a prescribed portion of their earnings income (with an equal matching amount contributed by their employers) to a federally administered pension plan. The plan is administered by Employment and Social Development Canada on behalf of employees in all provinces and territories except Quebec, which operates an equivalent plan”.

We have talked about that. It's actually in the motion, in point 2. I'll just maybe revisit that so that we can confirm that.

Point 2 does say that it “Recognizes the important contribution of the Quebec Pension Plan which was established independently at the same time as the Canada Pension Plan”. That's why the plan is administered by Employment and Social Development Canada on behalf of all the provinces except for Quebec, because Quebec has its own plan, the Quebec pension plan.

This says, “Because the Constitutional authority for pensions is shared between the provincial and federal governments, stewardship for the CPP is jointly shared. As a result, major changes to the CPP (including those that alter how benefits are calculated) require the approval of at least seven Canadian provinces representing at least two-thirds of the country's population.”

That is very interesting, Mr. Chair. I don't think I realized that before.

That's really important because we're all in this together. This Canada pension plan is so important that the great minds who thought about it, who conceived of the legislation to create and give life to the Canada pension plan, decided that it should not be subject to being changed unilaterally by, for example, a single minister, like we saw, for example, in Bill C-34.

Bill C-34 gives the minister alone the authority to approve a foreign investment without the need for cabinet oversight. I have to say that, certainly, with regard to the people who drafted the CPP legislation, this provision tells me that they had wisdom. They understood that this was too big, that it would be too much power to place in the hands of any one person.

What did they do? They said that any major changes to the CPP, including those that alter how benefits are calculated, require the approval of at least seven Canadian provinces representing at least two-thirds of the country's population. That is a very high bar.

Let's see. There are about 40 million people here. Two-thirds of that is roughly about 28 million or 29 million. What is two-thirds of 40 million? It's about 25 million. I know the math is hard, but it's about 26 million or 27 million people who you would need. That's a very high bar, across seven provinces. That's a very important provision of the Canada pension plan.

I'll continue: "Provinces may choose to opt out of the Canada Pension Plan; as Quebec did in 1965, but must offer a comparable plan to its residents. Any province may establish an additional/ supplementary plan anytime as under section 94A of the Canadian Constitution, pensions are a provincial responsibility.

"The CPP Fund is a professionally managed investment fund and it is overseen by the Canada Pension Plan Investment Board (CPP-PIB), an independent organization that reports to the federal and provincial governments. The CPP-PIB's investment strategy is guided by a set of principles that emphasize long-term benefits security, a focus on quality, and a commitment to sustainability and responsible investment practices. The CPP-PIB also regularly reports on its investment performance and activities, and is subject to oversight by the federal and provincial governments."

• (1305)

As I said a little earlier, Mr. Chair, I am getting over a bit of a cold, and I'm finding it a little difficult to talk without coughing. I have to have some respect for the translators. I worry about the translators.

Hello over there. How are you? They're waving back.

Thank you very much. I want you to know that I don't want to offend your ears because of my raspy cough, so I am going to take a bit of a break to rest up.

My colleagues who can speak more clearly will take up the microphone and I will relinquish the mike.

• (1310)

The Chair: Thank you, MP Morantz.

Our interpreters do a fabulous job, and we always want to protect them as much as we can.

Now, I have MP Lawrence.

The floor is yours.

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

Chair, could you give us an update as to how long we have resources? I hope it's a long time because I have a lot of material to go through.

The Chair: I understand that we do have resources for a long time.

Mr. Philip Lawrence: A long time—thank you for your specificity.

Mr. Daniel Blaikie: You're still trying to personally raise Canada's productivity—

Mr. Philip Lawrence: Do you know what? That might be my election sign in the next campaign.

Heckles are coming from the NDP, but it's no surprise after eight years of an NDP-Liberal government that there is frustration brewing.

It was good for the chair to point out the last time I had the floor with respect to this motion that we should stay directly on topic, so I just want to start here so I can get ahead of any objections to the discussion I'm going to have.

My colleague, Mr. Morantz, actually pointed this out to me. In the first line of the motion it says, "Celebrates the Canada Pension Plan as the foundation of a secure and dignified retirement for tens of millions of Canadians and a pillar of Canada's economy". Of course, Conservatives agree and we would encourage Albertans to stay in the CPP, but what I really want to point out there is "a pillar of Canada's economy". Right in the motion there is talk about Canada's economy.

That's what I'm going to talk about. I'm going to talk about the motion and specifically Canada's economy, as it is in the very text of the motion, in fact, in the first line of the motion. We couldn't get much more germane than talking about something deliberately put into the motion, I would suspect.

I'm going to start by talking a little bit about carbon tax math. Of course, originally I had the great privilege of asking the Governor of the Bank of Canada what the inflationary impact of the carbon tax was. I've repeated this multiple times. It just doesn't seem like those on the left can do math, because they don't understand what the Governor of the Bank of Canada said. He said it clearly over the last two years, and they still don't understand it.

This is what Governor Macklem, who, by the way, is a Liberal appointee working for the Bank of Canada, hardly a right-wing partisan hack, said. He said that 0.6% of inflation—that's 60 basis points; that's a huge massive amount of inflation—can be directly attributed to the carbon tax on fuel. It's not even comprehensive. It doesn't include all the economic impacts of the carbon tax. He said the direct impact is 0.6%.

Right now, inflation is at 3.8%. If Prime Minister Trudeau were to rise in the House of Commons today and say, “We are introducing legislation to eliminate the carbon tax,” I’m pretty sure that our party would give unanimous consent to get it done. We could remove it literally in one day. We would remove that 0.6%, which equates to 16% of total inflation. It should be pointed out that there’s a part, a small amount of inflation, that is “healthy inflation”, and you certainly don’t want to go into disinflation, so 2% is the target of the Bank of Canada. That’s healthy inflation. Everything above that is excessive and unhealthy, and that’s what’s contributing to your mortgage going up, your rent going up and your food costs going up. If you look at that 0.6%, that’s actually 33% of unhealthy inflation. This is massive.

We hear lots of demagoguing and frustration, but this is just math. Reasonable minds can disagree on things, and I understand that, given all the economic theories and other discussions as to how an economy should work, but on math there should be no disagreement.

Despite this—and we can pull the Hansard—I heard numerous members of the NDP-Liberal coalition, the costly coalition, note that it was actually 0.15%. Governor Macklem never said that. What he said was that the increase in inflation was 0.15%. What’s more is that, if you want to include the increase, we’re actually going to be quadrupling—if this government stays in power, God forbid—the carbon tax. That means it will have an inflationary impact of over 2%, of over 200 basis points.

• (1315)

Markets don’t just price in the things that happen right now. They’re pricing in things in the future. The impact of that is absolutely dramatic.

In addition to the inflationary impact, I was really looking forward today to hearing from the CFIB, because it’s done great work on the impact of the carbon tax. Actually, right here, in its submission, it’s actually quoting the Parliamentary Budget Officer. Once again, this is the budgetary watchdog appointed by whom? Oh, it’s the Liberals.

Herein I read:

For instance, a 2022 report from the the Parliamentary Budget Officer showed that a \$170/tonne...on carbon will reduce real [GDP] in Canada by 1.3% by 2030 as well as result in a 2.3% reduction in labour income—

That’s 2% of labour income across the board, which is hundreds of millions of dollars, if not billions of dollars.

—and a 3.6% decline in investment income. Other reports estimate a 1.8% reduction in GDP and...almost 200,000 jobs [lost] nationally....

That’s because of the carbon tax.

They say that we’re facing climate change. I’ve said it numerous times. Just so my Liberal members can hear me clearly: Climate

change is real. I’ve said that consistently since I was elected. However, the other part that’s real is that the carbon tax isn’t impacting climate change. How many emissions reduction targets have we, as a country, hit in the last eight years? How many? You are right. It’s zero, not one.

Actually, the environment commissioner was out just the other day and said that we’re not on target to hit the 2030 targets, that we’re not going to hit our Paris accord targets. The only time that there’s ever been, in the last eight years, any meaningful reduction in emissions was because of COVID. Other than that, this government’s track record on emissions reductions is bleak at best.

The carbon tax is all pain and no gain. It is hurting our economy. When we look at this, it’s particularly.... If our economy were going gangbusters—

The Chair: Excuse me, MP Lawrence. I’m going to interject.

We’re going to suspend just so that we can give our interpreters some time, and then we’ll be back.

Mr. Philip Lawrence: Sure. Our interpreters are doing a great job.

Thank you.

The Chair: We’ll suspend.

• (1315)

(Pause)

• (1325)

The Chair: Members, we’re back, but it’s just for some information. We are looking to be back, possibly, at 3:30 p.m.

We’re suspended until then.

• (1325)

(Pause)

• (1535)

The Chair: Members, we’re back.

I was conferring with the clerk. We’ve had some technical challenges that we were dealing with.

At this time, we are going to adjourn. We will be coming back to this when we get back to Ottawa, and that will be on November 20.

An hon. member: Are we adjourning the meeting?

The Chair: We are adjourning and coming back to this on November 20. Are members good with that?

Some hon. members: Agreed.

The Chair: Okay. We’re adjourned.

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