

## EDELMAN UPDATE

# END OF SESSION UPDATE

June 21, 2024

## SUMMARY

On June 19, 2024, the House of Commons rose and concluded the 2024 spring sitting, marking the end of a politically turbulent session.

The cost of living, housing affordability, and healthcare topped political agendas and continue to be the leading issues heading into the summer. Foreign interference also developed as a key concern this session with the National Security and Intelligence Committee of Parliamentarians (NSICOP) report highlighting the shortcomings in the government's response to the issue and, most notably, revealing that some Parliamentarians are 'semi-witting or witting' participants in the efforts of foreign governments attempting to interfere in Canada's political process. As public pressure grows, the next steps will be up to Justice Marie-Josée Hogue, the Commissioner of the public inquiry into foreign interference as the House of Commons adopted a motion to have her review the NSICOP report.

Despite all the noise this session, the government was able to make headway on some of its key legislative priorities. This included advancing many promises outlined in its Supply and Confidence Agreement with the NDP, including tabling and passing dental care and childcare legislation. Just before the House adjourned, the government passed the 2023 Fall Economic Statement and moved the Budget to the Senate, both of which were subsequently given royal assent on June 20th.

While the government made progress on some of their top priorities, some notable items remain outstanding. Neither the *Pharmacare Act* nor the National School Food Program have been passed by Parliament, while the contentious capital gains tax increase also did not make it before the House prior to the conclusion of the session. These pieces of legislation will likely be priorities in the fall.

Over the course of the 2023-24 session, the Conservative Party, under the leadership of the Hon. Pierre Poilievre, was able to maintain their lead in the polls, consistently ranking as Canadians' top choice over the governing Liberals. The Toronto-St. Paul's by-election, where Liberals lead by a slim margin of 5 percentage points, on June 24th will be a key indicator of the political temperature in the country, as the resiliency of a Liberal stronghold will be tested under this current political climate.

### LIBERAL-NDP SUPPLY & CONFIDENCE AGREEMENT

As the session closes, the Supply and Confidence Agreement is still intact – for now. Set to expire in June 2025, the government has introduced measures to address many of the commitments included in the agreement.

That includes, notably, a national pharmacare program. Liberals introduced the initial form of a pharmacare program this spring in Bill C-64, covering contraceptives and diabetes medications. The Bill passed in the House and is currently before the Senate. The Canadian Dental Care program, also a staple of the agreement, is in progress as of spring 2024.

Not yet addressed by the Liberals, but committed to under the agreement, is action to introduce a long-term care act.



#### BILL C-69

**An Act to implement certain provisions of the budget tabled in Parliament on April 16, 2024 (Budget Implementation Act)**

This Bill would implement certain provisions of Budget 2024. It was first introduced in May 2024, and was given royal assent on June 20th. This bill will help dictate the economic landscape going into the fall and looking beyond to the next federal election.



#### BILL C-65

**An Act to Amend the Canada Elections Act (Election Participation Act)**

Introduced in March 2024, this bill amends election laws to remove barriers to voting, including implementing a three-day voting election period. It would also push the current scheduled election date from October 20, 2025, to October 27, 2025, allowing MPs elected in 2019 to remain in office long enough to receive their pension. This bill is a key part of the Liberal-NDP Supply and Confidence Agreement signed in 2021.



#### BILL C-64

**An Act Respecting Pharmacare (Pharmacare Act)**

A plank of the Liberal-NDP Supply and Confidence Agreement, this bill sets up the framework for a national pharmacare program, beginning with affordable contraceptives and diabetes medication for Canadians. As the Bill did not pass before the end of this spring session, it will likely be a top priority for the government heading into the fall session.



#### BILL C-58

**An Act to amend the Canada Labour Code and the Canada Industrial Relations Board Regulations, 2012**

Anti-scab legislation has been a top priority for the current government for some time now. Having recently been given royal assent, this bill would ban the use of replacement workers in federally-regulated businesses such as telecoms, banking, ports, and airports during strikes other than in emergency situations or for front-line workers. It is aimed at creating disruptions during strikes to push both employers and workers towards a solution that is mutually beneficial.



#### BILL C-26

**An Act respecting cyber security, amending the Telecommunications Act and making consequential amendments to other Acts**

First tabled to the House in 2022 by then-Minister of Public Safety Marco Mendicino, this legislation aims to bolster cyber security across the financial, telecommunications, energy, and transportation sectors. It would prevent telecom networks from incorporating hardware from adversarial countries that may put Canadians at risk and seek to strengthen Canada's critical infrastructure against emerging digital threats. Currently sitting at second reading in the Senate, this bill has seen widespread cross-partisan support and has been identified as a priority piece of legislation for the government.



#### BILL C-70

**An Act respecting countering foreign interference (Countering Foreign Interference Act)**

Introduced in early May 2024, C-70 would introduce new criminal provisions against deceptive or surreptitious acts, allow for the broader sharing of sensitive information and establish a foreign interference transparency registry. The transparency registry would require certain individuals to register with the federal government to help guard against this. With widespread partisan support, there is a consensus that this bill needs to be in place before the next federal election, with some amendments. This bill was given royal assent on June 20th.

## KEY COMMITTEE STUDIES

### FEDERAL GOVERNMENT CONSULTING CONTRACTS AWARDED TO MCKINSEY & COMPANY

**Committee:** Standing Committee on Government Operations and Estimates (OGGO)

**Summary:** This study investigated federal contracts awarded to McKinsey & Company.

**Findings:** The study identified procurement transparency and cost-benefit issues. Recommendations included better oversight, competitive bidding, and impact assessment of consulting services.

### CANADA–PEOPLE’S REPUBLIC OF CHINA RELATIONS

**Committee:** Special Committee on Canada–China Relations (CACN)

**Summary:** This study reviewed the current state and developments in Canada–China relations, focusing on diplomatic, economic, and security aspects.

**Findings:** The study highlighted several areas of concern, including increased Chinese influence in Canadian politics, economic dependencies, and cybersecurity threats. Recommendations included diversifying trade partnerships, enhancing national security measures, fostering collaboration with international allies, and promoting human rights dialogues.

### ARRIVECAN APPLICATION

**Committee:** Standing Committee on Government Operations and Estimates (OGGO)

**Summary:** This study analyzed the ArriveCAN application used during COVID-19.

**Findings:** The ArriveCAN application was found to be effective in facilitating public health measures during the pandemic. However, it raised significant concerns regarding privacy and procurement transparency. Recommendations included enhanced data protection measures, and a thorough review of cost-effectiveness and procurement.

### STATE OF AIRLINE COMPETITION IN CANADA

**Committee:** Standing Committee on Transport, Infrastructure and Communities (TRAN)

**Summary:** This study examined the current state of airline competition in Canada, including pricing, service quality, and market accessibility.

**Findings:** The study found notable limitations on competition from low-cost carriers and significant disparities in pricing and service quality across different regions. Recommendations included regulatory reforms to enhance competition and lower entry barriers for new airlines, and measures to protect consumer rights and increase transparency in pricing and services terms.

### POLICY DECISIONS AND MARKET FORCES THAT HAVE LED TO INCREASES IN THE COST OF HOMES IN CANADA

**Committee:** Standing Committee on Finance (FINA)

**Summary:** This study examined factors driving rising housing costs in Canada.

**Findings:** The study identified restrictive zoning, foreign investment, and insufficient supply as key issues. Recommendations included policy changes to increase housing supply, ease zoning restrictions, and curb speculative investment.

### 2026 CUSMA REVIEW

**Committee:** Standing Committee on International Trade (CIT)

**Summary:** This study discussed the effects of CUSMA on businesses as well as the Canadian political landscape.

**Findings:** The study has identified uncertainties with the CUSMA renewal, such as the effectiveness of dispute resolution systems, and the forthcoming federal elections in all three countries. Negative reactions to certain pieces of Canadian legislation, such as the Online Streaming Act, have been identified as concerns in the review. Minister Mary Ng reiterated that Canada is a strong leader in resource production and that she is confident going into the review.

## LOOKAHEAD TO FALL 2024

On Monday, September 16, 2024, the House of Commons will return following their 12-week summer recess. Several important items from the previous session will occupy the legislative agenda when MPs return to the capital after a summer in their ridings. These include Bill C-63, *the Online Harms Act*, Bill C-322, *the National Framework for a School Food Program Act*, Bill C-27, *the Digital Charter Implementation Act*, and Bill C-65, *An Act to Amend the Canada Elections Act*.

The Senate's fall agenda will likely feature notable legislative items that were not passed through during the last session, such as Bill C-26, *An Act Respecting Cyber Security*, and Bill C-64, *An Act Respecting Pharmacare*, pursuant to the government's Supply and Confidence Agreement with the NDP.

In the final days of the spring session, the government introduced the long-awaited bill C-72, *the Connected Care for Canadians Act*. Recognizing that the current health record system is disjointed for Canadians, this allows for secure data sharing and would prohibit data blocking. This has been a promise of the Liberals in every election since 2015.

Top-of-mind items for parliamentarians will likely

include the discourse on foreign interference following the NSICOP report tabled last week, the continued conversation surrounding ArriveCAN and the use of external consultants, and perennial topics such as the carbon tax, housing affordability, healthcare, and government spending.

Notably, the United States presidential election will dominate the North American news cycle, with discussion on how the election's outcome will affect its diplomatic and trade relationship with Canada and the management of our shared borders and supply chains.

Going into the fall, there will likely be continued discussion on polling and what it means for the future of the government and the possibility of an election. Polling suggests that if an election were to be held today, the Conservative Party would gain a majority of seats. This is a key consideration for the government going into the fall session as it will dictate their approach to their legislative agenda.

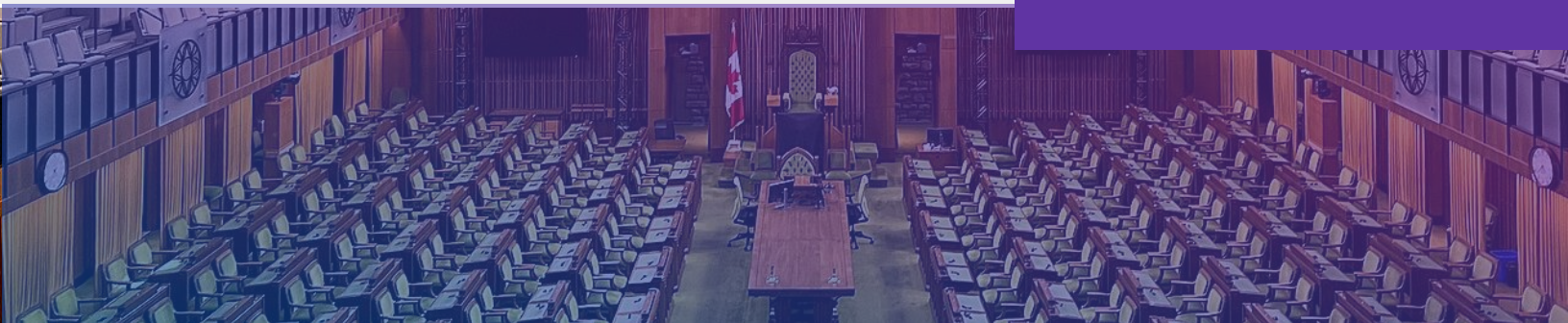
## THE NEXT GENERAL ELECTION

The next federal election is currently slated to be held on or before October 20th, 2025. However, under the provisions proposed by Bill C-65, the election date could be extended to October 27th, 2025, if an election is not called prior to that date.

With less than half of the seats in Parliament, Liberals are depending on the NDP to keep the government going. If their agreement were to be ended by either side, Canada could face an early election.

Following the proclamation of new electoral boundaries on September 22, 2023, the next election will be the first to use the new 343-seat electoral map which is based on the 2021 Census.

Several incumbent MPs have announced that they are not running for re-election, including 12 Liberal MPs, 4 Conservative MPs, 5 NDP MPs, and one independent. In addition to the upcoming Toronto-St Paul's by-election, there are two other outstanding by-elections in Elmwood-Transcona (MB) and Cloverdale-Langley City (BC), with no dates having been announced as of yet.



## OUR POINT OF VIEW



The Liberal government is showing its age after nine years, with a series of challenges plaguing their political fortunes from contracting and procurement issues to foreign interference. As a result, communicating a consistent and unified message that connects with the Canadian public has been challenging this session. Nonetheless, the government has been able to move along historic legislation with the support of their Supply and Confidence partners in the NDP, including dental and pharmacare.

As the cost-of-living crisis dominated the discussion throughout the year, Conservatives have built an imposing lead over the Liberals throughout the session. Now, the Liberals face very difficult odds to win the next election and remain in power.

With just a year left in the Supply and Confidence Agreement, Prime Minister Justin Trudeau continues to look to define his legacy, while the NDP and Conservatives look to define themselves as governments in waiting. Expect Pierre Poilievre and the Conservatives to utilize the summer BBQ circuit to their full advantage, driving home messages of affordability and lower taxes with hopes of growing their sizable 20-point polling lead further.

**Darcy Walsh, President, EGA Canada & General Manager, Ottawa**



This session of Parliament started with the Trudeau government hoping to reset their focus, re-energize their caucus and voting base and regain the trust of Canadians by the summer break. The mission has failed. The government has solidified their polling deficit with Pierre Poilievre's Conservatives with a consistent 15–20-point gap. Public anxiety over the economy and inflation has not been calmed, the perception of foreign interference in our democracy lingers without serious response, and polls show the public has turned their back on Prime Minister Trudeau and want to see him replaced.

For the Conservatives, record fundraising, caucus unity, a consistent and strong performance by Pierre Poilievre and issues breaking their way has resulted in the best health that the party has seen in over a decade. The summer will be dominated by chatter about Prime Minister Trudeau's future and who alternatives to his leadership might be. American presidential politics will creep more and more into our focus, and Canadians will continue hoping for future interest rate cuts, greater global stability and anticipate the coming election countdown to 2025.

**Hon. James Moore P.C., Senior Advisor, EGA Canada, Former Federal Minister**



As the House rises and MPs welcome the opportunity to get away from Ottawa, the Public Service will equally welcome their departure. It has been a very demanding spring for the Public Service as they have seen their competence and integrity challenged and dragged through polarized debates in Parliamentary Committees. The consequence has been an erosion of trust and confidence by Canadians in the professional public service of Canada.

There will need to be a serious focus on how to restore confidence and rebuild trust, within the institution, with their political masters, with Parliamentarians and with Canadians; and the public service will need to be forthright about the costs and implications of not taking action here.

Over the summer and into the fall, the public service will be focused on addressing the backlog of things that have been announced in the last six months that are awaiting action. They will need to be ready for the outcome of the US elections; what the risks, opportunities and implications are for Canada.

There will also be a team in each department starting to look at transition planning ahead of the next election.

Despite opposition efforts to press the government on a number of fronts, hoping a scandal would stick, the Liberals successfully navigated several inquiries and studies. Issues that were supposed to sustain a longer negative narrative lasted for only a few short news cycles or didn't stick to the government at all.

There has been a noticeable shift in the government's communication strategy. It has been more purposeful and focused on controlling the narrative. We saw this in their Budget rollout, as well as a more disciplined thematic approach.

This summer we can expect government members to focus on communicating capital gains changes and selling the merits of their housing and affordability efforts.

The relatively strong performance this spring hasn't resulted in the hoped for bump in popularity. Caucus and political media will continue to focus on the polling results and what they mean for the government.

As inflation and interest rates come down and the government pursues a "generational fairness" strategy, and American voters go the polls, the potential Canadian ballot box question and political landscape could look very different a few months from now. At least, that's the hope.

**Robert Fonberg, Senior Advisor, EGA Canada, Former Deputy Minister**



**David Rodier, Managing Director, Corporate Communications, EGA Ottawa**



**DARCY WALSH**  
President  
Edelman Global Advisory, Canada  
General Manager, Ottawa  
Darcy.Walsh@edelmanega.com



**DAVID RODIER**  
Managing Director,  
Corporate Communications, Ottawa  
Edelman Global Advisory, Canada  
David.Rodier@edelmanega.com



**ROBERT FONBERG**  
Senior Advisor  
Edelman Global Advisory, Canada



**HON. JAMES MOORE, P.C.**  
Senior Advisor  
Edelman Global Advisory, Canada

