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March 16, 2021

Mr. Sean Casey, M.P.
Chair
Standing Committee on Human Resources, Skills and Social Development and the Status of
Persons with Disabilities
House of Commons
Ottawa ON K1A 0A6

Dear Mr. Casey:

This letter is in response to your letter that we received on March 9, in relation to a motion adopted on February 2, 2021, by the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities. As requested, I am pleased to provide our response to Access to Information Request AF-2020-00087/ML (Annex A), to clarify my testimony before the Committee on November 4, 2020, and to provide a breakdown of expenditures related to Canada Mortgage and Housing Corporation's (CMHC) possible rebranding as Housing Canada (please refer to Annex B).

I understand that the motion passed by the Committee stems from an article published by a reporter but is behind a paywall. We have repeatedly asked for a copy of this article from the Committee Clerk to no avail. Most recently, MP Brad Vis' Office encouraged both the Library of Parliament and CMHC to subscribe to the site and pay the fee to obtain a copy of the article. This is perplexing given that the Committee passed a motion based on an article that neither I nor the Canadian public have ready access to.

Nevertheless, I am happy for the opportunity to clarify questions that former Committee member, MP Schmale, raised concerning expenditures related to rebranding. I will also take this opportunity to demonstrate that CMHC has taken very unusual steps to minimize the cost of our rebranding.

Banfield Agency Expenses

While I do not have access to the source article, I presume Mr. Schmale's question was seeking to resolve the \$109,000 plus GST paid to the Banfield Agency, mostly in 2019. We confirmed this via a response to an Access to Information request that requested documents related to "Marketing Agency Costs."

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During my testimony, my very quick reply to Mr. Schmale's inquiry included a reference to having not used external resources. By that I meant that we had not used government Appropriations, or taxpayer funds external to CMHC. CMHC runs a non-profit "assisted" housing business and a for-profit commercial business. We maintained a strict isolation of rebranding costs so as not to come at the expense of parliamentary-approved housing programs, even though these now comprise two thirds of our revenues.

Additional Amounts

CMHC's Board of Directors approved this name change in August 2019. The research portion of the project included total third party costs of just shy of \$1 million. These moneys were spent largely on brand strategy planning (Banfield), preparatory IT costs (Accenture), and concept testing. Please refer to Annex B for the itemized breakdown of expenses you have requested.

Rebranding Project

Our current brand dates back to 1979, more than 40 years ago. Only nine of the 30 federal ministries then in existence retain the same name (e.g. National Defence, Veterans Affairs, Treasury Board). Indeed many more Crown corporations have updated their names and brands. Brand refreshes are standard corporate initiatives used to reposition an enterprise with its customers. They often follow strategic repositioning in order to gain attention and prompt client engagement.

In our case, the substantial transformation of CMHC, including an April 2019 client-driven reorganization, all but demand a name and logo change. CMHC's Board of Directors approved this name change in August 2019.

We have delayed the launch of this rebranding pending the end of the pandemic and assurances from the Government as to such timing. Notably, our principal competitor in the mortgage insurance business rebranded itself in October 2020. We have been operating at a competitive disadvantage in deferring our own rebranding. In any event, we will not match their investment in rebranding.

Comparative Rebranding Spending

Not only am I sure that our rebranding costs compare extremely favourably to that of our competitor, we would also cite recent projects by Ingenium and BDC, which are both Crown entities. It is worth adding that I believe we are the only commercial Crown Corporation that does not advertise for its commercial activities.

Mr. Schmale's inquiry concerned \$109,000; the entire scope of our spending is less than \$1 million for a company that manages \$284 billion in assets and earned \$1.7 billion in net income last year. Compare that to the \$25 million spent ten years ago to rebrand the Museum of Civilization as the Canadian Museum of History, an organization one tenth the size of CMHC.

CMHC's Frugal Approach

I believe Committee members should be impressed with the several unusual steps we took, quite deliberately, to ensure that taxpayer monies were not being diverted for our rebranding. Indeed, I am confident that our rebranding plan is the most cost-effective plan by any large company in Canada in recent memory. I note the following:

1. **No change to legal name** — We proposed that only our trade name change and not the legal name of the corporation carrying on business. This was done to avoid expensive legal costs on contract amendments and other unnecessary expenses.
2. **Use of internal resources** — From the outset, we have minimized third party costs. A four-person internal team completed the brand research, strategy, concept and design work — as well as focus group reviews, all with minimal third party support.
3. **No advertising** — I believe CMHC to be the only federal commercial Crown Corporation operating in a competitive market not to advertise. Canada Post, BDC, EDC, Farm Credit Corp, VIA Rail and CBC all engage in advertising. We deliberately did not include advertising in our plan.
4. **Extended roll out** — Last, in order to reduce our costs further, our roll-out plan would delay office signage and stationery replacement until current stores were used or signs need replacement.

Frankly, the CMHC team should be commended for their frugality and efficiency, not criticized. They have conceived of a brand repositioning using modern social media that enable super low-cost rebranding strategies. I'd be delighted to compare the cost per unit of anything of our work versus anyone's.

We are nevertheless anxious to present a renewed CMHC to Canadians as "Housing Canada" and deliver on our "big hairy audacious goal" that by 2030 everyone in Canada has a home that they can afford and that meets their needs.

I hope that we can count on the support of all Parliamentarians as we work diligently to achieve our 2030 goal, including a brand refresh that supports our work.

Sincerely,



Evan Siddall
President and Chief Executive Officer



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