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## Standing Committee on Finance

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**Thursday, October 21, 2004**

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**Chair**

**Mr. Massimo Pacetti**

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## Standing Committee on Finance

Thursday, October 21, 2004

•(0930)

[English]

**The Chair (Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.)):** Could we start, please?

Considering that we have a half an hour, if it's okay with everybody, the meeting will extend till 10:05. So Mr. Loubier has half an hour.

Considering that we're going to go around the table, I'd like to give about two minutes to each speaker, if that's fair.

[Translation]

Before we get started

[English]

I just want to thank everybody for their cooperation in getting out the reports. It was done expeditiously and effectively. It was tabled yesterday, so thank you very much.

[Translation]

You have the floor, Mr. Loubier.

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Are you referring to the report on textiles, or to the one on beer, jewellery and so forth?

**The Chair:** To both. I've tabled both reports.

**Mr. Yvan Loubier:** Wonderful. I'm delighted to hear that.

Mr. Chairman, last week, I moved a motion to which I appended an amendment over 48 hours ago. The full text of the motion reads as follows:

That the Finance Committee mandate four specialists in budgetary estimates, one per political party, to provide quarterly estimates on the federal government's revenues, expenditures and surpluses and to take a critical look at the figures provided by the Department in these regards, such special group to be accountable only to the Finance Committee and paid by it. The group would continue its work until such time as the Committee made recommendations, in the context of its Order of Reference arising from the Speech from the Throne, on independent tax advice on the estimates.

The aim of the motion is to ensure that before the Committee turns its attention to the Order of Reference arising from the Conservative amendments to the Throne Speech, it has accurate data on public finances available to it, specifically surplus estimates for the current and for future fiscal years. A special group such as this one composed of specialists selected by each party and accountable only to the Finance Committee will lend a different perspective to the evolution of federal government finances, instead of our having to rely solely on party estimates, as we have been doing since 1995, or

on departmental estimates, an inconceivable option given the approximately 400 per cent margin of error in recent years. Mr. Chairman, I hope my motion will be favourably received by committee members.

•(0935)

**The Chair:** Thank you, Mr. Loubier.

[English]

Mr. Penson.

**Mr. Charlie Penson (Peace River, CPC):** I agree with Mr. Loubier's motion, but in the context that we had all-party agreement to pass the amendment yesterday in the House, I would like to move an amendment, which would even take that process a little bit further, to start implementing the process.

Perhaps I can read the amendment that I am proposing. It is that the motion be amended by deleting the last paragraph, and inserting after the word "that" in the first line the following: "in relation to the order of reference arising from the throne speech, the committee begin a study and make recommendations relating to the provisions of independent fiscal forecasting advice for parliamentarians, including the consideration of recommendations of the external expert, and until the committee reports".

Mr. Chairman, I could read what the amended motion would consist of completely, if that would be helpful. The amended motion would then read: "That in relation to the order of reference arising from the throne speech, the committee begin a study and make recommendations relating to the provisions of independent fiscal forecasting advice for parliamentarians, including the consideration of recommendations of the external expert, and until the committee reports; the finance committee mandate four specialists in budgetary estimates, one per political party, to provide quarterly estimates on the federal government's revenues, expenditures, and surpluses, and to take a critical look at the figures provided by the department in these regards, such special group to be accountable to the finance committee and paid by it."

I would like to move that amendment.

**The Chair:** It is a subamendment. We can either wait the 48 hours or we can vote to accept it.

**Hon. John McKay (Scarborough—Guildwood, Lib.):** I'm happy to deal with the whole thing together, rather than insist on procedural regulations.

**The Chair:** That's right. Let's deal with it.

Mr. Loubier.

[Translation]

**Mr. Yvan Loubier:** Mr. Chairman, I listened to what Mr. Penson had to say. I'm rereading the proposed amendment to my motion and I think it does add to it in a positive way. It would mean that the committee could get down to the business of following up on the Order of Reference arising from the Throne Speech. I don't have a problem with this. On the contrary, I think the amendment reinforces my motion and I'd like to thank Mr. Penson for his contribution.

[English]

**The Chair:** When would you recommend that this study begin?

**Mr. Charlie Penson:** Mr. Chair, considering that we are going to be starting our pre-budget hearings, I would recommend that some time be allotted, a couple of days at least, during that process. In other words, make some room during the pre-budget process so that we can start the study on the budgetary provisions that this motion would develop.

One of the reasons that we thought it wise to bring it here today is because we are going to be considering the pre-budget process after this meeting, and therefore we need to start thinking about the timing of it. I believe that this process needs to be complete before we rise for Christmas, so we need to build some time in. I think others would like to add to that.

**Mr. Monte Solberg (Medicine Hat, CPC):** Mr. Chairman, given the fact that the finance minister is going to be doing his economic update, say before the Remembrance Day break, I think it would probably be timely to have these experts come in and comment on his numbers and what he's proposing and give us a sense of whether he is on the right track.

• (0940)

**The Chair:** My question is, can we wait until the beginning of December, once we've finished the pre-budget consultation? From the discussions we had in the steering committee, we were going to propose that some of these issues be addressed by looking to the experts, and then we were going to look at what we were going to do as a committee.

[Translation]

**Mr. Yvan Loubier:** Mr. Chairman, early December will be a little late to begin the study, in my view. We could initiate some pre-budgetary consultations and still meet, however, with the four specialists during the first or second week of the consultation process to get some feedback from them.

It's important to set some parameters for our study. When the minister appears before the committee, he will be throwing out some figures at us. Furthermore, an economic and financial update is expected sometime in the next few weeks. We want some tools right away that we can use to compare the minister's and the department's estimates with those of a four-person group of specialists.

At the very least, we need to move forward with this, that is set up the special group and meet with it once or twice, to establish some kind of scale with respect to revenue, expenditure and surplus estimates.

[English]

**The Chair:** Mr. McKay.

**Hon. John McKay:** With respect to what was passed last night, don't we need a formal order of reference from either Parliament or the government in order to deal with this issue? I think it's premature for the committee to deal with what we passed last night until it's actually received by the committee, and I'm not clear on my procedure as to whether it's receivable from Parliament or is receivable from the government.

**A voice:** Parliament.

**Hon. John McKay:** I would have thought so, but it has not been formally transferred to this committee at this point. There is a form by which it's done, I think, and I'm not absolutely certain how that—

**The Chair:** Yes, from what I understand as well, the government has to decide in what form and when they're going to give us those instructions or directions. Correct me if I'm wrong.

**Hon. John McKay:** So anything with respect to the order of reference, at this point, is premature.

**The Chair:** Yes, it's premature. Very good point.

**Hon. John McKay:** So if that's true, then Charlie's motion, and possibly Yvan's amendment, may be premature as well.

**Hon. Maria Minna (Beaches—East York, Lib.):** They're not listening to you.

John, do you want to wait? They're having a meeting over there, so you'd better wait and see, because nobody is listening to what you're saying. They're not listening, so what's the point of talking.

He had a point that I think is valid, but they're not listening to his point.

**Hon. John McKay:** My simple point is that anything that refers to the order of reference, which we anticipate receiving, is premature; and until it's received, it would appear, procedurally, that these amendments at least are out of order—in which case, then all you're dealing with is the substance of Yvan's motion, which is the four economists. Is that a fair analysis?

**The Chair:** Yes.

From my discussions I had yesterday, it is premature.

[Translation]

Can you confirm that, Mr. Dupuis?

**The Clerk of the Committee (Mr. Richard Dupuis):** The amendment adopted in the context of the Throne Speech invites the government and the House to send an Order of Reference to the Standing Committee on Finance. It is not an Order of Reference as such. Three committees are singled out: Human Resources Development, Finance and Procedure and House Affairs.

This matter has been discussed at considerable length and for the moment, it seems clear that this is not an order of reference.

[English]

**The Chair:** Thank you.

Monsieur Côté.

[Translation]

**Mr. Guy Côté (Portneuf—Jacques-Cartier, BQ):** Thank you, Mr. Chairman.

If I understand correctly, even if we can't send an order of reference, there is nothing preventing us, technically speaking, from striking a subcommittee—perhaps that's not the right choice of words—to examine the Finance Department's budgetary estimates.

In that regard, I don't see why such a motion would not be deemed in order. The worst that can happen, if the order of reference ever comes before the committee, is that we have simply made a head start. I don't see what the problem is.

• (0945)

[English]

**The Chair:** Ms. Minna.

**Hon. Maria Minna:** Yes, thank you.

Mr. Chair, I have no difficulty with Mr. Loubier's motion, and I didn't have until I came in this morning, because of course what it's doing is addressing the work this committee is doing, and at some point we would get the reference and then we'd continue with that. This is the preliminary work, so that's not a problem.

My problem is with the assumption with the motion from Mr. Penson that we are going ahead with the order of reference when it hasn't actually happened as far as proper procedure is concerned. One doesn't affect the other, but can we not just follow proper procedure at the minimum? Just wait.... It doesn't mean we're not going to do it; we will do it when it comes.

In the meantime, we would start with the motion Mr. Loubier has, which in essence gets us started down that road on the work this committee has to do in the immediate.... For starters, I don't think it's appropriate to mesh the two.

I have a comment of substance with respect to the motion Mr. Loubier made. Actually, it's regarding both motions. I can mention that now, or later if you like. It has to do with mandating four specialists. I understand there are four parties, but there is one committee. Why do we need to pay four people? Could we not get one person to advise the committee as a whole on the issue, or two at the minimum, but not four?

**The Chair:** Okay.

I have Judy next, and then John.

From what I understand from the clerk, the motion is fine.

**Hon. John McKay:** The motion is fine; it's the amendments that are out of order, I think.

**Hon. Maria Minna:** That was my point.

**Ms. Judy Wasylycia-Leis (Winnipeg North, NDP):** Could I just say something on this?

[Translation]

**Mr. Yvan Loubier:** The motion, as amended, is in order.

[English]

**The Chair:** The problem with Mr. Penson's motion is the order of reference.

Let's just listen to what Judy has to say, then John, and then Mr. Penson.

**Ms. Judy Wasylycia-Leis:** I appreciate the ruling, and I understand what John and Maria are saying. However, my question is why do we need to be so officious and bureaucratic around an issue that we know is coming to this committee very soon? It is only because of time that we do not have it this morning.

The Speech from the Throne was adopted last night. This amendment, this order of reference, will come to us very soon. We have an opportunity today to begin to grapple with how as a committee we intend to deal with this order of reference. It is important to keep that in mind as we deal with Mr. Loubier's proposal, because it is only taken together that we can deal with this issue adequately.

It's silly for us to debate Mr. Loubier's motion right now, and then Thursday get the order of reference and take time then. We could do it now. We could do it on a consensus basis. We could do it with some collective spirit and camaraderie instead of this bureaucratic, officious approach.

I would suggest, Mr. Chairperson, that we deal with it all together. If we can't do a formal motion today, we can defer the formal motion, but we can try to achieve a consensus about what this looks like.

It's in that spirit that I actually put forward some terms of reference as a way to help clarify what could be done around this process, which could be incorporated into both Mr. Loubier's suggestion and the Conservative approach.

**The Chair:** Again, the motion is fine—

**Ms. Judy Wasylycia-Leis:** That's not my point, Mr. Chairperson. My point is that we should as a committee discuss it all.

**The Chair:** Mr. McKay.

**Hon. John McKay:** There is a cart-and-horse problem here, Judy. We may think that it's just—

**Hon. Maria Minna:** The Senate still has to deal with the Speech from the Throne.

**Hon. John McKay:** Actually, that's one point I hadn't thought about, that we still formally don't have even...until the Senate does something.

**Mr. Charlie Penson:** What happened to this new-found spirit of cooperation you were talking about a few minutes ago?

**Hon. John McKay:** We're very cooperative, as long as you do it right.

**An hon. member:** As long as we do it your way.

**Hon. John McKay:** Yes, well, what's your point?

**Some hon. members:** Oh, oh!

**Hon. John McKay:** Let's deal with the substance of Yvan's motion, which is to provide four independent people.

I have a fundamental problem with moving from a committee receiving advice from June here, hired by the committee, impartial, with access to the resources of the Library of Parliament and research staff. By accepting this, you are intellectually going to the next level, if you will. In effect, each party gets the Government of Canada to hire its own research.

I'm happy, I suppose, at one level that the Government of Canada is paying for a Liberal Party researcher, which is essentially what it will be. I'm not so happy that they're going to pay for a Conservative Party researcher, or a Bloc researcher, or an NDP researcher. But that's the effect of what it will be. It will be four bickering economists, each of whom has particular views. It will not be impartial or neutral advice that all of the committee can accept as useful.

I think the motion is fundamentally flawed that way. I agree with the principle that we need some help in analysis of the numbers and assumptions that the government puts forward. I have absolutely no problem with that. We think that better analysis works for everyone.

The other point I'd like to make is that the government has been somewhat proactive on this and has hired Tim O'Neill to do something. I think the committee would be well advised to hear from Mr. O'Neill prior to moving forward.

• (0950)

**Mr. Monte Solberg:** It's part of the motion.

**Hon. John McKay:** No, it's not.

**Mr. Monte Solberg:** It says "external expert".

**The Chair:** Mr. Penson, please.

**Mr. Monte Solberg:** It's in the motion. Read the motion.

**The Chair:** Mr. Penson.

**Mr. Charlie Penson:** Mr. Chairman, the reason we brought this motion forward today was to try to get some help for the committee, considering that we are now considering what's going to be involved with the pre-budget process. I really welcome Mr. McKay's new-found spirit of cooperation, that we're going to work together.

This is a constructive move to allow the clerk and the researcher to look at some opportunity to say, if another study will be going on, we're going to have to build some time into this and make some alterations to the pre-budget process in order for it to happen. Therefore it would be helpful, when we consider the next part of the meeting, to know that we are going to be considering this whole budgetary process and that it's going to take some time.

If we have to, we'll have to delete this part of the motion and vote on Mr. Loubier's version. My understanding is that Standing Order 108(2) allows the committee to go ahead. I don't see any reason we wouldn't continue. We are doing what Judy has already said. We're just trying to move this process along.

It's inevitable that the hearing is going to take place: we voted on it in the House yesterday. To say we have to wait for the official invitation is really slowing down the process.

We all have time constraints. I would hope we would be constructive enough around this table to realize that we need to put this process in gear in order to allow a workable timetable for all of us, prior to the Christmas break, to achieve both of these results.

**The Chair:** Thank you, Mr. Penson.

We have ten minutes. I want to address whether we're going to accept Mr. Penson's motion or not.

I'll give one minute to Monsieur Loubier and one minute to Maria. Then we'll vote on whether to accept Mr. Penson's motion or not. Then we'll address Monsieur Loubier's motion.

**Mr. Charles Hubbard (Miramichi, Lib.):** Mr. Chair, just for the rules, I would think that in order to accept it, you'd have to have unanimous consent of the committee. Is that not true?

**The Chair:** Yes, from what I understand.

**An hon. member:** No, it's a majority vote.

**The Chair:** We're talking about the subamendment.

**Mr. Charles Hubbard:** It's my understanding that if there's a request for consideration, it requires 48 hours' notice, and that if the committee is to absolve itself of that notice, then we need unanimous consent for it to be presented.

• (0955)

**The Chair:** No, it's an amendment. We're talking about Mr. Penson's amendment.

**Hon. John McKay:** This is a generic section. I don't think it's specifically on the point of orders of reference.

[*Translation*]

**Mr. Yvan Loubier:** I think it's a good idea, Mr. Chairman. The Conservatives have made a fine contribution to my motion. There is indeed a certain sense of urgency about this whole business. Of course we have to contend with the pre-budget consultations, but owing to the availability of the rooms, you must remember that we're limited to two meetings per week. I don't know what kind of timetable will be set for us in the order of reference, but I don't think that we'll be given a great deal of time. We've been waiting 10 years for accurate estimates that give us a clear picture of the state of the government's finances.

Therefore, it's a good idea for us to get down to work, even if it means setting aside a third day to focus solely on the issue of budgetary estimates. Based on my eight years of experience, this is the first time that the Finance Committee is meeting only two days per week. I'm prepared to meet a third day in order to fulfill the terms of the Order of Reference.

[*English*]

**The Chair:** Ms. Minna.

[*Translation*]

**Mr. Yvan Loubier:** Therefore, I'm in favour of this amendment.

[*English*]

**Hon. Maria Minna:** Mr. Chair, the only reason I have some difficulty with it is not in the fact that we're going to do the work anyhow in this committee; it is that first we are a bicameral Parliament. The Senate is dealing with the Speech from the Throne now. I know that in spirit we've passed it and we could continue working; nonetheless, the work has been going on in Parliament that should be done. The reference will come to us, and we will do the work.

I guess the way I'm reacting to it, Mr. Loubier and Mr. Penson, is that the motion on the reference, brought forward immediately as the House is done with it, is suggesting that somehow the government or the Liberals would not do it; therefore, "Let's make them do it; let's do it as a motion."

**Some hon. members:** Oh, oh!

**Hon. Maria Minna:** No, it says something to me, though. It tells me that even though there is a reference from the House, somehow the opposition feels it needs to tell me now that we need to do it, through a motion—as if nothing had happened—for something that is going to happen in any case; but as far as the records of this committee are concerned, it's happening, because it's coming from the motion.

I have no problem with the core motion Mr. Loubier has to start with, so that's where we should start.

The "four advisers" turns it into a partisan event. Why can't we have an expert for the committee? We're supposed to be working as a committee, as we have the representatives from our clerk's office and so on. Those are my points.

I came in here this morning without any problem at all to proceed with Mr. Loubier's motion, assuming that we would be going very soon into the other. We have to do this part anyway.

**The Chair:** Thank you, Ms. Minna.

The question is, do we accept the amendment presented by Mr. Penson?

I'll take a point of order, but not a question.

(Amendment agreed to [See *Minutes of Proceedings*])

**The Chair:** Concerning Mr. Loubier's motion, I guess if we accept Mr. Penson's motion, we don't have to discuss Mr. Loubier's motion.

**Mr. Charlie Penson:** We still have to vote on it as amended.

[*Translation*]

**Mr. Yvan Loubier:** No, on the motion as amended.

[*English*]

**The Chair:** Okay.

Do you have a question?

**Mr. Don Bell (North Vancouver, Lib.):** Shouldn't the wording of Mr. Penson's motion be "in anticipation of the order of reference"? Doesn't that solve the question, then, rather than "in relation to", if we're talking procedurally?

**The Chair:** We have five minutes to tinker with the wording, if you guys are okay with that. That's all we're going to do.

[*Translation*]

**Mr. Yvan Loubier:** Mr. Chairman, we've just now voted on Mr. Penson's amendment. That's over and done with. Now, the vote must be called on the motion as amended.

[*English*]

**The Chair:** Mr. Côté?

We're not ready for the question yet. Let me just go around.

[*Translation*]

**Mr. Guy Côté:** Speaking of the motion, it doesn't surprise me in the least to hear my Liberal colleagues say that this will turn into a partisan exercise. They are being given the opportunity to select an economist. Mr. McKay and Ms. Minna have clearly indicated that they intend to recommend a Liberal economist. We, on the other hand, plan to select first and foremost a good economist. In any event, it's been said that knowledge flows when ideas clash. Therefore, I believe this will be a very productive exercise.

• (1000)

[*English*]

**The Chair:** Monte, did you want to...?

**Mr. Monte Solberg:** Well, you could call the question, Mr. Chairman. People have things to do.

**The Chair:** I said we would go until 5:05 because we started five minutes late, so that everybody could have their input. Take just two minutes.

Go ahead, John.

**Hon. John McKay:** Let's be fair about this: each party will effectively hire its own economist. I don't believe the Bloc is going to hire anything other than a Bloc economist, for goodness' sakes. Please.

I sat on the justice committee for six years, and it's like the Liberals having their own lawyer sitting there, the Conservatives having their own lawyer sitting there. So you're having the taxpayers of Canada pay for the research. You're entitled to do it—

**The Chair:** Is there anyone else with some input? Or output?

**Mr. Charles Hubbard:** Mr. Chair, I'm not clear. Perhaps Mr. Loubier could clarify for the committee his intent. We talk about four; we talk about the committee hiring them; and we haven't had any explanation of how we would advertise for these people, what criteria would be needed to meet the needs of the committee, whether the people would need approval from all parties. I think further clarification is needed before we start a process of going out to seek four specialists.

I as a committee member would like to know the criteria we would expect from them, and secondly, in terms of who is selected, whether each person would have to be approved by the committee by vote, or who would actually do the hiring.

Perhaps if he could explain to the committee, it might be better.

[*Translation*]

**The Chair:** Can you respond in 30 seconds, Mr. Loubier?

**Mr. Yvan Loubier:** I can, Mr. Chairman. We need to keep things simple. Mr. Hubbard is accustomed to overly complex procedures, but let's keep it simple. Each party, namely the Conservatives, the Bloc, the NDP and the Liberals, will recommend an economist and these four experts will shed some light on this subject for us. That's all there is to it. It's not a matter of making a collective decision. The motion is fairly clear, I believe.

[*English*]

**The Chair:** Mr. Solberg, do you have any output or input?

Mr. Penson, you're the last one, for thirty seconds. Then I'm going to put the question.

**Mr. Charlie Penson:** Thank you, Mr. Chair. I view this as a constructive panel. It's an interim measure until we get this new committee up and running for budgetary review.

I envisage them sitting here at the end of the room and dealing with each other's point of view so that we have a good back and forth, and the committee can judge accordingly. But having said that, I'd like to move to the vote.

**The Chair:** Are there any questions?

**Mr. Charles Hubbard:** Mr. Chair, I'm not sure that before we vote we really have any clarification in terms of how these people are to be selected and the terms of reference as to whether they will be employed for two months or a perennial employment. There seemed to be some indication that individual parties would hire them. It's certainly something I would like to feel better about before I vote. Who will decide which individuals will get...?

Finally, Mr. Chair, before we vote on this, I think we should have some indication from the presenter of the motion of the costs involved. It's my impression that in order to hire these people, and depending upon their stature and what qualifications they have, you as chair would have to go before the House committee to get funding for these people. So it is a process we want to make sure we're clear on before we put it to a vote.

Are we allocating \$300,000 or \$200,000, or are we looking for people on the cheap? This is what we would like to know before we vote on this.

**The Chair:** We'll address that, but I think we have consensus to go to the question for the motion as amended.

(Motion as amended agreed to [See *Minutes of Proceedings*])

• (1005)

**Hon. Maria Minna:** I must say, I'm disappointed at hiring four people, four experts for this committee. We could have had one for the whole committee. It's a lot of money. We're talking about spending money. I find that part really difficult to swallow.

[*Translation*]

**Mr. Yvan Loubier:** On a point of order, Mr. Chairman. I want the Liberal members of this committee to know that we're not suggesting that the committee proceed just any old way. These specialists will be called to testify before the committee on a quarterly basis. That's the purpose of this whole exercise.

When they had a majority on the committees and were hiring communications and outside experts, the Liberals didn't ask questions about procedures, waste and so forth. Let's stop with all this nonsense. We're responsible individuals.

[*English*]

**The Chair:** Thank you.

The meeting is adjourned.

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