



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

44th PARLIAMENT, 1st SESSION

Standing Committee on Finance

EVIDENCE

NUMBER 092

Thursday, May 25, 2023

Chair: Mr. Peter Fonseca



Standing Committee on Finance

Thursday, May 25, 2023

• (1105)

[English]

The Chair (Mr. Peter Fonseca (Mississauga East—Cooksville, Lib.)): I'll call the meeting to order.

Welcome to meeting number 92 of the House of Commons Standing Committee on Finance.

Pursuant to the order of reference on Tuesday, May 2, 2023, and a motion adopted on May 16, 2023, the committee is meeting to discuss Bill C-47, an act to implement certain provisions of the budget tabled in Parliament on March 28, 2023.

Members, if you can put yourselves on mute, I will complete my opening remarks.

Today's meeting is taking place in a hybrid format pursuant to the House order of June 23, 2022. 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 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.

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.

Members, before we begin, I understand that there have been some questions on the interpretation of the motion adopted. Knowing that we have spent a considerable number of hours on the subject matter and Bill C-47, I'd like to provide a recap for the benefit of our members as well as anyone watching this committee.

To be precise, as of last week, we have completed a total of 40.5 hours, equivalent to at least 20 meetings, thanks to our wonderful clerks here.

Thank you, Clerks.

As chair, I must interpret the motion as written. Given that there seems to be some confusion over part (d) of the motion and how the phrase "goal of accomplishing at least 20 hours of study prior to the beginning of clause-by-clause consideration of the bill" interfaces with the rest of the motion, I want to specifically read out the start of the motion and section (a). It reads:

That the committee continue its pre-study of Bill C-47, an Act to implement certain provisions of the budget tabled in Parliament on March 28, by:

(a) Inviting witnesses to appear on the contents of Bill C-47 during meetings scheduled the weeks of May 1, May 8, and May 15, 2023....

In keeping up with specific requirements, our clerks have diligently worked hard to schedule witnesses. Our members may already be aware that we had to cancel all those scheduled witnesses ahead of the meetings. In fact, thanks to the kind intervention of our Bloc member MP Ste-Marie—and thank you very much, MP Ste-Marie—we were able to break a marathon meeting, number 87, which ran for approximately 27 hours or at least equivalent to 13 meetings. It started on Tuesday, May 2 at 11 a.m. and ended on Tuesday, May 16 at 4:24 p.m.

We adjourned that meeting through unanimous consent from all members here on this committee, which represent all parties on this committee. Again, it was by unanimous consent. Those watching may not know that all members voted unanimously and that all parties were represented by those members. It read:

(e) and that the whips of the recognized parties, and the clerks, be empowered to seek as many meetings as possible, with the goal of meeting for 10 hours before the end of this week.

That week was the week of May 15, which was last week. Thanks to our extremely hard-working clerks again, we were able to miraculously achieve the 10 hours of witness testimony last week as required, with a full house of witnesses for every hour of those meetings.

Unfortunately, due to the late passage of this motion, members are fully aware that we are under constraints, and our clerks did their best to work around the timelines required for last week. Everything was done in good faith and in collaboration, as evidenced by being carried with unanimous consent from all of the members of committee, who represent all parties.

All parties submitted amendments in the same good faith within the required deadline of 12 noon last Friday. This was a clear indication that everyone interpreted the adopted motion the same way that the clerk or I understood. Also, this timely submission helped our legislative clerk and his team—Philippe Méla, thank you—work towards the next step to ensure they prepared the required documents and package for clause-by-clause.

I understand that the members who brought this up late afternoon yesterday had plenty of time to bring this up ahead of submitting their amendments. All members on this committee have my personal contact information: my cellphone, email, etc. You can call me, text me and email me. You've done it during weekdays, weekends, workday hours and after work hours. It doesn't matter. I'm open to hearing from the members.

The members who have put this letter together have also reached out to me many times in the past, and I always try to get back to you within a reasonable time. Sometimes within minutes I get back to you. You had the opportunity to reach out to me last week or all of this week, but I did not hear from any of you.

I hope what I've mentioned has brought better clarity to the letter that was received and the motion that was adopted by—again, I'll repeat—the unanimous consent of all the members.

Again, I would like to thank MP Ste-Marie for quickly thinking of an efficient way to bring in the witnesses who were cancelled a couple of weeks ago. I really believe that our finance committee works well with this kind of collective team effort.

I would again like to take this opportunity to thank our clerks, our legislative clerk and team of analysts, and our interpreters and technicians, who have really made these 40-plus hours possible and are still working. Thank you very much.

Thank you to all of you.

Members, if good, we will go ahead with what's in front of us. You have received the package from our clerk. With us today are a multitude of senior officials from various departments, per division as discussed, if you have any questions for them.

I see a hand up. I see MP Lawrence.

● (1110)

Mr. Philip Lawrence (Northumberland—Peterborough South, CPC): Mr. Chair, thank you very much for your opening remarks. I disagree with nearly all of them.

I would like to put the following motion on the table for discussion and debate. I move:

That the committee reiterate its desire to hear a total of 20 hours of testimony in relation to Bill C-47, Budget Implementation Act No. 1, as agreed to on May 16, 2023, and notwithstanding that motion, the committee not proceed with clause-by-clause consideration of the bill until the committee hears 20 hours of witness testimony.

I think you'll find that it's in good order. I'd like to at this point start my discussion of the motion if I could, Mr. Chair.

The Chair: MP Lawrence has moved a motion.

I do see that MP Beech's hand is up.

Is it on this motion?

Mr. Terry Beech (Burnaby North—Seymour, Lib.): First of all, is the motion in order, Mr. Chair? I would be happy to speak to it if it is.

The Chair: It is in order, PS Beech.

Mr. Terry Beech: Then I have a few things I would like to say about it. I have three points specifically, although I think you covered it quite well in your introduction, Mr. Chair.

It is a little hard for us to understand—

Mr. Philip Lawrence: Hello...?

The Chair: MP Lawrence, PS Beech is speaking to your motion, and then I have MP Morantz after that.

If you could mute yourself, I would appreciate that.

Mr. Philip Lawrence: Hello...?

The Chair: MP Lawrence, can you not hear us?

We're going to suspend because we're having some technical difficulties.

● (1110)

(Pause)

● (1110)

The Chair: [*Technical difficulty—Editor*] and PS Beech.

Mr. Terry Beech: Are we good?

The Chair: We're good.

Mr. Terry Beech: All right. We're starting out strong.

I want to make a few comments about this. First, the motion that was referred to in this motion did pass, through unanimous consent by all members around this table, after a wonderful 25-plus hours of a Conservative filibuster, where they were literally filibustering the desire to have the minister appear for two hours while we had a motion on the table to invite the minister to appear for two hours.

In the past, we've generally operated from a position that witness testimony is to be used for the study of the bill, particularly in our clause-by-clause review of the bill. We will note that in that motion, which was passed unanimously, the deadline for amendments was noon Friday. Thank you to all parties for submitting amendments.

In our UC motion as well, in response to questions from MP Ste-Marie, to ensure that we had some testimony on the BIA before we started the clause-by-clause review, we agreed to ensure that 10 hours of witness testimony would be heard that week. While I agree, I would have preferred to hear more witnesses. If Conservatives were in fact sincere in their desire to have more witnesses here on the BIA, the time to start that was in the first week referred to by the motion. Instead, we spent not one but two weeks on the Conservatives filibuster. We sent food banks, chambers of commerce and other important stakeholders home, while listening to something that decidedly, after having listened to it for 25 hours, had actually nothing to do with the BIA.

It strikes me as a bit insincere that our Conservative colleagues actually want to hear from witnesses. If that were the case, they would have let us hear from those witnesses over the last three weeks, as it is stated in the unanimous consent motion that we passed.

I am aware of part (d) of the motion, Mr. Chair, which calls for us to attempt to reach 20 hours of testimony. As you've already mentioned, we've had over 40.5 hours of committee meetings and unfortunately only 10 hours of witness testimony. The rest of the time was filled with a Conservative filibuster. Today we are here fulfilling the next step of that motion that was passed by everyone under unanimous consent, which is to examine it clause by clause. You can see all the binders that are laid out here on the table on this side and I think on all other sides. We were prepared to come here today to do clause-by-clause consideration.

Conservatives want us to believe that they were perhaps in the committee room hiding under the desks, waiting for this meeting to start on Saturday, Sunday, Monday and Tuesday, but of course, I think the fact that we first heard about this particular complaint on Twitter on Wednesday, four or five days after the fact, and the fact that they didn't call you or text you or use any of the normal means to place this objection, speaks to the insincerity of this particular concern.

I would suggest that all members—

• (1115)

Mr. Philip Lawrence: Mr. Chair, I believe if not for a technical glitch, as it were, which was with respect to the House of Commons, I would have the floor.

The Chair: Mr. Beech has the floor, MP Lawrence. He's speaking to your motion.

Mr. Philip Lawrence: I believe I still have the floor.

The Chair: No. MP Beech has the floor, MP Lawrence.

Mr. Philip Lawrence: I don't believe that's correct.

The Chair: That's correct.

Mr. Philip Lawrence: There was a technical reason. I should still have the floor.

The Chair: PS Beech, please continue.

Mr. Terry Beech: Thank you.

I'd also like to note that part (a) of the motion clearly states—again, this is the motion that was passed by unanimous consent—

that we are able to hear from witnesses the weeks of May 1, May 8 and May 15. I'm happy to read that quote:

(a) Inviting witnesses to appear on the contents of Bill C-47 during meetings scheduled the weeks of May 1, May 8, and May 15 2023

In fact, we did have those meetings. The Conservatives chose to use that time not to hear from witnesses but to instead talk to themselves about almost anything that didn't have to do with the BIA. Given the limited time we have, the many officials who are present here to support us in this important work in studying this bill, and all the work that has been done by all members and staff and the clerk and everyone else—

Mr. Philip Lawrence: On a point of order, Mr. Chair, I'd like to challenge your ruling that I didn't have the floor.

The Chair: There is a challenge.

(Ruling of the chair overturned: nays 6; yeas 5)

• (1120)

The Chair: MP Lawrence, you have the floor.

Mr. Philip Lawrence: Thank you. I'd like to read into the record the following letter with respect to our members at this committee:

We are writing to express our profound disappointment regarding the insufficient witness testimony on Bill C-47 the Budget Implementation Act. The motion passed on May 16th, which was the result of collaborative efforts by Conservatives, clearly outlined the committee's objective of conducting a minimum of 20 hours of study before commencing clause-by-clause consideration of the Bill. However, as the scheduled time for the clause-by-clause review approaches...May 25th at 11 am, we have only received 10 hours of witness testimony...

Conservatives were fully prepared and available to work diligently over the weekend, as well as on Tuesday and Wednesday of this week, to ensure ample witness meetings took place. Regrettably, no such meetings were scheduled, which undermines the goodwill with which [the motion was passed on May 16th]. Furthermore, it is disheartening for all Canadians who are eager to testify on the budget.

Canadians need to have their say as they are struggling with the cost-of-living crisis. Budget 2023 proposes \$60 billion in new spending and since it was introduced, inflation in Canada has increased. Groceries are inflated [by] 10% [per month], food bank use is at record highs—

I might add, from the testimony of this very committee, that food bank experts, CEOs and leaders were saying that the situation on the ground was “terrifying”.

—1 in 5 Canadians are skipping meals and it is getting harder and harder for many to get by. On housing, rent and mortgage payments have doubled over the past eight years, and 9 out of 10 young people believe that they will never...own a home. These are the issues concerning Canadians and this is the testimony that committee needs to hear.

Considering that we are...10 hours short of the testimony required to fulfill the minimum goal specified within the motion, Conservatives will introduce a motion tomorrow...

It has been introduced.

Let me put some background behind this. I had numerous discussions in good faith with my counterparts across the way and made it clear that Conservatives wanted 20 hours of testimony and that we were willing to sit whether it be Saturday, Sunday, Monday, Tuesday, Wednesday, Thursday or Friday, to get this done. We were absolutely clear on this, and there can be no doubt. I would put my honour on it. Any type of comment otherwise is the height of disingenuity. That's perhaps not surprising, given that with this government's record of corruption, with the SNC-Lavalin affair, with WE and with foreign interference, we have seen that this is a government we cannot trust.

Maybe it was because of the testimony, which was absolutely damning for the 10 hours. We heard that this was the slowest economic growth since the 1930s. Since the Great Depression, Canada has never experienced such economically challenging times with record-low growth.

Yes, there was some time before the committee, during which absolutely Conservatives engaged in a lengthy discussion or debate, and that was in order to get Minister Freeland here. This is a minister who has now presided over the worst economy since that during the Great Depression, and she wouldn't come to talk for two hours.

That was the outrageous demand of Conservatives: to have her come and testify for two hours. Then she came to committee and she wouldn't answer the most basic of simple questions. My colleague Mr. Chambers asked the simplest question, a question she was well equipped to answer off the top of her head, but she would not answer. She would not answer the simple question of how much interest was being paid on the debt.

These were simple questions. All that we asked was for the Minister of Finance, who is presiding over the biggest national debt, some of the highest inflation and the worst housing situation in a generation, to come for two hours and answer simple questions. That was the only precondition to going forward. Acting collaboratively and in good faith, I personally worked with members at this committee and told them to work more to move the process forward. I personally had discussions with them and counted on them to act as honourable members of this House, and they committed to me that they would do everything possible to get 20 hours of testimony. That was a personal discussion. It's the spirit of this act, and it's the spirit of this motion.

• (1125)

If this chair is unwilling to do the right thing and have testimony put on the record...and it's completely possible, because do you know what, Mr. Chair? When it came to you trying to grind or punish Conservatives, you had all the time in the day. We could go until midnight any night we wanted to. Now, suddenly, there's a lack of resources. This is the height of hypocrisy and a biased chair.

All Conservatives want is to hear from Canadians. Canadians deserve the right to hear why \$60 billion of their money is being spent and why this government—why this Minister of Finance—is blowing past the debt-to-GDP ratio. All we want is the right for Canadians to testify. This is not outrageous. We are not trying to do anything that is beyond the pale. We're asking for an additional 10 hours of testimony.

Conservatives are committed to democracy. Conservatives are committed to putting on the record the important issues and, Mr. Chair, one of the most important issues with respect to the current economy. Philip Cross, a noted academic, a noted former employee of Statistics Canada, used Statistics Canada information to demonstrate that we have the worst economy since the 1930s, and one of the issues is this government's war on work.

If this chair is unwilling to put forward witness testimony, I will simply start reading it into the record, as is my right. The C.D. Howe Institute has a report: "Softening the Bite: The Impact of Benefit Clawbacks on Low-Income Families and How to Reduce It." This would have been an important witness to hear.

It would have been great to hear from some of the great think tanks across the country, not just on the right but on the right, the left and in the centre. I would have loved to hear from the Fraser Institute and many other institutes...the Broadbent Institute.... I would have loved to hear all of this important information.

As we start here, we'll start with the summary, just to give our viewers an idea of what I'm going to talk about:

As families earn more taxable income, government benefit entitlements are reduced...at various phase-out rates, which reduces their overall cost for government and ensures that they remain targeted to the [low]-income families. However, benefit reductions act like hidden tax rates: They reduce the effective gain from working to generate...income. To determine the tax system's full impact on a family's financial gain from work, one must take into account the combined effect of both taxes paid and cash...reductions.

What this means, Mr. Chair, fellow members and all of our viewers out there, is that Canadians are increasingly being disincentivized to work. Their incentive to work is being reduced. There are many low-income Canadians who are giving back to the government more than 50¢ on the dollar of every dollar they earn. The government is the greatest thief of the means that low-income families need to provide housing, to provide food and to take care of their children.

It continues:

This Commentary presents various estimates of effective tax rates on personal earnings for families with children. These effective rates play a key role in family work decisions by reducing the monetary reward of earned income. The "marginal" effective tax rate...conveys the loss, through additional taxes and diminished benefits, associated with an extra dollar of earnings. For a working parent, it represents the financial penalty that must be paid from any small addition to their income. The "participation" tax rate (PTR) is the cumulative effect of all...taxes, other contributions, payroll deductions and loss of...benefits on the entire prospective earnings from work.

That means that if a mom or dad wants to go back into the workforce, they face substantial headwinds. Many times, they're greater than the child care cost, because of the taxes they are paying. If this government were serious about allowing women to return to work—as they are still the disproportionate caregivers to children—they would reduce these barriers. Quite frankly, however, they are not serious about enabling women to return to work. If they were, they would remove these barriers, these high levels of clawbacks and taxation, that make it difficult for women with children to return to the workforce.

• (1130)

Marginal effective tax rates, or METRs, as they are sometimes colloquially referred to, “have generally been higher for lower-income families than those of higher-income families.” Let me reread that, because I think it's important for people to understand: “[Marginal effective tax rates] have generally been higher for lower-income families than those of higher-income”. That means that the poor are paying more and the rich are paying less.

It continues, “In some cases, the lower-earning parent in a dual-earner family with three children might lose more than 80 cents of an extra dollar of earnings.” Yes, you heard that right. If, for example, you are a mom and dad, and you have three kids, with the next dollar that you earn, you might be giving 80¢ of that back to the government. That's a substantial disincentive.

As Mr. Cross so eloquently said when he was at this committee, when we allowed witness testimony, it's not necessarily the calculation that occurs. It's more the global social impact that happens. It's like death by a thousand cuts. As Canadians work harder and harder, and earn less and less and keep less of their paycheques, it is a disincentive. You feel that the more you work....

You're working so hard, but you're just spinning your wheels. You're not getting ahead. That has to have a negative impact on Canadians' desire, on Canadians feeling that they are rewarded for their work. This is an issue not only for their economic well-being but also for their mental health.

It says, “Nationally, 15 percent of working lone parents or the lower-earning parents in dual-income families face a [marginal effective tax rate] above 50 percent, and 14 percent of stay-at-home parents face a PTR”, which is a participation tax rate, “above 50 percent.” This means that if you are a stay-at-home parent and you wish to rejoin the workforce, for every dollar you earn, you're only going to be able to keep less than 50% of it. Finally, it says, “And these proportions have risen substantially since the mid-1980s and early 1990s when very few families faced a [marginal effective tax rate] or [participation tax rate] greater than 50 percent.”

There are a number of ideas that I could carry on with in this discussion, but I think I'd like some of my colleagues to make a couple of comments, if they wish. Please do put me back on the speaking list, Mr. Chair.

The Chair: We have PS Beech.

You're on.

Mr. Terry Beech: Thank you, Mr. Chair.

I wasn't sure if I'd be getting the floor back.

There were some interesting discussions there about honour and the like that I'm just going to let sit. I can talk to my colleague about that personally later.

The fact that the Conservatives have clearly shown that they're willing to filibuster yet again and prevent us from now going through the democratic exercise of clause-by-clause consideration demonstrates to everyone around this table that they want to filibuster. They want to delay. They're not interested in having a democratic debate about what's actually important for Canadians. If that

were the case, we would have had an extra 25 hours of witnesses instead of 25 hours of the Conservatives talking to themselves, which is exactly what happened.

I propose to members that the ideal thing to do is to get to the business that we are here to discuss. We have officials here. I would, therefore, move that the debate be now adjourned.

• (1135)

The Chair: It has been moved that the debate be now adjourned. We'll take a poll of the members.

(Motion agreed to: yeas 6; nays 5)

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

There were still individuals on the speaking list, I had thought.

The Chair: We're moving on.

Members, we are now back to meeting number 92. Pursuant to the order of reference of Tuesday, May 2, 2023, we are here for clause-by-clause consideration of Bill C-47, an act to implement certain provisions of the budget tabled in Parliament on March 28, 2023.

Pursuant to Standing Order 75(1), consideration of clause 1, the short title, is postponed.

We are now at part 1, “Amendments to the Income Tax Act and Other Legislation”. There are no amendments to clauses 2 to 70. I don't know if members would like to group those, but we would need unanimous consent to be able to do that.

Did I hear a “no”?

Mr. Philip Lawrence: There was a “no”.

The Chair: We do not have unanimous consent.

(On clause 2)

The Chair: Shall clause 2 carry?

Mr. Philip Lawrence: I would like a recorded vote, but, Mr. Chair, I believe we have the ability to debate and discuss this.

The Chair: We're at clause 2.

Mr. Philip Lawrence: Yes. I believe we have the ability to discuss it.

The Chair: Yes, you do.

Mr. Philip Lawrence: Thank you.

As I was saying:

Clearly, geared-to-income fiscal benefit programs provide valuable financial assistance to families, but these benefits can result in low-income families facing...high [marginal effective tax rates] and [participation tax rates]. Federal and provincial policymakers should pay special attention to these effective tax rates when they consider changes to the tax and transfer system.

I'll continue:

Tax benefits are government payments to individuals. The largest are old age payments to seniors and benefits to families with children. Childrens' benefits play an important role in the reduction of child poverty by providing income support to low-income families. For example, a low-income family of four with two...children in Ontario stood to receive over \$20,000 in federal and—

Ms. Julie Dzerowicz (Davenport, Lib.): On a point of order, Mr. Chair, what's the relevancy? I think clause 2 is regarding the standby charge for automobiles. I don't think anything Mr. Lawrence is saying is relevant.

The Chair: Thank you, MP Dzerowicz.

I'll just look to the legislative clerk in terms of relevance. It is about the standby charge for automobiles, so that's correct.

MP Lawrence, you're speaking to the standby charge for automobiles. That is clause 2.

Mr. Philip Lawrence: Could the clerk please read the clause into the record?

The Chair: Okay.

• (1140)

Mr. Philippe Méla (Legislative Clerk): Thank you, Mr. Chair.

Part 1

Amendments to the Income Tax Act and Other Legislation

Income Tax Act

2(1) The portion of paragraph 6(1)(e) of the Income Tax Act before subparagraph (i) is replaced by the following:

Standby charge for automobile

(e) if at any time in the year an automobile is made available to the taxpayer, or to a particular person who does not deal at arm's length with the taxpayer, by another person (referred to in this paragraph as "the employer") because of or as a consequence of a previous, the current or an intended office or employment of the taxpayer, the amount, if any, by which

(2) Subparagraph 6(1)(e)(ii) of the Act is replaced by the following:

(ii) the total of

Ms. Julie Dzerowicz: Mr. Chair, I have a point of order.

Does Mr. Lawrence not have a copy of the bill? If so, perhaps we can send it to him, since this is something we're discussing.

The Chair: That isn't a point of order.

What I will ask, though, MP Lawrence, is that when you do not have the floor, mute yourself, please. We are hearing background sound.

We'll go back to the legislative clerk.

Mr. Philippe Méla: Thank you, Mr. Chair.

(ii) the total of all amounts, each of which is an amount (other than an expense related to the operation of the automobile) paid in the year by the taxpayer, or the particular person who does not deal at arm's length with the taxpayer, to the employer for the use of the automobile;

(3) Subparagraph 6(1)(k)(ii) of the Act is replaced by the following:

(ii) amounts related to the operation (otherwise than in connection with or in the course of the taxpayer's office or employment) of the automobile for the period or periods in the year during which the automobile was made available to the taxpayer, or a person who does not deal at arm's length with the taxpayer, are paid or payable by the employer within the meaning of paragraph (e) that made the automobile available (in this paragraph referred to as the "payor"), and

(4) The portion of subsection 6(2) of the Act before the formula is replaced by the following:

Reasonable standby charge

(2) For the purposes of paragraph (1)(e), a reasonable standby charge for an automobile for the total number of days (in this subsection referred to as the "total available days") in a taxation year during which the automobile is made available to a taxpayer, or to a person who does not deal at arm's length with the taxpayer, by a person (referred to in this subsection as the "employer") shall be deemed to be the amount determined by the formula

(5) Subsections (1) to (4) apply to taxation years that begin after 2022.

The Chair: That was clause 2.

MP Lawrence, I hope you do have a copy of the bill in front of you. We did have our legislative clerk, our hard-working legislative clerk and his team, read out that clause for you.

If you want to speak to that clause, you're more than welcome.

Mr. Philip Lawrence: Thank you.

I'd actually like the officials, if they could, to explain the state of the current law and the impact of the amendment.

The Chair: Ms. Gwyer, if you could, come to the table, please.

Ms. Lindsay Gwyer (Director General, Legislation, Tax Legislation Division, Tax Policy Branch, Department of Finance): Clause 2 makes technical amendments to the Income Tax Act related to the standby charge. This is the rule that provides what an employee has to include in their income benefits when they are provided a car by their employer. There are detailed rules that determine how they calculate the benefit.

Under the current rules, there is a loophole where, if the car is provided by someone who is not related to the employer or is provided to a person who doesn't deal at arm's length with the employee, then there has been a case law that has held that the benefit does not get included in income. This is a technical amendment that addresses that loophole to make it clear that, where an automobile is provided to an employee in the course of their employment or if it's provided to someone who does not deal at arm's length with the employee, then that benefit gets included in their income.

• (1145)

Mr. Philip Lawrence: I'm sorry. I didn't quite understand the loophole this is trying to address. This is an employee who does not deal at arm's length with the employer...? I don't completely understand.

Ms. Lindsay Gwyer: It addresses some narrow situations where there have been employers who have engaged.... In an attempt to avoid the current rules, they have had a person who is not related to the employer provide the vehicle to the employee, or they have provided the vehicle to someone who is not related to the employee. That has made it so that this rule doesn't result in an inclusion in their income. This amendment is clarifying that, if the automobile is provided to the employee in the course of their employment or if it's provided to someone who doesn't deal at arm's length with the employee, then it causes the amount to be included in their income.

Mr. Philip Lawrence: I'm still a little confused as to who this is meant to capture.

You have a business owner. Then they have another third party, who is not at arm's length with the employer, and they give a car to the employer for them to use in the course of their work. We want to capture that.

Do you know the name of the case in which this came about or the facts of the case?

Ms. Lindsay Gwyer: I don't have that information in front of me. I think it's situations that involve car dealerships in particular, where cars are provided to employees and the person providing the car is not the employer and is technically not related to the employer. As a result of a technical deficiency in the rule, that means the amount doesn't get picked up in the employee's income, even though they are clearly getting a car in the course of their employment.

Mr. Philip Lawrence: We have this car dealership, if I understand this. We have an employee, perhaps a mechanic or a sales professional of some sort, and there's an unrelated third party who, for whatever reason, gives a car for the usage of the employee of the car dealership, so they are getting an employee benefit from this and we now want to charge back.

Why did the third party want to give the car to the employee? Was there money put back for it, or am I not understanding correctly?

Ms. Lindsay Gwyer: There are some kinds of situations where there was effectively an arrangement between the person's employer and a third party to have the third party provide the car to the employee in an attempt to avoid the rules by having the car be provided by the third party so that the rules don't technically apply. There may have been some sort of payment arrangement or something in place between the employer and the third party providing the vehicle.

Mr. Philip Lawrence: How much revenue is expected to be generated by putting this change in place?

Ms. Lindsay Gwyer: There's no specific revenue estimate for this measure. I think it's really a clarifying change that is consistent with the policy of the rules as they were initially intended. I think it's not something that's intended to capture a large segment of people. It's addressing a very narrow avoidance situation.

Mr. Philip Lawrence: How many situations will this impact or affect?

Ms. Lindsay Gwyer: I don't have that exact number in front of me. I think it's expected that not a lot of people would be doing this right now, so it's not expected to impact a lot of people. Basically, a possible loophole exists, so in part, it's being fixed to ensure more people don't try to structure into that type of arrangement to avoid the employee benefit rules.

• (1150)

Mr. Philip Lawrence: Don't you believe, though, Ms. Gwyer, that this will add additional complication to the Income Tax Act? I have no doubt and agree with you that integrity is important, but so is simplicity, and the Income Tax Act is already a very complex document. By adding this relatively niche section to the Income

Tax Act that will affect very few people, won't it add to the complexity of the Income Tax Act?

Ms. Lindsay Gwyer: I don't think it would make a material difference in terms of the complexity. The rules already exist. They're just being amended to effectively say that, if the employee is receiving the benefit in the course of their employment, then the rules apply, and if the benefit is provided to a non-arm's-length person, the rules apply. It's really a minor amendment to the existing scheme that deals with the standby charge rules for employees.

Mr. Philip Lawrence: What are the unintended consequences? If, in fact, you had someone who was not related to the employer—so it could be anyone if I'm not incorrect in that—who gave an employee a car to use, the employee could potentially be caught by this provision—couldn't they?

Ms. Lindsay Gwyer: The car would have to be provided in the course of the employee's employment, so if there's no connection to their employment, then the rule wouldn't apply.

Mr. Philip Lawrence: How do you define “in the course of employment”?

Ms. Lindsay Gwyer: A number of the rules in the Income Tax Act that create employment benefits look at whether something is being provided to the employee as compensation, effectively, for their employment, so I think it would be determined in the same manner as the other rules. It would be a factual question as to whether it's reasonable to determine that they're getting this benefit because of their employment.

Mr. Philip Lawrence: If someone is getting the car from a third party, other than the fact that it is being used in the course of employment, how do you determine that it is in compensation for their employment?

Ms. Lindsay Gwyer: I think it would depend on the facts of the situation, but I think one example would be this: If someone is receiving a car from a third party and they're not paying to use that car, then it would be reasonable to assume that there is some sort of quid pro quo in that situation, some reason why that car is being provided.

I think it would be a question of fact, whether there's some link with the employer that would make it reasonable to conclude that the car is being provided because of the employment relationship.

Mr. Philip Lawrence: What type of relationships are we actually seeing? Are you familiar at all with the case law for where this came from? I'm just having trouble with this. If it becomes a situation of facts, what's the defining characteristic of a situation in which a third party has just given an individual a car, for whatever reason, and the individual happens to be using it in employment versus a situation in which a third party is trying to game the system, as it were, and avoid paying an employment benefit? I'm just struggling to see the difference in these two potential fact situations.

Ms. Lindsay Gwyer: I think, again, you would need to look at the situation. We don't expect that there are a lot of situations in which someone receives a car from a third party and does not pay for it and it is unclear as to why they're getting it. I think we're talking about a niche situation here, in which it would be relatively clear that a car is being provided in the course of employment.

Again, there are a number of provisions in the Income Tax Act with respect to employees being taxed on benefits they receive in the course of their employment, so there's extensive CRA guidance and case law to determine whether particular benefits are being provided to people as a result of their employment and are effectively compensation for their employment.

Mr. Philip Lawrence: That's where I'm stuck again.

Do you know what that test is in the case law with respect to how we decide we have an individual who is just giving someone a car that's being used in the course of their employment? Let's say there are a father and a son, and the father gives his son a car, which the son uses in the course of his employment. How do we make sure that person isn't getting an employee benefit?

• (1155)

Ms. Lindsay Gwyer: In that situation, it doesn't seem as though there would be any reason to think the car was being provided to the son as a benefit through his employment.

Mr. Philip Lawrence: Would we be looking for cash payments from the car dealer to the dad in that situation? Is that what we're looking for?

I'm unfamiliar with the case law on this, and you keep saying "facts". That's fine, but what are those facts that would lead the CRA to say, "Okay, you guys are gaming the system; there is no doubt about it. You're just circumventing the rules that are meant to make the use of an automobile an employee benefit"? Is it that cash payment? They're unrelated; they're at arm's length. That's where I think we would normally look. The third party providing the vehicle is not at arm's length from the employer or the car dealership, in my example, so we know what's going on here.

What are these facts and how do we avoid unintended consequences here?

Ms. Lindsay Gwyer: The rule would apply with respect to the employee getting the car as a consequence of their employment. I think in the situation that you described, in which a father is providing a car to their child, it wouldn't be reasonable to conclude that the car is being provided as a consequence of employment.

If you have a situation in which a third party is providing a car to an individual and there is no link between that third party and the individual or other separate business reason to think they'd be providing that car, then I think that could be an indication that if there's some connection between that third party and their employer, then that car is being provided to the individual as a consequence of their employment. In practice, I would expect there would be conditions in place such that the car could be used only so long as the person was employed or that the car had to be used in the course of employment. I think facts like that would indicate that a car was being provided in the course of employment.

Mr. Philip Lawrence: Okay. We have one of the facts out there, so that's helpful. You said that the car is only being used in the course of employment and that this is perhaps indicative that there's something more, because arm's length.... It means at arm's length, so, by definition, you don't have a relationship.

You're doing a great job and I really appreciate your patience, Ms. Gwyer, in informing me and, hopefully, some of the viewers as

well. Could you just put on the record, to the best of your ability, what the definition of "arm's length" is?

Ms. Lindsay Gwyer: Well, it depends on the situation, but if you're looking at corporations, if one corporation controls the other corporation, then they're considered not to be at arm's length, or if they're controlled by the same person or are part of a group of companies that are controlled by the same person, then they would not be at arm's length.

If they're not related, if they're corporations owned by different people, then it's a factual question, just as the test in the Income Tax Act is just a factual test, a question of fact, on whether they deal at arm's length. Depending on the situation, there would be all different facts that might be indicative of the fact that people are not dealing at arm's length.

Mr. Philip Lawrence: Okay.

I guess where the loophole would come in, then, is that we have the corporation that employs the employee and then we have another corporation providing the vehicle. However, the court must have found that even though there was some type of relationship between these two corporations, they were still dealing at arm's length, and then you put in the provision.

You're going back to facts again, so what's the difference between the factual test to determine whether this individual is receiving this car as part of their employment from a third party—there's a relationship of some sort there between the two corporations—and the arm's-length test between the two corporations? The court obviously found—at least I'm assuming, as I'm not familiar with the case law—that they were dealing at arm's length there. It's a bit confusing. I can clarify if I didn't make sense there.

• (1200)

Ms. Lindsay Gwyer: Yes, can you repeat the question, if you don't mind?

Mr. Philip Lawrence: Yes, no worries. I'll lay this out as clearly as I can. We have company A: They employ the employee. We have company B: They are providing the employee with the car. I'm assuming that with the case law.... As I said, if this is not true, please, by all means, interject. What happened in this case is that company B was providing the car and CRA said, "No, no, that's an employee benefit. You guys, company A and company B, are not dealing at arm's length and, therefore, there is an employee benefit that is going to be deemed to the employee", or something like that.

Now you're putting this new patch into the Income Tax Act that says that regardless of whether company A and company B are dealing at arm's length, we still want to be able to tax the employee, but then you're coming back to me and saying that we will base that on a review of the facts. Once again, are they related?

What's the difference between the test of the facts, between seeing whether company A and company B are related or dealing at arm's length...? With respect to the patch, how do we know as a question of fact that A and B are related? I don't understand how you don't get into a Monty Python skit here.

Ms. Lindsay Gwyer: Well, in your example for the issue, if that car was provided by company B and is not related to company A, then it wouldn't have been picked up under the current rule. Now, the rule would look at whether that car is being provided by company B to the employee of company A as a result of or a consequence of the employee's employment by company A.

Instead of looking at the relationship between company A and company B, you'd be looking at the sorts of reasons why that car was provided by company B to the employee of company A to determine whether that was done as a consequence of that person's employment.

The Chair: MP Lawrence, when you are not speaking, if Ms. Gwyer is answering one of your questions, I would ask that you always mute. It does affect the interpreters here in the room. I ask that you stay on mute when you are not speaking.

Thank you.

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

I'm sorry. This is a discussion, so I was hoping to jump in. I thought we were actually having a good exchange.

Thank you again, Ms. Gwyer, for that.

The finding of facts will come down to asking whether it is a connection between the employee and company B or a relationship between company A and company B.

Ms. Lindsay Gwyer: I think it would be a question of looking at the entire picture to see whether company B is providing that car as a consequence of the individual's employment. In a situation where that's happening, there's probably some connection between company A and company B. Otherwise it wouldn't make sense that company B would be providing that car. You would really be looking at that entire situation to see whether all the facts support a finding that the car was being provided as a consequence of the individual's employment.

Mr. Philip Lawrence: That's exactly what I am getting at. I cannot envision a situation in which there was no connection between company A and company B and yet company B was providing the car to the employee for use in their employment in company A. I would suspect that the test would be to go back to company A and see whether it is at arm's length from company B.

Ms. Lindsay Gwyer: The previous test was whether company A and company B were related. You can be at non-arm's length and not be related. One option would have been to make the amendment look at whether company A and company B were dealing not at arm's length. Instead, the way the amendment was done was to look at whether the car was being provided as a consequence of the individual's employment. I think whether there's some connection between company A and company B would be taken into account in that assessment.

• (1205)

Mr. Philip Lawrence: The good folks at the Canada Revenue Agency were given very broad discretion to sort of paint just based on the facts, as it were. Don't you think it would have been more precise to simply ask whether company A and company B were related, or whether there was a relationship between the two, as opposed to amending it to look only at a question of facts and let CRA decide "Oh, well, maybe, maybe not", or at least list a series of factors that would predispose CRA to including this in an employee's taxable income?

Ms. Lindsay Gwyer: I think the way the amendment has been drafted is consistent with the way other rules that deal with employee benefits are drafted, which generally look at whether the benefits are being provided in the course of employment. They're not necessarily specific as to who's providing the benefit. They look more generally at whether the benefit is provided in the course of employment.

Mr. Philip Lawrence: Maybe that's a discussion in general we could have as well. Actually, I'm curious about that. Maybe I'll just follow that for a quick minute here. When an employee receives a benefit in what you call the course of employment—I'm not sure whether that term is defined by CRA or whether it comes from the case law—regardless of who provides it, it is a taxable benefit to the employee. Am I understanding correctly?

Ms. Lindsay Gwyer: Yes. There are specific rules that deal with specific kinds of benefits, but in general, if a benefit is something that's provided to someone in the course of their employment, then it is a benefit to them regardless of who is providing the amount for the thing.

Mr. Philip Lawrence: If, for example, a tradesperson received a tool or a vehicle that was used exclusively for their employment, regardless of who provided it to them, even if that were a parent, could that be interpreted as an employee benefit?

Ms. Lindsay Gwyer: No. I mean, in that situation the parent wouldn't be providing it. There has to be some sort of link to the employment relationship. It's a benefit that is being provided to the person because they are an employee. If a parent is providing something to their child to use related to their employment, that's not something that would be treated as a taxable benefit.

Mr. Philip Lawrence: Well, that's a little bit of relief. I appreciate that.

Getting back to the standby charge on automobiles and going back to the example of company A and company B, I really struggle with finding a situation where they are not related or at arm's length and company B would provide a vehicle to company A. I mean, cars aren't inexpensive, so there had to have been, I would think, a cash transfer or some monetary value being transferred.

What was the motivation of company B in providing that? Are they all part of the same corporate sort of structure? Is that why? What's the motivation of company B?

Ms. Lindsay Gwyer: I'm not sure. I think there was some sort of arrangement between the companies. The expectation would be that this is going to be a really narrow situation, like I said, because obviously, like you said, you're not going to have companies just providing cars to random people for no reason. There has to be some sort of arrangement there that is motivating that company to provide the car to the employee of the other company. There could be some sort of cash payment or other sort of arrangement in place between the companies that is creating the motivation for that car to be provided.

• (1210)

Mr. Philip Lawrence: The status of the current law is that if they're not at arm's length, this would be caught, but if they are at arm's length, then it would not be caught. Is that correct?

Ms. Lindsay Gwyer: If they're related, it would be caught. If they're not related, it would not be caught.

Mr. Philip Lawrence: It's based on being related, not on being at arm's length. My apologies for that.

What's the difference between "arm's length" and "related"?

Ms. Lindsay Gwyer: If companies are related, then they are deemed to deal not at arm's length. "Arm's length" is broader than "related", because if you're not related, you can also be considered not to deal at arm's length as a result of other factors. If you're related, you're not at arm's length, but you could also be not at arm's length even if you're not related.

Mr. Philip Lawrence: Mr. Clerk—and I do have a copy of that, Mr. Chair, before you scold me again—would you be kind enough to read the section again, specifically with respect to the arm's-length amendment there?

Mr. Philippe Méla: To spare our interpreters and change to French, this may be easier for them for a bit:

[*Translation*]

(2) Subparagraph 6(1)(e)(ii) of the Act is replaced by the following:

(ii) the total of all amounts, each of which is an amount (other than an expense related to the operation of the automobile) paid in the year by the taxpayer, or the particular person who does not deal at arm's length with the taxpayer, to the employer for the use of the automobile;

(3) Subparagraph 6(1)(k)(ii) of the Act is replaced by the following:

(ii) amounts related to the operation (otherwise than in connection with or in the course of the taxpayer's office or employment) of the automobile for the period or periods in the year during which the automobile was made available to the taxpayer, or a person who does not deal at arm's length with the taxpayer, are paid or payable by the employer within the meaning of paragraph (e) that made the automobile available (in this paragraph referred to as the "payor"), and

(4) The portion of subsection 6(2) of the Act before the formula is replaced by the following:

Reasonable standby charge

(2) For the purposes of paragraph (1)(e), a reasonable standby charge for an automobile for the total number of days (in this subsection referred to as the "total available days") in a taxation year during which the automobile is made available to a taxpayer, or to a person who does not deal at arm's length with the taxpayer, by a person (referred to in this section as the "employer") shall be deemed to be the amount determined by the formula

There, that's all.

The Chair: Indeed.

[*English*]

Thank you, Mr. Méla, for reading that again into the record for MP Lawrence in both official languages.

Go ahead, MP Lawrence.

Mr. Philip Lawrence: I'm sorry. I might have misunderstood something, Ms. Gwyer, hearing that again.

In order for the amended provision to apply, company A and company B are not at arm's length.

Ms. Lindsay Gwyer: They could be at arm's length or they could not be at arm's length. The relationship between the two companies isn't directly relevant to the test. The car is being provided as a consequence of the employee's employment.

Practically, the relationship would likely be relevant factually to that determination, but technically, that relationship is not directly relevant.

• (1215)

Mr. Philip Lawrence: There are a couple of facts we've been able to pull out. Company A and company B could be at arm's length. A couple of the facts we've been able to pull out are that perhaps there is a cash payment between company A and company B when the employee is using the vehicle that they have strictly within the four squares of their employment.

Have I understood that correctly?

Ms. Lindsay Gwyer: I think that's an example of a situation where the amendment might make a difference to whether the benefit is included in employment.

Mr. Philip Lawrence: Why would we not just have...? I struggle to find a situation where company A and company B are dealing at arm's length with one another, and company B, out of the goodness of its heart, is providing a car to the employee.

Ms. Lindsay Gwyer: Yes, that's the purpose of the amendment. The fact is that if that's happening, it would suggest that a car is being provided as a consequence of employment.

The amendment is being made so that there isn't the ability for taxpayers to put in place some sort of arrangement that has another entity provide the car and then try to take the position that.... It removes the need for the CRA to assess the relationship between those companies and allows it to look at the situation as a whole to see if the car is being provided as a consequence of the employee's employment.

Like I said earlier, that's consistent with other rules that look at employee benefits.

Mr. Philip Lawrence: Thank you for that.

I understand that it might very well make CRA's life easier, but I'm not in the business of making CRA's life easier. I'm in the business of making life easier for Canadians. Don't you think it will be more difficult for tax professionals and small business owners if in fact a vehicle is received, in this situation, that's being used in their employment? Would they not, to mix metaphors, be looking in their rear-view window to see if CRA is going to come after them? What ability do they have to say that company B, or even individual B, is just providing this vehicle that happens to be used in employment?

Ms. Lindsay Gwyer: The main rule that provides that employee benefits have to be included in income looks at whether benefits are received as a result of employment. The standby charge rules are really like a subset of those rules that calculate how you determine the employment and how you determine the amount of the benefit.

I don't think this change is creating any new obligations on taxpayers. It's really just eliminating a loophole that existed because of the fact that the car had to be provided by the employer or someone related to the employer. It's simply eliminating the ability for employers to enter into some sort of arrangement where they have a non-related person provide the vehicle and then avoid the employee having to pay tax on the standby charge.

Mr. Philip Lawrence: As a matter of law, not a matter of fact, could a spouse who gave a vehicle to another spouse for utilization, to use it strictly for their business, be caught by this provision?

Ms. Lindsay Gwyer: I don't think that would be a reasonable interpretation of the provision, no.

Mr. Philip Lawrence: Again, it's not a matter of fact; we're looking at the letter of the law. You can see that this casts a very wide net. Anyone who got a car who utilized it for the purpose of vehicles—perhaps there was even money going between those two individuals for unrelated causes, because money is fungible—could be caught by this provision.

We're giving CRA a broad amount of discretion. I hear you that if CRA does its job correctly...but it doesn't always. That's the truth of the matter. You could catch individuals who were not trying to avoid taxes but who just happen to be providing a vehicle being used almost exclusively for work.

• (1220)

Ms. Lindsay Gwyer: Again, I think this language is consistent with other employment benefit provisions. I don't think this is an issue that arises with respect to the employment benefit rules in general. I think it's normal under the Income Tax Act to look at the circumstances in which a benefit is provided, to assess whether that relates to employment and to tax the benefit on that basis.

Mr. Philip Lawrence: One of the items that came up for discussion from the very limited witness testimony.... We had only 10 hours on a half-trillion dollar budget there, or \$490 billion, to be more precise. That's like \$50 billion an hour. I guess \$50 billion an hour is all that's required to pass things through legislation.

One thing that came up was that the Canadian Bankers Association.... Of course, CRA has put in new legislation and they've made it retroactive to 30 past years. Will you be making this section retroactive?

Ms. Lindsay Gwyer: No. The amendment applies to tax years that begin after 2022. The amendment was released for consultation last summer with a package of technical amendments.

Typically, in most cases with respect to income tax when tightening changes are made, they're made on a prospective basis based on the date when the changes are announced. This rule is consistent with that. It wouldn't apply to any tax years that began before 2023, so that's after it was announced.

Mr. Philip Lawrence: I'm glad for that. Thank you. That's good to hear.

My question, though, is about the genesis between these two provisions: the one reassessing the banks with respect to GST and HST on credit card charges, if I have that correct, and this one, which is also from a case situation where the CRA lost again, this time with respect to automobile standby charges. One is made retroactive and one is not.

I agree with you that for the vast majority of the time—in fact, I can't think of another time, but maybe you could enlighten me—it's always prospective, not retroactive. In the banks case, what was different from the automobile standby charge?

Ms. Lindsay Gwyer: I can't speak to the amendment you're talking about, but like I said, in general for income tax amendments we normally make them prospective if they're tightening. I can't speak to that other amendment.

Mr. Philip Lawrence: Maybe you can speak to this, then. As I said, I do appreciate your testimony. I think it has been excellent.

With respect to talking about why it is prospective, I have a bit of a background with respect to taxation, so I think I have a handle on this. I suspect that many of the viewers don't have that same background.

What guiding principles would have you make these amendments prospective as opposed to going retroactive when the CRA had made a finding otherwise? It sounds like this benefit—

Ms. Julie Dzerowicz: Mr. Chair, on a point of order, I just want to see what the relevance would be to the standby charge for automobiles.

The Chair: It's just to relevance, MP Lawrence.

Mr. Philip Lawrence: Thank you. I appreciate that.

If I wasn't clear, Mr. Chair, I will seek to be this time.

We're talking about the automobile standby charge and whether it is retroactive or prospective in nature. Ms. Gwyer has told us that it's prospective in nature, so one of the alternatives perhaps would be an amendment to this, to make it consistent with the banking. I certainly would not, but maybe another party would like to move to make this retroactive. To make this consistent with what they're doing with respect to the HST/GST charges to banks would be to make this retroactive.

I'm wondering why in one case the government is going back 30 or 40 years to collect charges, and then in another case it is not. I would say that in either case the idea of making tax policy retroactive is a dangerous precedent to set, as it gives it to the CRA, and in fact the government of the day, to remake history, to change the laws as they were written 20 or 30 years ago and just say, "You know what? Regardless of what the court says, regardless of what the judiciary says and regardless of what the law says"—it is really almost a violation of the rule of law—"we believe it should be x, so we're changing it, and we're going back in history and changing the legislation."

I was hoping that Ms. Gwyer, given her incredible depth of knowledge with respect to taxation, could explain to us why the automobile charge and, in general, tax changes that are tightening are prospective and not retroactive.

• (1225)

Ms. Lindsay Gwyer: As I said, in general for income tax changes they are prospective when they are tightening. I think that in general that's considered to be fair, because taxpayers can structure their affairs in accordance with the law. If the law is changed, then in general it's usually appropriate to do that on a prospective basis, but sometimes there may be special circumstances that warrant a tightening change being made on a retroactive basis.

In this case, for this particular amendment, we felt that it would be appropriate to be applied on a prospective basis.

Mr. Philip Lawrence: What is interesting here is that there might be extenuating circumstances.

Ms. Gwyer, could you point to a situation where a tightening change has been made retroactively, other than the one I've discussed with respect to the charging of GST/HST?

Ms. Lindsay Gwyer: In the income tax context, it's not typical to make them on a retroactive basis. My expertise is in income tax, and I can't, off the top of my head, think of a retroactive income tax amendment.

Mr. Philip Lawrence: Thank you for that. We can't recall any tightening changes that have been retroactive.

I want to build upon what you said, and I think you said it quite well, which was that in general, in the principle of tax fairness in tax law, if we make changes that are tightening, that put the taxpayer in a worse situation, we do it prospectively to give them fair notice. This is because when you make a legal change retroactively, what you are in effect doing is changing the rules of the game after you have played it.

You can imagine.... For those of you who are watching the Stanley Cup playoffs right now, it would be akin to watching a Stanley

Cup playoff game and then after the game.... In this case, the rules are set out by the legislators and interpreted by the courts. The courts are the referees in this situation, so the referees interpret the law and at the end of the game, it's 5-0 to the Toronto Maple Leafs. As they are Canada's team, that might get me some emails. They have the 5-0 victory, and then at the end of the game, the commissioner comes in and says, "Actually, no, offside is no longer a rule and we're going retroactively to the beginning of the game. Because of that, the score is now actually 5-0 for the Carolina Hurricanes."

That's why we don't, in general—

Ms. Julie Dzerowicz: Mr. Chair, I have no clue what the heck Mr. Lawrence is talking about. This is quite an Olympic effort to try to be in any way on topic, but he is failing miserably.

We have heard from our official, who has explained ad nauseam about this clause. I also want to thank her for her time. She has explained why it is prospective versus retroactive. She has explained that very clearly, and I don't have any understanding of what Mr. Lawrence is talking about in relevance to his Maple Leafs example.

• (1230)

The Chair: Thank you, MP Dzerowicz.

We'll go back to MP Lawrence, and we'll thank Ms. Gwyer for her patience and for answering the many questions.

We would ask that you keep to clause 2, MP Lawrence—and relevance, again.

Mr. Philip Lawrence: Thank you very much.

If my discussion of retroactive taxation is not as illustrative or as clear as it could be, I would make the suggestion of bringing expert witness testimony so that we could discuss this and so that Ms. Dzerowicz could maybe understand some of the finer points of this if I'm not being clear enough.

I would, once again, thank Ms. Gwyer for her testimony.

Getting back to the automobile standby charge, you said you didn't know the case law or the name of the case that triggered this. Were there multiple cases, or was there just the one case?

Ms. Lindsay Gwyer: I believe there was one case, but I'm not certain.

Mr. Philip Lawrence: Every time there is a change made to the Income Tax Act, that change has to then be made in both the private sector and the public sector software, with a cost every year to industry and the government of hundreds of millions of dollars.

Is that not correct, Ms. Gwyer?

Ms. Lindsay Gwyer: I can't really speak to the cost involved in making those kinds of changes. I'm not sure this is a change that would require.... I don't know whether it would require changes to the software that's currently used.

As I said before, it's addressing a really narrow situation, so I suspect it may be consistent that there may not be changes required to the software, but I can't really speak to that. I'm not sure.

Mr. Philip Lawrence: Thank you very much for that and for your patience, Ms. Gwyer.

My questions are finished for now.

Thank you.

The Chair: Thank you, MP Lawrence.

Thank you, Ms. Gwyer.

We are at clause 2. Shall clause 2 carry?

(Clause 2 agreed to on division)

The Chair: Members, I'll ask again just to see if the mood has changed.

We have no amendments between clause 3 and clause 70. Do we have unanimous consent to move those?

I heard a no, so we are going to clause 3.

(On clause 3)

The Chair: Shall clause 3 carry?

Mr. Philip Lawrence: Mr. Chair, perhaps the clerk would be kind enough to read clause 3 into the record.

The Chair: Okay. We will have clause 3 read into the record.

I ask that members have the bill—

Ms. Julie Dzerowicz: On a point of order, if we have a copy of the bill, why is it that the clerk has to read every single clause, Mr. Chair?

The Chair: Thank you, MP Dzerowicz.

I was just about to say that members do have a copy of the bill and have the opportunity to read through the bill in front of them. I will ask our patient legislative clerk, Mr. Méla, to read it.

Go ahead, MP Morantz.

Mr. Marty Morantz (Charleswood—St. James—Assiniboia—Headingley, CPC): On a point of order, Mr. Chair, I think we have to be cognizant that there are many people watching this meeting who don't have the bill in front of them.

If the public is going to understand what we're debating here, it's very important that we have the clause read out so they're aware of what we're discussing and it's not just an esoteric discussion from their perspective.

The Chair: Thank you for that, MP Morantz.

For viewers who are watching at this time, or maybe at a later time, the bill is public and is on the record. It is on our website, and you are able to find that piece of legislation there.

The next point of order comes from MP Blaikie.

• (1235)

Mr. Daniel Blaikie (Elmwood—Transcona, NDP): Actually, it's the same point of order.

I heard you saying that you will continue to ask the clerk to read. I would like to express appreciation for that ruling. While I may not endorse some of the tactics that I think are going on in this meeting, I think it's an important right of members to ask that what we're considering be read into the record, for a number of reasons. I would hate to think that because we may have some legitimate grievances about the tactics of the meeting, we would set a poor precedent for meetings that are being conducted in a professional way.

Thank you for your ruling. Please know that there is support for that around the table.

The Chair: MP Blaikie, thank you.

Mr. Méla, please go ahead.

Mr. Philippe Méla: Thank you, Mr. Chair.

Clause 3 reads:

3(1) Subclause B(1) of the description of B in subparagraph 8(1)(r)(ii) of the Act is replaced by the following:

(1) the amount that is the total of the first dollar amount referred to in paragraph(s) and the amount determined for the taxation year for B in subsection 118(10), and

(2) The portion of paragraph 8(1)(s) of the Act before the formula is replaced by the following:

Deduction – tradesperson's tools

(s) if the taxpayer is employed as a tradesperson at any time in the taxation year, the lesser of \$1,000 and the amount determined by the formula

(3) Subsection 8(10) of the Act is replaced by the following:

Certificate of employer

(10) An amount otherwise deductible for a taxation year under paragraph (1)(c), (f), (h) or (h.1) or subparagraph (1)(i)(ii) or (iii) by a taxpayer shall not be deducted unless the taxpayer's employer confirms in prescribed form that the conditions set out in the applicable provision were met in the year in respect of the taxpayer and the form is filed with the taxpayer's return of income for the year.

(4) Subsections (1) and (2) apply to the 2023 and subsequent taxation years.

[Translation]

The Chair: Thank you, Mr. Méla.

[English]

I hope that helped, MP Lawrence.

Mr. Philip Lawrence: Thank you.

It did. It would be great if we could have officials come and explain to us the current state of the law, how the law has changed and how this interacts with the private member's bill put forward by my friend and colleague Chris Lewis, the member for Essex.

The Chair: That is our hard-working Ms. Gwyer.

Go ahead, Ms. Gwyer.

Ms. Lindsay Gwyer: I think the private member's bill you're referring to creates a labour mobility deduction. There's no connection between that and this amendment. This amendment would double the amount of the deduction that's available to employee tradespersons for the cost of tools. Currently they're able to deduct eligible expenses related to the cost of tools up to a maximum of \$500. That would be doubled to \$1,000.

There's also an amendment in clause 3. Subclause 3 relates to the measure on electronic filing and tax compliance. That amendment in subclause 3 relates to an obligation where employees are generally not allowed to deduct amounts in the course of their employment. They claim expenses, subject to certain specific amounts that are allowed to be deducted under the Income Tax Act. In cases where they are allowed to claim those deductions, the employer has to provide a form that says the employee made that payment in the course of their employment. This is an amendment to that form to eliminate the need for signatures on paper. It is designed to facilitate the ability for that form to be filed without needing a physical signature.

• (1240)

Mr. Philip Lawrence: Thank you for that.

Without the amendment, the current state is a \$500 deduction, and now it would be a \$1,000 deduction. Is that correct?

Ms. Lindsay Gwyer: That's right.

Mr. Philip Lawrence: There is a form that requires the employer's or employee's signature, but this would be removed.

Ms. Lindsay Gwyer: They're separate amendments, but they both amend the same section in the Income Tax Act. They're both in clause 3.

Yes, there is a form for an employee to claim deductions for amounts that the employee has to pay in the course of their employment, but that is only possible in limited circumstances. In circumstances where it's possible, the employer generally has to provide a form to the CRA stating that the employee had to make a payment in the course of their employment. The requirement for a paper signature on that form would be eliminated.

Mr. Philip Lawrence: Perfect.

I have a quick comment before I get to my next suggestion. There are no tactics being employed here. I believe these provisions are complicated. The Income Tax Act in general is complicated.

I believe this is part of democracy. In fact, it's our job. I would love to see members of Parliament do a fact-based test on some of these sections. I think it's incredibly important that we understand these provisions before we pass them. There are no tactics; there are simply explanations. This is me doing my job.

Ms. Gwyer, why a \$1,000 limit? What was the rationale behind that? Many of the tools that tradespeople use are well in excess of that amount. With increasing inflation, a simple tool even for a non-professional like me going to Home Depot can easily cost \$2,000, \$3,000 or more. Why was \$1,000 chosen?

Ms. Lindsay Gwyer: The current deduction is \$500. I think it was recognized that the cost of tools has increased along with other things, and it would be appropriate at this time to increase the amount of the deduction. It was a policy decision to double the amount of the deduction.

Mr. Philip Lawrence: Why \$1,000, or why double?

Ms. Lindsay Gwyer: That was just identified as an appropriate amount to allow as a deduction in this case in looking at the expenses that are incurred.

Mr. Philip Lawrence: What is the average cost of a tool that is written in for a deduction?

Ms. Lindsay Gwyer: I don't have that information in front of me.

Mr. Philip Lawrence: The \$1,000 was more or less chosen out of thin air. That's what I'm hearing. I don't want to be disrespectful, Ms. Gwyer, but you haven't provided us with any evidence. I'd love for you to rebut that, if you could. Why \$1,000?

I know that Mr. Blaikie is a Red Seal, and proudly so. I'm sure he would tell you that he's much more educated with respect to the trades than I am.

I suspect you would concur, and many of the folks I know in the trades industry would say, that many tools are well in excess of \$1,000. The cut-off at \$1,000 seems arbitrary at best.

Ms. Lindsay Gwyer: With any deduction, it's a question of looking at the amounts that are expended and what's appropriate to allow in the circumstances. My colleagues on the policy side would have done more analysis on that to determine what would be an appropriate amount to allow for the deduction. I don't think it was picked out of thin air, but I don't really have more specific information in front of me that I could provide at this point.

Mr. Philip Lawrence: How does that compare, Ms. Gwyer, to other...? For example, you're a business owner and you are buying supplies that are needed for your business. Let's pick the industry of manufacturing. You own a manufacturing business. Are there similar limitations, if they needed to buy equipment, with respect to how much they can write off?

• (1245)

Ms. Lindsay Gwyer: For someone who is carrying on a business, there aren't similar limitations. The Income Tax Act generally allows people who are carrying on a business, or requires them, to compute their profits. In doing that, they would be able to deduct reasonable expenses that they incur in the course of carrying on business. There are no limits.

With respect to employees, the Income Tax Act generally doesn't allow employees to deduct amounts that they earn for the purpose of employment, subject to certain specific exceptions. This is one of those specific exceptions where, subject to the limit, the employee is able to deduct that amount.

Mr. Philip Lawrence: Let's say you are a multi-million dollar business owner and you want to buy the same tool—it might be \$5,000—that an employee wants to get. On that \$5,000 tool, they're going to be able to write off \$1,000, but after that they don't get any deduction. However, that same business owner who wants to buy it, who might be a multi-millionaire or maybe even a multi-billionaire, will get the right to deduct the full \$5,000. Is that right?

Ms. Lindsay Gwyer: Well, that's generally right, but with the way the rules are designed, the general expectation is that employers will bear the costs that are required to allow employees to perform their jobs. In a context of significant expenses, it is likely to expect that the employer would be the one bearing that cost. This is an exception that recognizes that in this space, employees will sometimes bear costs themselves. It compensates them for that by providing for this limited deduction.

Mr. Philip Lawrence: But if you have a saw or tool or something that is simply used in the course of employment, and obviously the employer is not deducting that \$5,000 saw, what is the concern with allowing the full \$5,000? There has to be some type of concern of abuse or otherwise. Why would it not be fair to allow the price of a saw that's exclusively used in the course of employment by the employee?

Ms. Lindsay Gwyer: Again, the Income Tax Act in general doesn't allow employees to claim amounts in respect of their employment. Employees are able to claim the Canada employment credit. In 2023 it's \$1,368. That is intended to compensate employees for some of the costs they may incur in the course of their employment.

In general, it is expected that costs are borne by employers. That's one of the reasons that employees are in general not allowed to claim deductions for costs they incur in the course of their employment. I think there could be other concerns, maybe not necessarily with respect to this specific amendment but in general, that allowing employees to claim deductions could result in abuse or other problems.

Mr. Philip Lawrence: I'll get back to one of the substantive issues that I think the Canadian Bankers Association brought up, which was about retroactivity. I realize we had a lengthy discussion, and Ms. Dzerowicz did not like my metaphor there.

This is not a tightening provision, of course. It's to the benefit of the taxpayers, which is a good thing. I'll put that clearly on the record.

Why would we not make this provision retroactive?

Ms. Lindsay Gwyer: In general, when there's a policy change to allow a credit or a deduction that wasn't previously available, it wouldn't be typical to go back and make that retroactive. For one thing, it would create administrative issues by requiring the CRA to deal with people filing amended tax returns.

It's really typical, when there's a change to increase a deduction or a credit, to have that apply on a prospective basis from the year it's announced.

• (1250)

Mr. Philip Lawrence: Once again going back to the cap of \$1,000, would it have been a policy option...? Instead of a hard cap at \$1,000, what about an allowance to carry that forward for multiple years or carry it back for multiple years?

Ms. Lindsay Gwyer: I think that could be an option. That's not what is being done here.

Mr. Philip Lawrence: All right.

What will the cost be to the treasury of having this provision in place?

Ms. Lindsay Gwyer: The cost is \$11 million over six years.

Mr. Philip Lawrence: What would be the cost of an unlimited or uncapped benefit?

Ms. Lindsay Gwyer: I don't have that information in front of me.

Mr. Philip Lawrence: Would you mind providing that to the committee in writing at a later date?

Ms. Lindsay Gwyer: Yes, we can do that. I don't know if the information is available, but we can see.

Mr. Philip Lawrence: I appreciate that, Ms. Gwyer.

Getting back to the \$1,000 cap or limit, I want to once again confirm that you're unable to provide the committee at this point with any sort of substantive or policy reason why \$1,000 was chosen.

Ms. Lindsay Gwyer: As I said, I think it was a policy decision looking at the costs that are expended and the amount of the credit historically. It was determined that it would be appropriate to increase the credit to double the amount.

Mr. Philip Lawrence: Okay.

Thank you, Ms. Gwyer, once again for your patience.

The Chair: MP Lawrence, are you finished?

Mr. Philip Lawrence: Yes.

The Chair: Okay.

Shall clause 3 carry?

Mr. Adam Chambers (Simcoe North, CPC): I'd like a recorded vote.

The Chair: Clerk, please call the vote.

(Clause 3 agreed to: yeas 10; nays 0)

(On clause 4)

The Chair: We're moving now to clause 4.

Shall clause 4 carry?

Mrs. Anna Roberts (King—Vaughan, CPC): Excuse me. I didn't get to vote. I'm sorry. I didn't hear my name.

The Chair: MP Roberts, how do you vote?

Mrs. Anna Roberts: I vote in favour.

The Chair: Well, the vote has already been taken, actually. I'm sorry, MP Roberts. You will not be able to vote on that, but it did carry.

Shall clause 4 carry, members?

Mr. Philip Lawrence: Mr. Chair, my hand is up.

The Chair: I have MP Lawrence.

Mr. Philip Lawrence: Thank you.

I'd like to bring forward a motion to continue the debate of my motion.

The Chair: We'll suspend for a moment.

• (1250)

(Pause)

• (1255)

The Chair: We're back, and MP Lawrence, yes on your motion.

Mr. Philip Lawrence: Do I have the floor?

The Chair: Yes, you do.

Mr. Philip Lawrence: Thank you, Mr. Chair. I appreciate that.

On my motion to continuing our debate of my motion—

Ms. Julie Dzerowicz: I have a point of order, Mr. Chair.

Didn't we already vote on this? We made a decision about this.

The Chair: We did, but it is in order to bring it back.

MP Lawrence does have the floor and he has brought his motion back.

Ms. Julie Dzerowicz: I have another point of order: If the committee has made a decision, can we bring it back again? Is it not ruled inadmissible? Should you not rule it inadmissible?

The Chair: As a clarification from the clerk, the committee will have to vote to resume debate on this motion.

(Motion negated: nays 6; yeas 5 [*See Minutes of Proceedings*])

The Chair: We're back to where we were.

Shall clause 4 carry?

Mr. Philip Lawrence: Mr. Chair, my hand is up.

The Chair: I have MP Lawrence.

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

Would the clerk be kind enough to read that section into the record for our viewers?

Thank you.

The Chair: Could you indulge us, please, Legislative Clerk Méla?

Mr. Philippe Méla: Thank you, Mr. Chair.

It's clause 4. I'll be doing it in French this time around:

[*Translation*]

4(1) Subsection 12(3) of the Act is replaced by the following:

Interest income

(3) Subject to subsection (4.1), in computing the income for a taxation year of a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary, there shall be included any interest on a debt obligation (other than interest in respect of an income bond, and income debenture, a net income stabilization account or an indexed debt obligation) that accrues to it to the end of the year, or becomes receivable or is received by it before the end of the year, to the extent that the interest was not included in computing its income for a preceding taxation year.

(2) Paragraphs (g) and (h) of the definition *investment contract*, in subsection 12(11) of the Act are repealed.

(3) Subsection 12(13) of the Act is replaced by the following:

Definition of *flipped property*

(13) For the purposes of subsections (12) and (14), a *flipped property* of a taxpayer means a property (other than a property, or a right to acquire property, that would be inventory of the taxpayer if the definition *inventory* in subsection 248(1) were read without reference to subsection (12)) that is:

(a) prior to its disposition by the taxpayer, either:

- (i) a housing unit located in Canada, or
- (ii) a right to acquire a housing unit located in Canada; and

b) owned or, in the case of a right to acquire, held, by the taxpayer for less than 365 consecutive days prior to its disposition, other than a disposition that can reasonably be considered to occur due to, or in anticipation of, one or more of the following events:

- (i) the death of the taxpayer or a person related to the taxpayer,

(ii) one or more persons related to the taxpayer becoming a member of the taxpayer's household or the taxpayer becoming a member of the household of a related person,

(iii) the breakdown of the marriage or common-law partnership of the taxpayer if the taxpayer has been living separate and apart from their spouse or common-law partner for at least 90 days prior to the disposition,

(iv) a threat to the personal safety of the taxpayer or a related person,

(v) the taxpayer or a related person is suffering from a serious illness or disability,

(vi) an eligible relocation of the taxpayer or the taxpayer's spouse or common-law partner, if the definition *eligible relocation* were read without reference to the requirements for the new work location and the new residence to be in Canada,

(vii) an involuntary termination of the employment of the taxpayer or the taxpayers' spouse or common-law partner,

(viii) the insolvency of the taxpayer, or

(ix) the destruction or expropriation of the property.

(4) Subsection (3) applies to the period throughout which a flipped property of a taxpayer is owned or held by the taxpayer in respect of a disposition that occurs after 2022.

• (1300)

The Chair: Thank you, Mr. Méla.

[*English*]

At this time, we're going to get services reoriented here in the room and also give everybody an opportunity for a bio break and a stretch break. We're suspending for the next 15 minutes or so.

• (1300)

_____ (Pause) _____

• (1320)

The Chair: Members, we are back.

We thank our legislative clerk for reading into the record clause 4 in French.

I see one hand up. Go ahead, MP Lawrence.

Mr. Philip Lawrence: Mr. Chair, I would like, at this point, to bring a motion to the floor: That given the committee has yet to achieve its objective of obtaining 20 hours of witness testimony on Bill C-47, notwithstanding the motion....

I'm getting some feedback, Mr. Chair.

The Chair: We're getting some very bad feedback, so let's see if we can fix that.

We're going to suspend.

• (1320)

_____ (Pause) _____

• (1320)

The Chair: We're back. Let's hope we have those technical challenges fixed with the feedback.

MP Lawrence, test your mike to see how we're doing.

Mr. Philip Lawrence: Hello, Mr. Chair. Are we good?

The Chair: I don't know if others hear a bit of an echo.

Mr. Philip Lawrence: I had a bit of an echo, Mr. Chair, but I think it's gone now.

The Chair: MP Lawrence, yes, you're fine. The sound now is good.

Read your motion, please.

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

I'll start from the top because of the interference. I move: C-47

That given the committee has yet to achieve its objective of obtaining 20 hours of witness testimony on Bill C-47, notwithstanding the motion adopted by this committee on May 16th, the committee allocate an additional 10 hours for witness testimony and that clause begin immediately following the 20th hour of witness testimony.

I'd like to continue with that motion if it is found to be in good order, Mr. Chair.

● (1325)

The Chair: Thank you, MP Lawrence.

It is in order and you may continue.

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

The reason why we want this testimony and why we believe it's so critical is there are a number of issues that our leader, Pierre Poilievre, has outlined in a number of great speeches. One of those issues, which I'm particularly compelled by and I think this budget will make far worse, is the issue of having paycheques go further. Paycheques are being continually and increasingly eroded by an ever-growing and ever-expanding federal government that takes more and more of the proverbial oxygen from the room.

As I started talking about before, there is a great article written for the C.D. Howe Institute by Alexandre Laurin and Nicholas Dahir called "Softening the Bite: The Impact of Benefit Clawbacks on Low-Income Families and How to Reduce It". I'll continue where I left off. For those who didn't catch the summary, Hansard is available.

Tax benefits are government payments to individuals. The largest are old age payments to seniors and benefits to families with children. Children's benefits play an important role in the reduction of child poverty by providing income support to low-income families.

It goes on and says:

Governments must balance redistributive objectives with the effects of these tax benefits on the public purse. As families earn more taxable income, benefit entitlements are reduced (or "clawed back") at various phase-out rates, which reduces their overall cost for governments and ensures that they remain targeted to the intended lower-income families. Benefit reductions, however, act like hidden tax rates: they reduce the effective gain from working to generate additional income. To determine the tax system's full impact on a family's financial gain from work, the combined effect of both taxes paid and cash benefits reduced must be taken into account.

This *Commentary* presents various estimates of effective tax rates on personal earnings for families with children. These effective rates play a key role in family work decisions by reducing the monetary reward of earned income.

Mr. Terry Beech: I have a point of order, Mr. Chair.

The Chair: PS Beech has a point of order.

Mr. Terry Beech: It's just in terms of relevance. I'm reading the motion that was circulated by the clerk. It has to do with whether or not we'll go back to hearing witness testimony on Bill C-47, not

hearing the testimony itself from Mr. Lawrence. I would ask that he stay relevant to the motion on the floor so that we can have a vote on it and decide how this committee is going to proceed.

The Chair: Thank you, PS Beech.

MP Lawrence, stay relevant to your motion.

Mr. Philip Lawrence: Perfect. I will make that clear to the parliamentary secretary.

Of course, tax policy is a huge issue that numerous witnesses would talk about. In fact, several of the witnesses we would have in front of us today, if not for the recalcitrance of the chair, we would be hearing from right now, so this is directly on point.

I thank the member for his assistance, but I think the relevance is clear.

The Chair: PS Beech has a point of order.

Mr. Terry Beech: Mr. Chair, I don't think the relevance is clear. I'd like you to rule on whether or not it is relevant. I don't believe him reading a prepared speech of witness testimony is relevant to the motion currently being debated. I think this is more a filibuster. I think it's just more comfortable for the member to go back to his prepared speech instead of actually talking about the clauses.

We've been debating clauses for a couple of hours. We've made it to clause 4. I'm really excited about getting to clause 5. Could we actually get a ruling on relevance, debate the motion that's on the floor and get back to work?

The Chair: We'll allow MP Lawrence one more turn to make it relevant to his motion.

I want to say, MP Lawrence, that you mentioned me. There was one thing that I wasn't sure I was clear on at the beginning of my opening remarks when we started this meeting. Maybe I didn't say it. I know that you, MP Lawrence, as well as MP Chambers, MP Hallan, etc., have texted and emailed me many a time. I've gotten back to you, as you know full well, MP Lawrence, within minutes on whatever you've asked for. However, over the last week and a half, I didn't hear at all from you.

I just wanted to make that clear for those watching, MP Lawrence. I think you mentioned something about how this all got started. I get emails and texts from you. I have not received anything over this past week.

We just wanted to make that clear. If you think differently, please let me know.

● (1330)

Mr. Philip Lawrence: I will right now.

The Chair: MP Lawrence, please go ahead.

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

It was my assumption and my belief that all of the parties were committed to 20 hours. As you said, Mr. Chair, we have had a good relationship in the past, so I was counting on that occurring. I certainly made it clear to MP Beech, among others, that 20 hours of testimony was what the Conservatives were expecting. While I certainly was surprised that there weren't meetings scheduled on Monday or even on Saturday or Sunday, which we certainly would have been more than willing to do, my assumption was simply that the chair was going to move back the clause-by-clause study so that we could hear more witness testimony. However, that is obviously not the case.

I would direct to the chair and the clerk that we are given a wide path in what we are able to talk about with respect to a motion. That's meant for, I believe, the very important and very good purpose of promoting democracy. I have certainly been on committees where I've heard Liberal members talk about varied subjects, to which I have patiently listened while perhaps pondering the relevance of the varied issues, but I would certainly never be one to silence the opposition. That's just not how democracy should work.

Quite frankly, I'll remind the members in government that they will not be in government forever, and if they wish to set this precedent, I suspect that it's not a good one for when they will be in opposition. However, that's up to them. The chair's ruling will certainly be on the record if in fact they chose to silence the opposition.

If you want, I am more than happy to talk off the cuff, as it were, with respect to the motion. The motion is, of course, to have an additional 10 hours of testimony.

I have to commend the chair and also the clerks on a terrific job well done. They were able to arrange, in I believe less than 24 hours, 10 hours of testimony, and I believe that could happen again. I know that all parties have provided lists that would more than fill the 10 hours of testimony. I believe that individuals and organizations have even written in. Certainly my inbox was full of individuals, organizations and groups wanting to testify before the finance committee to talk about their various issues and concerns. Ten hours, in my opinion, is just not enough.

I'm surprised that no one has talked about the pre-budget consultation we had, as that did provide the ability for many individuals to talk. The challenge is that those individuals didn't know what was going to be in the budget and weren't necessarily in a great position to provide commentary.

If we want to go back and rewrite history, the reality is that the reason this committee was stalled and stuck in some lengthy debates and discussions was that the deputy leader, Minister Freeland, would not agree to speak for two hours. It's not really my interest to relitigate this debate. However, because it's been brought up by Parliamentary Secretary Beech, among others, I think it's important to note that unfortunately the Minister of Finance has refused to come to committee on three separate occasions. We did not get the opportunity to listen to her testimony, so the Conservatives asked for her to speak for two hours at committee. That is by no means unprecedented. There have been many ministers of finance who have spoken for two hours or more. That seemed very reasonable.

• (1335)

I was actually really stunned by some of the testimony I heard in that short 10 hours. It certainly made me want to hear more. We heard from the food banks, for instance, that individuals at food banks were contemplating medical assistance in dying not because of an illness or injury but because of the status of their personal situation with respect to food and economics. I was absolutely shocked and disturbed when I heard the gentleman from the food banks say—his message to us was quite clear and crisp—that we should be terrified of the situation on the ground. That's a big word to use. I have to commend both individuals from the food banks. They gave some excellent testimony that made me want to hear more.

That testimony was validated, I would say, by the testimony of Philip Cross. Mr. Cross's testimony was extremely well spoken, articulate, intelligent and all based in fact. He said our GDP growth was the worst since the 1930s. Obviously I speak to constituents, so I know that times are tough. Many Canadians are experiencing the worst days of their lives right now. However, to go back to the Great Depression.... That is absolutely staggering. It's staggering.

Quite frankly, maybe that's why the Liberals don't want any more witness testimony. Maybe they've heard enough. Maybe that's why they're refusing to hear another 10 hours, which, at \$490 billion, is \$50 billion an hour. Surely our time is worth \$50 billion an hour. More importantly, the cause of democracy is worth more than 10 hours of testimony.

If we go back to the beginning of this discussion, the Conservatives were clear: We wanted two hours with the Minister of Finance and 20 hours of witness testimony. That is by all means reasonable. In fact, the original motion had us hearing witness testimony on a Monday, Tuesday and Wednesday, and getting those full 20 hours in. However, that seemed to just evaporate.

As I said, the Conservatives agreed to work collaboratively and congenially. We were appreciative of the Minister of Finance staying for the extra half an hour. We appreciated her giving that additional time. It's unfortunate that she didn't provide any answers in that time, especially when I go back to the testimony elicited by my colleague Mr. Chambers, who asked very reasonable questions of the Minister of Finance.

Excuse me, Mr. Chair, I hear paper rattling. I don't know whether there's a microphone not on mute that should be on mute or otherwise. It's a bit distracting.

The Chair: Let's check for that.

No. It's not in this room, MP Lawrence.

Mr. Philip Lawrence: Okay. My apologies. I'm pretty sure I heard something.

What we were talking about at the very beginning of this budget process—and Conservatives were clear—was that we wanted two things: 20 hours of testimony and two hours of Minister Freeland's time. We were hopeful that she would engage in a meaningful way and answer simple questions like what the total transfer payments for health were and what the interest payments were. She refused to answer those questions. At least she gave us an hour and 20 minutes or an hour and a half. I'm sure the clerk could tell us exactly how long she was here. We did appreciate her staying for the extra time, but we were still short on what we asked for, which was two hours. I still believe that is an incredibly reasonable request. However, we decided that we'd move ahead. One act of good faith needs to be repaid with another act of good faith, so let's carry forward.

We were certainly under the belief that we would have at least 20 hours of testimony before we would go to clause-by-clause. As I said, I know it's short notice, but the clerks were able to move mountains and get 10 hours in a couple of days, yet in the intervening four or five days, they weren't able to get any, which to me seems strange. As I said, it seems like resources are always there when it's in the Liberals' favour, but when it's not, those resources are not there.

What Conservatives wanted was just to hear more people speak, 10 more hours. This is not a wild request. We're not asking for months and months of debate, or years, or even days. We're asking for hours here. We're asking for 10 more hours of discussion.

I have to say, I think the testimony was really excellent, and there were high-quality discussions. I can't, for the life of me, think why anybody wouldn't want to hear more of those discussions. I go back to Mr. Cross when he was talking about the economic record of this government. It has presided over the lowest GDP growth numbers per capita since the Great Depression. If that's not disturbing, and if that doesn't wake people up and merit more discussion, I don't know what does. With the GDP, it's numbers and data, but it is what's driving the underlying issues that our country and many of us are facing. We heard that it's driving those food bank numbers and that the number of people who are employed and using food banks has doubled.

One of the other stats that were just shocking to me was that one in 20 people in Mississauga has to use food banks. Food banks are hopefully there to be of transitory assistance. Bad things can often happen to good people—issues can happen, or restructuring can happen with employers—and people doing all the right things can get side-swiped by some of the challenges of life. There's certainly no doubt about that. Thank you to all the charitable organizations, including food banks, that are there to help people who get side-swiped by some of life's misadventures and challenges.

However, what is just as troubling, or even more troubling than the transitory use of food banks, is that people who are locked into using them are employed right now. Usually, the solution to not having to rely on food banks and on charity is to obtain employment, but 30% of the people using food banks already have that employment. What is the solution for those people? Normally, the door or the escape hatch out of poverty is employment. Inflation and the cost of living are such that this no longer guarantees a ticket out.

• (1340)

Those issues are worsened by, as I was talking about in the report, the marginal effective tax rate, where we see that folks who are going to work will experience clawbacks and taxation equivalent to as much as 80¢ on the dollar.

If you're a person who's been side-swiped by one of the challenges of life, been pushed down by one of the terrible things that can happen in life—good people, bad events; bad things happen, as I said, every day to great people—your ladder back up economically is often employment, and now it's as if this government has cut that ladder. Nearly half—well, not nearly half but getting close to half—or at least a third of folks using food banks have that employment. They have gone up the first rung of that ladder, but they're still not out of poverty because this government's inflation agenda has driven the cost of living so high that even people with reasonable jobs or good employment are still in poverty. The math is out there. On clawbacks, you're giving up 50¢ per dollar.

As for rent, in my neck of the woods, in Cobourg and Port Hope, you can't find an apartment—if you can find any at all—for less than \$2,000 a month. That means that if you're earning \$50,000 a year—which used to be a good, solid wage in our country—already you have lost half of your income to housing.

We're then seeing food inflation creep up, and the cost of food is eroding that paycheque even further. Food inflation has been up 10% every month for the last eight or nine months. It's easy to spend \$5,000 to \$10,000 on food, especially if you're a family. Now you've gone from \$24,000 to \$34,000. The government has probably taken around \$8,000 or \$9,000—let's call it \$10,000—so now we're up to \$44,000 and all we have is a house and food, much less all of the other costs associated with life, such as clothing, transportation and other assorted fees.

Then the government decides—

Mrs. Anna Roberts: Confirmation, even on the chair...?

• (1345)

The Chair: Mrs. Roberts, you're not on mute.

Mrs. Anna Roberts: I'm sorry.

The Chair: Maybe that's where the paper was coming from, MP Lawrence.

Some hon. members: Oh, oh!

The Chair: Go ahead, MP Lawrence.

Mr. Philip Lawrence: It could very well have been. That's some excellent detective work, Mr. Chair.

We have Canadians who are gainfully employed and who have done all the right things. It used to be that society had a deal with young people, and the deal went something like this: You either go to school or go right to working hard. You get some type of trade or ability to increase your economic value. You work hard. You make the right decisions. You make those sacrifices. You take on that student debt, if you're a student. You go out there, as a young person, and many work 50, 60, 70 or 80 hours to develop their trade or their profession. We know it's hard, and we know it's stressful. Not every boss is a great boss. We know the challenges that you will face, but here's the deal. If you're willing to make those sacrifices, if you're willing to work hard and if you're willing to put your work first and really give everything you can to a trade, a profession or a job, you will have rewards at the end of it. You'll be able to afford a house. You'll be able to raise a family. You'll be able to, maybe, take a vacation once a year.

That deal, according to one witness testimony, is broken. The deal is broken. Young people are working as hard as ever. They are making the right decisions. They are doing the best they can, but they're still ending up in their parents' basement because they can't afford a house. A down payment for housing...the cost of housing is through the roof.

We have a huge gap between the number of houses that are being built and what we need. Housing starts are nowhere near what we need to support the great people of Canada. We need to get rid of the gatekeepers, and we need to get housing built here in Canada. We are leaving many young people with the inability to get their house.

Housing prices—after a momentary dip, when interest rates were skyrocketing—have started to climb again. To get a reasonable house anywhere in an urban centre—or even in the rural areas, where I live—it's up near a million dollars, if not more than a million dollars. It used to be that a million dollars would buy you a mansion. Unfortunately, now, a million dollars buys just a normal house.

On down payments, if you want to put 10% down on a \$1-million house, that's \$100,000. We go back to that individual who's earning \$50,000, \$60,000 or \$70,000. It's hard to stretch the paycheque just to make ends meet with that income these days, much less come up with an extra \$100,000. Some studies have shown that it will take young people five, 10, 20 or 50 years to come up with just the down payment, and then they have to make their payments.

We already had inflation, which was high, and actually just ticked up again in the latest inflation report, and then we add interest rates. We have the cost of food increasing. We have the cost of heating increasing, and then we have the cost of housing.

The interesting part is that the government actually has a solution. It could, right now, if it wanted to, bring down inflation by 10%. That's not me saying that. That's Tiff Macklem, the Governor

of the Bank of Canada. He said that 0.4% of the inflation was the carbon tax. At 4% inflation or thereabouts, where we are, we would be able to reduce inflation by 10%. I think that would be a pretty huge accomplishment. All they have to do is walk in and say, "You know what? We're eliminating, or even just pausing, the carbon tax until inflation is under control. Until we have it within the desired range, we will eliminate the carbon tax." It would be an immediate solution overnight.

● (1350)

As I said, that's not me saying that it would reduce inflation. That's Tiff Macklem, the Governor of the Bank of Canada, who, once again, has been generous with his time. We don't always agree with his responses, but at least he has always been willing to come to our committee and talk about the situation.

Unfortunately, Minister Freeland has not. She has declined three invitations. She did come for an hour—I have to be fair about that—but we had asked her for two hours. She did stay a little bit extra. We appreciated that, but there are just so many witnesses. I'm sure that all these members share, as I do...the individuals who would want to come and testify before our committee.

What I would like to hear is with respect to some discussion of this government's war on work. We see effective tax rates that are increasing, higher and higher. Effective tax rates are over 50% for many low-income Canadians. As the C.D. Howe report said, marginal effective tax rates are often higher for low-income people and lower for high-income people, which would seem to be, out of fairness' sake, not the right direction for our country.

As I've said in the past in the House of Commons, I can't imagine how difficult it would be for an individual who has decided to return to work, whether they have children or whether they are a senior coming back to work, getting that first paycheque and seeing that through the marginal effective tax rate they're keeping less than 50% of what they earned. Imagine how dejecting it would be for someone who had worked a hard job, done the hard work and made all the right decisions to then have the government say, "Thanks. We're keeping more than half."

We need to hear the testimony of these individuals. We need to hear about the marginal effective tax rates and explain what that means. I raised this issue in the House of Commons in question period. I brought the idea that many Canadians, low-income Canadians, are actually paying a marginal effective tax rate of over 50%. It was responded to with jeers of disbelief, if I might put it politely, on the other side. Clearly, there needs to be some education, because this is not me saying this. Eminent think tanks like the C.D. Howe Institute and the Fraser Institute have discussed this a number of times.

So I sit here in disbelief and await the hypocrisy we'll get from the other side when they are in opposition and they start raising the issues of democracy. I remember all the cries of the NDP about time allocation and closure and the need for democracy. That seems to have all faded away. It's pretty much inexplicable that anyone would think that 10 hours of witness testimony would be sufficient and that the Deputy Prime Minister and Minister of Finance would only have to testify for an hour.

Democracy, I believe, demands that people have their voice, especially when this is not a small matter. This is a critical time. From Philip Cross we heard that we have the lowest rate of growth per GDP since the Great Depression. The cause of that is no doubt this government's inflation-fuelling deficit spending. What does this government decide to do? Well, there's more inflation-fuelling deficit spending. Even just since the introduction of the budget we've seen an increase in inflation. Sure, people say, "Well, the budget isn't in effect yet," but of course markets and individuals act as much on expectations as they do on reality, so perhaps we already see the market baking into the inflation that this government will create here.

• (1355)

When we look at the importance of this budget, \$490 billion is going to go out the door, and we're going to see an additional \$60 billion in new spending, \$40 billion in net new spending. We have what at best, I guess, you could call forecasts in which the government claims they will be reducing expenditures at some point in the future, but, by the way, those don't come into place until 2027 or 2028. Also, there are no plans as to how those reductions will be achieved. This would be, I think, fertile ground on which to hear expert witness testimony about how the savings could be generated and whether they're even viable or feasible at all.

When we look at this process, it's literally just 10 more hours of witness testimony that we want to hear. We have, in my opinion, some of the best and brightest minds from around the world who come to testify before us in the finance committee. Oftentimes, our panels are around five individuals representing a number of organizations, which represents to me about 50 individuals or so. That's 50 new perspectives that could be provided to this debate and to this discussion. We'll continue to have that discussion and that debate over witnesses to underscore the fact that there's a need to hear from these brilliant individuals.

Normally, some of the smartest women and men across our country are invited to these committee hearings, and surely they could add value. I don't understand how the Liberals could think that these individuals would not provide value to our committee, but obviously that's the case. Maybe, as I said, the concern is that they don't want to hear more from the food bank saying that this situation is terrifying, that people are asking for MAID because the situation is so bad, or that this is the worst economic time since the Great Depression. Maybe that's what the Liberals are afraid of hearing. For my part, I certainly would want to hear more testimony.

I believe that one of the areas we need to focus on is reducing the marginal effective tax rate for low-income Canadians. It simply is not right that high-income earners are paying less than low-income earners in terms of marginal effective tax rates.

With the chair's indulgence, I would like to share with you some highlights. I'm hoping MP Beech is okay with this. This is a table from "Commentary No. 632". The heading is "Participation Tax Rates for a Stay-at-Home...Parent Contemplating Taking on Paid Work, by Province and by Number of Children", so this is if someone wants to return to the workforce.

If you live in the great province of Newfoundland and Labrador and you have one child, your participation tax rate, which is the tax rate you'll face if you're a stay-at-home parent and you want to return to the workforce, is 38%. If you have two children, it is 46%. If you have three children, it is 54%. If we go to the great province of New Brunswick, the situation gets even worse: for one child, it's 42%; for two children, it's 49%; and for three children, it's 56%.

• (1400)

In the beautiful province of Quebec—La Belle Province—you'll see that with one child, your participation tax rate is 53%. This is from the C.D. Howe report. For two children, it's 60%, and for three children, it's 66%. That is incredibly high. If you are living in the wonderful, beautiful, fantastic province of Quebec and you're a mom or dad of three and you've been staying at home with the kids and now you want to return to work, you're going to keep 44¢ on every dollar. That doesn't include the costs of the carbon tax, HST and property tax. All of those government intrusions are in addition to this.

In my own province of Ontario, you'll see that the numbers are these: for one child, 40%; for two children, 54%; and for three children, 59%.

Now, what's really disappointing.... Maybe even stronger language such as "disturbing" could be referenced. My first example is that the first parent's income is \$45,000 and the second parent gets a job for \$20,000. Just to be clear, the first parent is already making \$45,000. The stay-at-home parent now wants to return to work, and they want to make \$20,000 a year. Those would be the effects.

The disturbing fact is in looking at higher income levels. Say the first parent's income is \$120,000 and we're going to have the stay-at-home dad or mom come back to the workforce to make \$50,000. Remember that in the first scenario the numbers were 38%, 46% and 54%. That's the low-income scenario. In the high-income scenario, it's 33%, 35% and 37%, in the great province of Newfoundland and Labrador. That's a shocking number. What a disincentive to work it is when the government is taking more than 50¢ on every dollar.

Let's go back to the beautiful province of Quebec. Once again, the first parent's income is \$45,000. The second parent says they're ready to go back to the workforce and they're going to make \$20,000 a year. In Quebec, that individual would face tax rates of 53%, 60% and 66%. If the first parent who's working outside the home right now is making \$120,000 and the second parent who wants to return to the workforce is expecting to make \$50,000, those numbers drop from 53% to 37%, from 60% to 40%, and from 66% to 45%.

This is clearly an inequity in the tax system. It is a disincentive, and it's discouragement. It's the appropriation of money from the most vulnerable in our communities, from those who quite frankly are doing all of the right things. Like all Canadians, they're incredibly hard-working and are getting back to work and making investments to get that great job, and then the government is saying, "Thank you very much; we're going to take more than 50¢ on the dollar."

It's heightening an economic challenge that we have on the macro scale of things as well. We heard testimony on tourism and hospitality from Ms. Grynol, and I think she said that the pre-eminent challenge that hotels and other tourist-related businesses are facing is labour shortage. Perhaps that's not shocking, given the barriers that this government is putting in the way of people working—the disincentives they're putting in place.

• (1405)

A great relief valve to the labour shortage would be the return to work of seniors who have retired and who may want to return to work, whether it's out of necessity or just wanting to make sure that they have additional security, or maybe they want to do something extra for their grandchildren. Low-income seniors are often facing marginal effective tax rates of over 50%. Not only is it incredibly unfair to our lowest-income workers—many of them seniors, many of them parents—but it's also hurting our economy.

In my own riding, in the town of Cobourg, one of the hoteliers told me that they have overwhelming demand. Their challenge is that they simply don't have the labour, so they cannot sell out all of their rooms because they don't have the support people necessary to run the hotel.

Mr. Chair, could you tell me who's next on the speaking list?

The Chair: Next is PS Beech.

Mr. Philip Lawrence: Thank you very much.

I appreciate that, and I look forward to his remarks.

An interesting statistic is the impact of the participation tax rate, inclusive, when we look at the expenses overall in a household and the cost that it generates for families. If we actually look at the share of families with children by marginal effective tax rates from 1985 to 2022, according to this report, we see that a larger and larger portion of this tax burden—

Mr. Adam Chambers: I have a point of order, Chair.

The Chair: MP Chambers, go ahead.

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

I just wanted to confirm this. Could you reconcile your speaking list with the clerk? I just want to make sure there's no misinterpretation of who's next. I believe Mr. Morantz and I had our hands up. I just want to give you a moment to confirm with the clerk.

• (1410)

The Chair: Thank you, MP Chambers.

Just before that point of order, I did.

It is PS Beech, MP Lawrence, MP Morantz and MP Chambers.

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

The Chair: You're welcome.

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

I'm normally in the committee room. Post-COVID, I rarely do it virtually, but as this is a constituency week, I am back in the great city of Cobourg. Just for clarity, how does the recognition happen? Is it the first person with their hand up? Is there preference given to those in the room, or is it just the eye of the chair? What are the rules on that, if you'd be kind enough to share?

The Chair: MP Lawrence, I do my best to put the order in as it should be, and that is based on what I see in the room and as I look to the screen.

As I see it, next we have PS Beech, MP Lawrence, MP Morantz and then MP Chambers.

Mr. Philip Lawrence: Okay. It was just a point of clarity. So, as it catches your eye, whether it be virtually or in the committee room, the person who gets there will get there first. That's fine, and that's fair.

I want to talk a little bit about the share of the stay-at-home parents' participation tax rate. Before 1985, there were nearly zero individuals who paid more than 50%. In fact, in 2010, it was still a very small percentage; it was less than 10%, by my read of this graph. However, as we get to 2022, that number dramatically increases. We've seen an increase and a creep-up of the marginal effective tax rates for lower-income workers. As I said, this can often be more than 50%. On occasion, it can be greater than 80% for low-income earners, meaning they only get to keep 20¢ on every dollar they earn, which is incredibly disappointing and also incredibly demotivating to Canadians who are simply trying to go out there and work hard. It also has real challenges for us as we face a labour challenge. We should be doing everything we can to incentivize work. Instead, we are disincentivizing it.

As a country.... The Liberal government should be out there saying that it supports those who are going to work and trying to improve their lot. I believe the Prime Minister says, “the middle class and those [aspiring] to join it.” To those folks who are trying to join the middle class, we should be giving every handout; we shouldn't be slapping their hands as they try to climb up the economic ladder, which is, metaphorically, what is happening right now.

The marginal effective tax rate is driving people back into poverty. This is seen by the food bank usage. As we heard, the situation is “disturbing”. Many food banks have seen a double or even triple usage compared to pre-COVID levels. As the government takes a larger and larger share of Canadians' earnings, we throttle down; we take out the productivity and innovation of our economy. Of course, we are forecasted to have some of the lowest economic growth in the OECD going to 2060. We are also forecasted to be dead last in capital investment. We need private capital to drive innovation to grow our economy, and unfortunately we are not looking good on that front according to the OECD. It's extremely challenging.

Why is this important, Mr. Chair? Well, this is important because productivity drives our economy, which drives our standard of living. When productivity decreases, growth rates decrease, and when productivity and growth both decline, it's the most vulnerable who often pay the highest price, as is the case with inflation. When inflation goes up, the wealthy may be inconvenienced, but it's the most vulnerable who have to go to food banks. It's the cost of inflation. It's deficit-fuelled inflation fuelling spending that is driving Canada deeper and deeper into debt.

Quite frankly, Mr. Chair, we need to hear expert testimony on this. We need to understand—to an even greater extent than we do—what the impact of this deficit spending will be. We have seen that the marginal effective tax rate is a substantial weight or anchor on our economy.

• (1415)

I'll give you an example of the impact of the marginal effective tax rate.

Mom and dad each earn \$30,000, for a total family income of \$60,000. On the one hand, they pay \$7,668 in combined federal income taxes and contributions—employment insurance (EI) and Canada Pension Plan (CPP)—and \$1,729 in Alberta taxes and contributions, for a total payment of \$9,397.... The total of benefits received minus taxes and contributions paid yields an initial family disposable income of \$62,900.

Mom considers working overtime one month to earn an extra \$500. As a result, family benefits would decrease by \$99 while federal and provincial taxes and contributions would increase by \$152, and the family's disposable income would increase by \$249...rather than by the full \$500 [that she rightfully earned].

The family's marginal effective tax rate would round out to 50%. That's income earners, earning \$30,000 each, giving over 50¢ on the dollar back to the government.

To earn that \$500, the reality is that there were probably other expenses that had to be incurred along the way. There were probably additional transportation expenses. If this individual needs to take public transportation, there's the cost of that. If they own a car, there's gasoline and wear and tear on the vehicle. Then there are additional expenses with respect to child care, perhaps. Maybe she's working in the evening. That \$249 could easily be eroded.

That's why many Canadians are feeling like everything in Canada is broken. For many Canadians, and I've heard this from Canadian after Canadian, it feels like work doesn't pay anymore here in Canada. We need to dispel that notion. We need to celebrate work. We need to incentivize work. We need to get that deal back, that broken deal that says if you work hard and make the right decisions here, you're going to be rewarded. You're going to be able to afford a house. You're going to have a little extra money to save for retirement. You're going to have a little bit of extra money even to go and have a vacation. You're going to be able to afford the basic necessities and not worry about making your bill payments at the end of the month.

Canada, more than ever, needs its entrepreneurs, its workers, to power our economy through. Unfortunately, this Liberal government is putting in barrier after barrier after barrier.

I'll give you another example of how this government is putting in barriers that are preventing Canadians from achieving their full potential. In this scenario, mom earns \$30,000 and dad stays at home, for a total family income of \$30,000. Mom pays \$1,985 in federal income tax and contributions to EI and CPP, with no Alberta income tax, for a total payment of \$1,985. The family also receives government benefits. The total benefits received, minus taxes and contributions paid, are \$49,555.

Dad says he's considering returning to the workforce. He has an offer. He's excited to return to the workforce. He's going to be earning \$30,000 a year. The family's disposable income, instead of increasing by that \$30,000, would increase by only \$13,350, reflecting the loss of federal benefits, provincial benefits and the rise in federal and provincial income tax. That means that his participation tax rate is 56%. That's for someone earning \$30,000 a year. Man, that is brutal, especially when you consider the additional costs that may be necessary to return to work. Maybe he required some additional training and there were costs with respect to that education. Maybe there was a second car required if they live in a rural area. Now we may have actually put them behind the eight ball.

• (1420)

The reality is that the majority of stay-at-home parents are moms and some of them certainly want to continue doing this. Others want to return to the workforce. For those who want to return to the workforce, we should not be subjecting them to marginal participation tax rates in excess of 50%. These are women who have decided that they want to return to the workforce, and the government is all but stopping them by taking more than 50¢ on every dollar that they earn. These issues are incredibly challenging.

We'll continue to talk about the government's war on work. Quite frankly, I was looking forward to many of the witnesses testifying about that. Those who have been paying attention to my questioning would see that this is a repeated theme, and it will continue to be a repeated theme that I ask questions about.

If we were to reduce the marginal effective tax rate, particularly on low-income earners, that would alleviate a number of issues. It would give individuals more money to spend on food. It would also give them more money for rent and allow them to be in a better financial situation. It would, potentially, motivate more individuals to return to the workforce and ease our labour shortage. It only makes sense that the more we pay people, the more they would be willing to work. In this case, we are paying people less and less in net dollars.

Mr. Cross had great comments on this when he talked about the fact that Canadians are increasingly feeling like work doesn't pay in our country. You can see where that notion would come from. When the government is taking 50¢ on the dollar, work is certainly paying less than it has in the past. We have seen the marginal effective tax rate increase steadily under the Liberal government. Its war on work continues. We actually saw this a little bit with COVID benefits: If you earned \$1,001, you got zero dollars, whereas if you earned \$999, you got \$2,000 of benefits. It's these types of cliffs that we need to avoid.

There are a number of different ways of looking at this. One is to potentially reduce income taxes on low-income earners. That might be an area of fertile discussion. Another would be to reduce the rate of clawbacks on low-income earners. That might be a good area to have discussion on. There is also the ability to increase the exemptions when clawbacks start or when income tax starts. I think these are all excellent and fertile areas for potential discussion.

However, doing nothing is simply not an answer. I just don't know how members of the Liberal government can look someone in the eye who is earning less than \$30,000 and say, "Yes, we're taking 50¢ on every dollar you earn, sorry about that, so sad, too bad." To me, that's unconscionable. What we need to see is reform, in some shape or form, so that people earning under \$50,000 a year are not paying more than 50% of their money in taxes. We need to see paycheques go further.

● (1425)

You know, the government is certainly quick at grabbing money. They take more money; they take it; they take it, whether it be in carbon tax, income tax, this tax, that tax or any other tax. Sometimes, they'll point out that, yes, we give back this money. There is their famous GST rebate, with the marketing gimmick of calling it a "grocery rebate", when it was simply the doubling of the GST.

They're certainly great at marketing. There's no doubt about that. Where they fall down is with respect to substance. Instead of taking all this money to Ottawa and then giving back little dribs and drabs of it, why would they not just leave it in the pockets of Canadians?

I had a private member's bill, Bill S-216—which has since been carried forward by Ben Lobb—that sought to give an exemption from the carbon tax to farmers for propane and natural gas. The government first said, "No, this isn't an issue. It isn't an issue. No way. This isn't actually costing farmers tons of money, Philip. You're all wet." Then when organization after organization came out to say it actually was a problem and was costing the average farmer thousands of dollars in carbon tax paid in excess of their rebate, they came up with their own half-baked solution of providing a credit and a rebate system whereby they would take the money

and distribute it as they saw fit. If you did the right thing here and the right thing there, the government would give you some of your carbon tax dollars back.

That is not how Conservatives work. In fact, I had an exchange with the Deputy Prime Minister and Minister of Finance that I think was incredibly illustrative of the difference between Liberals and Conservatives. I asked her about the dire situations in food banks, and she went on—I believe with 100% sincerity—talking about some of the challenges in her own local food bank and how the financial position many Canadians were in broke her heart. I believe she was absolutely sincere and I want that clear and on the record. Then she went on and said, "I wish we could give them all cheques." That is the difference between Liberals and Conservatives: Liberals want to take people's money and give them cheques, while Conservatives want people to have economic independence to the extent that they never need a government cheque. It is that difference that very much defines the difference between the Liberals and Conservatives. That Liberal policy of taking money to give to others has never succeeded. No country has ever taxed itself into prosperity.

Winston Churchill described this strategy as a man standing in a bucket and pulling up on the handle to try to bring himself up. Clearly, the visual of that is exactly what it means, because you can't grow an economy by taking money out of the economy. That just doesn't make sense. When we take more and more and more money out of the economy, we inhibit the ability of Canada and Canadians to compete on the world stage.

In the U.S., they don't have a carbon tax. Businesses don't have to worry about a carbon tax. We actually heard in witness testimony here—and it would be great to hear another 10 hours of this—from the CFIB about the impact of the carbon tax on Canadian small business. Small business owners, farmers and rural Canadians are paying a disproportionate amount of the carbon tax. In many cases, they're paying thousands, if not tens of thousands of dollars over and above any rebate they would have received. This is incredibly inequitable and unfair, and it's another weight on Canadian businesses.

Canadian businesses need to be lifted right at this time. Right now, our productivity numbers forecasted by the OECD, our capital investment numbers forecasted by the OECD and our economic growth numbers per capita forecasted by the OECD are not a pretty picture.

● (1430)

The Liberal government, if it was serious about increasing prosperity for all Canadians—and perhaps I might say, most importantly, those who are most vulnerable—would have been serious about growing the productivity of our country and eliminating barriers to success.

Unfortunately, this budget was more of the same, which will just increase the barriers to success and make it incredibly challenging.

The great news is that Canadian entrepreneurs, Canadian business owners and Canadian workers are so tough that I think in spite of nearly anything this government throws at them, they will keep going.

To them, I say, “Thank you.” I mean that sincerely. Thank you to all the workers, to the business owners out there who are working 50, 60, 70 or 80 hours a week, only to see 50% to 60% of those efforts get appropriated by the federal government, which has an insatiable appetite for revenue.

Revenue grew incredibly post COVID, because of inflation. Millions and billions of additional revenue dollars were flooding into the coffers of the treasury, and the economic situation, because of the recovery from COVID, was good.

Keynesian economics would tell you that now's the time to save for the next challenge, but what does this government do? It continues to spend, spend, spend. Tax and spend—those are the only two economic solutions this government knows. If it sees an issue, it has two solutions: Tax it or spend money on it.

What this government needs is competent policy. We need effective tax reform. We need effective legislation to protect Canadian intellectual property. Unfortunately, all this government sees are two words: “tax” and “spend”.

There's a famous Ronald Reagan quote that says that when a Liberal sees something move, they tax it. He said, “If it keeps moving, [they] regulate it; and if it stops moving, [they] subsidize it.” That can really sum up the government's, the Liberals' economic policy. All they see is tax, tax, tax, and spend, spend, spend.

I would love to hear more witnesses testimony about what would be required to bridge the productivity and innovation gap that Canada is currently facing. Many of our OECD peer nations are moving further and further ahead of us when it comes to productivity, innovation and capital investment.

All those things are incredibly important. Productivity is really the standard of living of the nation. If a country can produce more goods more efficiently, its standard of living will go up. That benefit, if done right, should disproportionately help the most vulnerable, which is what I think we would all like to see and accomplish.

When I heard the Minister of Finance talk about how it broke her heart to see the individuals at her local food bank, well, how we fix that, how we solve that, is by making life easier by driving up productivity. When a country can make more goods, there is more prosperity by definition. Unfortunately, especially relative to many of our G7 or OECD peers, we are falling further and further behind.

I would love to hear witness testimony with respect to the budget implementation act that talks about, specifically, what this government could have done to enhance productivity; or if there are things in the budget implementation act that would increase productivity, I'd like to hear that too. I did not see any. All I saw was more tax and spend.

This is a serious issue. If we don't get this right—if we aren't able to fix the course of our productivity, of our capital investment and of our innovation gap—we will suffer for a generation, because we need to make those capital investments now to fuel our economy for the next 10, 20, 30 or 40 years.

When we make capital investments, when we invest in innovation, intellectual property or equipment, that equipment will make

us more efficient and more effective, and will grow our standard of living.

• (1435)

The only driver of the economy is the private sector, and I would have loved to hear an additional 10 hours on how we could grow the economy. We heard the Minister of Finance and deputy leader talk about this. I believe she referred to it as Canada's “Achilles heel” that our productivity was not growing.

I think most of the members would agree—the numbers are in black and white—that our productivity numbers are challenging at best. The government has to have all hands on deck to do everything it can to enhance the productivity of our businesses and of our government, too.

There are a number of substantive issues that we could be hearing about right now with respect to the economy and the budget implementation act, but unfortunately, that wasn't the direction. Conservatives wanted to work collaboratively, in the spirit of democracy, to get this process on the road, as it were, in order to.... All we needed was to have the deputy leader and Minister of Finance for two hours and to have 20 hours of testimony.

I don't know why the Liberals want to make things so difficult for Canadians just to simply get the facts and understand the reality of the budget. It's almost as if they're allergic to transparency and are trying to avoid it, either through a lack of testimony from the Minister of Finance or through a lack of witness testimony.

If I were in government, I'm not sure I'd want to hear their track record over and over again. The worst economy since the 1930s.... Holy mackerel, those are some pretty astounding words. Then there was food bank usage doubling or even tripling.... Wow. The testimony we heard was just breathtaking. There was the CFIB, which talked about the impact of the carbon tax, its barrier to small business success and the disproportionate cost to our farmers and to our small business owners. Maybe that's why they've attempted to muzzle witnesses and remove their ability to testify through limiting the amount of debate and discussion.

It's not too late. We could push back the clause-by-clause if we got unanimous consent. They could just say, “Hey, we made a mistake. We realize the importance of witness testimony, and we want to support democracy. Let's just push the date back—I don't know, maybe a week—to June 6 or thereabouts. We could get the witness testimony, which would give Canadians the right to say their piece and would give parliamentarians the ability to review and analyze the data. Unfortunately, that's not the direction this government has set.

I was, for my part, more than willing to work on Saturday, Sunday and Monday, and, of course, I was more than willing and able to be there for Tuesday and Wednesday as well. As I said, I have great appreciation for the work the clerks do in arranging for speakers. The great news, too, is that it wouldn't necessarily necessitate travel to Ottawa in these extraordinary circumstances. I'm certainly more than happy to hear witnesses virtually. Ten hours more is just a couple of five-hour meetings, and we could be all done.

Candidly, I think the reality is that when a government spends \$490 billion, there should be much more than even 20 hours of testimony on these very important issues. These issues affect millions and millions of people, and they will have a profound impact on our economy by putting greater and greater debt on our children and grandchildren, and even on our great-grandchildren.

● (1440)

I just don't think it's unreasonable to have 20 hours of witness testimony, especially when you hear some of the testimony that the finance committee has had the privilege of listening to.

The testimony of a couple comes to mind. One was the CFIB. It was a pleasure to hear some of the testimony with respect to the impact of the carbon tax on small business owners and how it disproportionately affects small business owners. Some taxpayers are paying tens of thousands of dollars in carbon tax.

Now we have the carbon tax two coming into place. I notice the clean fuel standards. The impact that will have.... So far, carbon tax one has led to meeting absolutely zero emission targets. That's not from me. That's from the commissioner of the environment. I heard that while I was at public accounts. At the same time, it has made the economy less competitive. I think that is an objective fact. It has also driven up inflation, according to Tiff Macklem of the Bank of Canada. Roughly 10% of today's inflation is because of the carbon tax.

The Liberal solution to this is to bring another carbon tax in place. If one wasn't hurting Canadians enough by driving up the cost of eating and heating, if it wasn't enough that it was hurting Canadian competitiveness, and if its ineffectiveness at hitting any emission standards wasn't clear enough, let's put in a second carbon tax. It's one that will, no doubt, be equally as effective at achieving emissions targets—which is not at all. It has a zero batting average, as it were.

It also drives up the cost of living. In addition to driving up the cost of living, it makes Canadian businesses less competitive, both at home and abroad.

It's estimated—and many farming organizations say this—that between the two carbon taxes, the cost to the average farmer could be driven up to thousands, if not tens of thousands of dollars.

We see the storm on the horizon. Even the Minister of Finance has acknowledged it. Canada has a huge challenge with respect to productivity. However, while they acknowledge the storm is coming, they refuse to take any steps to shield the Canadian public from it. They refuse to help Canadians invest in their economies by reducing the burden.

Excuse me, interpreters. I have to cough. I apologize to the interpreters.

What we should be doing is taking an all hands on deck approach. All parliamentarians should be putting their heads together to come up with the best ideas to solve the productivity gap. This is, as Minister Freeland said, Canada's Achilles heel. We have a huge challenge. This Achilles heel could stand to reduce, if not resolve, standards of living across our great country.

I would certainly love to be hearing witness testimony today about the productivity gap and the decisions legislators and lawmakers could make—provincially, federally and municipally—to drive up our productivity numbers and drive our economic growth.

Having the worst economic numbers in the GDP per capita since the 1930s should serve as a wake-up call. We are not going in the right direction economically. In fact, we are driving toward a cliff. Yes, I am sorry if it saddens the Liberals. We aren't pushing the accelerator. We want to stop this car and turn it around.

● (1445)

We believe that Canada should not be at the bottom of the pack, when it comes to it. Canada should be leading with respect to productivity. We have the hardest workers and the best minds in all the world here in Canada. What's holding them back? I'd put a Canadian scientist against any scientist in Germany or Switzerland or the United States. I'd put a Canadian engineer against any engineer in the world, whether they be in Ireland or Singapore or Japan. I believe we have the best and brightest individuals. I'd put our tradespeople up against tradespeople from around the world.

The problem is not the Canadian people. We have some of the best and the brightest. We also have some of the best post-secondary education institutions in the country, which have helped drive innovation across our country. We have all these wonderful seeds.

What else do we have? We're blessed. We're blessed by having some of the most bountiful natural resources in the world. Many of the natural resources or minerals or other resources that will be required to fuel the economy of tomorrow are located right here in Canada. Whether it be the nuclear industry, the electric battery industry or other industries, many of those critical minerals are located right here in Canada.

We have all the ingredients. We have all the ingredients for success. The challenge is the federal government's inability to create a framework, whether it be for the creation and protection of intellectual property or for the exploration of our natural resources, which is necessarily protective of environmental and workers' rights but at the same time balances our need for growth and productivity. This government seems to fail at both.

Life is increasingly hard for workers, for Canadians. As I said, the number of employed individuals going to food banks has doubled. Our productivity numbers are near the bottom of the OECD. For innovation, we're near the bottom of the OECD. We're forecasted by the OECD to have the worst economic growth going into 2060.

Today we're not even.... Today's discussion, or the motion, is not even necessarily about the substance of that. It's just about hearing more testimony. It's about getting more expert opinion, getting more thought, getting more comment and getting more discussion on the record from some of the best and brightest minds. For goodness' sake, the government needs it. Look where we are: food bank usage doubled, one of the lowest productivities, one of the lowest innovation numbers, one of the lowest GDP per capita, and the worst GDP per capita in our country since the 1930s. If that doesn't cry out....

All we're asking for at this point is just to hear some more experts. Often you'll hear the Liberals say, "We'll take no lessons from the Conservatives," but if not from us, then please, please, please—I mean this sincerely—listen to the experts out there. Listen to the scientists. Listen to the engineers. Listen to the economists. It's wake-up time, guys. The economy is struggling. We are in an incredibly difficult economic position. Our inflation numbers are still high. Economic growth is decreasing.

In fact, the finance minister will talk about the last quarter having positive economic growth. That's true, but the problem is that most of that growth was left over from the preceding year and just spilled into January. In fact, the numbers in March show a very different story that's indicative of an economy in decline.

In the near term, we are facing a cost of living crisis, a housing crisis and rising inflation rates, with the highest interest rates in 40 years. In the mid to long term, we're facing productivity numbers that put us near the bottom of the pack. Innovation numbers, such as patents registered, etc., put us near the the bottom of the pack.

● (1450)

As well, economic growth and capital investment numbers are once again near the bottom of the OECD, and per capita GDP growth is the worst since the 1930s. To me, if I'm a government member, I want to hear every opinion I can, because clearly they don't have it right. They have not figured it out. They've been in power for eight years, and this is the record we have to show for it: the worst economic growth rate since the 1930s; falling productivity numbers; falling capital investment numbers; housing costs that are incredibly high; and food inflation over 10% for the last eight or nine months.

I think this government has some lessons it needs to learn, quite frankly, and I think this Minister of Finance has some lessons that she needs to learn. Not only would I encourage this government to take another 10 hours of testimony, but I would encourage the Minister of Finance to listen to that and to maybe take some advice from some of the great people who would be testifying.

I have to tell you, Mr. Chair, that there are many blessings to being a member of Parliament, and it is an absolute honour and privilege, but one of the greatest privileges that I believe I have is actually sitting on committees. You will not see me just on the finance committee: I will often sub in for various committees, because it's an incredible privilege to listen to some of the witness testimony. I learn something new—and I think I improve my own journey—nearly every time I sit at a committee and listen to witnesses.

I've been on committees as varied as justice, foreign affairs, finance and public accounts, and in many of these, I've heard very interesting testimony. I always try to keep an open mind when understanding and reviewing that, to improve our ability to be legislators. The more we can deepen our understanding of legislation through listening to witnesses and witness testimony, the stronger—and in a better position—I think we are.

We make decisions. This budget implementation act will affect not just Canadians right now, the 37,000,000-plus Canadians who are out there right now. It will affect Canadians who have not even been born yet, if for no other reason than they will be paying back the debts and deficits this government has incurred. We now have a national debt cresting towards \$1.3 trillion, a deficit that's forecast to go as far as the eye can see, this despite the fact that the Minister of Finance said she would maintain the debt-to-GDP ratio, that it would not increase. This was the "line" that she would "not cross" under any scenario. Then, less than six months later, guess what? The debt-to-GDP ratio is going up.

Liberals would say, well, it's only for one year, so relax—we'll get it under control. The reality is, the government can really only plan for one year, and then a new budget will come into place. My bet, and perhaps you can capture this on the record—I would love to be wrong about this—is that the debt-to-GDP ratio does not go down in future years as forecast by the Minister of Finance. My bet is that this will be another broken promise.

What do I base that on? Well, a series of broken promises along the way....

Of course, the Liberals promised to balance the budget after their spending spree. They didn't, and in fact the deficits kept rising and rising. Then, of course, we had COVID and some of that to support. Of course, Conservatives supported that, and we understand that some of it was necessary, but there were also hundreds of billions of dollars spent during that time that had nothing to do with COVID and that drove up inflation and put us in the precarious situation that we are in right now.

● (1455)

I just don't understand how, in six months, the Minister of Finance went from saying, "Hey, we're going to balance the budget in five years," to, "We're going to have deficits for as far as the eye can see, for years and years to come." What changed in that time? These are questions I would have loved to ask the Minister of Finance.

I could show you, Mr. Chair, my list of questions. My next ones are with respect to productivity, because I really believe that productivity—and our productivity gap—is a substantive issue for the Canadian economy. It's one that, if we don't get it fixed—if we aren't a leader in productivity—can have significant economic challenges for us for a generation. We need to make sure we are growing the economy. Growth is absolutely critical, especially when...and growth per capita. We need to make sure Canada is getting wealthier for every individual, and it's particularly important with regard to the most vulnerable.

Instead, what are we doing? We're lowering productivity, which means there is a smaller pie for everyone to share. Then, as the pie shrinks—or doesn't grow as fast, perhaps, is more accurate—the government is taking an ever-bigger piece. The government started out with the carbon tax. Now there are going to be two carbon taxes. It started with, I believe, \$15 per tonne. Now it's going up to \$300 per tonne—I believe that's the plan with respect to the carbon tax.

The Income Tax Act... Income tax was brought in as a temporary measure. "We just need to fund World War I, and then the income tax will go away," or so the story went. Unfortunately, though, the income tax is still with us, and it's ever more prevalent. You can see that with respect to the marginal effective tax rate and the participation tax rate, which are disproportionately impacting... Those who can afford to pay the least are paying the most. The idea that someone earning \$30,000 a year would have to fork back 50 cents on the dollar to the government makes your head spin.

In fact, I have repeated this to many Liberals. I obviously won't mention any names, because that would be telling tales out of school, and I respect my colleagues too much to do that. However, at first they don't believe me when I tell them there are low-income earners who are facing a marginal effective tax rate of over 50%. Then I show them the numbers and the excellent work the C.D. Howe Institute has done, and they're surprised. Of course, their silence is often the recognition of guilt. I think they see.... They realize that something's not right. Of course, they're not going to come out and say that to me.

Like I said, I would defy one of the Liberal members to walk up to a single parent and say, "Yes, we know that if you want to return to work, we're going to take 50 cents on every dollar from you, but that's how we think it should be," or walk up to a low-income senior and say, "Yes, ma'am, I know you want to return to work because the cost of living has been driven so high that you can no longer afford rent or food, and we thank you for returning to the labour force. However, we are going to take 50 cents, 60 cents or 70 cents on every dollar you earn, because we believe that's how it should be." To me...I don't understand it.

You know, I've raised this in the House of Commons. At every committee meeting, I bring up the marginal effective tax rate, because I think it is such a substantive issue. I've yet to actually hear any attempt to rebut this, other than the occasional jeer across the hall in the House of Commons, saying, "No, this can't be true. That's ridiculous. That's laughable." That's the only thing I hear. When we actually go through and.... I have to say "hats off" to one of the Liberal members, who came in after jeering me and said, "I want to understand this issue." We sat down and talked about it,

and he said, "Okay, you're right." I hope there are more Liberal members who are aware of the marginal effective tax rate.

● (1500)

I'm certainly open to a non-partisan discussion about this. I believe that no one wants to purposely discourage work and that all members of the House of Commons want to see Canadians succeed and prosper. We need to resolve this issue and fix some knowledge gaps that exist. I realize that not everyone enjoys tax policy as much as I do, so maybe this isn't an area of interest or study for them.

It's incredibly important and incredibly powerful, because when you have high marginal effective tax rates, not only do you take the dollars and cents, but those dollars and cents are also associated with a sense of self-worth. If you don't believe me, for those of you who have children, when they reach adulthood and receive their first paycheque, look at them when they make that first paycheque. It could be mowing a lawn or washing dishes, as I did many years ago, but it's the feeling of self-worth that comes from work and making a contribution. There is all sorts of different work, from being a rocket scientist to being a neurosurgeon to working in whatever field you want, from being a pipe fitter to being a carpenter, but the value it gives to people cannot be discounted.

When the government says to someone that it is taking 50% of the value of that work, imagine that. If someone works for 40 hours and is left with only 20 hours' worth of their work, one out of two of their hours of work is being taken by the government. What an impact that must have, especially on those who are struggling to get by. Imagine that individual who can barely afford to pay their rent. Instead of their paycheque reading \$1,000, it reads \$500, and now they can't afford their rent. If they just had that extra \$500 back, they might be able to make that rent; they might be able to pay for the groceries at the end of the month instead of going to a food bank.

The government—and I don't think these words are too strong to use—is literally driving Canadians into poverty with its high rate of marginal effective tax rates. The government has three ways of raising revenue, Mr. Chair, and it has employed all three ways to nearly the fullest extent possible. One is direct taxation, and with that we've seen dramatic increases in the marginal effective tax rates. We've seen the introduction of new small business taxes. We've seen the carbon tax and now the second carbon tax. Those are all direct ways of getting revenue.

The other way is through inflation. We saw that government revenues went through the roof when inflation occurred. Quite frankly, this is the oldest trick in the book. In fact, there is a term you may have heard, which is coin clipping. It dates back to the Roman Empire. When the Roman government ran out of money because it had overspent on whatever, it came up with a brilliant idea. It would reduce the amount of silver or precious metals in the coins, and that way it would have twice as much money to spend. Of course, what happened was that the government was initially able to collect a lot more goods, because it hadn't yet flooded the system with cash.

It takes a little while for inflation to kick into the system, so those who get the money first benefit the most.

Who had the money first? The federal government and the Canadian banks did. They've benefited the most from inflation, so the government has utilized inflation to its maximum benefit.

The other tool, which is really related to the other two, is deficit or debt spending. What this is doing is kicking the can down the street. Eventually, it will have to collect that revenue, either through inflation or through taxation.

- (1505)

When the government does that, the more it takes out of the private sector, the harder it is for the private sector to thrive. When we have an economy that is growing, perhaps the increase in government taxation can be handled by the private sector, and it will not have the type of deleterious impacts that we're currently experiencing.

Right now, that's not the situation. In fact, the economy is slowing, inflation is increasing, the deficit is increasing, debt is increasing, our productivity numbers are suffering and our innovation numbers are suffering, as are our capital investments and our productivity. As Mr. Cross said, we have the worst economic growth—GDP per capita, to be precise—since the Great Depression in the 1930s.

What's the government's solution to that? Is it to inspire, encourage, innovate or look itself in the mirror and ask how this federal government can be more effective at delivering services to help businesses?

The bureaucracy has not been given the resources it needs to succeed. We saw this with the Phoenix pay system. It was an absolute debacle. It was a disaster.

We saw this during the pandemic, as well, when the government agencies were able to get cheques out. I appreciate the efforts. I know many civil servants were working around the clock to get them out, but they did so with one hand tied behind their back.

Believe it or not, there are still parts of our civil service that program with the same programming language that I used in grade 10. I am not young, Mr. Chair. Some 20-odd years ago, I was using BASIC to program. That is still the programming language in some government programs today.

One of the areas I would have loved to hear about in witness testimony is individuals testifying about how other governments have used their resources to put themselves in a better position to suc-

ceed. There are numerous examples dotted across the globe of countries that have made the right decision, which has allowed their economies to grow and to do extremely well. It has lifted up their productivity numbers, lifted up their capital investment numbers and lifted up their per capita GDP numbers.

It would have been fantastic to hear some witness testimony, maybe about what Ireland has done, and other countries like Ireland. It has been able to increase its productivity, which is the GDP per hour. It's much above Canada's.

The United States is above Canada as well. Switzerland has quite a substantial advantage, despite the fact that it has far fewer natural resources than we have.

Right now, we are squandering the opportunity to win the future. We have all the necessary ingredients. We have an incredibly well-educated, intelligent and hard-working populace that is engaged and, by and large, committed to making Canada the greatest country in the world.

We have many great post-secondary institutions. There are many great universities and colleges that generate some fantastic ideas.

We've been blessed with incredible natural resources, and we have some technology that makes Canadian energy some of the cleanest in the world.

We have all the ingredients for success, to win the future and to be the most successful economy in the developed world. Of any advanced economy, we could be number one. There is no doubt in my mind that we could have the highest per GDP growth if we just got the government out of the way. That's what it really comes down to. We need to get rid of the gatekeepers.

There are so many paradoxes that we live in. We live in the second-largest country in the world, yet we have one of the highest prices of housing. We have one of the largest housing shortfalls of any advanced country.

How do we have all this land but nowhere for anyone to live?

- (1510)

We have tremendous natural resources. We have an incredibly well-educated, intelligent and hard-working populace, but we have one of the lower productivity numbers. Once again, the finger of blame points over and over and over to the failure of this Liberal government. These eight years have been very difficult for Canadians. There's just no doubt about it.

The cost of housing has doubled. We now have high rates of inflation and the worst economic growth since the 1930s. We have double the food bank usage. We have twice as many employed individuals going to food banks as we ever did. One in 20 folks in Mississauga go to food banks. We certainly heard from the food bank from within the chair's own riding, which said the situation was terrifying. I hope the chair and the rest of the Liberal members were listening to it. It's their eight years of economic mismanagement that have put us there.

The good news is that hope is on the way. Help is on the way, as a Poilievre government will turn hurt into hope and make the common sense, the common people, once again common in our great country. That is what we need to drive economic growth and make Canada the most prosperous country in the world. It is by increasing economic growth and by not having a GDP that is the lowest since the 1930s but instead having one of the highest GDP growth rates in Canada's history.

How do we do that? We get government out of the way. We remove the gatekeepers. We let Canadians do what Canadians do best. We let Canadians innovate. We protect those innovations through a logical framework that makes sense, that drives innovation in our great country and that allows Canadians to reap the rewards of the innovation investments.

If you listen to many IT experts across Canada and, really, across the world, they say that Canada generates some of the very best ideas in the world. The challenge is that those ideas just flutter away. It's not because the entrepreneur or the innovator is doing anything wrong or incorrect. They're not. What is doing something wrong is the federal government. The federal government has not put the frameworks in that are necessary to help individuals maximize their investments here in Canada. What happens is that those ideas flutter away to other jurisdictions. They go to Silicon Valley. They go to the European Union. They go to Asia. Instead of those ideas raising the standard of living for Canadians, those profits are realized in other jurisdictions.

We have an opportunity to change this. Our resources and Canadians' innovations should increase the prosperity of Canadians. What's going on right now is that we ship out our ideas. We ship out our resources. Then they're repackaged, manufactured or sold back to us at a premium. That gap in the supply chain, which in many of Canada's industries is missing, is the sweet spot. That is where prosperity is made. That is where productivity is grown. We need to regain that part of the supply chain in our economy.

We need a government that will turn that hurt into hope, that will turn that doubling or tripling of food bank usage around...and that will take a punitive and painful carbon tax and scrap it to allow Canadians to be more innovative, make those capital investments and be rewarded.

We need to have a country where, when people do bad things, they feel those consequences, but more importantly, when people do good things, they reap those rewards. It shouldn't be the bureaucrats in Ottawa who get the rewards of innovation. It should instead be the entrepreneurs, the workers and the business owners of our great country.

• (1515)

That is the country that I know and love. That is the country that I believe we will be again under a Pierre Poilievre government, where once again paycheques go further because taxes are reduced, where housing is affordable again, where work pays, where individuals feel safe again in our great country, where work is rewarded, where success is celebrated, and where Canadians come together in a collaborative fashion to restore Canada and to make Canada an economic leader once again—a country that can get its resources to market, that lifts the prosperity of all Canadians, that doesn't in-

vest in a \$5-billion pipeline that cost \$30 billion to build, and tracking....

We need to be a country that can get things done again. Unfortunately, as I hear from constituents, from Canadian after Canadian, too many of them feel like this country is broken. They are working harder and getting less. Those earning more are paying less, and those earning less are paying more.

Quite frankly, they are not wrong. When you look at the marginal effective tax rate and you see someone who is paying a higher tax rate at \$30,000 than someone who is earning \$120,000, you can see they're not wrong, and they're not wrong when they see a senior, a low-income senior, earning less than \$30,000 a year but paying a marginal effective rate in excess of 50%. When you see a stay-at-home parent wants to return to the workforce but their cost of doing business is greater than 50%, they're not wrong. When you see a country where passports take eight months to get out the door, they're not wrong. When you see challenge after challenge, and when you see a government unwilling to acknowledge foreign interference and have the public inquiry that Canadians demand, they're not wrong.

Do you know what? Maybe it does make sense, then, that this government does not want to hear 10 more hours of testimony. Maybe the Liberals want to stick their heads in the sand, just pretend that everything is okay, repeat their same talking points over and over to themselves and say: "Do you know what? Canada has never been better. We'll take no lessons from the Conservatives. Do you know what? We spent money on this. We spent money on that."

The line that gets me the most, Mr. Chair, when Liberals rise in the House of Commons, is that they avoid any type of result, because there are no results to point to: the worst economy since the 1930s; a housing crisis, as it's more expensive than it's ever been; record deficits and debts; increasing inflation; high interest rates; and slowing economic growth. They can't point to that, so they just point to how they spent x billion dollars.

Well, do you know what? An expensive failure is not better because it's expensive. It's worse, because it cost you money. I can't imagine some of the Liberal ministers heading into a corporate boardroom and having a deliverable they're supposed to give. Whether it be the manufacture or the creation of a project—or whatever—they go in and say: "Yes, we failed. We didn't build that building we needed, and we didn't get that project done, but man, did we spend a lot of money doing it." I just wonder if they ever listen to themselves: How does it make sense that failing expensively is somehow a blessing? It's not. It's worse.

I mean, eight years ago, housing was affordable. Now it's not. Yes, it's true, the Liberals spent a lot of money making it less affordable—or “unaffordable” might be the appropriate term—but that doesn't make it better. Now, instead of having affordable housing and a balanced budget, we have unaffordable housing and a massive deficit and debt.

I would have loved to hear, and it's not too late, guys.... The Liberal government still would have plenty of time to get this budget passed simply by extending for a week, for 10 more hours of testimony. If a Liberal member were to take the mike right now and say, “Do you know what? I've had enough. You're right, Mr. Lawrence. Ten hours of testimony is a reasonable request, Mr. Clerk, so let's get that set up”....

Actually, Mr. Chair, would the clerk mind answering me on how long they think it would take to get 10 hours of additional testimony?

• (1520)

The Chair: Well, that is not the clerk's role right now, MP Lawrence. As you know, you yourself voted on a unanimous motion. Let me just look at that again, to bring that to you.

We did that motion through unanimous consent from you and all parties, to add “and that the whips of the recognized parties, and the clerks, be empowered to seek as many meetings as possible, with the goal of meeting for 10 hours before the end of this week.” That was the week of May 15, which was last week.

That's where we are right now, MP Lawrence.

Mr. Philip Lawrence: Thank you. I apologize for speaking over you.

I'll wait for you to put it on mute, Mr. Chair.

The Chair: Go ahead.

Mr. Philip Lawrence: Are you muted? You're not muted, so I don't want to....

The Chair: Go ahead, MP Lawrence.

Mr. Philip Lawrence: Thank you.

Was there anything in that motion that would limit it to only 10 hours of testimony?

The Chair: Yes, there was, MP Lawrence. I just read it to you, but I can repeat it one more time—

Mr. Philip Lawrence: Please do.

The Chair: As it says here, MP Lawrence, what was agreed upon—including by you, because you voted, and there was unanimous consent here in the committee—is in (a). It reads:

Inviting witnesses to appear on the contents of Bill C-47 during meetings scheduled for the weeks of May 1, May 8 and May 15

That was last week, MP Lawrence. It was May 15. That was last week. That's what you voted for. That is where it is limited.

Mr. Philip Lawrence: Thank you.

I'll wait for you to go on mute.

The Chair: Yes.

Mr. Philip Lawrence: Thank you.

There was discussion among the parties. As you are a member of the Liberal Party, I made it clear to Mr. Beech that Conservatives wanted 20 hours of testimony, and there's nothing stopping the committee from getting 20 hours of testimony. It's disingenuous at best, the argument that you're making, Mr. Chair.

However, I will—

The Chair: I will respond to that, MP Lawrence. What is disingenuous is what you've just said.

I'll read it into the record, because I'd like to do that. This is what I said today at the start of this meeting as we were going to get into clause-by-clause. This will give me an opportunity. All those who may be watching can hear this, which may be limited to the members of this committee.

Knowing that we have spent a considerable number of hours on the subject matter and Bill C-47, I'd like to provide a recap for the benefit of our members, as well as for anyone watching this committee.

To be precise, as of last week, we have completed a total of 40.5 hours, which is the equivalent to at least 20 meetings, thanks to our wonderful clerks right here to my left. As chair, I must interpret the motion as written, given there seems to be some confusion—and that may be your confusion—over part (d) of the motion and how the phrase “goal of accomplishing at least 20 hours of study prior to the beginning of clause-by-clause consideration of the bill” interfaces with the rest of the motion.

I want to specifically read out the start of the motion and section (a). It reads:

That the committee continue its pre-study of Bill C-47, an Act to implement certain provisions of the budget tabled in Parliament on March 28, by:

(a) Inviting witnesses to appear on the contents of Bill C-47 during meetings scheduled the weeks of May 1, May 8, and May 15, 2023....

I hope you have a calendar in front of you, MP Lawrence. You could look at when those weeks were.

In keeping up with specific requirements, our clerks had diligently worked hard to schedule witnesses. Our members may already be aware that we had to cancel all those scheduled witnesses ahead of the meetings. We had to cancel those, MP Lawrence. In fact, thanks to the kind intervention of our Bloc member, MP Ste-Marie, we were able to break a marathon meeting, number 87, which ran for approximately 27 hours or at least equivalent to 13 meetings. It started on Tuesday, May 2, at 11 a.m., and ended on Tuesday, May 16, at 4:24 p.m. I just want to make sure that you get that correctly. We adjourned that meeting through unanimous consent.

For all those watching, and for members, who I'm sure are aware, unanimous consent means that all members, including yourself, MP Lawrence, from all parties agreed to add the following:

(e) and that the whips of the recognized parties, and the clerks, be empowered to seek as many meetings as possible, with the goal of meeting for 10 hours before the end of this week.

That's what you agreed to—for 10 hours before the end of the week—for the week of May 15, which was, again, last week, MP Lawrence, if you pull out your calendar. Thanks to our extremely hard-working clerks again, we were able to miraculously achieve the 10 hours of witness testimony last week as required with a full house of witnesses for every hour of those meetings.

Unfortunately, due to the late passage of this motion, members are fully aware that we are under constraints, and our clerks did their best to work around the timelines required for last week. We had a number of committees that had to be cancelled, etc., to be able to pull those hours together and to have the resources to have those witnesses come before us. Everything was done in good faith and in collaboration.

I know that because, MP Lawrence, you never reached out to me. You had my number. You had my text. For MP Chambers and MP Hallan, it was the same. Actually, you spoke to me about a number of things but never was this ever brought up. I just want to let you know. Everything was done...as evidenced by being carried, again, with unanimous consent from you and from all the members, from all the parties here.

All parties submitted amendments in the same good faith within the required deadline of 12 noon last Friday, including the Conservatives. This was a very clear indication, MP Lawrence, that everyone interpreted the adopted motion the same way that I understood. Also, this timely submission helped our legislative clerk and his team—who are with us here right now, and we have heard them read some of the clauses into the record—work towards the next step to ensure they prepared the required documents and package for clause-by-clause.

• (1525)

I understand that the members brought that letter that came to us late in the afternoon yesterday. Yesterday is when you sent it—the first time I heard from you from our last meeting when we were here, hearing from witnesses. You had plenty of time to bring this up earlier, submitting whatever amendments you had.

All members on this committee have my personal contact information. I know, because you text me regularly. Adam Chambers texts me regularly. Jas Hallan does the same. I don't know if Marty has ever texted me.

Marty, I'd love to get a text from you. Please text me, Marty. I feel lonely when you're not doing that.

Everybody, including the Liberals, including the Bloc, including the NDP, regularly communicates with me. None of you reached out to me. None of you ever reached out. I just want to make that very clear, MP Lawrence.

Again, let me thank MP Ste-Marie here for his quick thinking. He was really quick on his feet. He was able to think of how we

could efficiently get in as many witnesses as possible, which we did. Thanks to the hard work of our clerks and everybody else, we heard from those witnesses.

That's where we are today, MP Lawrence. You know, we have officials who have been brought in. They are here to answer questions, etc., and to help us as we go through clause-by-clause. Many Canadians are waiting for their benefits. You've spoken to some of them. They've come up, actually, in the first couple of clauses, where we talked about tradespeople, etc., who need this to happen.

MP Lawrence, I'm going to give the floor back to you, but that's where we're at and that's how we got to this place.

Just to do a full recap for you, if there's something that you feel was not right in what I just spelled out for you.... Did you not vote for that motion? Through unanimous consent, did you not say “yes” to what we wanted to do here today? Now it sounds like amnesia, like you've never heard of this before.

MP Lawrence, go ahead—

• (1530)

Mr. Adam Chambers: Mr. Chair, just on that same point of order or point of information, or whatever this is, I want to correct for the committee that I actually didn't get my amendment in on time. I did that, but I want to thank the clerk for making sure it was part of the package.

The second is that the notice of motion for this meeting only came out at the end of the day Tuesday. Conservatives made known their challenges with that yesterday morning, less than 24 hours after receiving the notice of motion. We went into the weekend thinking there was witness testimony coming this week, only to find out at the end of the business day on Tuesday that clause-by-clause was starting less than 48 hours later.

I just want to make sure we get that on the record, as we were debating the point of information of Mr. Lawrence's question to the clerk and the chair's description and timeline of events.

Thank you, Mr. Chair.

The Chair: Thank you, MP Chambers.

MP Chambers, you're a lot smarter than I am, and MP Lawrence, you're the same. Listen, I know that you both are lawyers. I know that you both agreed to unanimous consent on what we're doing here. You're both lawyers. You both understand. I don't understand how you're going back in this revisionist type of approach.

Listen, you can do whatever you like, but I just want to kind of bring you back to where we are today.

Again, you do both have my personal cell and my number, etc. You have the clerk. You didn't reach out. We didn't hear anything from you until, as I said, late yesterday. That's where we are today.

MP Lawrence, you have the floor. You may—

Mr. Terry Beech: Mr. Chair, on this point of order, because Mr. Chambers was surprised about us moving to clause-by-clause, I just want to point out that in section (b), the thing that everybody unanimously agreed to, which you cited very well. I think your history was very well done. It says, “(b) Moving to clause-by-clause review of Bill C-47 no later than Thursday”—oh, that's today—“May 25, 2023, at 11:00 a.m.”—that's when this meeting started—“provided that the bill is referred to the committee on or before Thursday, May 18, 2023”.

A number of other provisions are in here. The nice thing we did when we passed this is that we wrote it all down and distributed it to every member of the committee.

I just wanted to cite part (b) for Mr. Chambers' benefit.

The Chair: Thank you, PS Beech.

We have a lot of smart members here—MP Lawrence, MP Chambers, PS Beech, MP Morantz....

MP Morantz, please email me or text me or do something. Please reach out to me. I want to bring you in. I hope you do have my personal contact information. If not, we'll get that out to you.

Mr. Marty Morantz: On this point of order, Mr. Chair, I actually don't have your personal cell number.

I would point out that there was time for more witness testimony. We had 10 hours of witness testimony on Wednesday and Thursday of last week. We didn't have a meeting on Tuesday of this week. We could have met Monday, Tuesday and Wednesday and still been able to do clause-by-clause by Thursday. I don't accept the argument that it was not possible for us to get up to the goal of 20 hours.

Ms. Julie Dzerowicz: Mr. Chair, that's debate. We should have had it before we voted unanimously.

The Chair: I'm glad to hear from MP Morantz.

However, MP Morantz, you were also part of this unanimous consent. You understood. You were in the room. I don't know what I'm missing here, guys, but, listen, you were in the room when this all happened. It's on video. It's recorded. I don't understand how you're looking to change what you agreed to in this room.

Maybe it's some kind of... I'm not going to say it.

We'll go back to MP Lawrence.

Thank you.

MP Lawrence, go ahead.

Mr. Philip Lawrence: That's perfect.

We can fix this confusion right away. Why don't we just delay clause-by-clause until June 6 and get some witness testimony? Let's get this solved right now.

The Chair: MP Lawrence, there's no confusion, unless it's with you. We can bring you back to the record of what you voted on and what you agreed to—you, and everybody, actually, on this committee.

• (1535)

Mr. Philip Lawrence: Maybe I'm guilty of acting in good faith. When dealing with a Liberal, that's probably never a good idea, especially with a Liberal chair.

When you look at the record beforehand, the discussion beforehand, we were about to have an agreement on a UC motion that was based on a negotiation between me and Mr. Beech that he would do everything possible to get 20 hours of testimony in. I believed him, and maybe I'm a fool for doing it. Then Gabriel Ste-Marie piped up and said, “We want 10 hours before”. You can ask Gabriel. Gabriel didn't say, “We only need 10 hours.” He wanted 10 hours before the end of the week.

We could end this discussion and this impasse right now. We still have lots of time in the session to get the budget passed. I know that's the goal on the Liberal side. Push it back by a couple of days to get some testimony. I hate to do this to the clerks, but they are amazingly talented at getting witnesses done up. We could have had witnesses today, but instead you're stubborn and you won't move forward with us collaboratively, despite our knowing the context of this entire discussion. All Conservatives are asking for is 10 hours of additional testimony, which could have been done. We could have had that today. The clerks have proven that they are miracle workers, and I appreciate everything they do. We could have done the 10 hours of testimony today. We could have done it yesterday. We could have done it Tuesday, and there would have been absolutely nothing wrong with that.

I'll carry on with this discussion of my motion. As I said, it's a good-faith effort. We can sit down and we can push it back a couple of days just to get 10 hours of witness testimony.

The Chair: MP Lawrence, the one thing I will say that I could agree on is that our clerks are miracle workers. They work so hard. They filled the room with witnesses. They did a tremendously amazing job.

I know you have the bill in front of you, hopefully, but I would ask that you pull out the calendar. With respect to part (a), it says the weeks of May 1, May 8 and May 15 were scheduled for inviting and hearing from witnesses, and that's why there were those super-human efforts following MP Ste-Marie's suggestion to bring in as many witnesses as we could, which we did. We filled those rooms. We exhausted all the resources, all the hours that we had up until that Friday, and that's where we are.

MP Lawrence, the floor is yours. You can continue discussing your motion.

Mr. Philip Lawrence: Mr. Chair, sometimes you're intentionally vague about this. Maybe when we're in government, we'll be the same, but I hope not.

Are you telling me that there were no resources available on Tuesday or Wednesday for witness testimony?

The Chair: MP Lawrence, what I'm telling you is what you voted for, and what you voted for was to schedule witnesses for the weeks of May 1, May 8 and May 15. You said no different. You voted and the other Conservatives voted unanimously for this.

When MP Ste-Marie brought up the fact that he was looking to find a way to get in as many hours—up to possibly those 10 hours—before Friday, we got that done, which was great. That's what was asked for. At the same time, you heard MP Ste-Marie. You voted for that. You have voted for everything that, today, you're disagreeing with.

Mr. Philip Lawrence: That's just not true.

What I voted for was to have 10 hours before the end of the week and then an additional.... We came into this week expecting there to be witness testimony.

Once again, Mr. Chair, I'm putting the question to you. Are you telling me that there were no resources available for witness testimony on Tuesday and Wednesday?

The Chair: What I'm saying, MP Lawrence, is that what you voted for and what all the members of this committee agreed to was to have witnesses up through the week of the 15th and that we would be into clause-by-clause then, and that's where we are today.

You may continue with your motion. That's where we are.

● (1540)

Mr. Philip Lawrence: With answers like that, I'm surprised you're not in cabinet, Peter.

I will continue on.

I am disappointed that we can't hear 10 more hours of testimony. We could have scheduled this for the next couple of days. Anyone who was an observer of the negotiations would have realized that the Conservatives wanted 20 hours at a very reasonable price.

I'll go back to the beginning here. Conservatives wanted two things from the deliberation of the budget implementation act to make this go smoothly and professionally, which were to have the Minister of Finance for two hours and 20 hours of testimony. If anyone thinks that's unreasonable, please email my office.

We heard such damning evidence, and I can't believe that even Liberal backbenchers aren't saying, "Holy mackerel, we're dealing with perilous economic times, the worst GDP-per-capita growth since the 1930s, the lowest forecasted economic growth to 2060, double the food bank usage and people coming to food banks asking for medical assistance in dying."

What would be so terrible about hearing 10 more hours of testimony? I think there are some incredibly valuable things that we heard on the record in the testimony that we got, so why would we not want more of this? This testimony was incredibly informative, well educated and enlightening. I greatly appreciated even the folks who had different views on this. I thought they came fully prepared with an incredible depth of knowledge that they could have provided that maybe even Liberals could take lessons from. I certainly learned from hearing from these witnesses, and I would go back to talking about the war on work that these Liberals have launched.

I talked about the participation tax rates. As you'll recall, that's someone's tax rate for re-entering the workforce. I talked about a couple of provinces, and I'd like to add a couple more to the record, if I may.

With the example of the parent who's currently in the workforce earning \$45,000 and the second parent who is expecting to make \$20,000, their participation tax rate is 38%, 44% or 50%, depending if they have one child, two children or three children. That's huge.

If we go down to the wonderful province of Manitoba, we see.... Once again, this is a scenario where the first parent's income is \$45,000. The second spouse wants to re-enter the workforce, expecting to make \$20,000. In the wonderful province of Manitoba, on re-entry, they would pay 42%, 49% and—

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

Mr. Chair, Mr. Lawrence is reading again from a prepared report that is completely irrelevant to the motion that he has introduced and that we are debating. If the Conservatives, including Mr. Lawrence, hadn't filibustered for 25 hours, then we could have heard from witnesses on the topics that Mr. Lawrence is now speaking to as he reads from this report.

Now is not the time for that. He's obliged to speak to the topic at hand, and the topic at hand is the motion that Mr. Lawrence, himself, has introduced.

Mr. Chair, I would ask you to do what you can to make sure Mr. Lawrence abides by the rule of this committee, which is to speak to the motion before us.

The Chair: Thank you, MP Baker.

Yes, MP Lawrence, just keep it relevant, please.

I'll just correct MP Baker. I think you were talking about when we had that kind of marathon session on meeting 87. It was actually 27 hours that we went on that.

• (1545)

Mr. Yvan Baker: I stand corrected. Thank you, Mr. Chair.

The Chair: Yes, it was 27 hours.

I was trying to think back, MP Lawrence.... I just want to kind of put this out to refresh your memory and those who were there in the room when we had our last witnesses on Thursday. It was actually mentioned. I said that they were our last witnesses. Actually, from your side and all sides, we thanked those witnesses as being our last witnesses for this bill, if you can recall.

However, I did ask the clerk to see if it was captured. It is on video. It's captured. It's on camera, so you can go back and see how we thanked those last witnesses, which you agreed were our last witnesses on that day, for this bill.

If you could just go back and recap on that, it may help in terms of just refreshing the memory as to how we got to where we are at this time. I asked the clerk because I wasn't sure. I wanted to just refresh my own memory that they were our last witnesses and that we did thank them as the last witnesses to come before us. That got us to those 10 hours on that Thursday.

MP Lawrence, the floor is yours.

Mr. Philip Lawrence: Thank you very much. I appreciate that.

Mr. Daniel Blaikie: I'm sorry, Mr. Chair. Just on that same point of order from Mr. Baker, if I may, Mr. Chair, because I don't want to proceed without the floor, of course....

Am I good to go?

The Chair: You're good to go.

Mr. Daniel Blaikie: I thought that maybe Mr. Baker was going to complain that Mr. Lawrence hasn't read the entire report, actually, particularly the paragraph that says:

Finally, other non-tax family costs, such as paid childcare, also greatly influence work decisions. In particular, childcare expense subsidization for young children has been shown to increase parental (primarily maternal) workforce participation. Because childcare expenses receive some tax recognition or subsidization in most countries, OECD work incentive indicators include a PTR measure accounting for the net cost of childcare

In fact, part of the clawback that he's referencing that creates the effective marginal tax rate that he's talking about is the child care cost. By having a national child care program, we can reduce that effective marginal tax rate for working-class families. I thought he might want to read that part of the report, and Mr. Baker's objection might have been that.

Now that I've heard Mr. Baker out, of course, that's not what he was referring to, but I'm so glad to get the opportunity to clarify that this was not Mr. Baker's point of order.

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

Thank you, MP Baker.

MP Blaikie, do you have my personal contact information?

Mr. Daniel Blaikie: It's a strange theme of the meeting, but, yes, indeed I do, Mr. Chair.

Some hon. members: Oh, oh!

The Chair: Okay, I'm glad you do. I'm always open to taking your communication.

Mr. Marty Morantz: I have a point of order, Mr. Chair.

The Chair: Yes, MP Morantz, go ahead on a point of order. Don't feel left out.

Mr. Marty Morantz: I feel left out. I don't have your cell number.

Mr. Daniel Blaikie: Perhaps you want to read that number into the record, Mr. Chair, so that everyone has it.

Some hon. members: Oh, oh!

Mr. Daniel Blaikie: I'm just trying to be helpful.

The Chair: It's a bit of an exclusive club here, just for the members.

We'll get that for you, MP Morantz.

Mr. Marty Morantz: Thank you.

The Chair: MP Lawrence, again, the floor is yours.

Mr. Philip Lawrence: Thank you very much.

I would have been pleased to read the entire report into the record if given the opportunity, but I heard from the chair loud and clear that he did not want me to.

Certainly, there are a number of barriers preventing women from entering—

Mr. Daniel Blaikie: I just have a quick point of order, Mr. Chair.

Without reading the report, I wonder if Mr. Lawrence would like to comment on the fact that the corresponding reduction in the Canada child benefit is also one of the factors that the C.D. Howe Institute identifies as contributing to a higher effective marginal tax rate.

Of course, I think usually the response that I endorse is that, as families do get gainful employment and are generating their own income, the pride of self-dependence is compensatory for the fact that those benefit levels are reduced.

I don't think it's a position of the Conservative Party to oppose reducing the amount of the child benefit as families have higher incomes. While I take the technical point about effective marginal tax rates, I think it is important to emphasize that the way you get to those high effective marginal tax rates is by having corresponding benefit reductions as the income of a family increases. It's not actually the tax rate per se. It's reducing income benefits that families receive that creates the higher marginal effective tax rate.

I've heard Mr. Lawrence refer a lot to this report, but I haven't heard him talk about that component. I know he's very familiar with the report. I wouldn't mind, seeing as we seem to be here for a while anyway, if he wouldn't mind discussing that element of the report and the calculation on the marginal effective tax rate for lower-income families.

• (1550)

The Chair: Thank you, MP Blaikie, for that point of order. I'm not sure it was a point of order.

We go now to MP Lawrence.

We have officials in the room, MP Lawrence. They've been here for a while, sitting patiently and listening.

The floor is yours again, MP Lawrence.

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

I would be happy to respond to that, Daniel. This is a great discussion, and it's one that I'd love to have with you at committee over—

Mr. Terry Beech: I have a point of order, Mr. Chair, on the relevance to the motion we're currently debating.

The Chair: We have a point of order from PS Beech, again on relevance, MP Lawrence.

Mr. Philip Lawrence: I was just discussing with Mr. Blaikie. Granted, the chair gave Mr. Blaikie some wide latitude, but I did not object, nor did any of the members object. I thought it reasonable that you may grant equal latitude to me to respond.

If that's not the case, I'm happy to talk about other issues.

Mr. Yvan Baker: I have a point of order, Chair, on that same point of order.

Mr. Chair, you've given Mr. Lawrence and his colleagues a lot of latitude over the 27 hours they've been filibustering this committee and blocking the bill from moving forward.

I think it's important for the record that Mr. Lawrence appreciates he's been given that latitude and it's important that he speak to the motion at hand.

The Chair: We would like to hear you speak to your motion, MP Lawrence. That's where you should focus, within whatever scope you feel touches on that motion. We have given you a lot of latitude and we continue to do so.

The floor is MP Lawrence's.

Mr. Marty Morantz: I have a point of order, Mr. Chair.

Because it's a Zoom meeting, the last couple of times that MP Baker spoke, I wasn't able to see him. In the first instance, you said

his name, but in the last instance, you didn't, so I wasn't quite sure who it was.

I'm not sure why his camera isn't going on or if he's even in the room.

The Chair: Thank you, MP Morantz.

I don't say if people are in the room or not, but it's was MP Baker's point of order and he has made that, so it's over to MP Lawrence.

Mr. Philip Lawrence: On that point of order, is it not within the standing rules that, certainly when speaking, we have to have our cameras on?

The Chair: Yes. The cameras do their best to catch...

MP Baker has those Hollywood looks. Of course, we want him on camera all the time.

MP Baker, why don't you say something and we'll have you on camera? I know the members at home would love to see you.

Mr. Yvan Baker: My point of order was just to remind Mr. Lawrence that he's been given a lot of latitude in the past, and he has colleagues who have been given a lot of latitude over the past 27 hours.

I think it's important that he, out of respect for the members of the committee and out of respect for the viewers at home and to this committee, speak to the issue at hand, which is the motion that he introduced.

The Chair: Thank you, MP Baker.

It's over to MP Lawrence.

Mr. Philip Lawrence: Thank you. I'll wait until you put yourself on mute.

First, to the bipartisan agreement on an issue, I too believe that Mr. Baker has Hollywood good looks. I would agree with the chair on that. You can clip that and put that in the latest Liberal ad, if you wish.

With respect to that, I have to respond, if just briefly, with respect to latitude, as if power comes from the chair or from this Liberal government. It does not. You guys are not my boss. The Canadian people and the people of Northumberland are who I get my marching orders from. They're who I get instructions from. It's not from the Liberal government. My power does not come from you. It comes from the people. I am here as their representative, and I owe no one an apology for speaking for them.

I will continue to speak truth to power for as long as I am able. You can count on that.

We were talking about it, and I also would ask that the chair or the clerk cite anywhere in the rules that says a speaker cannot read from, revise or look at a report when asking questions or giving testimony. I'll give you the answer. It's not there. There is no rule or authority that says I cannot read from a report. If you can find a precedent otherwise, I will be happy to stand down. Until then, I will cite the report.

In the province of Alberta, when a first parent's income is \$45,000 and the second parent's is—

• (1555)

Mr. Terry Beech: On a point of order, Mr. Chair, the power itself actually comes from the Standing Orders, which come from the rules that are collectively made by members of Parliament on how we're going to agree to operate as a Parliament, and in those Standing Orders it does say that when you're speaking to a motion, what you say has to be relevant.

The Chair: Thank you, PS Beech.

Could you just stay relevant to your motion, please, MP Lawrence?

Mr. Philip Lawrence: That's perfect.

If we were able to have witness testimony, they would say something to the effect that, in Alberta, if a parent earns an income of \$45,000 and a second parent expects to make \$20,000, with one child, individuals will experience a marginal effective tax rate of 41%. If they have two children, that is 51%, and with three it is 59%.

Let me be clear in terms of responding to something from Mr. Blaikie. Conservatives are not calling for a reduction in the child care benefit. In fact, we were the parents of this idea and we continue to support it.

What we are against is that Canadians, especially low-income Canadians, are having to give up 50¢, 60¢, 70¢ or even 80¢ on the dollar. There are a number of solutions to this, and I'm more than happy to talk to Mr. Blaikie, who is a very intelligent, very thoughtful man—and he can clip that—and to have that discussion with him, but the first step in solving a problem is acknowledging there is a problem. It is one of my driving causes to get more and more Canadians, particularly those who are on the left side of the spectrum, to acknowledge that this is a problem, that for a mom who wants to return to the workforce, paying a participation effective rate of 53% is a problem.

We can discuss and we can debate, and that's what Parliament is for. That's what expert witness testimony is for, but we have to acknowledge that this is problem, that it is not right that a mom who wants to rejoin the workforce is only going to be able to keep 47¢ on the dollar.

There are yet other Canadians who might be keeping as little as 30¢ or 20¢ on the dollar. We have to acknowledge that this is a disincentive to work. This is eroding and corroding Canada's work ethic. Canadians no longer feel as though hard work pays off. I have heard that over and over again. That is what we're getting at.

I'm more than happy, if Mr. Blaikie wants to go on the road with me, to have a debate about this and how we can fix it. I'm more

than happy to do that, but the first step is acknowledging that there is a problem, and there is a big problem.

In Alberta it's 41¢, 51¢ and 59¢. Then look at this for a single—

Mr. Daniel Blaikie: I have just a quick point of order on that point. In terms of going on the road, I had hoped to go on the road for pre-budget consultations, but we weren't able to do that because the Conservatives disallowed the travel. Does that mean that next fall we can actually go across the country for pre-budget consultations and the Conservatives won't get in the way of that?

That would be our road show, Phil.

The Chair: Just on that point of order—and thank you, MP Blaikie, but it's not a point of order—what I can tell the members is that we do have to go before the Liaison Committee next week, I believe, to look at approval for those budgets, but I'd like to hear, of course, what MP Lawrence may have to say on this.

• (1600)

Mr. Philip Lawrence: Thank you very much.

I would be willing to do it out of my own pocket and not put the taxpayers on the hook. As a good Conservative, I would offer to shave the deficit or debt by that little bit, and it would be well worth it to travel with Mr. Blaikie, whom I respect and enjoy.

Mr. Daniel Blaikie: I don't own a vineyard.

Mr. Philip Lawrence: It's a small vineyard. I'll put that on the record there. Anyone who owns a vineyard, including expert witnesses who have testified, would know that this is a loss leader and nothing more than that.

Thank you very much for that, Mr. Blaikie. I am not political royalty like him. That was very forward, but thank you very much for that interjection.

What I was saying is that—and this, actually, is a great sort of segue to it—those who earn more are paying less. When we look at a first parent's income of \$120,000 and a second's expecting to make \$50,000, it drops with one child from 41% to 33%, with two children from 51% to 35%, and with three children from 59% to 38%. That is the challenge. I would hope it would be the principle of all parties at this finance committee, and of all MPs, that those who earn more pay more, and that those who earn less pay less. I think that's only good tax policy and only makes sense. That's not the way that the marginal effective tax rate is working.

There are solutions other than simply reducing the benefit, as Mr. Blaikie brought up. There are other ways we can work at that. There is reducing the rate of clawback. There is increasing exemptions. There are a number of ways that this could be approached in particular so that those low-income earners are not penalized for going back to work. If you're only keeping 60¢ of every dollar, once you put in the other expenses that are, of course, associated with work—whether those be longer-term expenses like training or education, or shorter-term expenses like transportation, or even having to get a meal outside of your home and the expenses that are involved in that—it can quickly erode any type of benefit, meaning it doesn't pay to work in Canada.

There are multiple principles of tax policy that are violated. First, of course, is the fact that we are disincentivizing work, which tax policy should seek never to do. Second, those with more should pay more, and those with less should pay less. In this scenario, we have those who are earning more paying less and those who are earning less paying more. Like I said, I am more than willing to discuss the solutions to this, but the first step is saying that this is a substantial problem and, I believe, a root cause of a number of issues with the Canadian economy.

When we look forward and look at this \$490-billion debacle of a budget... I did hear some frustration from my Liberal colleagues that we're not getting this package out the door quickly enough. Well, we're also not saddling generations with additional debt and deficit more quickly. They said that the debt is now closing in on \$1.3 trillion with additional spending of \$60 billion on the way and with no plan to get back to a balanced budget.

With an increasing debt-to-GDP ratio, this does not make financial sense, so excuse Conservatives if, as opposition members, we're not hammering the accelerator to drive over the cliff. We want to have financial sustainability. We want to have a pay-as-you-go system, meaning that if there's a priority that demands more money, great. Let's find the savings somewhere else from a priority that doesn't need that money. If everything's a priority, nothing's a priority. That is the reality of management. There are tough decisions that have to be made—there's no doubt about that—but that's what the Liberals get paid for: to make those tough decisions. Instead, they just continue to saddle Canadians with more and more debt and deficit, which continue to grow. They just continue to look the other way. They did have, somewhat, a moment of reflection and thought in the fall economic statement when they, at least on paper, put forward a plan back to a balanced budget.

• (1605)

As to whether that would ever happen or not, clearly their track record would say otherwise. However, the challenge is that, in this recent budget, they completely departed from that. The balanced budget they forecast has completely evaporated. It's gone. We don't know where it went, but it's completely gone.

What changed in those six months?

From what I saw, the economic forecast was similar, in that most private sector economists were calling for a potential slowdown in the Canadian economy. That was eminently foreseeable. The expenditures were eminently forecastable—if that's a word. Now we've gone to \$60 billion in additional spending. It's just absolutely wild how they can depart from that six months into their mandate. They can go from having a balanced budget in the forecast to having no balanced budget and to actually going up in their debt-to-GDP ratio. It is just wild how their forecasts can be that far off.

It makes one wonder what the next forecast will look like. This is the same government that told us that the budget will balance itself. I guess that type of economic dreaming—I'll put it charitably—has not changed. It is unfortunate that we can't get a reliable forecast going forward, as Canadian business depends on that. We need to know that when a government makes a forecast... Certainly, there are unforeseen events. No one would blame them for changing their forecast after COVID hit, but when the economy moves pretty

much as predicted by most private sector economists... They thought the Canadian economy would slow down, and the Canadian economy slowed down. They thought that some of the supply chain issues would resolve themselves, and they have.

For whatever reason, the debt and deficit just exploded in this projection. I can tell you for what reason. It's because the government decided to go on a \$60-billion bonanza of spending of money allotted for more failed projects, such as the Infrastructure Bank. Last I heard, at least, it had not been able to build a single project.

Perhaps this isn't surprising given this Liberal government's record of failed economic growth, debt, deficits, high inflation, high interest, unaffordable housing—the list goes on—and also high food bank usage, where the testimony was truly startling with respect to the expenditures going forward there. The individuals, the experts, talked about food bank usage and the fact that one in 20 folks in Mississauga has to use a food bank. The food bank from the chair's riding used the word “terrifying” to describe the situation on the ground.

You would think that hearing some of these remarks might cause a bit of pause. Let's perhaps hear more. Let's investigate more. Let's do some consultation with other experts. Instead, this government's brazen response is to just double down: Let's get this through quicker and let's get higher deficits, higher debt, higher inflation, higher interest, lower economic growth, less innovation and less productivity. That's all that this government's eight years of a failed economic record has produced: economic failure after economic failure.

• (1610)

Millions of Canadians, unfortunately, are struggling with poverty. They are faced with extreme challenges. I believe we have a commitment to do everything we can to lift these individuals out of poverty. Putting in place such barriers as the incredibly high marginal effective tax rate is not helpful. It's not beneficial. It's actually extremely challenging for these individuals.

When you're earning \$30,000 a year, the likelihood is that your paycheque is not going far enough. You may be spending as much as 100% of your after-tax income on housing, which leaves you zero disposable income and zero dollars for food. This is extremely challenging. The response to this is that, when you earn that extra dollar, and you get to that \$30,000, you get that \$32,000 or you get to that \$35,000, going forward, the government takes half of that back.

That is just so troubling. We are disincentivizing work. We are actively corroding and eroding the rewards for work. We are punishing Canadians for doing the right thing. We're punishing Canadians who are working hard trying to make a few extra dollars, maybe to get by at the end of the month or maybe to make sure they have enough money to fill their grocery carts. Instead, we are taking more and more money from them.

As I said, most importantly, it's hurting the most vulnerable in our community, but it's also hurting our economy. We're dealing with a labour shortage and at the same time we're disincentivizing work. We need to get as many hands on deck as possible. We need to make work pay again. Quite frankly, the marginal effective tax rate, as it is right now, is a huge barrier to individuals working. We need to make sure that Canadians have the ability and are rewarded for the great work they do.

When we look at some of these issues, we can talk about what else experts could have come in here to talk about. They certainly could have talked about, if they looked through some of the issues that were up for discussion, the impact of the GST/HST rebate. In fact, some of the testimony was on what is euphemistically referred to as the "grocery rebate", which is really just a doubling of the GST/HST rebate, for the record. They could have talked about how inadequate that is. When food costs are going up by \$500, \$700 or \$1,000, depending on which metric you look at, the \$250 won't even begin to pay the increasing fees of the groceries. Another issue they could have talked about is the air travel security issue and the costs that would be associated with that.

One issue that I would really like to hear about is money laundering and the funding of illicit acts. We have a real challenge in Canada, and we're a little bit behind the eight ball. In fact, I think we're a lot behind the eight ball. I think we have nearly all parties in agreement that we have to do better with respect to our money laundering legislation and our legislation prohibiting the financing of illicit acts and illegal flows of money. That area I would really like to hear about.

Another issue would be the Bank of Canada negative equity. "Negative equity" is a great euphemism. Negative equity means losing money, for all the viewers out there. The Bank of Canada for the first time in its history is losing money. I would have loved to hear witness testimony about the impact of that on the Canadian financial system—how sustainable that is and how much taxpayers are paying to bail out the Bank of Canada.

● (1615)

We would have loved to hear more details about the Canada innovation corporation act. Details are extremely scant on that, and it would have been great to hear witness testimony about it.

An area of particular interest to me is economic sanctions. I have a private member's bill, Bill C-281, that deals with economic sanctions, particularly the Magnitsky sanctions. The bill seeks to give Parliament the ability to ask for a report if the government is unwilling to sanction individuals or groups of individuals with respect to the Magnitsky act.

We saw a flurry of instances initially, when the act was passed, of the government utilizing the Magnitsky act. However, there have been very few since. My private member's bill would seek to enable a committee to have parliamentary oversight of the lack of sanctions, which I think would be incredibly interesting and transparent. I would have loved to hear Bill Browder or some of the other expert with respect to the Magnitsky sanctions in order to get a better idea of what's going on.

There's an interesting small part, in division 13, on the CRA data for CPP analysis. This is evidently just a sharing of information between departments, which requires legislative oversight. I would love to hear from some data experts on that, especially given the fact that the government has not done the best job of always stewarding the information. Of course, the CRA had a number of near breaches, I guess you would say, where information could have been exposed that caused outages and shortages with respect to their website. I think this is an area that merits substantial study.

All these areas ought to be clear, and it would be interesting to get some witness testimony on them.

I would love to hear more about the citizenship applications. This is obviously incredibly important. My office has been getting lots and lots of calls, emails and in-person visits about how the immigration system is failing Canadians and failing newcomers as they come to our great country. They increase our diversity, our work ethic and our intelligence. We're bringing incredibly intelligent hard-working people from all over the world. They come to join our country and make Canada their home, but unfortunately they're increasingly having a negative experience with the immigration system and finding it very cumbersome and difficult to manoeuvre.

Interswitching is a really interesting topic. We did have one individual from Pulse Canada, I believe, who talked a bit about interswitching. From everything I have seen, this seems like a smart thing to do. In fact, under the Harper government interswitching was allowed, and then, unfortunately, the Trudeau government cancelled that project. Now I guess they're bringing it back as a pilot project. It would have been great to hear from both sides of the argument, both from railways and from the cargo shippers, as to the pluses and minuses.

Mr. Daniel Blaikie: I have just a quick point of order on that, Mr. Chair.

Mr. Lawrence may not be aware, but we did in fact have CN, CP and the Railway Association of Canada testify at committee when we were hearing from witnesses last week, which I know he followed very closely given his concern over hearing witness testimony on the bill.

● (1620)

The Chair: Thank you, MP Blaikie, for that point of order.

I think it is correct, MP Lawrence, that they were before us as witnesses.

Mr. Philip Lawrence: Yes, 100%. I apologize. I misspoke. I meant additional testimony.

My apologies, Mr. Blaikie. Thank you for the correction.

I would like to have heard some additional testimony about inter-switching. I know this cause is near and dear to the member's heart. I think some additional testimony would have been great. I believe some additional work could be done on that section as well, which would be interesting.

Also, I think more discussion on airlines and the changes with respect to the complaint system would be extremely valuable. I'm sure more individuals and more groups would have been happy to come before us to discuss the provisions of that act.

I'm always interested in hearing what the good folks at CBSA are doing. I would have enjoyed hearing from some stakeholders or having some Canadians come forward about the impact of our modernization initiative and how that's going to work. We all, obviously, saw the nightmare that was our transportation system over last Christmas and some of the breakdowns at Pearson airport. We saw significant wait times.

Airports are often the first places that people see when they come to a country. That might be all they see if they are just transiting in and out of a country. It's critical that we make a great first impression. That person may eventually consider joining our country and becoming a newcomer, or consider opening a business or making a capital investment. What type of impression are we making when they have to wait in line for hours and hours while they get their bags off, they transfer or they get a new flight because their flight has been cancelled?

To me, as I said, this is an area where we make a first impression. We don't know who might be coming through those doors. It might be a person who would revolutionize artificial intelligence. Maybe they'd choose to come to Canada. Maybe it's a person who goes on to be a champion for human rights. We should be rolling out the red carpet for people who want to come to visit our land as a tourist or come here as a newcomer. We should make sure that every Canadian and every person who comes to Canada has a great experience when they walk into Canadian airports. Unfortunately, we certainly have not always had that.

We then see, in part 4, a number of different provisions with respect to the National Research Council, the Patent Act and royal titles. We would have enjoyed some conversations about that area as well.

Part 4, division 32, is the Canada growth fund. I would like some more details from some of our experts on whether it will achieve its objectives. As I've said clearly on the record, I believe the federal government has to stop inhibiting growth and start putting in policies that instead promote growth. I would love to hear that going forward.

Part 4, division 36, is the clean fuel regulations fund. I want to hear more about the carbon tax part two, and specifically what it might cost. Of course, we heard from the Parliamentary Budget Officer that it will cost Canadians thousands of dollars. I would love to have a greater discussion of that going forward.

Then there's the EI appeal board. Perhaps that's some inside baseball chat, but I think having some expert testimony on that would be valuable as well. I would love to hear from some univer-

sity professors who have studied that and who have some thoughts on it.

• (1625)

We need to continue to have great discussions and dialogue about this budget. I'm so disappointed that we couldn't come to a collaborative agreement where we would meet, talk and have reality.... As I said, from the outset, the Conservatives really wanted two things. One was two hours of the Minister of Finance's time, which she steadfastly refused. She did grace us with her presence for an hour and 25 or 30 minutes; however, we still didn't get the two hours. The Conservatives then asked for 20 hours of testimony, and we didn't get that either. These were not outrageous requests.

We will continue to discuss and debate these amendments and these issues, and we'll continue to have extreme disappointment in the way that these Liberals have stewarded this economy. As we've heard, this is the worst economy since the Great Depression, as Philip Cross has said. We have a doubling of food bank usage. We have one in 20 folks in Mississauga using the food bank.

These are difficult economic times, and these are in the short term. The long-term economic measures may be even worse, with us being near the bottom on productivity and near the bottom on capital investment in the OECD. Our economic growth is forecast to be among the worst going forward in the OECD.

I appeal to you again, Chair. Maybe we could get unanimous consent to move back a couple of days to allow for 10 hours of testimony. That might be one meeting. As I said, I'm very thankful to the clerks. They do make miracles happen, and I'm hopeful that those miracles will happen again.

Mr. Chair, how long do we have resources for today?

The Chair: MP Lawrence, we have resources well into the evening.

Mr. Philip Lawrence: Okay.

Mr. Garnett Genuis (Sherwood Park—Fort Saskatchewan, CPC): I have a point of order, Chair.

The Chair: You have no headset. You cannot be recognized.

Mr. Garnett Genuis: Even on a point of order....

The Chair: No. You have no headset. You cannot be recognized.

Please mute the member.

I have MP Lawrence.

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

Because I have a recognized headset on, perhaps I could speak for the member. That member is a bit shy at times, so perhaps it's good that I speak for him.

Even on a point of order you must have a headset. Is that correct?

The Chair: MP Lawrence, as you know, health and safety are paramount for all of us. For any intervention, you need a recognized headset. That's for all members and for anybody who comes before our committee.

This is a good opportunity to make sure that everybody is well aware of that. Mr. Genuis should know that, but now he will know that he needs a headset.

Go ahead, MP Lawrence.

Mr. Philip Lawrence: Thank you very much.

We obviously understand the importance of that and that some of the interpreters have had serious issues. My apologies for not shutting off my mute in a quick way earlier in the meeting. I'll give a big thank you to them for everything they are doing. They work extremely hard, and we appreciate it. I suspect that perhaps they weren't even scheduled to work, as it is a constituency week. They may not have scheduled this, so I really do appreciate them working today.

Once again, my apologies for not muting earlier in the meeting. I think I have improved here, and I will continue to keep that up as we go forward.

• (1630)

The Chair: MP Lawrence, better is always possible.

Mr. Philip Lawrence: Thank you very much. It certainly is, given this government.

Mr. Daniel Blaikie: I have just a quick point of order, Mr. Chair.

The Chair: We have a point of order from MP Blaikie.

Mr. Daniel Blaikie: Thank you very much.

Sorry, I'm trying to manage a couple of things at the same time here, not because I'm not interested in what Mr. Lawrence is say-

ing, of course, but because they're imperatives of the job and all that.

In any event, I was going to belabour a point about the report that he likes to quote, but I think I may just wait, actually.

Thank you, Mr. Chair.

The Chair: Thank you, MP Blaikie.

It's back to MP Lawrence.

Mr. Philip Lawrence: Perfect. Thank you. I look forward to Mr. Blaikie's point of information going forward.

I appreciate the chair giving Mr. Blaikie his latitude, and I support him in that.

Let's go back. It's 4:31. We might have people coming home from work and just tuning into the finance committee to see what's going on.

Just to summarize where we are right now, it was the Conservatives' belief that we would be having 20 hours of testimony, 10 hours of that before the break week and then—

The Chair: MP Lawrence, I'll just let you know—sorry for interrupting there—where we are right now. We've gotten through two clauses. We've been here for about five and a half hours, and this is your second motion, which you've been speaking to for a number of hours. That's just so everybody is clear on where we're at right now.

We're going to suspend this meeting until tomorrow.

Thank you, everybody.

[The meeting was suspended at 4:33 p.m., Thursday, May 25]

Published under the authority of the Speaker of
the House of Commons

SPEAKER'S PERMISSION

The proceedings of the House of Commons and its committees are hereby made available to provide greater public access. The parliamentary privilege of the House of Commons to control the publication and broadcast of the proceedings of the House of Commons and its committees is nonetheless reserved. All copyrights therein are also reserved.

Reproduction of the proceedings of the House of Commons and its committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the Copyright Act. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the Copyright Act.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Also available on the House of Commons website at the following address: <https://www.ourcommons.ca>

Publié en conformité de l'autorité
du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Les délibérations de la Chambre des communes et de ses comités sont mises à la disposition du public pour mieux le renseigner. La Chambre conserve néanmoins son privilège parlementaire de contrôler la publication et la diffusion des délibérations et elle possède tous les droits d'auteur sur celles-ci.

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la Loi sur le droit d'auteur. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre des communes.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la Loi sur le droit d'auteur.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

Aussi disponible sur le site Web de la Chambre des communes à l'adresse suivante :
<https://www.noscommunes.ca>