



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

## Standing Committee on Finance

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FINA • NUMBER 085 • 2nd SESSION • 41st PARLIAMENT

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### EVIDENCE

**Tuesday, June 2, 2015**

—  
**Chair**

**Mr. James Rajotte**



## Standing Committee on Finance

**Tuesday, June 2, 2015**

•(1615)

[*English*]

**The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)):** I call to order meeting number 85 of the Standing Committee on Finance. Pursuant to the order of reference of Monday, May 25, 2015, we are continuing our study of Bill C-59, An Act to implement certain provisions of the budget tabled in Parliament on April 21, 2015 and other measures.

Colleagues, we're very pleased to have with us here this afternoon the Minister of Finance, the Honourable Joe Oliver, presenting on the subject matter, as well as officials in the room.

Minister, you have up to 15 minutes for an opening statement and then we'll have questions from members. You may begin at any time, please.

**Hon. Joe Oliver (Minister of Finance):** Thank you very much, Mr. Chairman.

[*Translation*]

Thank you for the opportunity to meet with you and the committee members to discuss Bill C-59.

This bill implements key aspects of budget 2015. These elements represent our government's latest measures to create jobs, growth and long-term prosperity.

[*English*]

Before I get into the details, let me remind the committee of past promises. We promised that once the crisis of the recession passed, we would take action to balance the budget. Equally important would be how we balanced the budget—not by slashing transfer payments to provinces. Unlike the Liberals in the 1990s, we refused to undermine support for the health care and education Canadians rely on, nor did we engage in reckless structural spending schemes or higher taxes. Rather, we promised a balanced budget, balanced fiscally and balanced in the benefits it would offer all Canadians. These are promises made and promises kept. This budget is balanced.

[*Translation*]

It protects historical transfer payments, which have increased by 62% since we came to power. It has reduced taxes to create an overall federal tax burden that is already at its lowest level in 50 years.

[*English*]

And it builds on a record of success Canadians can be proud of.

Over 1.2 million more Canadians are working now than at the end of the recession. The majority of these jobs have been full-time, high-wage, and in the private sector.

According to KPMG, total business tax costs in Canada are the lowest in the G-7, some 46% lower than those in the United States. In the index of 61 economies, the IMD World Competitiveness Centre ranked Canada 5th in the world for economic competitiveness. The Centre for American Progress says that Canada has experienced continuing middle-income growth, while for many countries it had halted. And Bloomberg has ranked Canada as the second most attractive place in the world to do business.

We've come so far together as Canadians but we are still confronting challenges, including the dramatic decline in the price of oil. Canada is a trading nation deeply intertwined with the global economy. International storms inevitably touch our shores.

[*Translation*]

Since the recession, the global recovery has been difficult, with the risk of becoming what the managing director of the IMF calls “the new mediocrity”. So what are we doing to move forward here in Canada? Let me talk about some aspects from our latest budget.

[*English*]

I will start with taxation. For families, seniors, and small businesses, we are putting more money and leaving more money in the pockets of Canadians. We have reduced taxes more than 180 times since 2006. In this budget we are going even further.

Economic action plan 2015 implements the family tax cut, expands and enhances the universal child care benefit, and increases the child care expense deduction dollar limits. These benefits will help those who care about their kids most, mum and dad.

•(1620)

We're taking even more action for mums and dads in this budget. We're giving them new opportunities to save for their kids' education, for the down payment on a home, for a new small business, or for retirement. The budget proposes to nearly double the tax-free savings annual contribution limit from \$5,500 to \$10,000. This will give Canadians, parents, seniors, and hard working people across the country even more freedom to save money tax free. In fact, 60% of those who maxed out on their TFSA contributions last year earned less than \$60,000. Three-quarters of contributors earned less than \$75,000. This measure is aimed at those who need our help the most: low and middle-income Canadians.

[Translation]

Family means duty: the duty to protect each other. This is a fundamental Canadian value and it is reflected in our values as a government.

[English]

Our budget expands compassionate care employment insurance benefits from six weeks to 26 weeks. We are making it easier for Canadians to take care of a sick or dying loved one. I'm deeply proud of this reform, as is our Conservative caucus, the whole caucus. No one is more deserving of our support than those who take time to support their families at times of great need.

[Translation]

This budget also includes a new measure to meet one of the government's most important obligations, which is to protect Canadians here in the country and abroad. When we take a look around the world in 2015, a sad truth emerges: our country is not immune to the dangers of international terrorism.

[English]

Our government understands the dangers and is taking action to combat the threat. Today's legislation includes several measures to ensure the continued security of Canadians.

Bill C-59 empowers us to reform House of Commons security, ensuring the safety of elected officials as they go about the business of the nation. It strengthens our ability to revoke passports on grounds of terrorism or national security. To further improve the security of Canada's immigration system, Bill C-59 proposes to expand the use of biometric screening to verify the identity of all visa-required travellers seeking entry into Canada.

Finally, Mr. Chairman, we remain undaunted in our efforts to build a more prosperous Canada. The continued weakness of the global economy means we must take relentless action to create jobs, growth, and long-term prosperity.

That starts with small businesses, Canada's greatest job creators. Alone, they account for half the working men and women in Canada's private sector, so we are working hard to put more money back in the pockets of Canada's entrepreneurs.

Today's legislation breaks new ground. It cuts the small business tax rate to 9% by 2019, the largest tax rate cut for small business in more than 25 years. This means an annual tax reduction of up to

\$38,600 that can be reinvested in a business to fuel its growth and create jobs for Canadians.

[Translation]

Many of these small businesses work in the manufacturing sector. As this committee knows, manufacturing represents over 10% of our GDP and employs 1.7 million people across the country.

[English]

Manufacturing built this country. It built my home province into an economic engine of Confederation. Unlike the Liberal leader, who questioned the role of manufacturing in Canada's future, for this Conservative and for this Conservative government, the words "made in Canada" continue to fuel pride and, of course, jobs. That is why we must give manufacturers the tools they need to create the products and the jobs of the future.

Today's legislation includes an accelerated capital cost allowance for machinery and equipment used in manufacturing and processing. This new 10-year tax incentive will result in a deferral that is expected to reduce federal taxes for manufacturers by \$1.1 billion over the period from 2016-20. It will create even more jobs for hard-working Canadians.

Let me end with one more job creation measure, a major new infrastructure program: the public transit fund. This program, increasing to \$1 billion per year by 2019, will be a permanent source of financing to provinces and municipalities for major public transit projects. It will help cut congestion in Canadian cities, saving families time in traffic and saving businesses from higher costs.

•(1625)

This fund is one more addition to our government's historic infrastructure investments, which together represent the largest long-term federal commitment in our country's history.

[Translation]

Mr. Chair, this is just a brief overview of the many measures in Bill C-59 that will benefit Canadians.

[English]

Canada's economic action plan is working, creating jobs and growth and building a stronger, more prosperous, more confident Canada. I'm prepared to tell you more about it today as I answer your questions.

Thank you.

**The Chair:** Merci.

Thank you very much, Minister, for your opening statement.

Colleagues, we will do five-minute rounds, and we'll begin with Mr. Cullen, please.

**Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP):** Thank you, Chair.

Thank you, Minister, for attending today.

I'm going to offer you a deal here. Our time is limited. I'll try to keep my questions short, and perhaps you can keep your responses equally short. Does that sound all right?

**Hon. Joe Oliver:** It depends on the question. This isn't the four-hour ordeal we went through a week ago.

**Mr. Nathan Cullen:** I'm sorry it was an ordeal. I enjoyed myself quite a bit.

Recently, in Europe, you made a comment about how the pathway to better economic growth is to make it easier for employers to lay off workers. Which country were you referring to when you made those comments?

**Hon. Joe Oliver:** I didn't say anything of the kind. At the Dresden G-7 meeting of finance ministers and governors of central banks, we discussed the slow and uneven global economic growth and, in particular, Europe's brush with deflation and the need for structural reform, as well as a need to coordinate monetary and fiscal policy.

**Mr. Nathan Cullen:** You didn't make that comment in reference to France or Greece that perhaps relaxing some labour laws would assist in the economic growth?

**Hon. Joe Oliver:** I did not refer specifically to any one country. I was talking about the overall need to address growth.

**Mr. Nathan Cullen:** By making it easier for employers to let go their workers...?

**Hon. Joe Oliver:** No, not at all.

**Mr. Nathan Cullen:** Okay.

**Hon. Joe Oliver:** Our economic action plan proposes to modernize the Canada Labour Code.

I wasn't referring to Canada at all in that context, as you well know—

**Mr. Nathan Cullen:** I don't know.

**Hon. Joe Oliver:** —but the economic action plan will modernize the code to support the well-being of workers and their families in communities across the country. These amendments will also respond to recent public concern related to the lack of protection offered to unpaid interns.

**Mr. Nathan Cullen:** Let's try with something you just said.

You've said your plan is working, yet Governor Poloz referred to the situation of the economy as "atrocious". Just last week, Doug Porter, the chief economist of the Bank of Montreal, said that Canada is experiencing the "unluckiest" recovery ever. BMO says that Canada is currently experiencing the worst economic growth outside of a recession in three decades.

How could you possibly come to the conclusion that you plan is working when the economy is so sluggish, with zero to no growth?

**Hon. Joe Oliver:** Well, as you know—

**Mr. Nathan Cullen:** You know it contracted last quarter, yes, Minister?

**Hon. Joe Oliver:** Well, when you cited the governor of the Bank of Canada, you implied he was talking about our overall growth picture and our picture for the full year. That isn't what he said at all. He was talking about the first quarter and indicated that he felt there would be a rebound in the rest of the year. The current forecast from the bank is for a 1.9% increase in GDP—

**Mr. Nathan Cullen:** Can—

**Hon. Joe Oliver:** If I may finish, the private sector economists whose forecasts we rely on also were looking forward to a rebound. Nevertheless, we're not immune to the global economic circumstances, and certainly not to the economic conditions of our biggest trading partner, the United States—

•(1630)

**Mr. Nathan Cullen:** I understand.

**Hon. Joe Oliver:** —which actually fell a little more than we did at 0.7%.

But very specifically, the governor was referring to the fact that the economic implications of the decline in the price of oil—

**Mr. Nathan Cullen:** All right—

**Hon. Joe Oliver:** —were going to be a little faster than he thought and therefore would impact—

**Mr. Nathan Cullen:** So—

**Hon. Joe Oliver:** If I may finish: they may impact more directly on the first quarter.

**Mr. Nathan Cullen:** Right, so when BMO says Canada is experiencing the worst economic growth outside of recession in three decades, you blow that off and say it's the fault of the global economy and the Americans, and say your plan is working when it's not.

**Hon. Joe Oliver:** I object to what you just said.

**Mr. Nathan Cullen:** I'm sure you do.

Last year, 2014-15, you ran a deficit of approximately \$2 billion. Is that correct?

**Hon. Joe Oliver:** Well, the final number isn't out yet.

**Mr. Nathan Cullen:** Was it more or less than that?

**Hon. Joe Oliver:** It isn't out yet. We're anticipating a small, not a huge—

**Mr. Nathan Cullen:** Well, about \$2 billion is what your department has estimated, yet you're backdating and spending \$2 billion on income splitting, which does nothing for 85% of Canadian families. Do you think it's right to borrow money to help out the wealthiest 15% of Canadian families?

**The Chair:** Minister, could we have just a brief response on that?

**Hon. Joe Oliver:** You're mixing up the years. You're talking about a policy that's going to affect next year, and you're talking about your forecast, not the department's forecast, for last year's deficit. I don't know what to make of the question, so I guess I just can't answer it.

**The Chair:** Thank you.

Thank you, Mr. Cullen.

Mr. Saxton, go ahead, please.

**Mr. Andrew Saxton (North Vancouver, CPC):** Thank you, Mr. Chair.

Thanks to the Minister of Finance and his officials for being here today.

First of all, through the chair, Minister, I want to congratulate you on presenting a balanced budget.

As the minister said, this was a promise made and a promise kept. This makes us one of the few western countries to have a balanced budget, and what's even more remarkable is that this was done without raising taxes. Most countries, when they want to balance their books, have to raise taxes, but in this case it was quite the contrary. In fact taxes in Canada are at a 50-year low. So I want to congratulate the minister on balancing the books as well as keeping taxes at a 50-year low.

Now, can the minister tell us the key reasons for balancing the budget and why it's important for our future?

**Hon. Joe Oliver:** Thank you very much for the question. I would just say that I believe that the balancing of the budget was even more remarkable given the collapse in the price of oil, the fact that we have unprecedented infrastructure investments, and the fact that our taxes are now, as you said, at the personal level, below what they were 50 years ago.

There are five key reasons that a balanced budget is important. It will keep taxes low. It will protect our top credit rating, our AAA credit rating, with a stable outlook, which very few countries in the world have. It will preserve our health care and education system rather than paying more debt. It will respond to international shocks, the unavoidable, and the unexpected, such as war and international disasters, and it will not saddle our children with mountains of debt that we incurred. This is a path to recovery, and of course there's the other path of spending hikes, tax hikes, an out-of-control deficit, and unaffordable debt.

**Mr. Andrew Saxton:** Thank you.

Can you tell us what the possible consequences would be if the opposition were to come to power, heaven forbid, and they weren't able to balance the budget? What would the consequences for the government be if they were to go back into structural deficits for long periods of time?

**Hon. Joe Oliver:** All the benefits and protections that are afforded by balanced budgets would be jeopardized. They would presumably have to increase taxes. We know, for example, that the inchoate Liberal plan started with a \$2 billion shortage. We discovered a rather rudimentary error that would add another \$2 billion, and then there's the very significant amount by which they overestimated how much they could get from the tax hike. So what are their alternatives, and what are the alternatives from the NDP, who would have massive spending as well? How are they going to get that money? Raising taxes is one way. Cancelling some of our cherished programs is another, as is going into more debt.

I think our Triple-A credit rating would be jeopardized. Our critical social programs would be put in doubt, and we have made commitments to increase those amounts. As I mentioned, they've gone up 62% since we got into office, 88% here in the province of Ontario. That situation wouldn't continue, and the ability to respond to international shocks would be jeopardized, and then of course

there's the moral imperative of not saddling our children with mountains of debt that would also be in play.

•(1635)

**Mr. Andrew Saxton:** Just briefly, in this budget you've also lowered taxes for middle-class families, consumers, manufacturers, and small businesses. Can you share with us why it's important to keep taxes low for the economy?

**Hon. Joe Oliver:** Well, the first thing is that it makes life more affordable for Canadians. We've provided Canadian families, every single one of four million Canadian families, with benefits, because they have additional expenditures, important expenditures, because they're responsible for bringing up their children. We've cut taxes over 180 times and brought them down to their lowest level in 50 years. In addition, of course, corporate taxes, small business taxes, which will be 46% lower in many cases, will allow businesses to create jobs and to spur economic growth.

You know, this is a budget that is balanced fiscally but also balanced socially. The families who will benefit are those particularly in the low- and middle-income brackets. The average family of four will receive \$6,600 this year alone from our government's generous benefits. Of course, we've increased the amount that Canadians can save by almost doubling the TFSA.

**The Chair:** Thank you, Minister.

Thank you, Mr. Saxton.

Mr. Brison, please.

**Hon. Scott Brison (Kings—Hants, Lib.):** Thank you, Mr. Chair.

Minister, you say that this budget breaks new ground. Bill C-59 does break new ground, because it retroactively makes legal an act that was illegal in the past when it was committed.

With regard to division 18 and the retroactive changes to the long-gun registry, effectively in 2012, when Parliament passed a law to destroy certain records in the long-gun registry, the law when it was passed made no mention of the Access to Information Act. Because of that omission, the records in question actually can't be destroyed until after any pre-existing access to information cases were closed. Now, the law was perhaps badly written, but it has been the law since April 2012.

In May 2012 the public safety minister's head of the RCMP promised that the RCMP would abide by the access to information law in this matter, yet six months later the RCMP actually broke the law and destroyed those records.

Who ordered the RCMP to break the law and destroy those records? Was it the public safety minister or the Prime Minister?

**Hon. Joe Oliver:** Mr. Chairman, our government has fulfilled its commitment to end the wasteful and ineffective long-gun registry once and for all. It's still possible to access outdated copies of the long-gun registry through access to information legislation. The will of Parliament has been clear, and all copies of the registry were to be destroyed. This technical amendment will address this.

**Hon. Scott Brison:** Minister, the legislation to end the long-gun registry doesn't obviate the need for the government to obey the law. The reality is that orders were given to the RCMP to break the law by ignoring pre-existing access to information cases.

Does it bother you that this budget bill actually retroactively makes legal what was illegal at the time? Isn't that at best unusual, but certainly disrespectful of the law, which we're supposed to be defending as parliamentarians?

•(1640)

**Hon. Joe Oliver:** As I said, our government was pleased to end this ineffective and wasteful registry once and for all. Due to a bureaucratic loophole, it was still possible to access outdated copies of the long-gun registry through the access to information legislation. That clearly goes against the will of Parliament that all copies of the registry should be destroyed, and—

**Hon. Scott Brison:** But Mr. Minister—

**Hon. Joe Oliver:** —the technical amendment reinforces this.

**Hon. Scott Brison:** —the government should not be operating above the law. This budget bill won't just erase the long-gun registry records. The issue here is that it destroys any evidence around the destruction of those records. It destroys evidence of the RCMP breaking the law, as well as any evidence of political interference, and who ordered the RCMP to break the law.

How can you justify using a budget bill to destroy evidence of the committing of a crime?

**Hon. Joe Oliver:** Mr. Chair, we're introducing legislation. This is the most democratic legal process one can have. We're presenting again to the Parliament of Canada legislation that the people's representatives will vote on, as they voted on the end of the long-gun registry.

**The Chair:** You have one minute.

**Hon. Scott Brison:** The OPP are now investigating the RCMP for illegally destroying these records. They don't have much time. Are you open to an amendment that would preserve evidence of any wrongdoing so that Canadians can find out who was responsible for breaking the law?

**Hon. Joe Oliver:** As I said, there was a bureaucratic loophole. It was still possible to access outdated copies, and this clearly goes against the will of Parliament.

**Hon. Scott Brison:** Minister, on balanced budget legislation, the balanced budget law says that it applies to this fiscal year. Under the law, when there are deficits because of a recession, ministerial pay is frozen until a balanced budget is recorded in the public accounts.

Since 2008 there have been only deficits. You have yet to post a surplus in the public accounts. Will the Prime Minister and the ministers pay back the salary increase they've been receiving since April 1 of this year in respect of this new balanced budget legislation?

**Hon. Joe Oliver:** The balanced budget legislation, should it be approved, will—

**Hon. Scott Brison:** Well, it applies this year, so will you be paying back the salary increases you have received?

**Hon. Joe Oliver:** Well, it will apply this year. There isn't a deficit. There won't be a deficit this year.

**Hon. Scott Brison:** There's still a deficit currently. We're still in deficit.

**Hon. Joe Oliver:** No. When you determine whether you're in deficit, you have to wait until the year is over to find out whether you're in deficit or not, and we're forecasting—

**The Chair:** Okay—

**Hon. Scott Brison:** I guess that's a no.

**Hon. Joe Oliver:** —a surplus.

**Hon. Scott Brison:** I guess that's a no.

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

We'll go to you, please, Ms. Bateman, for your round.

**Ms. Joyce Bateman (Winnipeg South Centre, CPC):** Thank you very much, Mr. Chair.

Thank you so much, Minister, and your officials, for joining us at the finance committee today. It's very much appreciated.

I have to say that I think you were a little modest in recapping. Not only have you balanced the budget, sir, in the context of taxes being at their lowest point in 50 years with over 180 tax reductions, but you've also done it in the context of dropping oil prices. You forgot to mention that you've done it while increasing transfers to the provinces and territories consistently since this government took over. I think it's a remarkable accomplishment.

Specifically, I'd love to hear you speak briefly about how Bill C-59 not only will help the first nations improve first nations services, and services offered to them, but also will improve the First Nations Fiscal Management Act.

**Hon. Joe Oliver:** Thank you very much for your questions. I appreciate your kind comments.

Our government is committed to equipping first nations with the tools they need to strengthen their governance, achieve greater self-sufficiency, and improve economic opportunities in their communities. The First Nations Fiscal Management Act has provided first nations who have opted in to act with fiscal powers similar to those exercised by other governments in Canada.

More specifically, it allows them to issue real property taxes, to certify their financial management systems, and to access low-cost long-term financing. The proposed amendments to the act would improve the overall efficiency and effectiveness of the act by reducing needless red tape and streamlining access to the act, so that more first nations can opt in, improving investor confidence in the legislation.

The amendments stem from the recommendations of and the consultations held by the three first nations-led institutions established under the legislation. Let me quote First Nations Tax Commission Chief Commissioner C.T. Jules, who said:

Over the last ten years, we have witnessed more and more First Nations moving away from the transfer dependency model that has stagnated First Nation communities and economies. We fully expect that the legislative improvements will mean we can provide better services to more First Nations who are achieving greater self-sufficiency, improving accountability, and attracting private investment for their economies.

•(1645)

**Ms. Joyce Bateman:** Also, I know that Bill C-59 has done much to strengthen financing for developing countries and our support for them. Could you speak to the further support and financing we're offering for developing countries as well, sir?

**Hon. Joe Oliver:** Our government's commitment to helping people who live in poverty and responding to humanitarian crises remains strong. Our government understands that as the driving force behind economic growth, private sector investment is essential to raise people out of poverty and put them on the road to prosperity. So I'm pleased that our budget announced a new mechanism to partner with the private sector to help bring people out of poverty in developing countries. This legislation will therefore enable more effective partnering with the private sector and emerging and frontier markets on projects that support development results, thereby complementing Canada's official development assistance. It will enhance Canada's ability to advance its development priorities by partnering with the private sector to address critical financing gaps in developing countries.

With this initiative Canada joins other nations, including every G-7 country, that have put in place development finance tools. The establishment of this new initiative is an important addition to Canada's development tool kit, which will promote Canadian investment opportunities in developing countries.

**Ms. Joyce Bateman:** Thank you very much, Minister.

**The Chair:** Thank you.

Thank you, Ms. Bateman.

[Translation]

Mr. Côté, the floor is yours for five minutes.

**Mr. Raymond Côté (Beauport—Limoilou, NDP):** Thank you, Mr. Chair.

My thanks also go to the minister for being here with us today to answer our questions.

The big banks were particularly harsh in terms of the results for the first quarter of the year. The National Bank talked about “calamitous results”, TD Bank used the word “atrocious”, just like the Governor of the Bank of Canada.

In the budget, the expected growth was 1.2% for the first quarter of 2015 while the Bank of Canada forecasted 0%. The surplus of \$1.4 billion that you claim to be able to free up is clearly based on the 1.2%.

In practical terms, what changed because of this quarter's results?

**Hon. Joe Oliver:** Mr. Chair, at last week's G7 meeting, it seemed clear that the global economy is still fragile and that the growth is uneven and slow. The U.S. had a difficult first quarter. Growth—

**Mr. Raymond Côté:** I'm sorry, Mr. Minister, but I don't want to hear your talking points. I want to know what changes in terms of your surplus forecasts.

**Hon. Joe Oliver:** As I said before, the bank maintains its forecast at 1.9%. The private sector has not informed us of any changes in forecasts. As you know, 15 economists from the private sector submit their forecasts and we then calculate the average.

•(1650)

**Mr. Raymond Côté:** This much talked about surplus is artificial. In reality, it is a deficit, but you are using \$2 billion of surplus from the EI fund. Last Thursday, Aaron Wudrick, the director of the Canadian Taxpayers Federation, pointed out how scandalous he thought the use of that surplus was. Of course, we could also talk about the use of the contingency fund.

Would you agree with Mr. Wudrick that the use of the surplus from the EI fund is a problem?

**Hon. Joe Oliver:** If I understand correctly, you are talking about the EI forecasts—

**Mr. Raymond Côté:** Yes, absolutely.

**Hon. Joe Oliver:** We have promised Canadians to balance the amount starting in 2017 for seven years. There was a deficit followed by a surplus and we will balance that in the long term.

**Mr. Raymond Côté:** Does the income splitting apply as of this year? When you answered my colleague's questions a little earlier, it was not clear. Is that part of the budget? Will the \$2 billion shortfall apply only in 2016? Could you clarify that question please?

**Hon. Joe Oliver:** Deputy Minister Rochon will be able to answer that question.

**Mr. Paul Rochon (Deputy Minister, Department of Finance):** Mr. Côté, are you asking how the income splitting amounts are accounted for in the budget?

**Mr. Raymond Côté:** Yes. Will that apply in 2015 or only in 2016?

**Mr. Paul Rochon:** That applies to the 2014 fiscal year.

**Hon. Joe Oliver:** So for 2015.

**Mr. Paul Rochon:** The amounts are included in the estimates for 2014-15, for 2015-16 and for the subsequent years, of course.

**Mr. Raymond Côté:** I have another quick question for you, Mr. Minister.

We have seen the term “income splitting” appear and disappear. It seems an order was issued to no longer use that term. Do you use the term “income splitting” freely?

**Hon. Joe Oliver:** We are aware of the issue. We can say “income splitting” or “income sharing”. We completely understand what it means. This policy has been available to seniors for years. It is actually a very good policy for them, and it will be for their families as well.

**The Chair:** Thank you, Mr. Côté.  
 [English]

Mr. Cannan, please. It's your round.

**Hon. Ron Cannan (Kelowna—Lake Country, CPC):** Thank you, Mr. Chair.

To you, Minister, and to your officials, thank you for being here.

I'm representing Kelowna—Lake Country, a riding that has a high percentage of seniors. Given the fact we're living longer and living a healthier lifestyle, and with the returns on investments being lower, I definitely know that the extension of the RRIF component was a welcome addition to the budget. As well, in the previous working income tax benefit program, we had over a million Canadians not having to pay taxes, with over 380,000 of those being seniors.

Investment in tourism is a big component in my riding, as are innovation and technology and the university, and a lot of other good initiatives.

There's one specifically. I think we can all reflect back on our first job, whether it was as a volunteer or working in some organization as an intern. I think it provided the sort of foundation for a work ethic and mentorship that helped us get to where we are today. I wonder, Mr. Minister, if you could elaborate on that and tell us what the government is doing to ensure that our youth have a safe experience while learning new skills in the internship program.

**Hon. Joe Oliver:** Bill C-59 amends the Canada Labour Code to ensure that interns under federal jurisdiction, regardless of pay, receive occupational health and safety protections. Our government knows that internships can provide important work experience and lead to jobs.

The proposed amendments will also establish two circumstances in which unpaid internships can be offered and provide a coherent set of labour standards to be set out in regulations that will apply to interns who meet either of these circumstance. The first circumstance would be if the internship is formally part of a program approved by a recognized secondary or post-secondary educational institution or vocational school. The second circumstance would be if the internship meets all six specific criteria.

It's important to note that these labour standards regulations will reflect the unique situation of unpaid internships and were developed in consultation with stakeholders. At a minimum, it's expected that they will ensure that unpaid interns receive maximum-hours-of-work protections, as well as unpaid bereavement leave and unpaid sick leave, and are protected from sexual harassment. Our budget focuses on protecting interns and ensuring that internships lead to jobs, which is another way that we're creating job growth and lowering taxes for hard-working Canadians.

•(1655)

**Hon. Ron Cannan:** Thank you very much. I appreciate it.

Changing gears to another area, I think all of around the table would agree that we support our veterans and our men and women who are serving to protect our land, air, and sea, and also the RCMP locally, nationally, or globally, and the commitments they give our country. I've met with many of my veterans in the community. I

work closely with our Legion and the army, navy, and air force club. I know that within the budget, working with Minister O'Toole and Veterans Affairs, there are some additions to help our veterans.

Could you elaborate on that for the committee and inform us of some of the additional benefits the government has introduced for our brave men and women so they are able to live with dignity?

**Hon. Joe Oliver:** Yes. Thank you for that important question.

Our Conservative government places the highest priority on making sure that veterans and their families have the support and services they need when they need them. Our government made significant progress in such key areas as long-term financial security, increased family support, and removing barriers of eligibility for certain financial benefits. For example, Canadian Armed Forces veterans who are moderately to seriously disabled as a result of their service will soon have additional benefits after age 65. There is also new money to support family caregivers, and those from the Canadian reserve force will receive fair financial benefits from the government.

These new initiatives are evidence of our government's commitment to ensuring that Canadian veterans and their families are treated with care, with compassion, and with respect. Since our government took office, benefits for veterans have gone in one direction—up. The Liberal Party, however, has voted against increased support for veterans' monthly income, such as the earnings loss program. They voted against new money to expand mental health clinics to more locations across the country. Yet they have no problem with an adviser who used over \$70,000 of taxpayers' money to move down the street from one high-end home to another.

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

*Monsieur Dionne Labelle, cinq minutes, s'il vous plaît.*

[Translation]

**Mr. Pierre Dionne Labelle (Rivière-du-Nord, NDP):** Thank you, Mr. Chair.

Mr. Minister, let me tell you about a lady named Francine.

Francine had cancer and she was entitled to 15 weeks of EI benefits. Quebec has last resort assistance. However, since she had a house, she could not access the assistance.

I read the Parliamentary Budget Officer's report that said what we could have done with the \$2 billion EI surplus. That could have helped Francine and thousands of other people like her who are at the end of their benefits and are forced to seek last resort assistance.

Earlier, you said that the income splitting system in 2014-2015 was \$2.395 billion. I talked with Francine. She feels—and I agree with her—that the government is helping neither people suffering and in need nor sick people. With this amount of over \$2 billion, we could have stretched the EI benefits for a full year. That is what the Parliamentary Budget Officer says. However, the government is instead giving the money to 15% of the population, that is to say the wealthier segment. That is how Francine sees your budget and that is how I see it as well.

How do you explain the choice to use this amount of \$2 billion to balance the budget and give \$2.395 billion to 15% of the population? Francine and the people who are suffering in Canada don't understand an action like that. It's as if you are working for those who don't need it and you don't care about the real needs of the people. That is deplorable.

•(1700)

**Hon. Joe Oliver:** As I mentioned earlier, all the benefits of our program helps families. Two-thirds of those benefits are for middle-class Canadians or those with lower incomes. That is the reality.

**Mr. Pierre Dionne Labelle:** The reality is—

**Hon. Joe Oliver:** In fact, 25% of money goes to Canadian families earning less than \$30,000.

**Mr. Pierre Dionne Labelle:** Do you understand Francine's predicament? She would have liked to be able to benefit from EI benefits during the duration of her treatment. Instead, the government stops giving her those benefits and gives them to the wealthiest 15% of the population. There is something despicable about that.

**Hon. Joe Oliver:** Let me also say that we have eliminated the requirement to pay taxes for one million taxpayers as well. We have set up a number of initiatives—

**Mr. Pierre Dionne Labelle:** Is the government's role—

**Hon. Joe Oliver:** ...for poor and middle-class families.

**Mr. Pierre Dionne Labelle:** Does the government not also have a role in helping the poorest members of society? Should that not be a full-time concern for the government?

**Hon. Joe Oliver:** Not at all.

**Mr. Pierre Dionne Labelle:** Not at all?

**Hon. Joe Oliver:** The government has developed policies to benefit all Canadians. We have increased the transfers to the provinces for social programs by 62%.

**Mr. Pierre Dionne Labelle:** There is a bias for the wealthy.

**Hon. Joe Oliver:** There is also the health care sector and so on.

**Mr. Pierre Dionne Labelle:** You have a bias for the wealthy.

**Hon. Joe Oliver:** No, that's not true. Furthermore—

**Mr. Pierre Dionne Labelle:** The fact is that we are seeing that 20% of Canadians, the wealthiest, will benefit 16 times more from the TFSA program than the 20% of Canadians who are the poorest. So it is a bias for the wealthy. Let's call it for what it is.

**Hon. Joe Oliver:** That is not true.

[English]

**The Chair:** Okay.

[Translation]

**Hon. Joe Oliver:** The facts are—

**Mr. Pierre Dionne Labelle:** Yes, it is true.

[English]

**The Chair:** Okay. Merci. Order.

[Translation]

**Hon. Joe Oliver:** The facts are completely different from what you are describing. Most of the benefits will go to Canadians. As I said, 60% of people who contributed the maximum amount to a TFSA make less than \$60,000 a year.

[English]

**The Chair:** Okay. Merci. Thank you.

We'll go to Mr. Van Kesteren, please.

**Mr. Dave Van Kesteren (Chatham-Kent—Essex, CPC):** Thank you, Chair.

Minister, it's good to be in this place to hear about the fine work of your department. I think some of us, at least on this side, are quite proud of what's happening.

I think that other than our illustrious Chair, Mr. Adler and I have been on this committee the longest, and throughout the years we've been here, we've been through some trying, difficult times. You've expressed that well. We've managed to crawl out of a deep, dark hole to the point that I would argue—and I think many of us on this side here would argue too—this is the best budget we have seen yet as a government. I'm very proud of it.

One of the things we've seen increasingly here is more organizations coming looking for help during the budget consultations, and rightfully so. We have a country in which oftentimes the federal government is moving in one direction and the provinces are moving in the other, and we start to find increasingly that it falls upon us to help, especially with things like health care. We talked about the fact that we've increased funding for that, but I think all of us would agree that when we've heard the stories from the different groups that are looking for help and when we make a recommendation to that effect, we were hoping to see something from the government that could help, especially health care.

There are many things I was happy about, but I have to tell you I was very happy to see the addition to the compassionate care benefit by this government, which benefits so many groups like those with ALS. We celebrated that yesterday.

I wonder if you could maybe take some time and tell us who would benefit most from this generous benefit.

•(1705)

**Hon. Joe Oliver:** This policy is directed at families that need to take care of a member of their family who is suffering from a serious medical condition with a significant risk of death within 26 weeks and a requirement for care and support.

Supporting families and communities is a top priority for our government, and so an enhancement to the EI compassionate care benefit is important because it will provide additional financial security to Canadian workers and their families in need.

The benefits will be taken within a 26-week period once a doctor attests to the medical condition of the family member, and approximately 6,900 claimants per year would stand to benefit from the generous program we've introduced.

We want to make sure the EI program remains responsive, fair, and flexible to labour market conditions while continuing to support Canadians when they need it most. The changes really affirm the government's support for families, particularly for primary caregivers.

The NDP simply voted against almost every measure we've introduced.

**Mr. Dave Van Kesteren:** You talked about some of the taxes that we've cut. One that I was pleased to see was the reduction of the small business tax. Maybe you could tell us why that's important and how that's going to help their businesses grow and the economy grow?

**Hon. Joe Oliver:** Small businesses are a cornerstone of our economy. They create jobs that support families and our communities, and that's why our budget introduces measures to allow small businesses to grow and create jobs. It's no wonder the Canadian Federation of Independent Business has applauded this measure and gave the budget an A.

The bill would reduce the small business tax rate to 9% by 2019. Using the example of a small business with a taxable income of \$500,000, this tax cut and all the tax relief our government has provided since 2006 would result in a nearly 50% decrease in federal taxes, the biggest tax cut in 25 years. This is money small businesses can use to reinvest in the economy and create jobs.

But it goes further. Bill C-59 would amend the Canada small business financing program to allow more small businesses to apply for financing, and allow larger loans to be made available. It would also increase the lifetime capital gains exemption for farmers and fishermen to allow farm and fishing business owners to better ensure their financial security for retirement, by allowing them to keep more after-tax dollars in their pockets following the disposition of their property.

•(1710)

**The Chair:** Thank you very much.

Thank you, Mr. Van Kesteren.

Mr. Adler, go ahead please, for the final round.

**Mr. Mark Adler (York Centre, CPC):** Thank you very much, Chair.

Thank you, Minister and your officials, for being here this afternoon.

I do want to begin by thanking you, and certainly your predecessor, the late Jim Flaherty, for keeping a steady hand on the tiller. We all know that we're not out of the woods yet, and that the global situation is certainly still fragile. Starting back in 2006,

initially paying off \$38 billion in national debt put us in good stead for future growth in our economy.

What I want to say first of all is that your riding and mine both have very high immigrant populations. We're adjacent to each other in Eglinton—Lawrence and York Centre. A lot of people come to this country for hope and for opportunity for themselves and their kids. I remember that when my dad, a holocaust survivor, came to Canada he worked hard, just as many of these immigrant families work hard, and I see it every day. They are grateful for less taxation.

You mentioned that taxes have been lowered 180 different times. An average family of four is now saving \$6,600 in tax. The tax burden is the lowest in 50 years.

Could you speak to the family tax cuts? Particularly I want to ask you how many families stand to benefit from the family tax plan and what the government is doing to ensure every single middle-class family takes advantage of these generous benefits and receives more money in their pockets. We all know that middle-class people work very hard for their money, and our aim is to make sure they're able to keep as much money in their pockets as possible. Could you please speak to that?

**Hon. Joe Oliver:** This package of family benefits would benefit every single one of Canada's four million families, so every single family with children would benefit. The plan would put more money in the pockets of everyone with kids. Under the UCCB, families would receive even more generous benefits—an additional \$60 a month for families with children up to 17 years of age. For families with children under 6 years the amount would go from \$100 to \$160 a month; and for families with children between 6 years and 17 years they'd now be receiving \$720 per year for each child.

The families would automatically receive the enhanced UCCB or would be contacted by the government to confirm their information. But there are a couple of hundred thousand families that may be eligible but won't receive the money unless they apply. That's one of the reasons we have an advertising program to inform them of this potential benefit, because we're talking of millions of dollars in unclaimed benefits potentially. So we're telling Canadians across the country about the benefits available to them and we're doing that at the same time that the Liberal opposition leader is undermining our approach and would take these benefits away.

I'm proud that the bill would ensure that the benefits can become law.

**Mr. Mark Adler:** I'm glad you mentioned advertising these programs, because we all know what the Liberal plan is. It is to take these benefits away from hard-working middle-class Canadians. Their idea is that the less people know about these benefits, the easier it will be to take these away from them. So let me ask you, how can the government make people aware of our family tax cut plan?

**Hon. Joe Oliver:** We can do that by an advertising program. We want to make sure that Canadians from coast to coast to coast are aware of the measures. The campaign will highlight key policies, such as the doubling of the children's fitness tax credit, the increase in the child care expense deduction, the new family tax cut, and the enhancement of the UCCB. It's important that Canadians are aware of these measures and that every family with children who stands to benefit should benefit right away.

•(1715)

**The Chair:** Thank you.

Thank you, Mr. Adler.

Minister, I want to thank you and your officials for appearing before us for our study of Bill C-59. We appreciate your comments very much.

Thank you, colleagues. We will see you on Thursday.

The meeting is adjourned.

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