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Friday, January 29, 2016

Speaker: The Honourable Geoff Regan

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HOUSE OF COMMONS

Friday, January 29, 2016

The House met at 10 a.m.

Prayer

GOVERNMENT ORDERS

• (1005)
[English]

INCOME TAX ACT

Hon. Bill Morneau (Minister of Finance, Lib.) moved that Bill C-2, an act to amend the Income Tax Act, be read the second time and referred to a committee.

He said: Mr. Speaker and hon. members of this esteemed House, I appreciate the opportunity to discuss the merits of the middle-class tax cut the government introduced in December and that this bill, Bill C-2, would enact.

On January 1 of this year, nine million Canadians received a tax break. Our government was elected on a plan to grow the economy, and these changes are an important first step in that plan.

Our government believes that a strong economy starts with a strong middle class. Canada's middle class has gone too long without a raise, and in challenging economic times, we have taken action to help them.

The global economic downturn has presented some new realities for the Canadian economy. This means that our plan to grow the economy is now more important than ever.

As we pursue this plan, we will continue to keep Canada's debt-to-GDP ratio on a downward track. We will be prudent in our expenditures and will return to a balanced budget by the end of our mandate.

The government's job is to help Canadians succeed. We are lucky to have one of the most highly educated and talented workforces in the world. In order to harness the power of our people to build a stronger and more prosperous country, we need to improve direct support to the middle class and those working hard to join it. The legislation before the House today does just that.

This bill would cut the tax rate on income earned between \$45,282 and \$90,563 in 2016 by 7% and would introduce a new tax rate of 33% on income earned above \$200,000.

The middle-class tax cut and accompanying changes will make the tax system fairer. Specifically, the bill proposes to reduce the second personal income tax rate to 20.5% from 22%, introduce a 33% personal income tax rate on individual taxable income in excess of \$200,000, return the tax-free savings account annual contribution to \$5,500 from \$10,000, and reinstate indexation of the tax-free savings account annual contribution limit.

Let me elaborate on the three points. First, the personal income tax rate changes took effect on January 1 of this year. As I mentioned at the outset of this speech, it is expected that about nine million Canadians will benefit from this measure this year.

• (1010)

Second, in conjunction with this tax cut, the government is introducing a new personal income tax rate of 33% that will apply to individual taxable income in excess of \$200,000. We are asking the wealthiest 1% of Canadians to pay a little more to help the middle class and those working hard to join it. This means that only Canada's top income earners are expected to pay more tax as a result of the government's proposed changes to personal income tax rates. As with other bracket thresholds, the \$200,000 threshold would be indexed to inflation.

Third, the government is returning the tax-free savings account, TFSA, annual contribution limit to \$5,500 from \$10,000, effective January 1, 2016. Let me reassure all members of the House that this change is not retroactive. The TFSA annual contribution limit for 2015 will remain at \$10,000. I should also note that the limit is cumulative and builds over time.

Eliminating the previous government's increase to the TFSA contribution limit is consistent with our objective of creating a tax system that is fair and that helps those who need it most. Keeping the limit at \$10,000 would have helped Canada's wealthiest save more while costing the federal treasury hundreds of millions of dollars over the next five years.

We know that only 6.7% of eligible Canadians contributed the maximum in 2013. Doubling it did nothing for the 93.3% of Canadians who could not max out their contributions with the existing limit. Indexation of the TFSA annual contribution limit will be reinstated so that the annual limit maintains its real value over time.

While these three elements are what I expect will be discussed during the parliamentary debate, I would like to highlight some of the other measures that are included in today's legislation.

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Today's bill proposes to change the current flat top-rate taxation rules applicable to trusts to use the new rate of 33%.

The bill sets the tax on split income to the new rate of 33%.

The bill amends the charitable donation tax credit to allow higher income donors to claim a 33% tax credit on the portion of donations made from income that is subject to the new 33% marginal tax rate.

The bill increases the special refundable tax and the related refund rate imposed on investment income of private corporations to reflect the proposed new 33% personal income tax rate.

● (1015)

The measures included in this legislation are a priority for this government. However, there are many unique issues that confront Canadians today. That is why reaching out and listening to Canadians is so important. We have a plan to grow the economy, and we need the input of Canadians to learn how to best implement our plan in their cities and communities.

Over the past few weeks, my parliamentary secretary and I have heard from Canadians about what we can do to help the middle class right across the country.

We asked Canadians directly how the government can support them and grow the economy. We met with people from all walks of life: business leaders, farmers, small-business owners, members of our indigenous communities, and community leaders. I also engaged with students by holding a Google hangout and two Facebook live events that attracted a total audience of more than 80,000 Canadians. I am encouraged that young Canadians have found new reasons to become engaged with their government. Our goal is to listen and engage with Canadians on the issues that are important to them, and it has, to date, been a very successful endeavour.

As part of these consultations, I was pleased to have spoken to the member for Milton and the member for Rimouski-Neigette—Témiscouata—Les Basques, my colleagues across the aisle, and I assure the House that their input will be thoughtfully considered.

Although we are both back in Ottawa now, these consultations continue online. Since the opening of the online consultations, we have already reached over 150,000 Canadians and have received over 3,000 submissions, in fact 3,400 submissions as of today, from Canadian individuals and groups, more than twice the submissions, almost three times the submissions, in fact, received last year under the previous government.

It was especially important for me to hear from Canadians about the effect the economic situation is having on them. The stories I have heard have reaffirmed for me the importance of our plan to grow the economy in the short, medium, and long term.

Collaboration is a critical element of our plan to deliver real change in a way that takes into account the priorities and opinions of Canadians. As we implement our plan, we will continue to be open and transparent every step of the way.

This legislation is an important first step to help strengthen the middle class. It puts more money in the pockets of Canadians to save, to invest, and to grow the economy, but it is just a first step. In budget 2016, the government will introduce a new Canada child

benefit that will lift hundreds of thousands of Canadian children out of poverty and will help nine in 10 Canadian families with children to be better off. It will replace the universal child care benefit, which is not tied to income, and it will simplify and consolidate existing child benefits while ensuring that help is targeted at those who need it most.

Taken together, the measures we intend to introduce will help grow our economy to the benefit of all Canadians. The government will invest in our economy, in our communities, and in Canadians themselves. We will make transformative investments in infrastructure that will increase the productive capacity of our economy while improving the day-to-day lives of Canadians.

After 10 years of weak growth, we have an ambitious economic agenda to grow the economy and the mandate to implement it. It started in December with this middle-class tax cut and will continue with the introduction of the Canada child benefit and our historic investments in infrastructure over the next decade.

● (1020)

I encourage all members to support this legislation and to help us deliver on our plan to support the middle class and those working hard to join it.

Mr. Todd Doherty (Cariboo—Prince George, CPC): Mr. Speaker, I appreciate my hon. colleague's speech.

The government has gone online and solicited feedback from across Canada, from coast to coast to coast—we have heard that over and over again, using numbers such as 80,000 and 150,000.

We know that social media and online surveys can come from all over. Does the government have the geographic data, riding-specific, where this information is coming from?

Also, would the member opposite tell us whether there has been any outside feedback from across the borders and whether the government can substantiate the data and its geographic sources, which it is reporting today?

Hon. Bill Morneau: Mr. Speaker, I first want to thank the hon. member for his question. I think it is an important question.

We campaigned on a commitment to have an open and transparent government. We campaigned with the commitment to listen to Canadians and to make sure we understand their views.

Government Orders

It was in that spirit that we took it upon ourselves to have pre-budget consultations that would be more extensive than ever before in this country. We went, as was mentioned, from coast to coast to coast. My parliamentary secretary and I started on the east coast of Canada and moved to the west coast of Canada. We made a clear objective, and we satisfied that objective of meeting with people not only from different regions across the country but from different sectors. We met with small business people. We met with farmers. We met with people from rural and urban environments. We met with chambers of commerce. We met with first nation groups. We really endeavoured to ensure that we could hear from as many people as possible.

More important, we engaged with Canadians in ways in which they wanted to be engaged; so, we had in-person consultations with people, and we also, as mentioned, had engagement over online methodology, which has not been used in the past.

An enormous outpouring of interest came. As I mentioned, 80,000 people actually listened in on our sessions online, but 150,000 people have now gone further than that and look at and clicked on them. Of importance is the number 3,400, which is the submissions from all across Canada. That is a very important number. As I mentioned, it is almost three times the amount received last year. As I said, those submissions have been from all parts of Canada, all different sectors.

We have endeavoured to make sure we have listened to Canadians and—

The Deputy Speaker: Order, please.

Questions and comments.

The hon. member for Rimouski-Neigette—Témiscouata—Les Basques.

[*Translation*]

Mr. Guy Caron (Rimouski-Neigette—Témiscouata—Les Basques, NDP): Mr. Speaker, I would like to congratulate the Minister of Finance on his appointment. We have talked on a few occasions, and I am looking forward to working with him over the next few years.

I would like to begin with some comments on the much-touted middle-class tax cut. That is what the government is calling it. There are various ways to define the middle class. One way is based on median income, which divides Canadians into two equal groups, half earning income above that amount and half below. In Canada, the median income is about \$31,000. If we were to expand that definition and include everyone who is not part of the poorest 20% or the wealthiest 20%, the range would be from \$20,000 to about \$60,000 per year.

The Liberals' proposed tax cut, the so-called middle-class tax cut, excludes virtually all incomes under \$89,000. An individual earning between \$43,000 and \$57,000 would get only about \$26 on average. Basically, this tax cut takes money away from the richest 1% and gives it back, more or less, to the richest 20%, leaving most of the 80% who earn less out in the cold.

My question is simple. What is the Liberal government's definition of the middle class?

• (1025)

Hon. Bill Morneau: Mr. Speaker, I would first like to thank the member for Rimouski-Neigette—Témiscouata—Les Basques for his important question.

Our tax cut for the middle class is a first step, one that we think is very important. With this first step, we will be helping nine million Canadians by lowering taxes, leaving more money in their pockets.

This is only the first step, because we know that other measures need to be introduced to help the most vulnerable Canadians. That is why, in our 2016 budget, we will introduce our second step, which is the Canada child benefit. That will be a very important step for the most vulnerable Canadians, and it will help nine out of 10 families with children.

What matters, I think, is that this measure is going to help hundreds of thousands of children currently living in poverty. This means that we can help families and children living in poverty, and at the same time, this will also help the economy. Thanks to these measures, those who are the most vulnerable and the middle class will have more money to spend, which will stimulate the economy.

[*English*]

Ms. Anita Vandenberg (Ottawa West—Nepean, Lib.): Mr. Speaker, I would like to thank the hon. Minister of Finance for reaching out and listening to Canadians and for introducing this important bill.

In my riding of Ottawa West—Nepean, we have a number of middle-class families who are struggling with child care expenses, trying to pay the bills, and trying to put away a bit for their own retirement. We have the sandwich generation, people who have grown children who have either moved back home or never left home because of youth unemployment, and they are also in some cases taking care of their aging parents.

Could the minister please tell us what other initiatives Canadians can expect in support of the middle class and those working hard to join it?

Hon. Bill Morneau: Mr. Speaker, I would like to thank the member for Ottawa West—Nepean for her question. It provides me with an opportunity to reinforce the importance of both this first step and some other steps that we are taking to help Canadians who are struggling to get by or who have not had a raise for many years.

First and foremost, this first plan is critically important. Nine million Canadians would have more money in their pockets this year as a result of this reduction in taxes. It is a critical first step, one that would aid those families who have found that their net after-tax income has been stagnant for a long time.

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However, we are not going to stop there. We plan, in budget 2016, on making a very important step toward helping our economy to grow. We know that economic growth is the thing that is most important for families who are struggling to raise their children. We plan on investing in infrastructure across this country—infrastructure that can be started quickly, in many cases—to make a long-term, productive impact on our country. We know that is what is critically important, not only for middle-class families today but for their children and grandchildren. If we can make investments that would make a difference for them, it is critically important.

We will also be making investments for those people in our economy who are vulnerable and challenged, like those people from our indigenous communities and those who are most vulnerable, so that they too—

• (1030)

The Deputy Speaker: Order, please. We have time for a brief question and answer.

The hon. member for Pierre-Boucher—Les Patriotes—Verchères.
[*Translation*]

Mr. Xavier Barsalou-Duval (Pierre-Boucher—Les Patriotes—Verchères, BQ): Mr. Speaker, I do not quite understand the Minister of Finance's plan or his explanation as to why this bill was introduced. When we look at the notice of ways and means motion and the measures it includes, we see that most of the measures that apply to taxpayers will not come into effect before they have to complete their income tax returns in April 2017. Accordingly, those measures could have been included in the upcoming budget.

Why did the government decide to do this so hastily right away, in a bill that was introduced so quickly? Was it merely to score political points?

[*English*]

Hon. Bill Morneau: Mr. Speaker, we believe it is critically important that we are open and transparent with Canadians. We also believe it is very important that we help Canadians understand their tax situation. Therefore, in introducing this measure early, we enabled people to have a good understanding of what their 2016 tax situation is.

Tax reductions start at the beginning of the year. This allows employers to actually manage their deduction process.

Tax-free savings accounts start at the beginning of the year. This allows people to plan for their financial situation.

We believe it was critically important to get this out so that people could understand their position and plan accordingly.

Mr. Phil McColeman (Brantford—Brant, CPC): Mr. Speaker, it is a pleasure to rise in the House today. Having listened to the finance minister's comments, I will set aside my initial speech to respond to a couple of those comments.

The minister commented on how the middle-class tax cut would be revolutionary for Canadians. Finance Canada estimates this to be \$6.34 a week in tax relief to middle-class Canadians. That is less than \$1 a day. In the minds of the finance minister and the Liberals, \$6.34 a week is revolutionary.

Today I will divide my speech into separate parts. In the first part I will talk about tax-free savings accounts. In the second part I will talk about the housing market in Canada relative to what tax-free savings accounts provide for individuals. The third part will deal with the middle-class tax cut. However, I could not resist the opportunity to put it in actual numbers that everyday Canadians could understand because the finance minister relied so heavily on it in his speech. Again, it would be \$6.34 a week, less than \$1 a day. I will then go on to talk a bit about how this would affect Canada under the current economic situation, gathering momentum toward what I will call the fiscal mess and who will pay for it.

I will wrap up my remarks with a general comment about understanding what the Liberal tax plan is really all about.

Throughout my speech today, I hope to cut through the rhetoric that we hear coming time and time again from the new government and talk in terms of real life through the eyes of hard-working Canadians, people like my constituents, who come from largely working-class families. My community of Brantford was born out of industry, hard work, and immigrants, who have worked two or three jobs to raise their families. It is not the most affluent community in the country, but it is the most resilient and one of the most hard-working. I like to describe its makeup as one of the most opportunistic and humble communities in the country.

Not all members in the House were around when the late Jim Flaherty first unveiled the tax-free saving account, but I remember it quite vividly as a historic occasion. I will take this opportunity to remind the House just how popular and widely celebrated this savings vehicle was and is today.

Experts from across the board were unanimous. Tax-free savings accounts represented the most revolutionary savings vehicle since the registered retirement savings plans of over 50 years ago. These accounts were an enormous step forward for the middle class to support a wide array of their financial goals, including but not limited to saving for school, their children's futures, a home, or a comfortable retirement.

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The strength of tax-free savings accounts is that when the money is withdrawn, it carries no tax penalties. It is basically tax-free just as the name of it suggests. Another major strength is that tax-free savings accounts offer enormous flexibility, which was lacking in RRSPs. According to experts, tax-free savings accounts can fill any number of short-term and long-term savings goals. Unlike the RRSP, money in a TFSA can be used as collateral, while at the same time, investments in TFSAs are not counted as income to qualify for government benefits or pension supplements that carry a means test. Again, they are not to penalize the most vulnerable people in our society but to add to the free choice of how Canadians can save.

• (1035)

Experts in retirement planning are unanimous that the tax-free savings accounts are a valuable tool to reach personal retirement goals. Our government's efforts to continue growing this revolutionary savings tool represented a major step forward for middle-class Canadians, in particular, Canadians saving for their retirement.

The new government's approach to retirement savings is completely off base. On one hand, it supports the wrong-headed approach of the Government of Ontario to force all workers into a new government-sponsored pension scheme that will cut take-home pay and foist upon and force employers to cut jobs or go out of business in some cases. On the other hand, the Liberals would cut a widely acclaimed revolutionary savings tool designed to support Canadians in whatever their own unique savings goals might be.

Tax-free savings accounts have been so popular in our country since the beginning, that over 11 million Canadians have opened accounts. However, the Liberals have said that only the rich can afford to put more into tax-free savings plans, and this, again, is absolutely false. It is an argument that is ignorant to the real cost of saving for a home or retirement, and it is an argument that is not supported by the facts.

I will allude to the speech from the Minister of Finance. I appreciate him coming into the House and explaining the platitudes of all of this, and repeating the rhetoric of the election campaign, but let us hit the facts. The facts are, as I have mentioned, that 11 million Canadians opened tax-free savings accounts. In 2013, people earning less than \$80,000 a year accounted for 80% of TFSA holders, and 60% of the individuals contributing the maximum amount to their TFSAs had incomes of less than \$60,000. Those are the facts. I did not hear this from the Minister of Finance.

Our motivation in doubling tax-free savings accounts was to build on the momentum of this incredible savings tool for middle-class Canadians in order to give them greater incentive to save and provide retirees with a higher rate of tax-free income. However, this is where we get into the argument of whether the government should be involved in making those decisions, or should individuals. We believe individuals should make those decisions, not the government.

Our motivation in doubling tax-free savings accounts was to build on this momentum. The Liberals' motivation in cutting tax-free savings accounts appears to be nothing more than looking for ways to fund a Liberal spending spree.

I will give credit to the Minister of Finance this morning. He did mention in his speech the fact that had the new limits for tax-free savings accounts been honoured as positive changes, the government revenues would have gone down, a concern by the Liberal government that this takes revenue away from the federal government, instead of thinking about middle-class working Canadians on the ground trying to save for their future and their children's future.

Cutting back tax-free savings accounts may support the Liberals in their plans for massive spending and big-government programs, but it certainly does not support the millions of middle-class Canadians who are working hard to save for their future.

I would like to move to what I believe to be at the heart of what middle-class Canadians desire. I am very familiar with this because I spent my life in this industry, building houses for individuals. This is in regard to the mortgage changes that the Minister of Finance brought out very suddenly and unannounced, without consultation. We have a clear example of how the Liberals are repairing their fiscal plans really on the back of a napkin, without thinking about the long-term financial consequences for Canadian families.

• (1040)

Last month, out of nowhere, the Minister of Finance announced new mandatory minimum down payments on home purchases. We know that buying a home is the most important financial decision most Canadians will ever make and that achieving home ownership is a bedrock issue when we are talking about supporting the middle class. Therefore, one might expect that the finance minister would actually consult with those who know the housing market best before making a massive change, doubling the minimum down payment on some homes.

For example, the Canadian Real Estate Association is Canada's top source of accurate, up-to-date information on statistics on the Canadian real estate market. I know it would have been delighted to have offered its input to the minister on the minister's mortgage changes and would have been eager to work with the new government on issues like housing affordability. Yet it was not consulted.

The Canadian Home Builders' Association employs 800,000 people in the country. It builds approximately 200,000 new homes every year for Canadians. It has such a huge multiplier of economic benefit and spinoff to it, 10 times whatever the value of spending is on housing. It was not consulted.

The minister said that he made these changes to cool the Vancouver and Toronto housing markets. If he had taken the time to consult, he would have realized there were actually eight major Canadian housing markets where the average home price was already more than \$500,000.

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The Liberals say they support the middle class. However, with a stroke of a pen, the finance minister has made it harder for young people and families to achieve home ownership in places like the Fraser Valley, Victoria, Milton, Mississauga, Markham, Calgary, and Fort McMurray. He has cut many families out of the housing market altogether. He is telling millions of young families that they will now have to save at least \$10,000 to achieve home ownership. At the same time, he is cutting the tax-free savings account in half to \$5,500.

We have a government on one hand telling us that average Canadians cannot afford to put away \$10,000. On the other hand, it is telling us that Canadians have to save \$10,000 to buy their new homes. This is just one example of why cutting the tax-free savings account, a revolutionary savings tool, will hurt middle-class Canadians.

There was much in the finance minister's speech about the middle-class tax cut, so let me address that as the third section of my speech today.

Another core part of Bill C-2 is the government's changes to Canada's middle and upper-class tax brackets. What was supposed to be a simple change to the tax code has created a long-term financial mess for Canada. It is worth noting that the tax changes before us would not have anywhere near the impact the Liberals have promised.

The Liberal tax cut most benefits those in the high end of the second highest tax bracket. Those who make close to \$200,00 would benefit the most. In fact, the PBO says that the reduction in the second tax bracket will benefit the top 30% of income earners in the country. Those are facts from the parliamentary budget officer. They are not my comments, not my party's comments, not the opposition's comments, but the government's objective overseer of all things economic. For the average Canadian family, this means very little. Based on the finance department's own estimates, and I mentioned this before, the new Liberal tax plan amounts to, on average, \$6.34 a week for those who qualify.

●(1045)

Even more troubling is how these tax changes add to a growing trend of this new Liberal government that it cannot get a handle on its baseline numbers.

We had this yesterday in the House of Commons during question period. Actually, it began on Tuesday in the House of Commons during question period, when the parliamentary secretary to the Minister of Finance stood up in this House and wilfully misled the House in making a statement that the previous Conservative government left this country in a deficit position. In fact, the finance department and the PBO have put online for all Canadians to see the actual facts and the numbers, where we left the government with a surplus of \$600 million. All Canadians can go online to see that if they choose.

Again, those are not the opposition's numbers. Those are the baseline numbers on which the government came to power and had to deal with on day one, a \$600 million surplus, not a deficit.

The tax changes we have before us today are not what the Liberals campaigned on. They promised that the tax cuts would be part of a

plan that holds the deficit to \$10 billion, a promise that they have already thrown out the window, and they campaigned on a commitment. This is the one that is so vivid in many Canadians' minds, the commitment that the tax cuts would be revenue neutral.

The new Prime Minister went across the country and said, "We'll take the money from the rich and we'll give it to the middle class for the income tax cuts, and do not worry, it will not come out of the Treasury. It will be a revenue-neutral deal." The Prime Minister repeatedly and directly stated that he would introduce, and I quote, a \$3-billion tax cut for the middle class paid for by a \$3-billion increase on high-income earners. However, the Liberals got their numbers completely wrong, and this tax cut will not be revenue-neutral, not even close.

By the Minister of Finance's own admission, there will be a revenue shortfall of over \$1 billion. This is money that will be taken from the Treasury, another \$1 billion, plus. In fact, some of the objective observers and economists have looked at it, and I will give the House these numbers. The Institute for Research on Public Policy says the shortfall will be even greater, creating a revenue gap of closer to \$1.5 billion, and the C.D. Howe Institute, which the Minister of Finance once chaired, said the Liberal plan will fall short by nearly \$2 billion.

Where is that money coming from? It is coming from existing revenues, that puts us into a further deficit, so it already looks as though we are projecting a larger deficit.

I will wrap up by saying that Canadians are concerned and worried about how quickly the Liberals have managed to put the country into a financial hole. Their bad math and the faulty projections behind the measures in Bill C-2 help illustrate why.

Finally, I would like to move an amendment. I move:

That the motion be amended by deleting all the words after the word "That" and substituting the following: "this House, declines to give second reading to Bill C-2, An Act to amend the Income Tax Act, since the principle of the Bill: (a) fails to address the fact, as stated by the Office of the Parliamentary Budget Officer, that the proposals contained therein will not be revenue-neutral, as promised by the government; (b) will drastically impede the ability of Canadians to save, by reducing contribution limits for Tax-Free Savings Accounts; (c) will plunge the country further into deficit than what was originally accounted for; (d) will not sufficiently stimulate the economy; (e) lacks concrete, targeted plans to stimulate economic innovation; and (f) will have a negative impact on Canadians across the socioeconomic spectrum."

●(1050)

The Deputy Speaker: The reasoned amendment is admissible.

Before we go to questions and comments, I noted, in the remarks by the hon. member for Brantford—Brant the use of the term "wilfully misled" in reference to comments by the finance minister. Such expressions are usually considered unparliamentary and I wonder if the hon. member for Brantford—Brant might choose to withdraw that comment or rephrase it.

Mr. Phil McColeman: I will choose to withdraw those comments, Mr. Speaker, and I apologize. I was not aware that those words were unparliamentary.

The Deputy Speaker: I thank the hon. member for the correction.

Questions and comments, the hon. Parliamentary Secretary to the Prime Minister.

Mr. Peter Schiefke (Parliamentary Secretary to the Prime Minister (Youth), Lib.): Mr. Speaker, I would like some clarification, because I am somewhat confused. In my colleague's remarks, he spoke about the fact that many Canadians across the country are having a hard time making ends meet. It is something that all of us in the House recognize and understand. Yet he denigrated the fact that the government would like to put hundreds of dollars back in the pockets of families who need it most, while at the same time mentioning that the limit of the tax-free savings account before the Liberals took power was at a level where only 7%, as the Minister of Finance pointed out, could actually use the full amount.

My question is this. How does he justify to struggling Canadians the fact that he does not see the importance of putting hundreds of dollars back in the pockets of Canadians who need it most and yet wants to keep in place a system that only 7% of Canadians could take advantage of?

• (1055)

Mr. Phil McColeman: Mr. Speaker, I think the member completely misconstrued what I was talking about in making the comparison that he made.

First, let me say again, which I have said over and over again, what this actually means to the average person in the middle class is \$6.43 a week. The finance minister said this is a significant thing to help people save, invest, and help their financial situation. Conservatives contend and my speech contends that it is not, that it is less than \$1 a day. In fact, in the grocery store now, it is less than the cost of one head of cauliflower. That is the current economic situation.

As far as the tax-free saving account goes, the one beauty in how it was designed is that it is cumulative. The member is saying that every year someone must put in the maximum and is using that statistic to skew the numbers. The fact is that the numbers accrue to individuals in this country as a savings account to be used in the future, when economically available to do so, which allows personal choice in their future.

Mr. Alistair MacGregor (Cowichan—Malahat—Langford, NDP): Mr. Speaker, I know the member is defending the Conservative viewpoint quite well, but I want to make the House aware of a few things.

First, the definition of “median” is the number separating the higher half of a data sample from the lower half. Currently, the median income in Canada is about \$31,000, so if we are truly talking about the middle class, \$31,000 a year is the number we should really be talking about.

Second, with regard to his comments about the TFSA, I know very few people in my riding with incomes between \$30,000 and \$40,000 who can afford to put \$10,000 a year away.

I would also like to draw the member's attention to the comments made by the parliamentary budget officer last year. The parliamentary budget officer said that by 2060 gains for high-wealth households are projected to be twice the median and 10 times that of low-wealth households. It is the wealthy who will benefit from \$10,000 a year, not average Canadians, and that is why New

Statements by Members

Democrats support the lowering of the TFSA to \$5,500. I would appreciate the member's comments in response to the PBO.

Mr. Phil McColeman: Mr. Speaker, I will use the actual numbers that are used by the sources of information for my speech.

I mentioned it at 60% but it is actually 73.2% of the persons in income categories below \$60,000 who have placed the maximum in their TFSAs, and who have taken out TFSAs. These numbers can be represented in different ways, but what matters are actual dollars into savings accounts and the number of savings accounts.

My second comment is that I am well aware of median, and above and below, and what this tax plan that the Liberals have brought in does. On the tax break for the middle class, it benefits those who are closest to \$200,000 of income. They get the maximum.

I underscore the member's point. The Liberals have completely ignored what most people would consider to be the middle class.

The Deputy Speaker: The hon. member for Brantford—Brant will have five minutes remaining for questions and comments when the House next resumes debate on the question.

STATEMENTS BY MEMBERS

[English]

NEWMARKET—AURORA

Mr. Kyle Peterson (Newmarket—Aurora, Lib.): Mr. Speaker, I would first like to thank the great people of Newmarket—Aurora for electing me and having me serve them. I look forward to doing so for many years to come.

Today, I want to congratulate the Newmarket Hurricanes and the Aurora Tigers, two provincial Junior A hockey teams within my riding, for the successful Pink in the Rink fundraising game they held last week. The fundraising game has become known as the “Battle of Yonge Street”. It is held in support of the Stronach Regional Cancer Centre at the Southlake Regional Health Centre, the magnificent hospital within my riding.

I was proud to play a small part in the event by taking part in the pre-game puck drop ceremony. Thousands of dollars were raised, and all participants should be proud.

This game also serves as a memorial to three young men associated with the teams who all left us much too early: Kevin Lord; K.J. Ramolla; and Josh Sedore, the son of Steve Sedore, a former Newmarket Hurricanes assistant coach.

I thank the Hurricanes and the Tigers for doing their part to contribute to my wonderful community. They serve as a prime example of the fantastic organizations within Newmarket—Aurora.

* * *

• (1100)

THE NORTH

Mr. Jim Eglinski (Yellowhead, CPC): Mr. Speaker, as we count down to Canada's 150th birthday, I want to share an exciting proposal from Canada's internationally acclaimed air show performers. I want to encourage members of the House to get involved.

Statements by Members

My local Rocky Mountain House Airshow Society is proposing a 2017 Canadian Arctic aviation tour. This air show will completely criss-cross Canada's north, encompassing 41 air shows, and 47 community fly-bys, covering a total of 16,000 nautical miles, equivalent to three-quarters of the way around the world. This will not only set a world record but put Canada's north on the map.

This will be an opportunity for our northern communities to have an air show in their communities for the first time—a performance they will never forget.

Importantly, our sovereignty and our great and vast northern regions will be shared by Canadians as we celebrate Canada's 150 birthday.

* * *

BRAMPTON SOUTH

Ms. Sonia Sidhu (Brampton South, Lib.): Mr. Speaker, as this is my first chance to rise in the House, I would like to thank my constituents of Brampton South for electing me to be their voice.

I would also like to thank my husband Gurjit, my twin daughters Arshia and Amrit, my son Akash, my brother Sukhdeep, my parents, and all of the volunteers, voters, and my supporters in Brampton South who believed in me.

I would like to take this opportunity to commend Amigos Portuguese, a fantastic group of dedicated volunteers, for their work in raising over \$1.3 million dollars to support the new Peel Memorial Hospital's life-saving work. Their goal was \$1 million dollars, but when they hit it they kept going. I was happy to be at the event where they presented the contribution.

I salute these local leaders for their hard work bringing our community together for a good cause.

* * *

[*Translation*]

INDIGENOUS AFFAIRS

Mr. Romeo Saganash (Abitibi—Baie-James—Nunavik—Eeyou, NDP): Mr. Speaker, in the aftermath of the events that occurred in Val-d'Or in October 2015, I am pleased today to inform you that the Val-d'Or Declaration was signed on December 15, 2015. The declaration is the product of countless intense meetings initiated by the mayor of Val-d'Or, Pierre Corbeil, with the valuable and necessary collaboration of a number of aboriginal leaders and socio-economic stakeholders.

The declaration seeks to acknowledge that problems of discrimination and racism exist in the municipality. It seeks to openly denounce violence in all forms and, finally, it expresses an intent to improve relations between the nations so that our peoples may live in peace and harmony.

In closing, with a view to a historic renewal, like Mr. Corbeil, I invite every Canadian municipality to join the Canadian Coalition of Municipalities against Racism and Discrimination. At this time of reconciliation, this is a gesture that deserves to be applauded and emulated.

THE FRANCOPHONIE IN GLENGARRY—PRESCOTT—RUSSELL

Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.): Mr. Speaker, I am pleased to rise in the House today to recognize the work of exceptional people in my riding of Glengarry—Prescott—Russell.

Every year for nearly 20 years, the Prescott and Russell Banquet de la francophonie has recognized those individuals who have helped promote the Francophonie. This year, Maurice Godard, Gilles Fournier, Bruno Lecot, and Jocelyne Leroux will be inducted into the Ordre de la francophonie and Jean-Sébastien Boye and Julien Lalonde will receive the Prix jeunesse Thomas-Godefroy.

The community engagement and dedication of these individuals make eastern Ontario a great place to live in French.

I would like to take this opportunity to offer them my heartfelt congratulations. I am looking forward to sharing this special moment with them on April 2. I would like to say that the francophone community outside Quebec has high hopes for this government, and I know that the Minister of Canadian Heritage and the Parliamentary Secretary to the Minister of Canadian Heritage will work very hard to promote the French language outside Quebec.

* * *

● (1105)

[*English*]

RON SWEENEY

Hon. Ed Fast (Abbotsford, CPC): Mr. Speaker, today I honour the passing of a remarkable man, friend, and long-time Abbotsford resident, Ron Sweeney. Ron passed away peacefully this past November.

As a much loved and visionary educator, Mr. Sweeney inspired generations of students to achieve their full potential. As an athlete and coach, he is fondly remembered by many for the Sweeney Hockey League and the many teams he supported.

He served on city council and countless community organizations and was the inspiration behind the popular Sweeney Family Singers. Above all, Ron was a man of deep faith and received from Pope Benedict XVI, the Benemerenti medal for his service to the Catholic Church. He was also the worthy recipient of the Order of Abbotsford.

He leaves behind his wife Mary, their seven children and spouses, 29 grandchildren and 20 great-grandchildren.

On behalf of the residents of Abbotsford, I honour his enduring love for others that has inspired thousands of our citizens to live full and meaningful lives. I thank him.

VAUGHAN

Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.): Mr. Speaker, I rise today to recognize the 25th anniversary of the city of Vaughan, one of Canada's most vibrant and rapidly growing communities.

The last quarter century has seen its unprecedented transformation from a small municipality to a dynamic city boasting more than 10,000 businesses and a population of over 320,000.

Vaughan's growth shows little signs of slowing, with initiatives like the Toronto-York Spadina subway extension, the Mackenzie Vaughan Hospital, and the Vaughan Metropolitan Centre well under way.

Vaughan is on its way to becoming a world-class city fuelled by its extraordinary people.

As the member of Parliament, I am privileged to represent such a diverse multicultural community where 99 languages are spoken and almost half the population are immigrants.

I ask members to join me in wishing the city of Vaughan a happy silver anniversary.

* * *

NEW BRUNSWICK SOUTHWEST

Ms. Karen Ludwig (New Brunswick Southwest, Lib.): Mr. Speaker, recently I was honoured to welcome our Prime Minister and members of his cabinet to my riding, the beautiful New Brunswick Southwest, and to my hometown of St. Andrews-by-the-Sea.

Hosting the cabinet's first meeting of 2016 in New Brunswick is significant, as it shows Canadians that rural communities are a priority for our government.

The Prime Minister and cabinet were able to see firsthand the optimism in the region and the opportunities for growth in tourism development, scientific research, and innovation in agriculture, aquaculture, and fishing.

I wish to thank New Brunswickers for the way they warmly and openly welcomed our Prime Minister and cabinet.

I am confident that how the Prime Minister and cabinet took the time to personally connect with Canadians will lead to the real change Canadians expect.

* * *

BILL BENNETT

Mr. Dan Albas (Central Okanagan—Similkameen—Nicola, CPC): Mr. Speaker, on Sunday, citizens of British Columbia will gather to pay respect to a great man who recently left us, a man who left a legacy in British Columbia that will never be forgotten.

Let us take a moment to recognize former Kelowna business leader and B.C. premier, Bill Bennett. Who could imagine British Columbia today without Sky Train in the Lower Mainland, Expo 86 and, of course, the Coquihalla Highway that helped become the economic engine for the interior of British Columbia?

Statements by Members

If we look closely at the legacy of Bill Bennett and his many accomplishments in office, there is a pattern: infrastructure and projects that supported our local economies as much as they enhanced our quality of life. This is indeed a legacy that will benefit many generations of British Columbians to come.

Let us remember Bill Bennett for his service, for his leadership, and for his vision. Please join me in sending our condolences to the Bennett family. God Bless.

* * *

[Translation]

OUTAOUAIS

Mr. Steven MacKinnon (Gatineau, Lib.): Mr. Speaker, in keeping with the Liberal government's promise to be open and transparent, on January 19, I joined my colleagues from the Outaouais region, the members for Hull—Aylmer, Pontiac, and Argenteuil—La Petite-Nation, to hold prebudget consultations with approximately 25 representatives of economic and social groups in the region. Everyone who was invited attended. According to various stakeholders, that is a first for the region.

A summary of the session has already been sent to the Minister of Finance. Many topics were addressed, including how to help families make ends meet, support people in need, and make much-needed investments in infrastructure in order to create jobs, revitalize our city, and facilitate our region's development. The discussions were productive.

I would like to thank all those who took the time to participate in these consultations. Together, we will find ways to strengthen the economy and restore fairness in the Outaouais region.

* * *

●(1110)

[English]

RAIL TRANSPORTATION

Mr. Arif Virani (Parkdale—High Park, Lib.): Mr. Speaker, I rise today to recognize the important work being done in my riding by Safe Rail Communities and its founders, Patricia Lai and Helen Vassilakos.

[Translation]

Parkdale—High Park is bounded by no less than three rail lines. However, rail safety is not just a problem for residents in my community. It is a problem that affects all Canadians. The train that derailed in Lac-Mégantic while carrying highly combustible crude oil travelled through my riding and many other ridings in Canada.

[English]

On behalf of Safe Rail Communities and my constituents, Helen and Patricia are at the forefront of gathering information and urging government action on the issue of rail safety. They host community meetings and make deputations before standing committees.

Statements by Members

The first petition that I will have the honour of tabling in this chamber will be from Safe Rail Communities calling for stronger regulation and more transparent information-sharing.

It is Canadians like Helen and Patricia who make our communities and country stronger and safer. I salute their efforts, and I urge all in the House to do so as well.

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INTERNATIONAL TRADE

Hon. Gerry Ritz (Battlefords—Lloydminster, CPC): Mr. Speaker, one in five jobs in Canada and 60% of our nation's GDP are directly linked to exports. The reality of today's global marketplace is that businesses must have the ability to plan ahead. Businesses require reliability, predictability, and stability so that they can maintain sustainability and profitability in global supply chains. Without these key components, companies will seek out other jurisdictions that have indicated their intent to implement trade agreements like the TPP.

The implementation of free-trade pacts, such as the TPP, would mean more competition for Canadian enterprises. That rules-based competition is fundamental to spurring efficiency and innovation. The more competitive our trading partners, the more our Canadian enterprises will seek to invest and innovate.

Canadians ask the Liberals to stop pontificating and start participating, and to give Canadians a timeline for TPP ratification. We cannot afford to be left out.

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JIU-JITSU CHAMPIONSHIP

Mrs. Celina Caesar-Chavannes (Whitby, Lib.): Mr. Speaker, I rise today to speak about a remarkable young woman from my riding of Whitby. On January 2 of this year, Janine Lillian Mutton represented Canada in the 2016 European international Brazilian jiu-jitsu championship in Portugal, capturing the silver medal in the medium heavyweight class.

Janine is the number-one ranked medium heavyweight white belt in North America and number-three ranked in the world. She has also captured the gold medal in six international competitions in the past year alone. I am pleased to rise today to draw attention to this exceptional young woman and to thank her for representing Whitby and Canada so well on the world stage. Congratulations to Janine.

* * *

EDUCATION

Ms. Sheri Benson (Saskatoon West, NDP): Mr. Speaker, today I am honoured to rise in the House to recognize a local teacher, Belinda Daniels, a passionate spokesperson for her people, language, and culture. Belinda Daniels is a Nehiyaw. This important fact must be respected as we speak about her.

Recently, Ms. Daniels was nominated as one of the 50 finalists worldwide and the only Canadian finalist for the Varkey Foundation Global Teacher Prize, long considered to be the Nobel Prize for teaching. A teacher at Mount Royal Collegiate in Saskatoon West, Ms. Daniels has been a positive force in transforming the lives of her many students, teaching colleagues, and many others by developing

and delivering indigenous language immersion camps over the past 10 years.

All levels of government should take immediate action on the TRC recommendations, and La Loche is a poignant reminder of how urgently we need to act on these recommendations. Ms. Daniels has shown us a way forward that is respectful, effective, relevant, and transformative.

Please join me in recognizing Ms. Daniels' achievement as a Varkey Foundation finalist and for her work on the front lines of healing and hope for indigenous peoples in my community.

* * *

THE ECONOMY

Mrs. Shannon Stubbs (Lakeland, CPC): Mr. Speaker, while the government dithers, the crisis worsens. People and businesses in Lakeland and Alberta are struggling. It is rippling through all sectors and across Canada. Alberta, from single-handedly creating more than half the nation's jobs in 2011 as Canada's long-time economic engine, lost 100,000 jobs in the past year and is expected to lose 27,000 more in 2016.

Low oil prices and landlocked resources are not the only cause. Bad policy, mixed messages, and federal capitulation, to self-interested maligning here and abroad make things worse. The members opposite say they understand the human consequence of job loss. Those words are empty and do not put food on the table or pay the mortgage. Yesterday, the Liberals rejected a national tie that could bind us all economically, physically, and symbolically.

It is time for the government to show it truly cares about the magnitude and long-term impacts of the challenges hitting Alberta the hardest. The Liberals need to act in the best interests of my home province, which is in the best interests of Canada.

* * *

●(1115)

LEGION OF HONOUR

Mr. Jati Sidhu (Mission—Matsqui—Fraser Canyon, Lib.): Mr. Speaker, I rise in the House today to honour a constituent of mine, decorated veteran Mr. John Westley Kirkpatrick, who received the French Legion of Honour this past December for his service in World War II.

A resident of Ashcroft, B.C., Mr. Kirkpatrick joined the army in 1939 and was assigned to the Royal Canadian Army Service Corps.

On D-Day, June 6, 1944, Mr. Kirkpatrick landed in Normandy, at Juno Beach. He went on to serve in Belgium, Holland, and Germany. It was through the bravery, courage, and sacrifice of Canadian soldiers such as Mr. Kirkpatrick that the Allies were able to liberate France.

We remember and honour Mr. Kirkpatrick's valour and that of the men and women of the Canadian Armed Forces who served our country so that we are able to live in a democratic and free nation.

ORAL QUESTIONS

[English]

NATURAL RESOURCES

Mr. Andrew Scheer (Regina—Qu'Appelle, CPC): Mr. Speaker, families across Canada have been hit hard by Liberal inaction and they want to get back to work.

The Prime Minister does not want our oil and gas developed. His own senior advisor, Gerald Butts, has repeatedly called for a moratorium on western energy projects, and a defeated Liberal candidate in the last election said pipelines make Canada “America's dirty gas tank”. That candidate is now the chief of staff to the Minister of Environment and Climate Change.

Instead of being embarrassed about Canada's natural resources, which employ so many people across the country, why do those members not stand up and protect our jobs?

Hon. Bill Morneau (Minister of Finance, Lib.): Mr. Speaker, we recognize that people in Alberta, Saskatchewan, and Newfoundland are challenged with changes in commodity and oil prices. We are working together with them. The right thing to do is to help Canadians.

I spoke yesterday with the Alberta Minister of Finance to see how we could work together. I am pleased to say that he understands that there is a stabilization fund that Alberta can apply for, and the potential is for up to \$250 million. Should Alberta apply, we would work expeditiously to move forward on that request.

Mr. Andrew Scheer (Regina—Qu'Appelle, CPC): Mr. Speaker, contrary to what the Prime Minister has said, the Conservative review process worked. It led to the approval of four major pipelines and the proof is in the hundreds of thousands of jobs those projects created all across the country.

This week the Prime Minister has moved the goal posts. He has added months of waiting time and extra red tape. Why? His own senior policy advisor has publicly called for two-thirds of Canada's oil and gas “to remain underground”.

Will the Prime Minister admit that his new job-killing process is designed to block new projects?

Hon. Bill Morneau (Minister of Finance, Lib.): Mr. Speaker, first, we want to set the record straight. There have not been pipelines to tidewater over the last nine years.

We need to have a new process, a process that would engage Canadians, because we understand that Canadians need to have confidence in any measures we take. We are working together with all constituents to ensure that we can actually improve our situation, in this new government.

Mr. Andrew Scheer (Regina—Qu'Appelle, CPC): Mr. Speaker, yesterday, we debated a very sensible Conservative motion that

Oral Questions

called on the House to support the energy industry in our country and the men and women who want to work.

The people of New Brunswick, Alberta, and Saskatchewan are overwhelmingly supportive of the energy east pipeline.

Will the Liberal MPs from those hard-hit provinces be free to stand up for their constituents? Will they be free to vote in favour of our motion? Will they be free to understand how important this issue is? Will the member for Wascana be free to vote in favour of our motion?

• (1120)

Ms. Kim Rudd (Parliamentary Secretary to the Minister of Natural Resources, Lib.): Mr. Speaker, we know the resource sector is very important to Canadians and our economy.

At this time of low global commodity prices, Canadian families and communities are hurting. The solution is growing our economy and creating good paying jobs. Our interim approach will help do just that. The only way resources will get to new markets is if Canadians have confidence in the review process.

The stakeholders I have spoken to this week welcome the clarity and are committed to being partners in growing our economy.

[Translation]

Mr. Jacques Gourde (Lévis—Lotbinière, CPC): Mr. Speaker, a prime minister is not meant to be simply a mediator.

Workers in the energy and natural resources sectors need a government that works with them. The government must not play politics with projects like the energy east project, just because it does not understand the economy.

Will the government commit to working with the workers who are worried, instead of finding new ways to undermine them?

[English]

Ms. Kim Rudd (Parliamentary Secretary to the Minister of Natural Resources, Lib.): Mr. Speaker, we have released five principles to provide clarity and assistance for the interim approach to projects in process. This will allow for further consultation with indigenous peoples, communities, and our provincial and municipal partners.

The minister will be appointing a ministerial representative to facilitate this process and report back to him.

[Translation]

Mr. Jacques Gourde (Lévis—Lotbinière, CPC): Mr. Speaker, with all due respect to the Prime Minister, we cannot get by on love, fresh water, and selfies.

All governments are responsible for making sure that Canadians have bread and butter on the table every day. Unfortunately, the Liberal government is completely incompetent on economic matters, and its only talent is making the deficit grow right before our eyes.

When will the government show some economic leadership and support projects like the energy east project?

*Oral Questions**[English]*

Hon. Bill Morneau (Minister of Finance, Lib.): Mr. Speaker, we are pleased to say that we are showing economic leadership in this country.

We have started off with an important first step. We have reduced taxes on nine million Canadians. Our next steps will also be important. We are going to help the most vulnerable with the Canada child benefit. We are going to make investments in infrastructure that will make a short-term, medium-term, and long-term improvement in our economy.

* * *

*[Translation]***INTERNATIONAL TRADE**

Mr. Peter Julian (New Westminster—Burnaby, NDP): Mr. Speaker, the government claims to want to make evidence-based decisions, but there has not been a single study on the economic impact of the trans-Pacific partnership. Nevertheless, it plans on signing this agreement. That is completely irresponsible. Independent studies have shown that we will lose thousands of jobs and that the agreement will do nothing to help reduce inequality.

Can the minister share his justifications for signing this agreement, which will cost Canadians thousands of good jobs?

Mr. David Lametti (Parliamentary Secretary to the Minister of International Trade, Lib.): Mr. Speaker, I thank my colleague for his question.

During the election campaign, we promised to undertake consultations on the trans-Pacific partnership, which was negotiated in secret by the former government and rejected by the NDP before they had even read it. During the campaign, we promised to undertake consultations. That is exactly what we are doing.

[English]

Mr. Peter Julian (New Westminster—Burnaby, NDP): Mr. Speaker, let us be clear, the Liberals have never said no to any bad Conservative trade deal, not a single time.

As North American foreign ministers meet, the former Mexican ambassador has spoken out against U.S. tactics on the TPP. In the final deal, the U.S. got far better terms than Canada for automobiles, putting good Canadian jobs at risk.

Independent studies say the Conservatives' lopsided deal could cost 60,000 jobs and would increase inequality.

How can the Liberals possibly justify signing this bad deal?

Mr. David Lametti (Parliamentary Secretary to the Minister of International Trade, Lib.): Mr. Speaker, we will sign this deal in order to proceed with consultations, as we have promised the Canadian people.

This deal will be studied in this Parliament, in front of parliamentary committees, and we will continue to consult Canadians from coast to coast to coast.

● (1125)

*[Translation]***HUMAN RIGHTS**

Ms. Hélène Laverdière (Laurier—Sainte-Marie, NDP): Mr. Speaker, the Minister of Foreign Affairs suggested yesterday that maintaining Canada's Office of Religious Freedom will not be a priority for his government. By the same token, the minister indicated that he intends to defend all human rights, including freedom of religion, as a whole. We agree with that approach. As always, however, the devil is in the details.

Can the Minister of Foreign Affairs tell us exactly what his game plan is and the timeframe he has in mind?

[English]

Ms. Pam Goldsmith-Jones (Parliamentary Secretary to the Minister of Foreign Affairs, Lib.): Mr. Speaker, first of all, it is important to understand that the decision has not yet been made.

The promotion and protection of human rights, including freedom of religion, of belief, and of conscience, is an integral part of Canada's constructive leadership in the world. We are currently looking at our options on how best to build on the good work that has been accomplished in this area, and enhance our efforts to champion peaceful pluralism, respect for diversity, and human rights as a whole.

* * *

*[Translation]***FOREIGN AFFAIRS**

Ms. Hélène Laverdière (Laurier—Sainte-Marie, NDP): Mr. Speaker, the UN adopted the Arms Trade Treaty in 2013. I would remind the House that this treaty is meant to regulate trade in arms across international borders, specifically to ensure that those arms are not used in any way that violates international law or human rights. However, Canada has yet to sign the treaty. In fact, Canada is the only NATO country that has not signed it.

When will the government keep its promise and sign that treaty?

[English]

Ms. Pam Goldsmith-Jones (Parliamentary Secretary to the Minister of Foreign Affairs, Lib.): Mr. Speaker, we were not an original signatory to the treaty, but we are more than pleased to be acceding to the treaty in due course.

* * *

NATURAL RESOURCES

Mrs. Shannon Stubbs (Lakeland, CPC): Mr. Speaker, Canada is a leader among energy-rich nations, the fifth-largest oil producer in the world, producing 3.6 million barrels of oil per day.

Yet, eastern Canadian refineries import an astounding 86% of their oil due to the lack of infrastructure. Energy east is an immediate shovel-ready solution to this problem.

Why does the Minister of Natural Resources actually believe that importing foreign oil is better than using Canadian oil and creating Canadian jobs?

Oral Questions

Ms. Kim Rudd (Parliamentary Secretary to the Minister of Natural Resources, Lib.): Mr. Speaker, if we are going to attract investments, we need to sustainably develop our energy resources. Then we have to better engage Canadians, conduct deeper consultations with indigenous peoples, and base decisions on science, facts, and evidence. Without the confidence of Canadians, none of these projects will move forward.

Mrs. Shannon Stubbs (Lakeland, CPC): Mr. Speaker, we keep hearing Liberal platitudes and empty promises about job losses in Canada. Let us not forget that 100,000 people have lost their jobs. Albertans have not experienced this kind of unemployment since the 1980s, when Prime Minister Trudeau introduced the NEP.

When will the Minister of Natural Resources and his colleagues actually come up with a plan to support our energy sector and the workers who lost their jobs?

Ms. Kim Rudd (Parliamentary Secretary to the Minister of Natural Resources, Lib.): Mr. Speaker, we have committed to modernizing the NEB and to having a more transparent process.

We understand that Canadians across the country are hurting, and indeed, certain areas more than others, but when any Canadian hurts, we all do. The only way we have a long-term solution to this is to grow the economy, and we will do exactly that.

* * *

[Translation]

LABOUR

Mr. Luc Berthold (Mégantic—L'Érable, CPC): Mr. Speaker, during the election campaign, the Prime Minister had a lot to say about transparency.

Yesterday, the Liberals announced plans to repeal two pieces of legislation critical to union transparency: one on secret ballot voting and the other on union boss accountability.

How can the government claim to be transparent when it took immediate action to repeal two union transparency laws?

[English]

Hon. MaryAnn Mihychuk (Minister of Employment, Workforce Development and Labour, Lib.): Mr. Speaker, the reason for the repealing of the bills is that they were originally not formulated in accordance with democratic principles of consultation and need. These were political instruments to attack the labour movement.

We are going to reset a fair and balanced platform and move from there.

* * *

• (1130)

[Translation]

ETHICS

Mr. Luc Berthold (Mégantic—L'Érable, CPC): Mr. Speaker, during an announcement by the Minister of Employment, Workforce Development and Labour, we found out that union members were paid to appear as props alongside the Prime Minister during the election campaign and that the Liberals had to pony up \$2,300.

We also know that union members were involved in at least two other events during the campaign.

In all, how much will the Liberals have to pay back for their props?

[English]

Hon. MaryAnn Mihychuk (Minister of Employment, Workforce Development and Labour, Lib.): Mr. Speaker, I understand that there was an incident in Ontario. As soon as it was recognized, we complied with the election laws and reimbursed the money in total.

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INDIGENOUS AFFAIRS

Mrs. Cathy McLeod (Kamloops—Thompson—Cariboo, CPC): Mr. Speaker, on a Friday afternoon right before Christmas, the government gutted the First Nations Financial Transparency Act by removing all compliance measures. Without consequences, the law is useless and band members are now denied access to basic information.

How does the minister explain to band members that the Liberal government's commitment to transparency is empty rhetoric?

Ms. Yvonne Jones (Parliamentary Secretary to the Minister of Indigenous and Northern Affairs, Lib.): Mr. Speaker, I thank the member for her question, but everyone, including first nations governments, wants increased transparency and accountability. We are going to achieve this through full partnership in working with first nations leadership and organizations.

We all know that a top-down approach from Ottawa has not worked with first nations governments in this country. We intend to change it, and we will work with them in partnership to get the agreements that are open, transparent, and accountable for all Canadians and for their membership.

Mrs. Cathy McLeod (Kamloops—Thompson—Cariboo, CPC): Mr. Speaker, yesterday in the House, the Minister of Public Safety and Emergency Preparedness falsely claimed that his government follows the law, but the fact is, the Liberal government is clearly ignoring the law when it comes to compliance measures in the First Nations Financial Transparency Act.

Why are the Liberals telling band members that they have to go to court to get basic information that is available to all other levels of government?

Oral Questions

Ms. Yvonne Jones (Parliamentary Secretary to the Minister of Indigenous and Northern Affairs, Lib.): Mr. Speaker, we are establishing a strong partnership with first nations governments in this country. In the meantime, first nations governments will continue their long-standing reporting of their audited consolidated financial statements, including chiefs and councils, including salaries and expenses, and that will be disclosed to the department and to the membership of those first nations.

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THE ENVIRONMENT

Ms. Linda Duncan (Edmonton Strathcona, NDP): Mr. Speaker, speaking of following the law, the Conservative government's war on the environment may be over, but the impacts linger. We have learned that it is not just the NEB that has been failing to enforce environmental laws. As revealed by the head of Environment Canada's enforcement branch, poor morale and fear of reprisal have made officers reluctant or unable to enforce environmental laws. They have been forced to turn a blind eye to even serious environmental violations. Budget cuts, layoffs, and intimidation have left enforcement officers unable to do their important job to protect Canadians.

What action is the minister taking to restore the powers of her enforcement officers?

Mr. Jonathan Wilkinson (Parliamentary Secretary to the Minister of Environment and Climate Change, Lib.): Mr. Speaker, I think the hon. member would have heard during the election campaign that there was a significant focus on re-establishing the capabilities of the Department of the Environment and the Department of Fisheries and Oceans with respect to science and with respect to enforcement. We are working on plans in that regard.

Mr. Daniel Blaikie (Elmwood—Transcona, NDP): Mr. Speaker, in the last election, Canadians called for a better NEB process, but without defined targets and more information, the new government is going to make a longer process without making a better process.

Key stakeholders are noticing. That is why the mayor of Burnaby said he was severely disappointed with the new Liberal measures, and first nations are saying that the new measures ignore critical risks to rivers, ecosystems, and streams.

The minister said she would base her decision on science, but the broken system is not gathering it. Why is it that she is willing to move ahead with a decision without evidence?

Ms. Kim Rudd (Parliamentary Secretary to the Minister of Natural Resources, Lib.): Mr. Speaker, we have said all along that the NEB itself needs to be modernized and that we need to review the processes. We have put in interim principles to address those projects already in process, and we will work with our other ministries, such as the ministry of Environment and Climate Change and others, to make sure that we have robust protection for Canadians.

• (1135)

FINANCE

Mrs. Karen Vecchio (Elgin—Middlesex—London, CPC): Mr. Speaker, just as question period was starting, we learned that Canada was left with a \$392 million surplus in November. Do not take my word for it. The finance minister's own officials said it. In fact, from April to November, the federal surplus stands at \$1 billion.

Will the Liberal finance minister just admit that Conservatives left Liberals a healthy surplus and that in fact it is just bad economic management?

Hon. Bill Morneau (Minister of Finance, Lib.): Mr. Speaker, we had the challenging situation of coming into office after the previous government did not steward our economy effectively. We were left with an understanding that there was a surplus, but we found out that there was a deficit. They miscalculated where we were at.

In my economic and fiscal update, we gave Canadians a clear and transparent understanding. We do not focus on one month. We look at the whole year, and it is quite clear that we are working from a position of a deficit left by the government on the opposite side.

Mrs. Karen Vecchio (Elgin—Middlesex—London, CPC): Mr. Speaker, while Liberals are threatening to run a \$10-billion, \$20-billion, \$30-billion deficit this year, the fact remains that Conservatives left Liberals a healthy surplus. It is only through runaway Liberal spending and planned job-killing increases that they are putting Canada back into deficit.

Will the finance minister take ownership and admit that Liberals have no economic plan for Canada?

Hon. Bill Morneau (Minister of Finance, Lib.): Mr. Speaker, the previous government racked up \$150 billion in debt for the country. We now face a deficit left by the previous government. Our plan is to actually take a new path, a path of growth. We are bringing money into the economy through tax cuts. We are bringing money into the economy through the Canada child benefit. We are going to stimulate the economy over time through our infrastructure spending in Canada.

Mr. Bob Zimmer (Prince George—Peace River—Northern Rockies, CPC): Mr. Speaker, as a father of four, I understand how important it is for families to be able to budget their own finances, but it is awfully difficult when we do not know what is coming in. We all know that the Liberal government has decided to do away with the UCCB that helps all families in Canada. Many Canadian families will no longer get this benefit.

When will the minister come clean with Canadian families and tell them when their last cheque will arrive?

Oral Questions

Hon. Bill Morneau (Minister of Finance, Lib.): Mr. Speaker, I want to thank the member on the opposite side for giving me an opportunity to explain that we are going to introduce the Canada child benefit. It is actually going to focus on those Canadians with children who need help. Nine out of ten families with children will be helped through our new benefit, and we will raise hundreds of thousands of children out of poverty.

* * *

THE ENVIRONMENT

Mr. Bob Zimmer (Prince George—Peace River—Northern Rockies, CPC): Mr. Speaker, speaking of those same families, earlier this week, the Liberals announced new roadblocks for resource projects. British Columbians are waiting for these important LNG projects to start. Now it will even take longer for these important Canadian jobs to be created in my riding and across the country.

When will the Minister of Environment and Climate Change admit that the Liberals' disdain for natural resource development is hurting British Columbians, British Columbian families, and British Columbian jobs?

Mr. Jonathan Wilkinson (Parliamentary Secretary to the Minister of Environment and Climate Change, Lib.): Mr. Speaker, earlier this week the Minister of Natural Resources and the Minister of Environment and Climate Change outlined the interim principles by which all projects will need to abide. They essentially are about re-establishing the confidence Canadians have in the process such that we can actually get to the point where our products can be exported. Those principles involve greenhouse gas emissions being associated with the product being fully transparent. They involve proper consultation with aboriginal communities and appropriate community consultation. These are the ways we restore public confidence in the process such that these projects can move ahead.

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CANADIAN COAST GUARD

Ms. Rachel Blaney (North Island—Powell River, NDP): Mr. Speaker, the Liberals promised to reopen marine communication centres in B.C. that were closed by the Conservatives, but the Comox Coast Guard traffic centre is set to close March 31, and the Liberals are still missing in action. The closure will put lives at risk in coastal communities.

The government has a responsibility to keep Canadians safe. Will it commit today to keeping the Comox MCTS centre open?

• (1140)

Hon. Hunter Tootoo (Minister of Fisheries, Oceans and the Canadian Coast Guard, Lib.): Mr. Speaker, marine safety is the top priority of the Canadian Coast Guard. Through modern technology, we have been able to ensure that no communication gaps will be in place and we will still maintain that safety.

Mr. Gord Johns (Courtenay—Alberni, NDP): Mr. Speaker, the Conservative decision to close the Tofino MCTS centre in Ucluelet left coastal communities without protection. My community is still reeling from the sinking of the *Leviathan II* and the recent loss of

lives. This tragedy underlined that having local eyes and ears is essential for coastal safety.

The Liberals promised to restore the coast guard's ability to respond to emergencies, so will they back this up by immediately reopening the Tofino marine communication centre?

Hon. Hunter Tootoo (Minister of Fisheries, Oceans and the Canadian Coast Guard, Lib.): Mr. Speaker, I would like to reiterate that the Canadian Coast Guard's top priority is the safety of mariners, to make sure there is communication between vessels, and to monitor that safety is there. The technology we have included in the new system guarantees that safety, and it will always be there.

* * *

[Translation]

THE ECONOMY

Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.): Mr. Speaker, the economy is still fragile, and middle-class families are having trouble making ends meet. People in my riding want a program that will help those who need it most instead of a program that helps rich families. Can the Minister of Finance tell us how he plans to help families more?

Hon. Bill Morneau (Minister of Finance, Lib.): Mr. Speaker, our first step was to cut middle-class taxes. That will help nine million Canadians by reducing their taxes and letting them keep more money in their pockets. The second step, the Canada child benefit, will improve things for nine out of 10 families with children. More money for families will help improve the lives of hundreds of thousands of children.

* * *

[English]

NATIONAL DEFENCE

Mr. Randy Hoback (Prince Albert, CPC): Mr. Speaker, the previous Conservative government was a world leader in providing economic, diplomatic, and military support to our Ukrainian allies. Ukraine's new ambassador to Canada has requested further defensive military equipment to assist in the conflict with Russian forces. President Putin illegally annexed Crimea and continues to place troops in eastern Ukraine.

Will the Minister of National Defence support our allies and provide the Ukrainians with additional military equipment?

Oral Questions

Hon. Harjit S. Sajjan (Minister of National Defence, Lib.): Mr. Speaker, Canada remains committed to our Ukrainian partners. There are currently 200 of our great men and women working alongside the Ukrainian forces in a training role. I will be attending a very important meeting in Europe with our coalition partners in NATO to discuss the future of what we are going to be doing and how we are going to be continuing to support Ukraine.

* * *

FOREIGN AFFAIRS

Mr. Randy Hoback (Prince Albert, CPC): Mr. Speaker, the Liberal Minister of Foreign Affairs stated that Canada and Russia had common interests.

Our government was concerned with the freedom and territorial sovereignty of the Ukrainian people. The Liberals are interested in supporting a regime that is currently illegally occupying our Ukrainian ally.

Will the Liberal minister continue to enforce and explore additional sanctions on those responsible for the annexation of Crimea and the invasion of Donbass?

Ms. Pam Goldsmith-Jones (Parliamentary Secretary to the Minister of Foreign Affairs, Lib.): Mr. Speaker, we stand steadfast with Ukraine and will continue to do what we can to support it.

The Russian interference and invasion of Ukrainian territory is completely unacceptable. In case there is any doubt in anyone's mind, the minister is travelling to Ukraine next week.

We are always interested in constructive engagements with other countries. With regard to Russia, until it demonstrates full respect for the sovereignty and territorial integrity of its neighbours, then we are extremely cautious and completely aligned with the Ukraine.

* * *

FINANCE

Mr. Pat Kelly (Calgary Rocky Ridge, CPC): Mr. Speaker, a few weeks ago, the Minister of Finance started fiddling with the mortgage rules because he was concerned that too many Canadians would be tempted to borrow money now while interest rates were low.

Could the minister explain why he thinks low interest rates make it a dangerous time for Canadians to buy homes for their families, but a great time for Liberals to borrow all they want to fund their out-of-control spending?

● (1145)

Hon. Bill Morneau (Minister of Finance, Lib.): Mr. Speaker, I am pleased to say that we took action in December to deal with what we saw as pockets of risk in the Canadian housing market.

We understand that Canadians' housing investments are likely the most significant investments that most people will ever make. It is up to us to ensure that we protect that. By taking prudential measures in the housing market, we believe we have ensured the safety and security of Canadians' investments in their homes.

INTERGOVERNMENTAL RELATIONS

Mr. Dan Albas (Central Okanagan—Similkameen—Nicola, CPC): Mr. Speaker, interprovincial trade accounts for 20% of Canada's GDP. The previous Conservative industry minister had made interprovincial trade a key file and was able to broker an agreement with all provinces and territories on the need to break down interprovincial trade barriers.

Unfortunately, the Liberal government makes no mention whatsoever of interprovincial trade in its vaunted mandate letters.

Will the government actually make interprovincial trade a real priority, or will it just admit it has no plan to break down these interprovincial trade barriers at a time when the economy needs a boost?

Mr. Greg Fergus (Parliamentary Secretary to the Minister of Innovation, Science and Economic Development, Lib.): Mr. Speaker, let me make it clear to the hon. member that interprovincial trade is an important priority for this government.

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LABOUR

Ms. Sheri Benson (Saskatoon West, NDP): Mr. Speaker, yesterday the Minister of Employment, Workforce Development and Labour tabled a bill to repeal two anti-union Conservative bills that were adopted to attack workers' rights. Having long fought against the Conservative bills, we welcome those first steps.

However, major actions were missing in the bill. The Liberals committed to restore good faith bargaining with our public sector service workers.

When will the minister restore the sick days benefit, and the health and safety provision for our public sector workers?

Hon. Scott Brison (President of the Treasury Board, Lib.): Mr. Speaker, our government is re-establishing a culture of respect for Canada's public service. We are working closely with our public service. Unlike the previous government, we will not prejudice the bargaining process. We will respect the bargaining process and negotiate in good faith.

At the same time, our government is investing in jobs and growth with the progressive mandate to grow the Canadian economy. Therefore, we will negotiate, respecting the fact that we are in a tough fiscal situation, and we will do the right thing.

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[Translation]

OFFICIAL LANGUAGES

Mr. François Choquette (Drummond, NDP): Mr. Speaker, there has been a change in government, but nothing has changed when it comes to the use of French. The Translation Bureau keeps shrinking, Citizenship and Immigration does not even bother translating online forms into French, and immigrants have to pay more for language tests in French than in English.

Oral Questions

After years of setbacks under the Conservatives, it is not hard to do better.

Will the government get things back on track? What is its plan?

Mr. Randy Boissonnault (Parliamentary Secretary to the Minister of Canadian Heritage, Lib.): Mr. Speaker, I thank my colleague for the question.

Our government takes our country's official languages very seriously. We will certainly develop a new roadmap, which is set to begin in 2018. This summer we will enter into consultations on this process.

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[English]

THE SENATE

Mr. Scott Reid (Lanark—Frontenac—Kingston, CPC): Mr. Speaker, yesterday, the minister characterized my lack of faith in the government's Senate appointments process as being cynical.

Let me suggest, today, that the antidote to cynicism is transparency. There would certainly be less room for cynicism if the government would stop pretending that keeping Senate appointments under the absolute control of the Prime Minister is the only way to avoid reopening the Constitution.

What the Supreme Court actually says in paragraph 50 of its Senate reference is that the Prime Minister's monopoly is only a non-justiciable constitutional convention.

Why does the government not just admit the obvious? It does not want Senate reform. It wants to restore absolute control to the Prime Minister.

Mr. Mark Holland (Parliamentary Secretary to the Minister of Democratic Institutions, Lib.): Mr. Speaker, I do understand the nature of the member's cynicism. For 10 years, we saw broken promises, inaction, and incredible disappointment when it came from the Senate.

In the last election, we promised a new merit-based, transparent and open process that would allow Canadians from coast to coast to apply to serve our great country. I am immensely confident in that process. I would suggest the member share that confidence and take a look at how the process will work, take a look at the eminent Canadians who will lead it, and take a look at the incumbents who will come out of it.

• (1150)

Mr. Scott Reid (Lanark—Frontenac—Kingston, CPC): Mr. Speaker, I certainly will not be looking at the list of nominees because that is a secret. There would be a great deal less cynicism about the Senate appointment process if the list of nominees would not be treated like a state secret.

The parliamentary secretary's excuse is that nominees who do not get chosen might face job repercussions. He actually said that. No doubt this explains why the Academy Awards wisely keeps secret the list of actors who have been nominated for best actor, best supporting actor, and so on.

It is not just obvious that the only person who is being sheltered from job repercussions is the Prime Minister, who is being sheltered from the public criticism that he will face when he bypasses the best candidate selected by the nomination committee in favour of the one who suits him best?

Mr. Mark Holland (Parliamentary Secretary to the Minister of Democratic Institutions, Lib.): Mr. Speaker, I find the comparison between an executive search for the greatest Canadians, many of whom are in sensitive jobs and in precarious situations to explore new forms of employment, to Hollywood movies, which obviously love promotion and love the fact that they are put out there.

This process, which will be led by Canadians of enormous distinction, will ensure that the greatest Canadians, from coast to coast to coast, are able to apply and are to be considered. I have enormous confidence, as I am sure the member will once he sees the outcome of the process and who is appointed, that this process will invigorate the Senate with a new merit-based process.

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DEMOCRATIC REFORM

Mr. Scott Reid (Lanark—Frontenac—Kingston, CPC): Mr. Speaker, I will never ever know whether the best people were chosen because that will be big fat secret.

As for the question of electoral reform, last June, the Prime Minister told Maclean's, "it hasn't gone unnoticed by people that electoral reform has had a lot of trouble getting through plebiscites." Now, of course, the evidence from New Zealand would suggest otherwise. Still, this is the reason given by the Prime Minister for not holding a referendum.

Therefore, who is truly cynical? Those who want the Canadian people to make the final choice, or a Prime Minister who will not give Canadians a vote because they may not approve of the electoral system that he personally has designed for them and, probably, as well, for his party's own advantage?

Mr. Mark Holland (Parliamentary Secretary to the Minister of Democratic Institutions, Lib.): Mr. Speaker, I welcome the member opposite's new-found enthusiasm for public engagement.

The reality is that for over a decade we heard about transformation of our electoral system, or transformation of the Senate, yet we saw only great disappointment and broken promises.

In the short time that we have been in office, we have already described a robust plan to engage Canadians from coast to coast to ensure their voices are heard in keeping our commitment to end the first past the post system and to ensure that all Canadians, no matter who they are, get the opportunity to express their democratic will.

* * *

CANADA REVENUE AGENCY

Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.): Mr. Speaker, many registered charities have seen their important work impeded by the former government's decision to audit them for political activities. In many cases, these charitable organizations felt that the reason for which they were being audited was because they disagreed with the policies of the government at the time.

Oral Questions

Could the Minister of National Revenue update the House on the Canada Revenue Agency's political activities audit program?

[Translation]

Hon. Diane Lebouthillier (Minister of National Revenue, Lib.): Mr. Speaker, our government recognizes the essential role of charities in society and their contribution to politics and public debate.

The independence of the Canada Revenue Agency in its watchdog role is a fundamental principle that must be protected. That is why, as Minister of National Revenue, I will not play a role in selecting the audits to be done or making decisions about the results of those audits.

* * *

[English]

VETERANS AFFAIRS

Mrs. Cathay Wagantall (Yorkton—Melville, CPC): Mr. Speaker, for decades the Canadian Armed Forces has issued record of service ID cards to members when they leave the military. Tens of thousands of veterans use this card with employers, legions, and veteran-friendly establishments around the world. The Liberal government is eliminating this ID card and replacing it with a gimmicky discount card.

Why would the government take away ID cards held by thousands of Canadian veterans and cheapen their service by replacing them with an inferior commercial card?

Mrs. Karen McCrimmon (Parliamentary Secretary to the Minister of Veterans Affairs, Associate Minister of National Defence, Lib.): Mr. Speaker, this is simply a transition with technology. We are upgrading the card that we will be offering to veterans once they leave the Canadian Armed Forces. It will give them more options and it will provide more service. It is a step in the right direction.

* * *

● (1155)

NATIONAL DEFENCE

Mr. Nick Whalen (St. John's East, Lib.): Mr. Speaker, transnational criminal organizations cause enormous harm around the world. Canada has a tradition of participating in international efforts to stem the tide against organized crime whether at home or abroad.

Could the Minister of National Defence inform the House of the government's latest initiative to help disrupt illicit trafficking operations at sea?

Hon. Harjit S. Sajjan (Minister of National Defence, Lib.): Mr. Speaker, I have seen the terrible damage inflicted onto Canadian cities and citizens caused by organized crime and their business in drug trafficking. This year's record success in Operation Caribbe is a testament to the Canadian Armed Forces, in particular the Royal Canadian Navy and the Royal Canadian Air Force's dedication and perseverance to work with our allies in complex environments for the safety and security of the citizens of this continent.

FORESTRY INDUSTRY

Mr. Todd Doherty (Cariboo—Prince George, CPC): Mr. Speaker, while the Liberal government is busy brainstorming ways to add more and more red tape to discourage resource development and investment in our country, it has forgotten we currently stand without a Canada-U.S. softwood lumber agreement, an agreement that ended costly trade disputes between Canada and the U.S., and ensured 145,000 forestry jobs are protected in B.C.

Will anyone from the government please stand and tell us why the Liberals are not fighting for the hard-working Canadians employed in the forestry sector? Anyone.

Mr. David Lametti (Parliamentary Secretary to the Minister of International Trade, Lib.): Mr. Speaker, the softwood lumber dispute between Canada and the United States is a priority for our government. It is a question that has been raised at the very highest levels. We are consulting stakeholders. We are consulting the provinces. The minister has met with Premier Christy Clark of British Columbia. The Prime Minister and the minister have had conversations with their counterparts in the United States. We will do our best to ensure that there is softwood access to the American market.

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[Translation]

OFFICIAL LANGUAGES

Mr. Mario Beaulieu (La Pointe-de-l'Île, BQ): Mr. Speaker, as we learned this week, because of the federal government's institutional bilingualism policy, 60% of non-francophone newcomers in Quebec do not feel it is necessary to learn French to live and work in Montreal.

Does the Minister of Canadian Heritage realize that the policy of institutional bilingualism is contributing to the anglicization of newcomers and threatening the future of French in Quebec?

Mr. Randy Boissonnault (Parliamentary Secretary to the Minister of Canadian Heritage, Lib.): Mr. Speaker, I would like to thank my colleague for his question.

Our government is extremely proud of Canada's international reputation when it comes to official bilingualism. A Liberal government put that policy in place, and a Liberal government is going to clean up the mess caused by 10 years of ignorance on the part of the former Conservative government. We are going to improve conditions for francophones in minority communities and the anglophone minority in Quebec. That is our duty, and we take it seriously.

Mr. Mario Beaulieu (La Pointe-de-l'Île, BQ): Mr. Speaker, a new study has confirmed what people have known for a long time: individual bilingualism is found mainly in Quebec.

Does the Minister of Canadian Heritage think it is acceptable for the City of Ottawa, the nation's capital, to boast that we are a great country that is bilingual from coast to coast when it has been refusing for years to designate Ottawa as officially bilingual?

Routine Proceedings

Mr. Randy Boissonnault (Parliamentary Secretary to the Minister of Canadian Heritage, Lib.): Mr. Speaker, we are taking charge of Canada's official bilingualism. We respect the jurisdictions of each level of government in this country. The mayor and councillors of a city are the ones who decide on its bilingual status. We are going to work to encourage any city across the country that wants to become officially bilingual.

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SECURITIES

Mr. Xavier Barsalou-Duval (Pierre-Boucher—Les Patriotes—Verchères, BQ): Mr. Speaker, on Tuesday, Françoise Bertrand, the president and CEO of the Fédération des chambres de commerce du Québec, wrote a commentary criticizing the government for wanting to create a Canadian securities commission.

Ms. Bertrand called it a bad idea that was artificially created by Ottawa and that will have serious consequences for Quebec's economy.

Can the minister tell us why the government is so intent on stripping Montreal of its financial sector and its decision-making powers?

• (1200)

[English]

Hon. Bill Morneau (Minister of Finance, Lib.): Mr. Speaker, we will respect the 2011 Supreme Court ruling on this issue. We will respect the rights of all provinces to decide whether or not they would like to be part of a national securities regulator.

We will move forward with those provinces that are willing, because we believe that it creates some efficiency in our country around this issue. We respect that other provinces may decide to go alone.

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POINTS OF ORDER

ORAL QUESTIONS

Hon. Pierre Poilievre (Carleton, CPC): Mr. Speaker, I rise on a point of order.

There was considerable debate today about the state of Canada's finances at the time of the current government taking office. The member for Elgin—Middlesex—London pointed out that there was a \$1 billion surplus.

I have here in my hands a publication of the Department of Finance called *The Fiscal Monitor* for which I would like to see unanimous consent to table. It states, "For the April to November 2015 period of the 2015–16 fiscal year, the Government posted a budgetary surplus of \$1.0 billion".

The Deputy Speaker: Order, please. As opposed to having the member get into the actual meat of the document, is there unanimous consent for the member to table the document?

Some hon. members: Agreed.

Some hon. members: No.

The Deputy Speaker: I am not seeing any consent for the proposal.

ROUTINE PROCEEDINGS

[English]

INTERPARLIAMENTARY DELEGATIONS

Mr. Rodger Cuzner (Parliamentary Secretary to the Minister of Employment, Workforce Development and Labour, Lib.): Mr. Speaker, it gives me great pleasure to stand to present two reports from interparliamentary delegations, in both official languages: the report of the Canadian delegation of the Commonwealth Parliamentary Association with respect to its participation and bilateral visit to Australia, held in Canberra, Australian Capital Territory; Sydney, New South Wales; and Hobart, Tasmania, from February 5 to 15, 2015; and, the Canadian delegation of the Commonwealth Parliamentary Association with respect to its participation at the executive committee meeting at the CPA 61st General Assembly held in London, from October 1 to 5, 2015.

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COMMITTEES OF THE HOUSE

PROCEDURE AND HOUSE AFFAIRS

Hon. Larry Bagnell (Yukon, Lib.): Mr. Speaker, pursuant to Standing Orders 104 and 114, I have the honour to present, in both official languages, the first report of the Standing Committee on Procedure and House Affairs regarding the membership of committees of the House.

If the House gives its consent, I move that the first report of the Standing Committee on Procedure and House Affairs, presented to the House earlier this day, be concurred in.

The Speaker: Is that agreed?

Some hon. members: Agreed.

(Motion agreed to)

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PETITIONS

IMPAIRED DRIVING

Mr. Todd Doherty (Cariboo—Prince George, CPC): Mr. Speaker, on March 17, 1990, my family's lives were changed forever as my brother Fabian's life was taken very quickly at the hands of a drunk driver.

I wish to table today a petition on behalf of the residents of Cariboo—Prince George, and throughout British Columbia, who are calling upon Parliament for the implementation of new mandatory minimum sentencing for those persons convicted of impaired driving causing death, and that the Criminal Code of Canada be changed to redefine the offence of impaired driving causing death as vehicular manslaughter.

Government Orders

● (1205)

JUSTICE

Mr. Gordon Brown (Leeds—Grenville—Thousand Islands and Rideau Lakes, CPC): Mr. Speaker, I am pleased to submit a petition that is signed by constituents in my riding of Leeds—Grenville—Thousand Islands and Rideau Lakes, and from many other ridings across Canada, who call upon the Government of Canada to pass legislation to recognize preborn children as separate victims if the mother is injured or killed.

IMMIGRATION

Mr. Kevin Lamoureux (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I want to table a petition that many of my constituents have signed. It is in regard to visitor visas, recognizing how important it is that we make progress on getting visas approved, in particular with a special concentration on families so people can attend events such as graduations, weddings, funerals, and things of this nature. The petition emphasizes how important it is that we improve the visitor visa approval process.

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QUESTIONS ON THE ORDER PAPER

Mr. Kevin Lamoureux (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I ask that all questions be allowed to stand.

The Deputy Speaker: Is that agreed?

Some hon. members: Agreed.

GOVERNMENT ORDERS

[Translation]

INCOME TAX ACT

The House resumed consideration of the motion that Bill C-2, An Act to amend the Income Tax Act, be read the second time and of the amendment referred to a committee.

Mr. Guy Caron (Rimouski-Neigette—Témiscouata—Les Basques, NDP): Mr. Speaker, I am very pleased to rise in the House as the NDP's finance critic to debate Bill C-2, which was introduced in December and which is now being debated in the House.

I had the opportunity to ask the Minister of Finance a question earlier today after his opening remarks. Unfortunately, I did not get an adequate answer. I did not get an answer to the fundamental question raised by this bill: how does the Liberal Party define the middle class?

This is a fundamental question, because since the election, the Liberal Party, which now forms the government, has boasted about making tax cuts for that much talked-about middle class. However, as the parliamentary budget officer's report very clearly and succinctly states, the middle class will get nothing from the tax cuts the Liberal government is promising.

With Bill C-2, there is the good and there is the bad. I will start with the bad, and then talk about the good.

Any definition of the middle class must be based on a common definition. One way to define it would be to use the median income, which is \$31,000 a year per person in Canada. That means that half of Canadians earn less than \$31,000 a year and the other half earns more than \$31,000 a year.

Will someone earning the median income benefit from this tax cut? No. In fact, those earning \$45,000 or less a year will not benefit at all from the tax cut promised by the Liberals. Even those earning between \$45,000 and \$90,000 a year will only receive part of what was promised. The devil is in the details. In reality, someone earning \$50,000 will probably only receive twenty or thirty dollars.

Taxpayers earning more than \$90,000 a year will benefit the most from this tax cut. Even someone who earns \$200,000 a year will receive the maximum from this tax cut. An individual would have to earn \$210,000 a year before receiving less, due to the new tax bracket, but they would still receive a large part of this reduction.

If we take this definition of the middle class, whose members earn around \$31,000 a year, and exclude all those whose income is among the top 20% and those whose income is among the bottom 20%, then we have a middle class that makes up 60% of the population. The range of income of that middle class would be between \$20,000 and \$60,000 a year. A very small portion of those people would benefit only slightly from the tax cut.

If we take the median income, people will receive nothing. If we take the income that everyone associates with the middle class, in other words, \$45,000, people will receive nothing. Those who will receive the biggest slice of the tax-cut pie are the top 20% income earners. That is not the middle class.

When the ways and means motion was tabled, we made a counter-proposal because if we really want change, and considering that on October 19, Canadians voted for a tax cut for the middle class, then this tax cut has to be given to the middle class.

That is why we proposed a change to the Liberal proposal. Instead of targeting the second tax bracket, as the Liberal government wants to do, we should change the first tax bracket so that a larger portion of the population can benefit from such a tax cut. Our proposal seeks to reduce the first tax bracket from 15% to 14% to ensure that all taxpayers, those who pay income tax, can benefit from this change.

Our proposal seeks to give people earning the median income a tax cut as high as \$250 annually, as those people are currently receiving nothing.

● (1210)

Someone who earns \$200,000 per year and who will get a tax cut worth about \$600 would be forced to pay a portion because of the higher tax rate and the new bracket that we would leave in place.

Government Orders

It is clear that the Liberals' proposal is merely a smokescreen. In his response to my question about the Liberal Party's definition of the middle class, the minister did not answer the question. He simply said that this is just the first step and that the next step is the child benefit. We have not seen that yet. Maybe it will actually be a good thing for families with children, or maybe not—we will see. However, that does not answer my question.

This measure will not really help the middle class at all. A child benefit might help families with children, but it will not do a thing for single people, couples without children or seniors. Any of those people who earn less than \$45,000, and especially if they earn less than \$90,000, will not benefit at all from the Liberal promises for the middle class, even if their income is lower.

It is important to look at everything the Liberals are proposing. We believe that our proposal would help the middle class much more effectively than the Liberal measure, which, as I said, will benefit only the top 20% of income earners and do very little for everyone else.

I began by talking about the bad, and there is a lot of it, but now I would like to talk about the good, and one key measure that we support in this budget. I am talking about dropping the contribution limit for tax-free savings accounts, or TFSAs, from \$10,000 to \$5,500. We regard TFSAs as a useful tool for saving, and they should be used for that purpose. However, what the previous Conservative government proposed, raising the contribution limit to \$10,000, is very harmful to Canada's public finances and does very little to help taxpayers and investors who want to use that tool.

This is because anyone can open a TFSA, and among those who can afford to do so, only 7% are contributing the maximum at this time. This measure is extremely costly. The numbers speak for themselves. In 2020, if the limit stays at \$10,000—and it could even be indexed later on—it is estimated that it will cost the Canadian treasury \$2.3 billion, all for a single investment tool that benefits only a small minority of Canadians. In 2030, 10 years later, the lost revenue or tax expenditures are estimated to be \$9 billion. In fact, the parliamentary budget officer, whose job it is to study the impact this would have on the Canadian treasury, went as far as to say that in the medium term—I am talking about 2040-50, since the horizon might well extend that far ahead—tax expenditures, which is income lost by the Canadian government, will account for nearly 0.7% of GDP.

I would like to point out that this House is not budging and that previous governments did not budge on the issue of international aid and reaching the target, which was set at 0.7% of GDP under the agreements. The previous government considered it to be too costly to move forward on that. We were never even close to the 0.7% target. According to the parliamentary budget officer, with the TFSA alone we would reach 0.7% of GDP in foregone revenues, those revenues that would no longer be paid to the Canadian government, by 2040-2050. The TFSA is a savings vehicle that we fully support. However, if we were to head in the direction that the Conservative government proposed, it is a measure that could be extremely debilitating for Canada's fiscal capacity and its ability to provide the quality programs and services that Canadians expect.

●(1215)

As I was saying, the TFSA is a beneficial savings vehicle. The \$5,500 contribution limit, indexed to inflation in \$500 increments when this amount is reached, is quite adequate. Only 7% of Canadians currently contribute the maximum. If we look at just individuals who have already opened a TFSA, only 17% of them contribute the maximum. Increasing the contribution limit will only help the 17% who already contribute the maximum. Thus, this is a very expensive measure that very few people take advantage of.

If I am dwelling on the tax-free savings account, it is probably because outside of the tax cut in Bill C-2, it is the key issue in terms of finances. The TFSA is a useful tool for promoting savings and a tax shelter appreciated by those who use it properly. However, it could also become a means of tax avoidance, and that is what we must prevent.

I say that, because when we are talking about \$10,000, which will one day be indexed, a lot of Canadians see the tax-free savings account as an account where they put after-tax money, which will yield non-taxable interest. They can then withdraw that money as they see fit, which is not a bad thing. However, what these people often do not know is that you can put many things other than cash in these accounts. You can put in stocks or financial instruments, and anyone who can afford it can put up to \$10,000 in stocks, for example, into a tax-free savings account and enjoy capital gains that will not be taxed within that account.

Right now, 50% of capital gains are taxed, at a rate of about 40%. The TFSA can be an attractive vehicle for those who want to avoid paying tax on capital gains and are able to contribute up to the limit of \$10,000, in which case they do not really need to save.

In that sense, the TFSA can be useful for Canadians, and that is why we support it. However, we want to prevent these accounts from becoming a way for people to avoid paying taxes, and that is why we oppose increasing the contribution limit to \$10,000. We think that the \$5,500 limit is a perfectly adequate way of helping Canadians who want to ensure their future financial security.

Let us remember that there are also other savings vehicles, such as RRSPs. These private savings are one of the main ways to ensure one's financial security. Others include company pensions, the Canada pension plan, the Quebec pension plan, and old age security, which can be supplemented with the guaranteed income supplement.

If we tally the good and bad points that I talked about earlier, it is clear that the Liberals' decision to reduce taxes for the richest 20% and increase them for the richest 1% is not an appropriate measure if the government really wants to help the middle class.

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Eventually, under an NDP government, there will be a way to review this decision and really help the middle class. We are extending an olive branch to the government here, because the other thing that could be done is to make the necessary changes in committee so that we can come back to the House and adopt a measure that will really help the middle class.

We are therefore going to resubmit this proposal in committee for review. It is largely based on the excellent work done by the parliamentary budget officer.

Lowering the TFSA limit is extremely important from a tax perspective in order to ensure that the Canadian government can offer these services, function properly, and ultimately, or so we hope, make significant reinvestments in areas where the Conservatives cut funding to the bone or even deeper.

• (1220)

That is why we will support the bill at second reading. We hope the government and its members will be willing to listen in our committee meetings. This would eventually open the door to amending the provision to lower taxes for the richest 20% of Canadians and instead helping 80% of Canadians, many of whom are getting nothing right now. Of course we will support the second measure, which is to lower the contribution limit for TFSAs.

This is the first bill introduced in this new Parliament. I truly hope the government will take a new approach. I think all parliamentarians have already noticed a change in tone and dynamics, which is very much appreciated. However, after four years of hearing meaningless slogans and catchphrases to try to justify things that are simply not supported by the facts, we might still be in for another four long years.

This morning, when the Minister of Finance introduced Bill C-2 and delivered his speech justifying the tax cut, I was hoping he would at least understand or acknowledge the auditing work done by the parliamentary budget officer, but that was not the case.

I wish he would accept a fact that has been proven over and over. The middle class will not benefit from these measures; only the richest 20% will. The facts prove it. The parliamentary budget officer proved it, and we ourselves proved it before the report was released. He wants to stay the course and perpetuate the myth that the middle class will benefit. This is a snow job.

A lot of Canadians are going to be surprised and disappointed when they fill out their income tax returns. They thought they voted for a party, the Liberal Party of Canada, that would give them a tax cut, but they are going to find out that they are not eligible. A good 80% of people will find out that this does not apply to them. I predict some nasty hangovers for them.

I sincerely hope that the government will pay more attention to the opposition parties, especially when we are trying to help by suggesting improvements that should help the government achieve its goals. I would like it to say so publicly.

The most disappointing thing about the Minister of Finance's speech is the fact that he is trying to deal with the problem by sending up yet another smokescreen. We have not yet seen the

Canada child tax benefit, which is really just going to be a remix of existing programs. That is still nothing but a promise.

The fact is that only couples with children and single-parent families will benefit from this money. Those people will be happy to get some extra money. Couples without children, singles without children, and seniors, even the poorest of them, even those who earn, say, \$45,000, \$30,000, \$20,000, or \$10,000, will get nothing. They will not get a tax cut, nor will they benefit from the Liberals' upcoming measure.

I would like the Liberal government to be consistent, to respect the Canadian public, and to tell the truth about the real impact of the measures it is introducing. This was the government's first opportunity to do so. I think it has missed its opportunity, but it will have another chance in committee. I hope that the government will be listening. If the government continues in this direction, I think that the next four years will be very long and full of hype, catch phrases, and empty rhetoric, but very thin in terms of measures that will truly help Canadians, especially middle-class Canadians and those with such low incomes that they struggle to make ends meet.

• (1225)

I look forward to questions from my colleagues in the House, but I want to reiterate that we will support the bill at second reading, because it maintains the TFSA contribution limit at \$5,500, which has considerable tax implications, and we will try to make changes to the bill in committee.

[English]

Mr. Kevin Lamoureux (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.): Madam Speaker, I listened to the member's comments, and I do not know to what degree he is being fair when talking about the overall picture being portrayed in the legislation we are debating. There is no doubt that, through this legislation, the government is saying that those individuals making in excess of \$200,000 a year will be paying a little more. There is no doubt it indicates that millions of Canadians will receive tax breaks in this fiscal year.

If we take into consideration the Canada child benefit program that the member made reference to, there is no doubt that the bill would help put into place a substantial benefit for Canada's middle class. A major part of our party's platform was that we were going to assist and give strength to Canada's middle class. By doing that we would be giving strength to Canada's economy.

When we look at a holistic approach on this particular bill, do the New Democrats feel that overall this is a bill that is worth supporting? It does ensure that there is less inequity overall. There is always room for some improvement in terms of the holistic policy, but in terms of a step forward the, bill does a lot for Canadians. This is something all members of the House should support.

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[*Translation*]

Mr. Guy Caron: Madam Speaker, in fact, the numbers indicate that the bill does a lot for the 20% of Canadians with the highest incomes. It does nothing for 80% of Canadians, who will get little to nothing out of the tax cuts that were promised.

Compare the Liberals' proposal to ours, which seeks to change the first tax bracket in order to help far more people. The median income is around \$31,000. People earning that amount have nothing to gain from the tax cut the Liberals promised, but would receive \$200 through our proposal. An individual whose income is between \$11,000 and \$45,000 has nothing to gain from the Liberals' proposal, while they would receive \$170 on average from ours.

The parliamentary secretary said that people earning \$200,000 will start to pay more. However, under the Liberals' proposal, a person earning \$210,000 a year will get a net total of \$279. Under our proposal, they would pay an additional \$66 in tax.

That is why I think the government is using smoke and mirrors when it talks about the middle class, since the tax cut they are promising does not help the middle class. It does nothing for 80% of the population. It redistributes supplementary income from the top 1% to 20% of the wealthiest Canadians. We do not think this measure helps the middle class.

• (1230)

[*English*]

Mr. Todd Doherty (Cariboo—Prince George, CPC): Madam Speaker, I appreciate the comments from the hon. member. Out of respect, I will not try to say his riding's name, because I will not be able to do that.

I am a new member of Parliament, and I was disappointed by the lack of interest the government across the way has shown. The only member who actually looked up while the member was talking was the member who asked the question. The Minister of Finance did not answer my question either; the Liberals threw out numbers of 80,000 and 150,000. Yesterday, the hon. member for Surrey—Newton said the government went and consulted with six communities across Canada.

My question is about the geographic data of the interest from Canadians and the consultations the government apparently has had with Canadians. That is what is being said. I have a problem with this because the Liberals are throwing these numbers out there and there is no substantive, quantifiable data that tells us where they are getting this data and information from. It can come from social media, online consultation, or anywhere.

My question for my hon. colleague is this. Do you have concern as well that perhaps some of this information and the consultation might be coming from third parties, foreign interests, or foreign parties from across our borders?

The Assistant Deputy Speaker (Mrs. Carol Hughes): I want to remind the member for Cariboo—Prince George that, when asking his question, he should address it to the Chair and not to individual members.

The hon. member for Rimouski-Neigette—Témiscouata—Les Basques.

[*Translation*]

Mr. Guy Caron: Madam Speaker, we do have concerns about how the government is conducting its pre-budget consultations. They are not necessarily the same concerns, but the government is holding its own pre-budget consultations, just like the previous Conservative government did. That is perfectly legitimate, but the consultations are limited because they are organized by the government.

We asked the Minister of Finance to have the Standing Committee on Finance hold formal pre-budget consultations. We recognize that there is limited time because the committee has not yet been struck. However, we proposed an intense schedule for the Standing Committee on Finance, which would meet for two or even three weeks, from morning to night if need be, so that each party, including the government, could hold public consultations that would be open to all Canadians. That would provide input other than that sought by the government.

Naturally, if the government organizes its own pre-budget consultations it controls the entire process, including the selection of witnesses. It is important to recognize the role of the Standing Committee on Finance, which has members from the three recognized parties, and to ensure that Canadians in all situations and from all walks of life and all philosophical backgrounds are heard in the House, even if within a shorter period of time. I believe that the Standing Committee on Finance is prepared to do this work. All we need is for the government to agree.

Mr. Peter Julian (New Westminster—Burnaby, NDP): Madam Speaker, I thank the member from Rimouski-Neigette—Témiscouata—Les Basques for his excellent presentation.

• (1235)

[*English*]

I would like to add the comment that we saw, under the Conservatives, Canadian families struggling under an appalling record debt load. Canadian families were carrying, under the Conservatives, the highest and heaviest debt load in our nation's history. That is because the Conservative economic policy is kind of like an oxymoron. It just did not work for Canadians.

The Liberals have been in office 100 days, but that debt load has actually worsened. What they did to deal with the appalling level of debt for Canada's families, particularly middle-class families, was to put in place a measure, as the member said so eloquently, that actually does not help the folks in the middle class at all, the folks who have that average income. The folks earning \$40,000 a year are not being helped at all, even though they are dealing with a crisis in health care, fewer and fewer funds available for them and their children, record levels of student debt, and record levels of family debt.

I would like the member to explain to me and Canadians why it is that the Liberals chose to help people earning over \$200,000 a year—a stockbroker on Bay Street benefits from this program—but have not chosen to help so many middle-class families that actually need the help and support.

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[*Translation*]

Mr. Guy Caron: Madam Speaker, I would like to thank the member for Burnaby—New Westminster for his question.

I hope that the Liberals will give us an answer to that question. I think that most Canadians will be very disappointed when they file their income tax return because they will not get any of the money promised to them during the election campaign.

Does the government really think that the average voter who heard about a tax cut for the middle class during the election campaign understood that that tax cut would apply only to families that earn \$45,000 a year and would be most beneficial to families that earn \$89,000 a year? No. Voters thought that there would be a tax cut for the middle class. Many Canadians who consider themselves to be and are in fact part of the middle class are excluded from the measure proposed by the Liberals.

When the Parliamentary Secretary to the Leader of the Government in the House of Commons asked me his question, I answered that only the richest 20% of Canadians would benefit.

When looking at how this would affect couples, Luc Godbout, an eminent tax expert in Quebec, determined that if a couple had an estimated or combined income of \$250,000 a year, they could receive a tax break of up to \$1,120. However, a couple with a combined income of \$75,000 a year, who are arguably part of the middle class, would receive an average of zero to four dollars.

I do not think that the Liberals defined middle class properly. I hope that they will consider the arguments that we have already made and that we will continue to make, as well as the arguments presented by the parliamentary budget officer, so that they can really address the concerns of the middle class.

[*English*]

Mr. Scott Simms (Coast of Bays—Central—Notre Dame, Lib.): Madam Speaker, I did not have a chance the last time I spoke in the House to thank the constituents of Coast of Bays—Central—Notre Dame for putting me back in office. I would like to do that now. The vast majority of them have been doing so for five elections now. I keep testing the limit every time I run out there. Nevertheless, I want to thank them for their generosity and for giving me the opportunity of a lifetime to represent them in the House of Commons in the nation's capital. Indeed, it is the opportunity of a lifetime for all of us to sit in the House of Commons.

I am honoured also to talk about a bill this morning that we talked about much during our campaign. We talked about it as a way of helping the middle class of this country grow Canada's economic engine. We faced challenges as we started the campaign, and the challenges continue to this point. Right now, we have challenges in certain aspects and geographic areas of this country that are certainly unprecedented. I talk of the price of oil and natural gas. I also talk about the fact that many of the provinces also find themselves in a precarious situation given the fact that a lot of their revenues are based on royalties and taxes they collect from this particular sector. We also have a low dollar, something that for many people may produce some opportunities but in other cases could provide many challenges. It too is at an unprecedented level of less than 70¢ to the American dollar now.

I want to talk today about Bill C-2 and some of the measures we hope to bring forward that would provide some tax relief to Canada's middle class. As I said before, the middle class is the economic engine of this country. When I say the middle class is the economic engine of this country, I am talking about the individual talents of those individuals and their ability to provide a living for their families.

For example, in my area of Newfoundland and Labrador the greatest exports right now in dollar value alone would be seafood exports. We also have mining and forestry and many other sectors with great exports. To be honest, one of the greatest and most exciting exports that we have right now in central Newfoundland, the area that I predominantly represent, is the people and their talents.

We do have skilled people in the oil and gas sector but we also have many skilled people in other sectors such as mining. They have a skill and a trade that they export around the world. Each and every week I travel from my home riding to Ottawa or to other parts of the country, I run into people that I have grown up with or I talk to people that I have met in my tenure as a member of Parliament. These people talk to me about the areas where they have been or where they are going, such as Russia, the North Sea, northern Africa, or Alberta, Saskatchewan, and British Columbia right here in Canada. In the field of hydroelectricity, they have travelled to Quebec and Manitoba. It is phenomenal how they do this. They travel vast distances. They go away for weeks at a time then return home and bring that wealth home with them. This is a precarious position for them right now given the situation in the oil and gas sector. Some people would say that the reason they have created that value is the oil and gas itself, but I would disagree. What created that value for them was their own talent and ability to adjust to the world markets. On the one hand, I am worried about the price of oil and gas in this country and around the world, but on the other hand I am not worried because of the versatility these individuals have shown over the past while. The majority of them are certainly in that middle-class income bracket.

I am pleased to participate in this important discussion on the government's middle-class tax cut. My objective today is twofold. First, I want to provide the House with a quick assessment of our economic and fiscal situation and, second, I want to tell members why the middle-class tax cut would help grow our economy.

● (1240)

As we embark on an agenda of economic growth and long-term prosperity, there is no doubt that we are facing considerable headwinds as I discussed earlier. Globally we continue to experience what International Monetary Fund Managing Director Christine Lagarde famously called "the new mediocre". In its latest economic outlook in January, the IMF expects global growth to pick up modestly to 3.4% in 2016 and 3.6% in 2017. This is down point two percentage points for both 2016 and 2017, compared to its October 2015 world economic outlook.

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Though the recent performance of the U.S. economy is encouraging, the European and Chinese economies are cause for concern. We have seen this happen in Europe now for the past seven years and most recently with the Chinese economy. Although China's GDP is very large and is still growing, it is not growing as much as it did in the past four to five years. Many if not all of us here have experienced the benefit of global trade and have had conversations with people in business in our ridings who deal with many Chinese companies. Members, of course, know of what I speak.

As I mentioned earlier, global crude oil prices remain at less than half of what they were in mid-2014 due to persistent global oversupply and softening demand. What is happening beyond our borders has real and tangible consequences for us all.

In Canada, our economic performance in the first half of 2015 was poor, mainly due to the collapse of oil prices in 2014. Consider this. Last April, just to put some numbers on this, the government projected an oil price of \$71 a barrel by the end of this year. As I speak, oil is now trading at about \$30 a barrel, less than half the projected price. As I mentioned earlier, coming from Newfoundland and Labrador, I know how we are hit directly and indirectly by the resulting large hole in our provincial budget. We are directly hit, of course, because our offshore exploration has diminished and it is our offshore supply that directly benefits us in the way of royalties and taxation for our province, and indirectly through the employment that it creates, including for individuals who travel around the world in this particular sector.

We know that growth will be lower than was expected in the last budget projections. This has important implications for our currency and our fiscal situation. The good news is that real GDP growth resumed in the third quarter of 2015. The IMF, in its latest economic outlook released January 19, expects growth in Canada to pick up over the next two years in relation to 2015. We also maintain an enviable position of having a low debt-to-GDP ratio, abundant natural resources, and one of the most educated, intelligent workforces in the world.

Our policies will strike a balance between fiscal responsibility and controlled investments that promote economic growth. One of the most important components of this is restoring middle-class economic progress, which is, as we all know, the backbone of our economy and has been since our inception for close to 150 years now.

This is why one of the government's first orders of business back in December when we arrived was to table a notice of a ways and means motion to cut taxes for the middle class. This was the right thing to do for our economy. The proposed middle-class tax cut and accompanying proposals will help make the tax system fair so that all Canadians have the opportunity to succeed and prosper.

Specifically, Bill C-2 proposes, first, to reduce the second personal income tax rate to 20.5% from 22%; second, to introduce a 33% personal income tax rate on individual taxable income in excess of \$200,000; and third, to return the tax-free savings account annual contribution limit to \$5,500 from \$10,000 and reinstate indexation of the TFSA annual contribution limit.

●(1245)

I will expand on the three points.

The first one is the reduction of the middle-income tax bracket, which is taking effect January 1. It is expected that about nine million Canadians will benefit from this measure in 2016. Single individuals will see an average tax reduction of \$330 per year, and couples will see an average tax reduction of \$540 per year.

Second, the government is introducing a new personal income tax rate of 33% that will apply to individual taxable income in excess of \$200,000 per year. This means that only Canada's top income earners are expected to pay more tax as a result of the government's proposed changes to personal income tax rates. As with other bracket thresholds, the \$200,000 threshold will be indexed to inflation.

Third, the government is returning the tax-free savings account annual contribution limit to \$5,500 from \$10,000, effective January 1, 2016.

These are some of the issues that we discussed during the campaign, including my colleague for Cape Breton—Canso. He was just here and talked incessantly about how wonderful his riding is and how hard it is for him to get around his large riding. He likes to talk about all these new policies we are bringing in to help the middle class in that beautiful area known as Cape Breton.

I can reassure members that the change to the TFSA is not retroactive. The TFSA annual contribution limit for 2015 will remain at \$10,000. However, returning the TFSA annual contribution limit to \$5,500 is consistent with the government's objective of making the tax system fairer and helping those who need it the most. When combined with other registered savings plans, which we are all familiar with, the \$5,500 TFSA annual contribution limit will permit most individuals to meet their ongoing savings needs in a tax-efficient manner.

Indexation of the TFSA annual contribution limit will be reinstated so that the annual limit maintains its real value over time. This is referring to the consumer price index and how we will tie the limits to the increase in inflation.

Finally, before I conclude, I would like to highlight some of the other measures that are included in today's legislation, Bill C-2.

The bill proposes to change the current flat top rate of taxation rules applicable to trusts to a new rate of 33%, which is in line with the 33% tax rate as we proposed. The bill proposes to set the tax on split income to the new rate of 33%. It would amend the charitable donation tax credit to allow higher income donors to claim a 33% tax credit on the portion of donations made from income that is subject to the new 33% marginal tax rate. Finally, it would increase the special refundable tax and the related refund rate imposed on investment income of private corporations to reflect the proposed new 33% personal income tax rate.

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Also, the government will introduce proposals in the upcoming budget to create a new Canada child benefit, which will take all of the benefits and put them into one tax-free Canada child benefit. This is something that has been talked about in my riding for quite some time. The biggest complaints were about benefits from government that suffered from tax clawbacks, which affected all benefits no matter what they were. We have now put forward this Canada child benefit that puts the tax aside for the sake of and benefit of our families. I look forward to the budget in the spring to talk about this.

Of course, nowadays there is an added pressure regarding things such as child care and child spending. Therefore, this is one of the proposals I look forward to in the upcoming budget that we talked about in the campaign, which Canadians overwhelmingly accepted as a way of financially helping themselves during their child-rearing years.

● (1250)

All these initiatives demonstrate that our sights are clearly set on the future. This legislation will help strengthen the middle class by putting more money in the pockets of Canadians to save, invest, and grow the economy. More broadly, it will help grow our economy in the context of a difficult global economic climate so that all Canadians benefit.

I heard some of the debate earlier, and I appreciate some of the concerns the opposition put forward. Of course, we have taken a strategic approach to provide a benefit to middle-class Canadians, especially those facing tough times.

To address these tough times in the future, I look forward to the budget, as I mentioned earlier, with things such as the Canada child benefit, which I think will enhance a way of life for those bringing up children now. For those who are suddenly unemployed, the situation is very difficult. As we deal with the situation in the next few months and certainly within the next few years, my colleagues, no matter what party they belong to, would certainly agree with me that we have challenging times ahead.

Again, for those provinces dependent on revenues from the oil and gas sector, and I speak of Alberta, Saskatchewan, and my own province of Newfoundland and Labrador, there are difficulties ahead, certainly when it comes to social programs. There will certainly be added pressure, but we believe that measures taken, such as those contained in Bill C-2 and in the upcoming budget, will help to alleviate some of those concerns.

For the budget coming up, consultations are going ahead. I would advise all members to conduct consultations in their ridings, as I will. It is a perfect opportunity to get back to our ridings as members of Parliament. I am travelling to 15 communities in an area the size of Germany. I wish all members the best, because I know that travel can be very taxing on our families, but it is certainly worth it.

In my situation, I know what I will hear. I will hear a lot about the resource sector. I am going to hear a lot about the challenges that lie ahead but also about things like skilled trades and infrastructure spending to help spark the economy and to help communities deal with transit and their future investments.

I will leave it at that for now. I look forward to the questions and comments from my hon. colleagues.

● (1255)

Mr. John Brassard (Barrie—Innisfil, CPC): Madam Speaker, part of the frustrating part of this, as a middle-class Canadian myself, is to hear the arguments of the Minister of Finance and to hear the arguments of the hon. member, as though somehow they are giving a gift to the middle class.

David Macdonald, who is a senior economist with the Canadian Centre for Policy and Alternatives, broke it down. The reality is that for those Canadians making \$48,000 to \$52,000 a year, the average saving will be about \$51 a year, or as my hon. colleague for Brantford—Brant said, about \$6 a week, roughly, or less than that, in fact. From \$62,000 to \$78,000, it will be \$117 a year. He classifies what comes as the next level as the upper middle class. Those making \$124,000 to \$166,000 will gain \$521 a year, and then from \$166,000 to \$211,000, it will be \$813.

In the meantime, Canadians earning over \$211,000, granted, will see a tax increase of \$2,912, but in fact, it is a shell game. It is a shell game the Liberals are putting over on Canadians, because the Parliamentary Budget Officer himself said that there would be an \$8.9 billion revenue deficit within six years.

We are providing tax breaks to Canadians now. Will the member tell us how Canadians will pay for this going forward, with the debt and deficits that will be created as a result?

Mr. Scott Simms: Madam Speaker, I am assuming that my hon. colleague is new to the House. I have yet to hear a Conservative talk about the drawbacks of a particular tax break. That is a new one to me. Nevertheless, I will address the issue at hand.

During the campaign, we talked about how the tax savings measures we are talking about are a benefit, as most economists would say, to the middle class. I would like to remind him that the Canada child benefit is going to provide a great benefit to all Canadians with young families, as we talked about earlier.

The Conservatives continue to brag about the 2% off the GST. I was wondering if perhaps my hon. colleague would like to stand now and talk about the benefit that provided.

We are talking about thousands of people being lifted out of poverty, despite the numbers he puts out there.

In this particular situation, this is a great way for us to begin to invest in the middle class by providing the tax relief contained in Bill C-2 and by providing the benefits we will announce in the budget. I guess the overall answer for that is to stay tuned.

Mr. Charlie Angus (Timmins—James Bay, NDP): Madam Speaker, this will interest my hon. colleague, who I have known for many years. He is a very likable fellow and a decent guy. I feel bad for him that he is having to do this job, which is the Liberal attempt to treat Canadians like they are rubes at a country fair.

When the Prime Minister talks about the middle class, who is he talking about? He is not talking about the 18 million people who pay taxes.

My hon. colleague says the Liberals are worried about people who are facing tougher times, and I am looking at who will benefit from this and who will not. If people are in the top 30%, they will make out like bandits. If people are in the top 10%, they are going to love these guys.

However, if people are getting by as office workers, there will be zero dollars for them. A hairstylist earning \$27,000 a year will get nothing. A social worker earning \$43,000 a year will get nothing. A fish plant worker in Newfoundland will get zero dollars. A cashier will get zero dollars. Are these people not working hard?

However, if someone is a parliamentary secretary, thumbs up. If someone is a member of Parliament, thumbs up. If someone is a bank manager, thumbs up.

The question for the Liberals is to be honest. When they are using this shield of the middle class, they should at least have the decency to say that it is for the people who are doing quite well, thanks very much, and the rest of the hard-working Canadians who pay their taxes and do their jobs are the ones being left behind by the government.

• (1300)

Mr. Scott Simms: Madam Speaker, I find it hard to believe. I have known the member for quite some time. I do not recall him actually being so down on all of the incentives that were brought in before.

In this particular situation, what he is talking about is a situation we have discussed before. He has supported many of the measures in the past. My understanding is that he is now supporting this particular measure going to second reading. If the rubes are making out in the market, I am not quite sure why New Democrats would want to support these particular rubes going forward. Nevertheless, they are.

He talked about the middle class in the election. I heard him do it during the campaign. I cannot imagine the reason his protestations are so loud about this particular bill that he has now decided to support at second reading. I would suggest that the hon. member come forward on this more constructively. I have always known him to be a constructive person.

Nevertheless, I would point to the facts about how many people will benefit.

Mr. Ken Hardie (Fleetwood—Port Kells, Lib.): Madam Speaker, the members opposite are geographically well positioned, because prior to the last election, all of them together seemed to prefer a program that sent cheques to millionaires through their universal benefits and a program that, surveys showed, three out of 10 Canadian families did not need.

What we have here is an example of the difference between equality, which is a good value, and equity, which means that one focuses one's resources on the people who actually need it.

I am wondering if my hon. colleague can enhance this notion of equity.

Mr. Scott Simms: Madam Speaker, it is a valid point by my hon. colleague from British Columbia.

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We talked earlier, throughout the campaign and until now, about how the investment in benefits and tax incentives are targeted toward those who will benefit the most. That is why, when we discussed the TFSA issue and reducing the limit from \$10,000 to \$5,500, the whole point was that more people would maximize it. We can use those savings to give benefits to others who will also leverage that. That is the whole point of what we have been doing.

We talked about the child care benefit. The Canada child benefit contains two things targeted towards those who need it most. Second, it is tax-free. That is what we talked about during the campaign.

We received the mandate to put that forward for those very reasons. People said to us, yes, we believe it is the right investment to make and not in cases where we would be providing a benefit for those who need it the least.

Mr. Todd Doherty (Cariboo—Prince George, CPC): Mr. Speaker, it is interesting listening to the member opposite talk about their strategic approach. I think I stand for all of the opposition parties when we ask the government to show Canadians what its plan is. We have yet to see it. We have yet to hear any actual questions answered.

Earlier this morning, the Minister of Finance stood and said that indeed, the Conservative government left this country in a state of flux.

The document I am looking at right now, the "Fiscal Monitor", which is a publication of the Department of Finance, states that as of November 2015, there was a budgetary surplus of \$1 billion.

My question for the member opposite is this: Did the Minister of Finance just misread his cue cards?

• (1305)

Mr. Scott Simms: Madam Speaker, I first came here in 2004. In 2006, when the Conservatives took over, we handed them a multibillion dollar surplus, which just ran through the cracks and madly off in all directions over the following six years. Trust me, I was here during the deficit years.

I would like to remind the member that whatever he talks about now is some fictional type of surplus. Trust me, it was fiddled away in the last 10 years of their existence.

Mrs. Karen Vecchio (Elgin—Middlesex—London, CPC): Mr. Speaker, today I will be sharing my time with the hon. member for Dauphin—Swan River—Neepawa.

I am honoured to rise today to speak on Bill C-2. This is my maiden speech, and I wish to start by thanking the people of Elgin—Middlesex—London for giving me the opportunity to represent them in the House of Commons for the next four years.

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I would not be here if not for the amazing volunteers and friends, but most of all my incredible family. To start, I know that as I speak today my mom and dad are watching these proceedings. I would like to thank my parents, Patricia and Harold Martyn, for all of the opportunities and support they have always given me. As the daughter of people who farm turkeys and pigs, I understand hard work and commitment, and I thank them for instilling these values in me. Whoever thought the girl from Sparta would be sitting in the House of Commons.

To my siblings who have always held me accountable, and doing so with love, a huge thanks for believing in me: Linda, Ann, Paul, and my in-laws, Greg, Scott, Trish, Lisa, Pete, and David. I thank them all. To Sandra and Bill, a.k.a. Nana and Pops, who have always been there for me, I love them both.

Making this decision to get into federal politics was not an easy decision, but I truly had a head start. My mentor and former boss, Joe Preston sat across this aisle from 2004 to 2015. “Trust me” was a common phrase used daily in our discussions. Today I would like to thank Joe for encouraging me. Without his support, this would not have been possible.

Now for the hard part, naming the people I miss every day as I serve this amazing country: Dakota, Garrett, Marissa, Hannah, and Christian. I hope from this new chapter of my life they will realize that anything is possible, will believe in themselves, and surround themselves with good people. I cannot wait to see what the future holds for them.

Finally, to Michael, my better half, the guy from band camp whom I married, I miss our evening walks, but I am definitely thankful for Facetime, or this journey would never have been possible. Although we are 640 kilometres apart, he is always with me. I believe in him, just as much as he believes in me, and I look forward to kicking off our bucket list in the next 20 years.

Elgin—Middlesex—London is an incredible riding. It is filled with beautiful lake harbours, rich agricultural land, small and large vibrant businesses, but most of all, great people. The volunteers not only on my campaign but throughout this riding helped mould me and educate me.

I would like to personally thank all the people who got me here, including Brian, Fran, Francine, Marci, Whitney, Jeff, Jen, Betty, Ena, Blake, Bob, Mae, Terry, Reinhardt, Dan, Shirley, Dean, Bridget, Melissa, and all the residents on Crescent Ave. I thought if I went fast, no one would know if I missed them. I send a special thanks to Ninja Turtle Noah, Maddie, Lauren, and Sarah.

To the ladies in the office, Cathy, Kaylie, Jena, and Kim, knowing that they are a part of the team makes me confident that Elgin—Middlesex—London is in good hands.

It is with all of these wonderful Canadians in mind that I stand in the House to oppose the proposed alterations to the Income Tax Act. Canadians have utilized the tax-free savings account since its introduction in 2009. This program has provided Canadians with incentives to develop attitudes of economic responsibility.

TFSA's are helpful tools for Canadians who are seeking to save or are preparing for unforeseen economic vulnerability, a tool used by

many of my constituents in Elgin—Middlesex—London, both young and old.

The current Liberal government has proposed a reduction in the maximum amount of funds that Canadians can invest in these accounts per year. Unfortunately, the government does this on the false pretence that doubling of the TFSA's only benefits the highest earning Canadians rather than just the middle class.

On the contrary, statistics demonstrate that this investment tool is utilized by many middle-class Canadians. Half of those holding TFSA's earn less than \$42,000 a year. In fact, 60% of Canadians who take advantage of the TFSA's limit earn \$60,000 or less a year. What is more, in 2015, 600,000 Canadian seniors invested in TFSA's, maximizing their yearly deposits while earning less than \$60,000 a year.

CARP, Canada's association for the fifty-plus, was in favour of increasing the limit the TFSA's to help seniors form fiscally responsible plans for the future. When the Conservatives raised the limit on TFSA's, the majority of Canadians supported that decision. Lowering the limit on TFSA's will do absolutely nothing for the low-income families, including financially burdened Canadians, to which the government must remain accountable.

The proposed changes in Bill C-2 will negatively affect Canadians by noticeably reducing their incentive to save for the future, creating a heavier reliance on government support during financial crises. Further, it will limit the choice of Canadians.

●(1310)

Why put up roadblocks for people who want to engage in responsible saving practices? Why remove the sensible avenue for saving, which costs the government very little?

Bill C-2 would do more than limit the choices available to the middle class. It would also reduce the amount of attention given to the vulnerable people in Canadian society. Instead of worrying about nitpicking a program that already works for Canadians, the Liberal government should be seeking out programs and initiatives that would actually aid in giving a hand up to this country's most vulnerable people.

The current government needs to continue to support programs such as the housing first initiative, which was undertaken by the previous Conservative government. This initiative was directly aimed at ending homelessness by identifying those most desperate in Canadian society and ensuring they were given a real opportunity for self-advancement. By seeking out these programs, the current government would have the ability to ensure that its efforts to end social issues do not go a mile wide and an inch deep. Spending well, rather than just spending, is the key to improving social issues today. Unfortunately, spending responsibly does not seem to be the current government's strongest attribute.

These tax cuts are aimed at making the public feel better about Canada's current position during this time of economic uncertainty. However, these cuts are not enough to provide true relief for Canadians being affected by the dipping dollar. It will take much more than just tax cuts to regrow the Canadian economy. This remedy is a mere surface solution to a much more serious problem.

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Even more indicative of the Liberals' spending habits are the alterations to revenue that Bill C-2 would cause. Originally, the Liberals claimed that their new tax programs, including the lowering of the ceiling of the TFSA, would be revenue neutral. However, the tax bracket changes contained in this bill would actually cost the government \$8.9 billion in the next six years. Since the government failed to accurately project and report these financial results, why should we trust the Liberals' promises that they will aid Canadians in the long run?

My constituents in Elgin—Middlesex—London have addressed this issue to me personally and are concerned about these changes. All age groups from all tax brackets have been using this method of saving their money for the future. Young adults have been putting their money away through TFSAs to invest in new homes, families have been using it to invest in their children's education, and many have been using it as a retirement tool.

As the official critic for families, children, and social development, I can assure members that I have spoken to many constituents and Canadians who want to see the ceiling of the TFSA contributions remain at \$10,000 per year.

I look forward to continuing to hear from my constituents in the great riding of Elgin—Middlesex—London and to working with all Canadians in my new role. I would like to thank this House and my hon. colleagues for indulging me and for the opportunity to speak to this very important piece of legislation that would affect all Canadians.

Mr. Adam Vaughan (Parliamentary Secretary to the Prime Minister (Intergovernmental Affairs), Lib.): Madam Speaker, I welcome my colleague across the floor to the House of Commons and note that, unlike me, she was not present in the last session of Parliament. She talked about false projections. I am just going to read back, from the 2015 budget, the projections that the other side of the House made as they relate to the economic circumstances in which we now find ourselves.

The Conservatives projected a 3.1% growth in GDP. That was the foundation of their budget. They projected growth this year of 2.2%, and from that they said they would therefore have a surplus. We now know that growth is at 1.2%. That is the misguided financial capacity of the previous government, with which we are now dealing.

However, the other reference that was made here, beyond the false projections of the previous government and the false projections of a surplus, is this. Your government has been withdrawing the funding agreements for social housing in this country over the last three years consistently, and in doing so, as you reduced it from \$2.1 billion to \$1.9 billion to \$1.7 billion, you have been directly putting people in subsidized housing out on the street. How can you stand here and say that your government had a humanitarian approach—

• (1315)

The Assistant Deputy Speaker (Mrs. Carol Hughes): Order, please. I would like to remind the member that he is to address his questions to the Chair and not to individual members.

The hon. member for Elgin—Middlesex—London.

Mrs. Karen Vecchio: Madam Speaker, although I did not sit in the House of Commons, I am a Canadian who watched what

happened in the House of Commons, and as well, I worked for a previous MP for 11 years. I have worked with constituents and I have worked with Canadians.

As the critic for families, children, and social development, I have taken it upon myself to do pre-budget consultations. Through them, I have had the opportunity to speak to many people regarding homelessness as well as affordable housing. One thing that I continue to hear back in meetings and briefings and through the ESDC is that housing first, the initiative we put forward for homelessness, works. That is why today I continue to ask the Liberal government to ensure that our vulnerable people be cared for with programs like this, which our Conservative government introduced and which had excellent benefits.

Mr. Daniel Blaikie (Elmwood—Transcona, NDP): Madam Speaker, some members today have already done a good job of elucidating how odd it is to have a so-called strategy for the middle class that especially targets and benefits people making well into six figures. It is a strange definition of the middle class. There have been some allusions by members opposite, as well, as to how it is meant to help.

One of the big struggles for the middle class right now is job loss. We have seen that across the country from coast to coast to coast. Would the member agree that it would have been a better prioritization and better for the economy to put the same priority, which the Liberals have put on these tax cuts to help Canadians who overwhelmingly earn six figures already, on amending and fixing what is broken with EI? That would ensure that workers who are getting laid off right now across the country could access EI when they need it. Also would it have been a better prioritization and better for the economy to help people living on CPP, who are not getting enough money, and put money into their hands right now—the ones who really need it and would spend it—instead of people making over \$100,000 a year? I would like to hear her thoughts on that.

Mrs. Karen Vecchio: Madam Speaker, I truly respect where the member is coming from. I myself have worked for 11 years for a member of Parliament and have worked for all Canadians. I believe that job creation is the number one thing that we need to continue to focus on, to help our country. Yes, we must help our seniors. We must help those who are the most vulnerable. Job creation is one of the biggest things and should be our priority in doing so.

When it comes to CPP, that is a very important program. I will continue to support the Canada pension plan, allowing people to put it into their investments. However, I also think that investments made into the tax-free savings account are an excellent way for seniors to save as well. It does not just need to be the government that assists them with saving; it allows all Canadians to have accountability and choices as to how they wish to save their money.

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Mr. Robert Sopuck (Dauphin—Swan River—Neepawa, CPC): Mr. Speaker, I have already committed the cardinal error of public speaking, which is following a terrific speech. I want to thank my colleague for her wonderful maiden speech. She is a welcome addition to the Conservative family in the House. I think we will all have to run like crazy to keep up with her, and that is a good thing.

Before I talk about the subject at hand, I would like to refer to something that came up in question period, which quite vexed me.

The member for Prince Albert talked about Ukraine and said that the government was crying crocodile tears for Ukraine. I remember in November 2014, I had the honour of accompanying the then prime minister to the G20 meeting in Brisbane, Australia. At that particular meeting, the prime minister had to shake hands with Vladimir Putin. He said to Mr. Putin, "I'll shake your hand", and then he looked him right in the eye and said, "You need to get out of Ukraine".

Imagine those on the other side, with the leader they have, ever doing such a thing, standing up for Canada, standing up for principle. He would probably want to take a selfie.

As well, the other side downplays the human tragedy that is occurring because of the economic downturn. Often anecdotes and personal experiences are as important or more important than numbers and statistics.

There is a gas station just outside of Winnipeg that I stop at when I drive back and forth between Winnipeg and my constituency. I chat with the proprietor. We have become friends. We were talking about the low price of gas and he was quite worried about it. I asked him why. He said that every day there would be a person or a family stop at the gas station. These people were heading back home to the Maritimes. With the Alberta economy collapsing, they have lost just about everything and their only alternative is to return to the Maritimes. The Maritimes are a wonderful part of the world to be sure, but they are economically stressed. However, these people have to pack up everything, leave secure, well-paying jobs, and go back home to live with mom and dad, trying to rebuild their lives.

The Liberal and NDP war on the resource industries is a war on rural communities as well. These have real and dire human consequences that we lose sight of at our peril.

On the topic at hand, I would like to point out that the Conservative approach is very much one of encouraging personal growth and development through our taxation and financial policy systems. Our goal is to ensure that people are as independent as they possibly can be, that they have fulfilled their ambitions, and that they are allowed to chart their lives in a way they choose. Government policies can encourage that kind of independence or can discourage it.

As Conservatives, we firmly believe that government's role is to enable self-sufficiency and reduce the reliance on government so people can chart their own course, and TFSAs are exactly in that mould.

I hate to say it, but I think it is true, and the record bears it out, that both the Liberals and the NDP on the other hand want more people dependent on government, and I am not sure why. The policies and

programs that Liberal and NDP governments have put in place at both the provincial and federal levels across the country result in more and more people becoming dependent upon government. The creation of that kind of dependence, in my view, creates grave problems for society.

Canadians have a lot of pride, and charting one's own path in life enhances that pride. Government has a role to provide mostly a hand up as opposed to only a hand out.

Again, I would like to bring in the personal here. When we brought in our last budget with income splitting, the universal child care benefit, and all those great benefits for families, I received an email from a single mother from the town of Swan River in my constituency, from Ms. Mackenzie Danard, and she gave me permission to use her name.

● (1320)

She wrote to us to thank us for our tax policies. Keep in mind, this is a single mother on a very low income. She wrote, "This helps a lot for single parents". She also added, "Thank you for helping us raise our children". So much for the idea that Conservative budgets are for the rich. As I said in my speech yesterday, Conservative members of Parliament are the party for the working people of the country. No one should ever forget that.

TFSAs, tax-free savings accounts, are exactly in line with our philosophy of promoting independence. Again, I am not one who thinks government does not have a role in society. It certainly does. I have never been shy to encourage the spending of government resources on projects and programs that help people. We certainly need tax resources to ensure the health of our society, but they should be kept at a minimum.

The tax-free savings account is kind of a companion to the RRSP. It helps people to become independent. TFSAs are open to all citizens over 18. Let us contrast this with the Canada pension plan. Many members opposite want to see the Canada pension plan contributions increase.

The Canada pension plan, in and of itself, is a pretty good program. However, it is a matter of degree. TFSAs are complementary to the Canada pension plan. Unlike the Canada pension plan, tax-free savings accounts introduce choice in how one invests their money. They also accumulate in one's own personal account. If people contribute to CPP, even an added CPP, and they unfortunately happen to pass on before the eligibility date, there is nothing left for the family. At least with a TFSA a legacy is left that can be passed on to the next generation.

The attacks on the tax-free saving plan are completely unwarranted. My colleague who spoke before me listed chapter and verse the number of groups across the country, including seniors groups. I am in the over 60 club, if the truth be known. My generation is strongly supportive of the approach our government put in place.

I would like to go to the personal about TFSAs. On May 13, 2015, in *Hansard*, I quoted a constituent of mine who sent me an email. She gave me permission to use her name. Ms. Wendy McDonald is a hard-working wife from Newdale, Manitoba. Her husband farms, and they have children. They were visiting in Ottawa. They said:

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The reason we were able to afford our trip to Ottawa was due to our income tax refund, which was larger than expected due to income splitting law...our family chooses to put the child care benefit money we receive directly into RESP for our 2 children, and I will be one of the Canadians that will benefit from the increased allowance on TFSA accounts because saving is important to me and allows me to be fiscally responsible in my own household

This is a family, the McDonalds from Newdale, that is charting its own course in life. These people are independent, saving money for their kids and for their retirement, using the tools our government put in place. These are tools the new government is trying to take away.

My last point is in regard to the so-called tax hike on the wealthy. A typical Liberal, NDP trait is to always penalize success, always envious of people who do well, always thinking that people who succeed in life are just lucky. Most people succeed in life because of hard work and governments should have policies in place that support and reward hard work.

I have *The Fiscal Monitor* from the Department of Finance. It is very clear. For the April to November 2015 period of the 2015-16 fiscal year, the government posted a budgetary surplus of \$1 billion. What could be clearer than that? Our government left a financial legacy of which I am very proud. It is a government that I was certainly proud to be a part of, and in four short years we will be back.

• (1325)

Mrs. Karen McCrimmon (Kanata—Carleton, Lib.): Mrs. Speaker, it is important that we all understand the fiscal situation we are in at the present time. The previous government had six consecutive deficit budgets from 2008 to 2014. We do not count deficits in half-year portions. We count a budget year as a budget year, and every indication is that 2014-15 will also be a budget deficit.

The previous government added \$150 billion in additional debt to our national debt. It oversaw the loss of 400,000 good-paying jobs in manufacturing and heavy industry and now a further 70,000 in the oil sector. The previous government made a mess of our economic system.

We have a lot of work to do. We have committed to doing that work, and we are going to do it for the majority of Canadians.

• (1330)

Mr. Robert Sopuck: Some mess, Madam Speaker. The OECD consistently rated Canada as having the best economy in the world under our government.

I was part of the minority government for a little while, back in the day of the so-called deficits the member talked about. We heard a lot of whining from the Liberals and the NDP in those minority years. Their basic complaint was that we did not spend enough.

Paul Wells wrote an article in *NewsWatchCanada*. In a quick summary, he said that in this government's first 100 days,

some patterns have been set; Ministers talk to media anonymously, afraid to be quoted; trouble abounds and surrounds; from free-falling oil to terrorism, to shots in feet, the Liberal Govt faces both external and self-inflicted woes.

Has the government melted down so fast in so short a time? I do not think so.

Mr. Alistair MacGregor (Cowichan—Malahat—Langford, NDP): Madam Speaker, my hon. colleague is defending the Conservative viewpoint quite well. He has made some interesting comments about what the Liberals and the NDP think about hard work.

I will bring the tone of debate up a bit.

Would my colleague support our notion to reward hard work by supporting an increase of the federal minimum wage to \$15 an hour? When I worked as a constituency assistant to a member of Parliament for seven years, I met so many families who were working way more than 40 hours a week just to get by. They cannot do it on the provincial minimum wage.

Would my colleague join us in supporting some real leadership with a federal minimum wage of \$15 an hour so that Canadians who are working can get ahead?

Mr. Robert Sopuck: Madam Speaker, I appreciate the member's sentiments, but I do not appreciate his lack of understanding of economics.

Study after study has shown that as minimum wages rise, jobs are lost. All one has to do these days is go to a supermarket and see the automated checkouts that are in place. They are there for a reason.

A government needs to put in place policies and programs that would enhance the natural resources sector and create those high-paying jobs that under the Liberal government are sadly being lost by the thousands.

Mr. Bob Zimmer (Prince George—Peace River—Northern Rockies, CPC): Madam Speaker, I listened to the Liberals across the way, especially the member from Toronto, who is trying to play a shell game with where we are at financially, especially when the Conservatives handed over the government to the Liberals. I do not see how they can keep playing that game. We see documents even today. It is obviously a \$1 billion surplus. That is what you received. That is the fact of the matter. Yet members in your government across the way are still trying to hide behind this shell game and are trying to say something different.

I would like the member to clarify something for me. Were we in surplus or deficit after the last election?

The Assistant Deputy Speaker (Mrs. Carol Hughes): I want to just remind the member that he is to address his questions to the chair and not directly to the government. When you are speaking you cannot say "your government" and point at them.

Mr. Robert Sopuck: Madam Speaker, our financial plan worked perfectly. In 2008, we did what we had to do, with the concurrence of the other parties. We spent on infrastructure. The plan by the late Jim Flaherty, the finance minister at the time, was at that point to gradually reduce the deficit. In 2014-15, the deficit was to be at zero or we were going to be in a small surplus. That plan worked to perfection. That is exactly what happened. The member could look at the graph and at the "Fiscal Monitor" from the Department of Finance today, in black and white. We left the Liberal government a surplus.

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•(1335)

Ms. Karina Gould (Parliamentary Secretary to the Minister of International Development, Lib.): Madam Speaker, I will be sharing my time today with my colleague, the member for Honoré-Mercier.

Madam Speaker, I am honoured to be able to take this opportunity to speak about the government's middle-class tax cut, a tax cut that would provide needed tax relief to nine million Canadians.

First, I would like to elaborate on our government's ambitious economic agenda that sets Canada on the path of economic growth.

No one will be surprised to hear me say that the Canadian economy is going through a difficult period, some regions more than others. While there are encouraging signs with our biggest trading partner, the United States, which is facing an upswing in its economy in 2016, there remain concerns that slower growth in certain emerging markets such as China has the potential to stifle prosperity. Also, the Bank of Canada revised downward its economic forecast twice over the last 12 months and undertook two rounds of interest rate easing.

Nevertheless, in the face of this real challenge, there is a real opportunity to put in place the conditions to create long-term growth, growth that will create good jobs and help our middle class prosper, the lifeblood of our economy. Indeed, the good news is that we were elected on a plan to grow the economy, and we have already started.

In December, we introduced the middle-class tax cut. This amendment to the Income Tax Act is what we are to discuss in the House today.

After 10 years of weak growth, our government is redoubling its efforts to ensure that Canada is poised and prepared to compete and succeed in these challenging economic times. However, it is clear that we cannot go at it alone. It means that we need collaboration.

A key component of our plan is to work closely with provincial and municipal governments to deliver results for Canadians. From infrastructure projects to responsible environmental stewardship, we are providing needed leadership. Our government will work in a renewed spirit of collaboration with our provincial and municipal partners. That work has already begun, with the first ministers' meeting held by our Prime Minister shortly after our government was sworn in, as well as by the finance ministers' meeting just before the Christmas holidays.

Our priority is to implement our agenda while pursuing a responsible fiscal plan suited to the challenging economic times. Indeed, we fully intend that our plan for economic growth will benefit all Canadians through targeted investments.

Let me reassure members that our government is not daunted by the challenges before us. We are cognizant of our fiscal realities and we know that our plan is more important than ever. We will work together with both the private sector and our provincial and municipal counterparts to advance our shared priorities across a range of fronts. Some of these areas include making targeted investments in public infrastructure that will grow the economy, get Canadians moving, and open up more cost-efficient trade options for

our exporters, with the focus on public transit, green infrastructure, and social infrastructure.

Working together with all of the provinces and territories for a cleaner environment and to fight climate change, Canada has a plan to invest additional funds each year in clean technology producers so they can tackle Canada's most pressing environmental challenges and create more opportunities for Canadian workers. The government will also invest to support innovation and the use of clean technologies in the natural resources sector.

As our Prime Minister has emphasized, a strong economy and healthy environment go hand in hand. We are committed to leaving our children and grandchildren with a more sustainable and prosperous country.

The government's plan will be realistic, sustainable, prudent, and transparent. The plan will also include further details on measures that are intended to steer Canada toward a more prosperous, inclusive, and sustainable economic future.

Before turning to the contents of Bill C-2, I would like to mention that the government's plan includes proposals to create a new Canada child benefit. We aim to have payments under the new Canada child benefit begin in July 2016. The proposed Canada child benefit would simplify and consolidate existing child benefits. It would replace the universal child care benefit, which is not income-tested. The new Canada child benefit would be better targeted to those who need it most.

Our government will also be working collaboratively to implement the Canada child benefit, which will lift hundreds of thousands of Canadian children out of poverty and place them on a surer footing for a brighter future.

•(1340)

We are committed to a strong and growing middle class. We want to ensure that all Canadians have a fair and real chance to succeed. The legislation before the House today takes an important first step in this direction. Bill C-2 would cut the tax rate on income earned between \$45,000 and \$90,000 in 2016 to 20.5% from 22% and introduce a new tax rate of 33% on income in excess of 200,000. As of January 1, the government is putting more money in the pockets of about nine million Canadians each year through our middle-class tax cut. This is the smart and fair thing to do.

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Recently, the Minister of Finance and the parliamentary secretary travelled across the country asking Canadians directly what our government can do to better support the middle class. They met with indigenous leaders, business leaders, cultural leaders, with the intent of putting Canadians' views front and centre and engaging in discussions to find practical solutions to the challenges and opportunities they are facing. These pre-budget consultations continue online. The response rate and comments received have been tremendous. With over 146,000 Canadians reached to date, this has been the largest pre-budget consultation on record.

Through these consultations, Canadians confirmed that they want a government that delivers on strengthening the middle class and helping those working hard to join it. The measures in this bill would help strengthen the middle class. That is a priority for the Government of Canada.

During the pre-budget consultations, it also became increasingly clear that Canada's economic outlook has changed since the election. This only reaffirmed the government's commitment to the path we were elected to follow, but, more importantly, by engaging with Canadians we have been able to consider new perspectives and refine our plans to be included in the future federal budget.

The government's approach to consultations recognizes that collaboration is essential to delivering real change. The government has committed to and already demonstrated its willingness to listen, engage, and collaborate with members from all parties to identify ways to find solutions and avoid escalating conflicts unnecessarily. Given what we have already heard from Canadians and many members of other parties, I look forward to discussing and debating how best to serve Canadians.

The tax relief proposal in this legislation would help millions of Canadians. It would give middle-class Canadians more money in their pockets to spend, invest, and grow the economy. I encourage all members of the House to vote for this important legislation.

Mr. Ziad Aboultaif (Edmonton Manning, CPC): Madam Speaker, the majority of TFSA accounts belong to low- and middle-income earners. In fact, two-thirds of TFSAs are held by tax filers with incomes of less than \$60,000. How does the member opposite expect these Canadians to save for their future amid rising living costs?

Ms. Karina Gould: Madam Speaker, I was knocking on doors for over a year and a half leading up to the election and if one thing became increasingly clear, it is that many people who are maxing out their TFSAs are not people who have incomes of \$60,000 or less. Our middle-class tax cut will put money directly into the pockets of people in that bracket, giving them more money to put into savings if they so choose, if they need to, or to spend on making sure that the cost of living is more affordable for them and they can truly meet their needs.

• (1345)

Ms. Rachel Blaney (North Island—Powell River, NDP): Madam Speaker, an income tax reduction for the middle class should benefit a larger portion of Canadians. My riding is seeing an increase of seniors facing poverty and, in some cases, facing homelessness for the first time. I spoke with a senior who is now renting her living room to make ends meet.

Why is this tax reduction not benefiting seniors who need it most?

Ms. Karina Gould: Madam Speaker, I have also had a discussion with many seniors in my riding who are facing enormous financial pressures. This is something that our government has acknowledged during the campaign and will be working toward.

However, today we are discussing the middle-class tax cut and an even larger group, the nine million Canadians who will see a real impact on their bottom line. This is something we can be proud of. This is something we can all share and can work toward as the first step of our platform for encouraging more Canadians to be able to join the middle class.

Mr. Todd Doherty (Cariboo—Prince George, CPC): Madam Speaker, I appreciate the opportunity to rise in the House and ask this question of the hon. colleague across the way.

Again, the government continues with confusion and a shell game that is really challenging Canadians and the official opposition to find a plan. Could the member opposite please tell us the communities the government has gone into to consult Canadians and where the data on those consultations is coming from? Now we hear that 146,000 people were consulted, not 150,000. Where is that data coming from, from what geographic areas, and is it even Canadian data?

What does the plan call for in communities such as mine, Williams Laks, Prince George, Quesnel, Vanderhoof? Why can we not have a high-speed transit line?

It is a resource development community. Softwood lumber, mining, oil and gas, these are what matter.

Ms. Karina Gould: Madam Speaker, I reiterate that the Government of Canada is the government of all of Canada and that when we think about consultations, we think about consulting the entire country. When we talk about 146,000 Canadians, those are the Canadians who have participated online in the Ministry of Finance's pre-budget consultation.

I invite, as I did in my speech, all members of the House to participate in that consultation, because we are here to work together. Our bottom line is to make sure that the bottom line of all Canadians is better.

Mr. Chris Bittle (St. Catharines, Lib.): Madam Speaker, over the last 30 years, the middle class has been struggling. My home riding of St. Catharines historically has always been strongest when the middle class is strongest, like so many ridings across Ontario and across Canada. Is a middle-class tax cut not an excellent first step toward dealing with income inequality? Could the member advise us what the government's plan is going forward?

Ms. Karina Gould: Madam Speaker, I agree with my colleague. I think this is an excellent first step to addressing the income gap that we have in this country. It is the first step in ensuring that middle-class Canadians have more money in their pocket. As well, we will be introducing the Canada child benefit and other measures moving forward.

Government Orders

[Translation]

Mr. Pablo Rodriguez (Parliamentary Secretary to the Minister of Infrastructure and Communities, Lib.): Madam Speaker, I would like to congratulate my colleague on her excellent speech.

I am pleased to participate in this debate on the middle-class tax cut that we announced in December. It is an important Government of Canada measure for Canadians.

I want to do two things today. First, I would like to give a brief overview of our economic and fiscal situation. Then, I will explain why the middle-class tax cut will help grow our economy.

There is no doubt that, as we begin to put our plan for economic growth and long-term prosperity into action, we are up against fierce headwinds. As we all know, we are still dealing with very difficult economic conditions.

In its January economic outlook, the International Monetary Fund, the IMF, projects that global growth will pick up modestly to 3.4% in 2016 and 3.6% in 2017. The IMF's October 2015 outlook for 2016 and 2017 was 0.2 percentage points higher. We all know that is not good news.

Although American economic performance is encouraging, and we are all thrilled about it, the European and Chinese economies remain a serious cause for concern. Global crude oil prices remain at less than half of what they were in mid-2014, mainly due to persistent oversupply and softening demand.

Clearly, what happens outside our borders has real and very serious consequences here at home. In Canada, our economic performance in the first half of 2015 was weak, and that was largely due to the collapse of oil prices in 2014. I will leave it to my colleagues to judge for themselves. Last April the federal government forecast that the price of oil would be approximately \$71 U.S. a barrel by the end of the year. Right now, oil is trading at about \$30 a barrel, which is a huge difference. We now know that growth will be weaker than what was forecast in the last budget projections.

The economic situation is therefore much more difficult than the previous government predicted. This will of course have important implications for our currency and our fiscal situation.

However, there is also some good news. The gross domestic product, or real GDP, growth resumed in the third quarter of 2015. In its economic outlook released on January 19, the IMF projects that growth in Canada will pick up over the next two years in relation to 2015. We are also in an enviable position because of our low debt-to-GDP ratio, not to mention our wealth of natural resources, or the fact that we have an extraordinarily skilled workforce, compared to what we see around the world.

A focal point of our economic agenda is to put the debt-to-GDP ratio on a downward track. In the end, we also want to return to a balanced budget, which is extremely important to us. To achieve these goals, our policies will strike a balance between fiscal responsibility and controlled investments that promote economic growth.

● (1350)

One of the most important elements is to restore economic growth to the middle class, which is the backbone and the heart of our economy. That is why one of the first items on the government's agenda was to table a notice of ways and means motion to cut taxes for the middle class. This is the right thing to do and it is what we are doing.

The tax cut for the middle class and the accompanying proposals will make the tax system fairer and help Canadians succeed and prosper. Let us look more closely at what we are proposing. Specifically, the bill introduces the following measures: first, we will reduce the second personal income tax rate from 22% to 20.5%. Then, we will introduce a 33% personal income tax rate on individual taxable income exceeding \$200,000 a year. Lastly, we will also lower the contribution limit for the tax-free savings account, the famous TFSA, from \$10,000 to \$5,500 and reinstate indexation of the annual contribution limit.

I would quickly like to explain these three points.

First, I will talk about the changes to personal income tax rates. The changes came into effect on January 1, and this measure is expected to benefit approximately nine million Canadians in 2016. For example, single individuals will see an average tax reduction of \$330 a year. Couples can expect an average tax reduction of \$540 a year.

Second, as I mentioned, the government adopted a new personal income tax rate of 33% that will apply to people who earn over \$200,000 a year. That means that only those with the highest incomes will have to pay more taxes. Period. Like the other tax bracket thresholds, the \$200,000 threshold will be indexed to inflation.

Third, the government dropped the TFSA annual contribution limit from \$10,000 back down to \$5,500 as of January 1, 2016.

However, to reassure those who are wondering, this change is not retroactive. The TFSA contribution limit for 2015 will remain at \$10,000.

Restoring the annual contribution limit to \$5,500 is consistent with the government's objective to make the tax system fairer and help those who need it most.

Combined with other registered savings plans, a TFSA with an annual contribution limit of \$5,500 will enable most individuals to meet their ongoing savings needs in a tax-efficient manner.

The indexation of the TFSA annual contribution limit will be reinstated so that the annual limit maintains its real value over time.

Before closing, I want to highlight some other measures included in today's bill, because I think they are very important.

Today's bill proposes to change the current flat top-rate taxation rules applicable to trusts to use the new rate of 33%.

The bill would amend the charitable donation tax credit to allow higher income donors to claim a 33% tax credit on the portion of donations made from income that is subject to the new 33% marginal tax rate.

I could go on, but it is clear that the Government of Canada is committed to helping the middle class in a practical way, through this bill and other bills that will strengthen our economy, create jobs, and ensure that Canada has a better future.

• (1355)

Mr. Jacques Gourde (Lévis—Lotbinière, CPC): Madam Speaker, I thank my colleague for his speech.

I invite him to come visit the regions, because there is theory, and then there is practice. If the government truly wants to move our economy forward, it could let the Economic Development Agency of Canada for the Regions of Quebec make the announcements it has had prepared since October. If we include the election period, officials at the Economic Development Agency of Canada for the Regions of Quebec have been waiting to get files signed for six months. There is currently no minister who can sign these files.

Is my colleague prepared to consult his own government, sign files, and make announcements? This is very important.

• (1400)

Mr. Pablo Rodriguez: Madam Speaker, I want to reassure my colleague. I travel to the regions regularly. Last year, I went to his riding at least 12 times. I know the riding well and I am rather fond of it.

As I said earlier, the government is going to do what it takes to help the economy and Canadians. This will be done through the various departments and, of course, through the excellent work CED does in his riding and all across Quebec.

Mr. Guy Caron (Rimouski-Neigette—Témiscouata—Les Basques, NDP): Madam Speaker, I thank my colleague from Honoré-Mercier for his speech.

I find it interesting that the Liberals keep saying that we must give back to those in need. They are alluding to the TFSA, among other things, but also the tax cut they promised for the middle class. I have been trying since this morning to figure out what exactly the Liberals mean by the middle class.

We know that people earning \$45,000 a year will not get a cent from this tax cut and that people earning \$210,000 a year will get a \$283 tax cut. In fact, as my colleague from Timmins—James Bay said, a parliamentary secretary will get the full tax cut, but a hairdresser or office employee will get nothing.

The Liberals respond by talking about their child tax benefit, which will benefit only families with children and not single people or seniors.

Government Orders

I will repeat my question: what is the Liberals' definition of middle class?

Mr. Pablo Rodriguez: Madam Speaker, I invite my colleague to read the Liberal Party platform, which is an excellent platform that we were able to promote for over 80 days, thanks to the previous Conservative government. That was the longest election campaign in the history of Canada.

In that platform, my colleague would see not only the middle-class tax cuts and—my colleague will be happy to hear this—an additional benefit for families with children, but also investments in social infrastructure that will create more social housing, which will help seniors live in dignity.

The Liberal plan is about more than just a tax cut for the middle class. It is a global plan that includes tax cuts, benefits for families with young children, and infrastructure programs. That is what is needed to ensure that Canadians are better off in this century.

[*English*]

Mr. Adam Vaughan (Parliamentary Secretary to the Prime Minister (Intergovernmental Affairs), Lib.): Madam Speaker, I heard reference from a member opposite about the need to tour the member's home province to inspect and understand a deficiency in infrastructure spending.

Is the parliamentary secretary aware that in the previous year the former government promised \$1.5 billion in expenditures under the Canada build fund to Quebec, but according to records that have now been tabled with the House, zero dollars were actually signed in agreement?

In other words, the surplus that the Conservatives like to pretend happened within the six-month period, is entirely predicated on large promises, in this case, \$1.5 billion to the province of Quebec, but zero dollars in agreements of cost shared infrastructure programs, as they complain about unemployment. They spent zero dollars in Quebec last year.

[*Translation*]

Mr. Pablo Rodriguez: Madam Speaker, I commend my colleague, who has a great deal of expertise with regard to infrastructure and the municipalities.

Unlike the Conservative government, we do not see infrastructure as an expense, but as an investment in our future generations and the environment. I therefore commend my colleague for the work that he has done, and I hope that the Conservatives will learn from what we are going to do about infrastructure.

[*English*]

Mr. Ziad Aboultaif (Edmonton Manning, CPC): Madam Speaker, I would like to welcome two of my constituents visiting from Edmonton.

I will be splitting my time with the hon. member for Perth—Wellington.

Government Orders

The bill we are discussing today proposes to amend the Income Tax Act. It would reduce the second-lowest personal income tax rate from 22% to 20.5%, and introduce a new personal marginal tax rate at 33% for taxable income in excess of \$200,000. Additionally, it would amend the act to reduce the annual contribution for tax-free savings accounts from \$10,000 to its previous level with indexation of \$5,500.

The question that must be asked is this. Why make these changes? Are they for the good of the country or are they political posturing?

Underlying the proposed legislation are opinions that investment in the middle class is the best way to generate economic growth and development, and that TFSA's disproportionately benefit wealthier Canadians. Quite simply, that is wrong.

These income tax changes would not be revenue neutral, as the member opposite claimed when the change was an election promise. These changes would plunge the country further into deficit spending.

As a father, I have worked hard to teach my children about the importance of living within our means and to be careful with their money. It may be a cliché, but I have told them that money does not grow on trees. By implementing these proposed changes, we would be sending my sons the opposite message. We would be saying that being fiscally responsible does not matter.

Tax breaks for the middle class are not in themselves sufficient to stimulate the economy. We cannot spend our way to growth, and we cannot tax our way to prosperity. What is needed is an economic plan, not politically motivated and hastily conceived legislation. By increasing government debt, these changes would negatively impact all Canadians. The bill lacks a concrete, targeted plan to stimulate economic innovation. In effect, it ignores the pressing need to develop these initiatives.

The parliamentary budget officer is quite clear that these changes are not a revenue neutral election promise, but a drain on the public purse. According to PBO research, the bill's proposed income tax bracket changes would lower government revenues by \$8.9 billion over six years. This may not be important to those who believe the budget will balance itself. However, for those of us who live in the real world, numbers matter.

Based on Finance Canada's estimates, the new Liberal tax plan amounts to an average \$6.34 a week extra for those individuals who qualify. We know this small tax break is not enough to grow our economy. Nor does throwing money at the middle class stimulate growth and innovation. Perhaps the government should be less worried about the income tax and focus on creating jobs so more people will be paying in.

The Liberal tax plan would raise taxes on higher-income earners, those who traditionally create jobs and grow our overall economy. By increasing taxes on these job creators, we are discouraging success and are punishing those who have done well for themselves.

The lack of transparency surrounding the cost of these changes is cause for serious concern. Canadians have the right to know how the taxation system impacts them and the country. This is not just about the present, but about the future of Canada.

The PBO's financial calculation drew from behavioural considerations of how people at different income levels might respond to the tax changes. It included taking steps toward lowering tax payments. Other reports have pointed to a high likelihood of brain drain for professionals in the upper tax bracket. People may choose to leave Canada for employment elsewhere rather than pay high taxes.

● (1405)

Apparently, the current government could not anticipate that. When facing a tax hike, some people will work to find ways to reduce their taxes. That is simple human nature.

In popular debate, in the media, and in academic research, a brain drain out of Canada is cited as a very real possibility and a logical outcome to these changes. Most doctors, lawyers, and other skilled professionals are found in the upper tax brackets, and their departure could be very dangerous for Canada.

Tax avoidance through reporting less income, using tax planning techniques to reduce the tax burden, working fewer hours, or even not seeking job promotions are very real possibilities.

Progressive income taxes like this reduce the return on education, since high incomes are associated with high levels of education. Such taxes reduce the incentive to build human capital.

The consensus among experts is that taxes on both corporate and personal income are particularly harmful to economic growth, as economic growth ultimately comes from production, innovation, and risk-taking.

Tax-free savings accounts are effective saving tools for all Canadians. They can be used to reduce economic vulnerability and dependence upon government. Limiting their usage will negatively impact Canadians across the socio-economic spectrum. It is not only the rich who open TFSA's but Canadians of all ages and all walks of life. Moreover, limiting the potential for TFSA contributions would result in greater vulnerability and dependence of Canadians. TFSA's are used widely by many Canadians. Thus, these policies affect an extremely wide variety of citizens.

According to the parliamentary budget officer, Canadians have the largest personal debt of any G7 country. I find it strange that any Canadian government would introduce measures that would discourage savings, yet in reducing the tax-free savings account limits, the government has done just that instead of encouraging thriftiness, living within one's means, and saving for a rainy day.

Government Orders

The current government wants to spend its way out of debt. Two and two does not add up to five, and wishing it were so does not make it so.

For many years I was a businessman, owning and operating a number of small businesses. I can assure members that a business with spending that consistently exceeds revenue does not stay open very long.

As custodians of the taxpayers' hard-earned funds, it is our responsibility to act responsibly, not recklessly, with the nation's finances.

These new measures will affect all taxpayers as governments move deeper into deficit and the national debt grows increasingly larger. Someone at some point will be called upon to foot the bill. When our children and grandchildren are struggling to maintain essential services and climb out from under a mountain of government debt, they will be asking why we failed to act in a responsible fashion. What will we tell them? Will we tell them that we truly believed budgets would balance themselves?

For the good of Canada, this bill needs to be defeated.

● (1410)

[*Translation*]

Mr. Pablo Rodriguez (Parliamentary Secretary to the Minister of Infrastructure and Communities, Lib.): Madam Speaker, when Mr. Mulroney's Conservative government lost the election in 1993, it left a \$42.5-billion deficit. We had to deal with that situation. When Paul Martin's government was defeated, we left the Conservatives a \$13.2-billion surplus. Nine years later, the Conservatives are again wreaking havoc, and once again, we are going to have to deal with their deficit.

Will we always have to come behind and clean up your mess?

[*English*]

The Assistant Deputy Speaker (Mrs. Carol Hughes): Order, please. I hope the member was not referring to me, that you were trying to clean up my mess. Therefore, I would again remind the member to address questions to the Chair.

The hon. member for Edmonton Manning.

Mr. Ziad Aboultaif: Madam Speaker, the members opposite sound as if they are the gods of saving and leaving money for others, while we know their history very well.

They keep referring to the past. They keep referring to what governments have done. They were never able to tell us, not in 100 days, what the complete plan is. What is it they are trying to do?

We would like to hear from them what the plan is, in dollars and cents.

● (1415)

Mr. Charlie Angus (Timmins—James Bay, NDP): Madam Speaker, I find it fascinating how the Conservatives always speak on behalf of their grandchildren. It is about the debt we are going to leave to our grandchildren, how we have to stand up and fight for our grandchildren.

That was a government that ridiculed the Canada pension plan day after day in the House. Even today they are telling us that the TFSAs are better than the Canada pension plan. They are telling their grandchildren that if they make a lot of money they do not need to worry, but hard-working Canadians without defined pension plans are on their own.

This has been the operating culture, to undermine and attack pension systems in our country while we have an ongoing pension crisis. I do not know what world my colleague lives in, but wherever I go I am meeting people in their fifties who are telling me that they do not have enough money to retire, that the Canada pension plan is not sufficient, and that they do not have the company pension plan that existed before. They are asking how they are going to get by.

The member is hiding behind his grandchildren. When was the last time the Tories ever looked to anything for the future?

Mr. Ziad Aboultaif: Madam Speaker, all members should worry about their grandchildren.

By the way, as proud Conservatives, we do spend based on what we make. We make money, then we can spend money. We do not spend out of the pocket of the future generations. Our grandchildren matter to us.

Mr. Todd Doherty (Cariboo—Prince George, CPC): Madam Speaker, again, I have more of a comment.

For our hon. colleagues across the way, I just want to make note of the document we are referring to, which as of about an hour ago was still on the Department of Finance's website. It is one of its documents, "The Fiscal Monitor", a publication of the Department of Finance, as of November 2015. The Conservative government left Canada with a \$1 billion surplus.

The question I have is this. Is it misinformation, is it confusion within the ministry of finance, or did the Minister of Finance just misread his cue cards from the PMO?

Mr. Ziad Aboultaif: Madam Speaker, obviously, I will repeat what my hon. colleague has said: we left a surplus. We operated with a surplus. We had the best economic performance. No one can deny that. In fact, a government that never ever was able to bring facts to the table has no right to say anything or to criticize the position of the past government.

Mrs. Karen McCrimmon (Kanata—Carleton, Lib.): Madam Speaker, we have to correct the record. We have to challenge it. We cannot let erroneous statements stand.

We do not measure deficits or surpluses in parts of a year. We can measure deficit months, if the member wants. Let us do that. I will go back, and I will look over the last nine years and discover how many deficit months there were.

There is \$150 billion of debt for our grandchildren.

Mr. Ziad Aboultaif: Madam Speaker, the hon. member wants to go back nine years to look into the facts and figures. There is a figure here on the website telling Canadians and the world that we left them with \$1 billion. Can you assure that news to us, and make sure that you admit it?

Government Orders

The Assistant Deputy Speaker (Mrs. Carol Hughes): Once again I would like to remind the members that they are to address the questions or comments to the Chair. Resuming debate.

Mr. John Nater (Perth—Wellington, CPC): Madam Speaker, I am pleased to rise in the House today to speak to Bill C-2, an act to amend the Income Tax Act.

Since this is the first opportunity for me to address the House at some length, I would like to take this opportunity to thank the good people of Perth—Wellington for bestowing on me the honour of serving this House as their member of Parliament. In all I do, I pledge to the good people nothing but my hard work on their behalf.

As all members know, none of us can do this job without the love and support of our family. I am certainly no exception. I could not have gone through this 11-week campaign without the love and support of my wife Justine, who has been ever patient; my darling daughter Ainsley, who was a lot younger when we started the campaign and is growing like a weed; our extended family, my parents Bill and Darlene and my in-laws, John and Laurie; and our countless campaign team members, including people like Keith and Matt, Tim and Tim, Sue, Irene, Cynthia, Lee, and Ross.

The members of that team have all been with me throughout the campaign, working from sun-up to sundown on my behalf and on behalf of the good people of Canada to advance their vision for a more perfect country. They campaigned through all weather conditions, from the heat of the summer to snow our last week in the campaign. They were there with me and with us throughout the campaign.

The great riding of Perth—Wellington comprises a number of municipal organizations. We have seven lower-tier municipalities, two single-tier municipalities, two county governments, and dozens of small towns and villages. During the campaign, we criss-crossed it all. By election day, we had knocked on over 30,000 doors from Harriston to Harmony, Mount Forest to Milverton, from Stratford to Staffa to St. Marys, and all points between.

We heard one consistent message at the doors: families were concerned about the economy and they were looking to the government to extend a helping hand. At every doorstep, in every community hall, in every church basement, and on every main street, voters were not hesitant in expressing their views. They appreciated programs like pension splitting for seniors, income splitting for families, the universal child care benefit, and the first-time homebuyers' tax credit. Each of these initiatives provided targeted tax relief to Canadians who actually needed it.

Now we have a new government, and I think it is important to highlight some of the contrasts between the current government across the way and our previous Conservative government.

When our former Conservative government came to office in 2006, we also introduced a Bill C-2. That bill was the Federal Accountability Act. It strengthened conflict of interest rules, expanded access to information to crown corporations, increased transparency in lobbying activities, and overhauled political financing rules to ban not only corporate donations but union donations as well.

Now, let us fast-forward a decade and here we are with another Bill C-2. However, let us make no mistake. This bill is nothing but smoke and mirrors in an effort to implement a misguided and misleading Liberal campaign promise. Under the provisions of this Bill C-2, the most benefits would go to those people making a significant amount of money. Those making over \$100,000 a year would be quite happy with the measures that would be brought forward in Bill C-2. However, for those families who are struggling, for those families in Perth—Wellington who are trying to get by on \$40,000 or \$45,000 a year, this bill would do absolutely nothing.

I said, when I was first elected to this place, that I would try to work collaboratively and co-operatively with all members of this House, but I simply cannot support a measure that is not in the best interests of my constituents. Let us look at my riding of Perth—Wellington and the people who have given me the honour of representing them. Under the provisions of this Liberal bill, as many as 84,000 of my constituents would see no benefit from the bill. Nearly 80% of the residents of my riding would have no tangible benefit from Bill C-2. That is why I am voting against it and why I think all members on this side of the House will be voting against it. We understand that we need to make bills and policy in the best interests of our constituents who have sent us here to speak on their behalf.

My riding is overwhelmingly made up of middle-class Canadians. They are people like Steve and Bettie from Listowel who have three children and are trying to save for their children's education and pay their bills. This bill would do nothing for them, but it would give people making \$200,000 a significant tax break. This is wrong.

What is more, Canadians were told during the election campaign that these measures would be revenue neutral. We have found out that this simply is not the case. The parliamentary budget officer said that these Liberal measures would actually add \$1.7 billion to the structural deficit that Canada's new Minister of Finance is quickly building.

● (1420)

Where will this \$1.7 billion come from? Will the Liberals cut the tax credit for first-time homebuyers? Will they cut the tax credits for families who put their kids in sports and artistic activities? Will they cut tax credits for students or apprentices? We simply do not know, because they have not told us.

It is not just income taxes. Bill C-2 would reduce the contribution limit for tax-free savings accounts for more hard-working Canadian families and seniors. TFSAs have quickly become one of the most effective and popular savings tools. They allow families to save more for a rainy day, whether it is a down payment on a new home, money to make much-needed renovations to their existing home, or to plan for their retirement.

Do not just take my word on it. Experts in the business community recognize the value of a higher contribution limit for the TFSA. In fact, one chief actuary from a well-respected HR firm said, "I think it's really quite a positive move for retirement security in general". Who said that? It was the chief actuary from the Toronto-based HR firm Morneau Shepell. I would encourage our finance minister to perhaps talk to his former colleagues about the benefits of the TFSA and the increase in contribution limits for all families.

During this past election, I spoke often about TFSA's and often got the most positive response from young people, those who recognized this was an effective tool for them to save for their future. It is ironic that the Liberal government, which claims to represent the millennial generation, would rather give millennials a selfie than an effective and worthwhile savings tool.

In December, I received an email from a constituent, Tyler, from Mount Forest. He told me the reduction in the TFSA limit would personally affect his ability to save for the future. This is simply not right.

Bill C-2 does nothing to provide meaningful tax relief to the Canadians who actually need it. It leaves way too many Canadians out in the cold. That is why I am proud to vote against the bill and in favour of my constituents in Perth—Wellington who will not benefit from it.

• (1425)

Mr. Joël Lightbound (Louis-Hébert, Lib.): Madam Speaker, the hon. member across the aisle mentioned income splitting for families as a measure that helps Canadians who need it the most. However, in March of last year, the Parliamentary Budget Office declared that income splitting for families would only benefit 15% of Canadians, those who needed it the least.

He also mentioned the TFSA and that he had millennials tell him how the reduction in contributions would affect them. I do not know many millennials who contribute \$10,000 a year to their TFSA's. In fact, I do not know of any.

How many of his constituents would have been helped by income splitting for families when the parliamentary budget officer stated clearly that it would only benefit 15% of the richest Canadians?

Mr. John Nater: Madam Speaker, as I said in my speech, my team and I knocked on over 30,000 doors and income splitting for families was the most common issue raised at the doorstep. They saw it supporting their families. They saw it as a worthwhile mechanism to put more money into their pockets and the pockets of their families.

Government Orders

It allows families to make decisions on how best to raise their kids and how best to provide for their families, whether one parent stays at home, whether a father or mother, or whether one parent goes to work on a part-time basis. It allows them to decide how they will raise their families. It gives them the option, rather than the government telling them the option.

In terms of the TFSA, we need to remember as well that this contribution room does not disappear. Millennials recognize that they are 40 years away from retirement and that the room in the TFSA will never disappear. It gives the option for them to contribute years down the road, to withdraw and re-contribute again.

Mr. Alistair MacGregor (Cowichan—Malahat—Langford, NDP): Madam Speaker, I was glad to hear the member talk about the less advantaged folks in Canadian society who would not get anything from the bill. I am glad to see he will join me in recognizing that Liberal MPs are basically giving themselves the maximum tax benefit.

One of the duties of the opposition is to also offer proposals. Therefore, will he join us in lowering the first income tax bracket from 15% to 14%?

Mr. John Nater: Madam Speaker, I am a Conservative. I believe in lowering taxes. Therefore, it is worthwhile to look at all opportunities to lower taxes for hard-working Canadians and those who actually need it, lower-income Canadians, not the wealthy, as the Liberals across the way would do.

• (1430)

The Assistant Deputy Speaker (Mrs. Carol Hughes): The member will have two minutes and 10 seconds remaining in questions and comments at the next sitting of the House.

It being 2:30 p.m., this House stands adjourned until Monday at 11 a.m., pursuant to Standing Order 24(1).

(The House adjourned at 2:30 p.m.)

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