



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

44th PARLIAMENT, 1st SESSION

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# Standing Committee on Finance

EVIDENCE

**NUMBER 059**

Monday, October 3, 2022

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Chair: Mr. Peter Fonseca





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• (1545)

[*English*]

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

Welcome to meeting number 59 of the House of Commons Standing Committee on Finance. Pursuant to Standing Order 108(2) and the motion adopted on Wednesday, September 28, 2022, the committee is meeting to discuss Bill C-30, an act to amend the Income Tax Act.

Today's meeting is taking place in a hybrid format, pursuant to the House Order of June 23, 2022. Members are attending in person in the room and remotely using the Zoom application.

I'd like to make a few comments for the benefit of the witnesses and members.

Please wait until I recognize you by name before speaking. For those participating by video conference, click on the microphone icon to activate your mike, and please mute yourself when you are not speaking. For interpretation for those on Zoom, you have the choice at the bottom of your screen of either “floor”, “English” or “French”. For those in the room, you can use the earpiece and select the desired channel.

I remind everyone that all comments should be addressed through the chair. For members in the room, if you wish to speak, please raise your hand. For members on Zoom, please use the “raise hand” function. The clerk and I will manage the speaking order as well as we can, and we appreciate your patience and understanding in this regard.

I'd now like to welcome before us the Honourable Chrystia Freeland, Deputy Prime Minister and Minister of Finance.

Welcome, Minister.

The minister is accompanied by officials from the Department of Finance. We have with us Nicholas Leswick, assistant deputy minister, and Lindsay Gwyer, director general, legislation, tax legislation division, tax policy branch. They are here by video conference, members, so if you are asking a question to one of the officials, you may want to look at the screens.

Also here is Pierre Leblanc, director general, personal income tax division, tax policy branch.

Minister, before your remarks, just on a personal note, I know how strong you have been in supporting Ukraine. We do have a number of Ukrainian—well, my wife is of Ukrainian descent, and I

know Julie is also of Ukrainian heritage, and of course Yvan Baker is. I'm not sure about any other members. On behalf of all of our committee, I want to thank you for the great support that you have provided to Ukraine, and I think I speak for all of us here when I say that we are celebrating the gains that Ukraine has made in the last while. Thank you, Minister.

The floor is yours for your opening remarks.

**Hon. Chrystia Freeland (Deputy Prime Minister and Minister of Finance):** Thank you very much, Mr. Chair.

I believe Nick is also of Ukrainian descent.

I think maybe one of the things we are all united on is our support for Ukraine, whether you are of Ukrainian descent or not. Thank you for starting there.

Mr. Chair, it's my pleasure to appear before you and members of the committee to discuss Bill C-30, the cost of living relief act, which would deliver targeted tax relief to the Canadians who need it most by doubling the goods and services tax credit for six months.

That would mean up to an extra \$234 for single Canadians without children, nearly \$500 for a family with two children, and an extra \$225 on average for seniors.

[*Translation*]

This is additional support for roughly 11 million eligible people and families.

And Bill C-30 is just one element of our new support package. As members of this committee know, Bill C-31 includes a Canada Dental Benefit and a one-time top-up to the Canada Housing Benefit.

• (1550)

[*English*]

If we pass these two further pieces of legislation, up to half a million children under 12 will be able to go to the dentist. Low-income renters, some of the most vulnerable among us, will receive a little extra breathing room.

These measures are part of our affordability plan, which has already been putting more money back in the pockets of Canadians this year. We've enhanced the Canada workers benefit and we're cutting child care fees in half by the end of the year. In July we increased OAS by 10% for seniors 75 and older, and we doubled Canada's student grants until July 2023.

[*Translation*]

Mr. Chair, our plan is targeted, fiscally responsible, and supports the most vulnerable Canadians: our lowest-paid workers; low-income renters; families who can't afford to have their kids see a dentist. And we are doing it in a way that will not pour unnecessary fuel on the fire and allow inflation to become entrenched—something that would make life more expensive for everyone for years to come.

But we cannot compensate every single Canadian for rising costs driven by a global pandemic and by Putin's invasion of Ukraine. To do so would only make inflation worse. Canadians are smart, and I know they understand that.

And so as Canadians cut back on costs, so, too, will our government. We will do our part to not pour fuel on the fire.

[*English*]

We committed to a \$9-billion cut in government spending in our spring budget. Canada does have the lowest deficit this year in the G7. We have the lowest net debt-to-GDP ratio in the G7. Our AAA credit rating was reaffirmed this year by Moody's, S&P and DBRS, and our new targeted inflation relief measures have an incremental cost of just 0.1% per cent of Canada's GDP, an incremental cost of \$3.1 billion.

This legislation is about finding a balance between compassion and fiscal responsibility. This support is the right thing to provide to Canadians now, when they need it. Canada can afford to be compassionate to the most vulnerable among us, and we will be.

I'm happy to take your questions now.

As you said, Mr. Chair, we have finance department officials here who can answer questions too.

**The Chair:** Thank you, Minister, for those opening remarks.

We are going to start with our first round of questions. We're starting with the Conservatives. They have the floor for six minutes.

Go ahead, MP Albas.

**Mr. Dan Albas (Central Okanagan—Similkameen—Nicola, CPC):** Thank you, Mr. Chair. Thank you, Minister, for being here today.

Minister, are you aware that the finance department is currently conducting an inflation study?

**Hon. Chrystia Freeland:** Finance conducts many studies, and of course it's important for them to be looking at inflation—

**Mr. Dan Albas:** The finance committee is conducting one.

**Hon. Chrystia Freeland:** Oh, the finance committee. Sure. Of course I am.

**Mr. Dan Albas:** You know that we have been eager to have you come before finance committee, as was laid out in the motion, to come and have a deep dive into inflation. Are you aware of that?

**Hon. Chrystia Freeland:** I am glad to be with you here today and dive into anything you'd like to talk about.

**Mr. Dan Albas:** It's curious, Minister, that you only seem to want to show up here when you're asking for \$2.6 billion in taxpayers' money. It's just odd that you would only come for that. I do hope you will be coming back for the full inflation study, because I think there are a lot of issues outside BillC-30 that we need to have a discussion on.

Minister, given the hard work that should have been done over the summer, there's been a lot of criticism about the spending of this government, particularly from a macroeconomic viewpoint. You alluded to this in your own opening comments about adding fuel to the fire.

In chapter 9 of your own budget 2022, you talked about a pause on certain spending of up to \$3 billion, as well as a strategic policy review by Treasury Board.

Why, Minister, did you not use the summer to say that we're going to be giving more supports to Canadians through GST tax relief but at the same time shelving or postponing or stopping spending so that you would lessen the issue of inflation? Why did you not do that work?

**Hon. Chrystia Freeland:** Mr. Albas, I think that is exactly what our government is doing.

As I said in my remarks, our government believes that today we need to find a balance. The balance needs to be between providing targeted support to the most vulnerable Canadians who need it while maintaining real fiscal responsibility.

I think the support we're talking about today, the GST tax credit, is actually support that everyone around this table agrees is the right thing to do. It's exactly what the IMF is recommending. It's targeted, it's focused, it reaches the people who need it the most, and we have really been careful to keep an eye on spending. We recognize that now is the time for fiscal responsibility. The budget in the spring was fiscally responsible. As I said in my opening remarks, Canada today not only has the lowest debt-to-GDP ratio in the G7 but also the lowest deficit in the G7. We are finding that balance, and I look forward to getting support from all members of the House for that balanced approach.

• (1555)

**Mr. Dan Albas:** Minister, a balanced approach would mean that as you offer something, in this case targeted tax relief, you would also then correspondingly make sure there are cuts. That isn't the case. Since you're so much about fiscal responsibility, Minister, maybe you could tell us when you believe the budget will be balanced.

**Hon. Chrystia Freeland:** Again, as I said in my opening remarks, we are taking clear steps to show fiscal responsibility. One of those steps is a really responsible budget that we tabled in April. Let me really underscore that it's the lowest deficit in the G7. It does include a \$9-billion cut to government spending.

I know that Canadians right now are having to make careful choices in their household budgets, and I think it's quite reasonable of them to expect the same careful management by the government of the country's finances. That is exactly the approach we're taking.

**Mr. Dan Albas:** Most families, when they balance their own budget, know when they will come back into balance, Minister. I really would hope that you would start doing the hard work, because both Conservative and Liberal ministers of finance have worked very hard in the past to come to the Commons with a balanced budget, and if you can't even give us a date, that's says to me that it's still just talk.

Let's talk about Bill C-30 as it is.

This one-time help, which Conservatives do support, is welcome relief for families. As you said, it's about \$467 of support through this bill. Now, contrast that with the fact that the average family of four is now spending over \$1,200 more each year to put food on the table, and that's not to mention the rising costs of heat, gasoline and rent. Do you acknowledge, Minister, that this bill is not enough to fill that shortfall for these Canadians who would be targeted by Bill C-30?

**Hon. Chrystia Freeland:** Mr. Albas, as I said in my opening remarks, the careful balance that the government must find right now as Canadians grapple with inflation and as the Bank of Canada fights inflation is quite different from what we needed to do when COVID hit and we had to shut down the economy.

When COVID hit, we said—we as a country decided—that we were going to close things down to save lives, and we did save lives. A study over the summer led by David Naylor showed that 70,000 additional Canadians would have died had we suffered U.S. levels of mortality. We did the right thing, but we actually all collectively said—

**Mr. Dan Albas:** Minister—

**Hon. Chrystia Freeland:** I'm getting there. I'm getting there, okay? It's an important contrast.

We collectively said that we needed to shut down the economy, and in order to ask people to do that and to prevent economic scarring, it was necessary for the government to put a floor under the economy to support businesses and to support households.

The inflation and affordability challenge is quite different. We cannot fully compensate every single Canadian family and every single Canadian business for the higher costs of inflation. If we did

that, it would be the Sisyphean struggle, and we would be pumping huge oceans of money into the economy and making the Bank of Canada's job even harder.

That's why—

**Mr. Dan Albas:** Well, Minister, I'm really glad you raised the Bank of Canada—

**Hon. Chrystia Freeland:** —we're being careful of how we characterize what we're doing.

**The Chair:** Thank you, MP Albas, and thank you, Minister. That is the time.

We are moving to the Liberals for questions. I have MP Dzerowicz for six minutes, please.

**Ms. Julie Dzerowicz (Davenport, Lib.):** Thank you so much, Mr. Chair.

I want to thank the minister for being here with us today to speak on Bill C-30.

I also want to note that I very much appreciate that you've mentioned that you're very happy to take questions on inflation. Inflation is indeed an extraordinarily important study that is before our committee right now. I'm also very happy that my colleagues on the other side are taking the opportunity to ask questions.

You've been talking a bit about the pandemic and you've mentioned some of the positive track record that we have as we're coming out of COVID. We indeed have had a remarkable return to growth coming out of the lockdown days of COVID. You've mentioned the top GDP growth of the G7 this year, the recovery of over 100% of our jobs, and our low debt-to-GDP ratio, but I will say to you, despite all of this, that if I talk to people in my riding of Davenport, they will say that they continue to be worried. They see the rising costs of food. They see that in general their cost of living is going up. They're a little worried because it's unpredictable for them and it seems like there is no end in sight.

I know that we have a number of new targeted measures that we're introducing to help with the increased cost of living, but can you spend a minute or two to tell us why it continues to be important for Canadians to be contributing to the Canada pension plan and to employment insurance?

• (1600)

**Hon. Chrystia Freeland:** Thank you very much, Ms. Dzerowicz.

Let me just say that I think it's important for all of us sitting around this table in the House of Commons to recognize that for Canadians who are struggling with the cost of living, the challenges are real and that all of us are addressing those challenges from a really privileged position. Things are hard for a lot of people right now.

The bill that we are chiefly discussing today won't solve everything, and I think it's important for us not to claim otherwise, but it will provide real support, real inflation relief, for 11 million Canadian households, for people who really need that help. I think that is why all of us around the table now support it. I hope that we will all see our way to supporting the \$500 payments—one-off, one-time payments—to help Canadians who are struggling to pay their rent. Again, that's a targeted measure for people who are renting who are among the most vulnerable people among us.

Finally, I want to offer a pitch for dental care. I know people in your riding and in mine talk about it a lot, and I have to say—and I will turn to Mr. Julian to recognize the work we are doing together with the NDP on this—that if we step back, I hope all of us would agree that Canada shouldn't be a place where kids don't get to go to the dentist just because their parents don't have enough money.

You referred to the CPP and EI, and I'm glad you raised those two essential programs. You're right: The reality today is that the global economy is volatile. There are a lot of challenges. Countries around the world are grappling with high inflation—higher, in fact, than here in Canada. The war in Ukraine continues. I strongly believe that in these times of uncertainty, it is our responsibility as legislators to give Canadians the security that comes from knowing that their pensions are going to be there when they retire and need them and that EI is going to be there if they lose their jobs. That's why our government strongly believes that it would be a real mistake and a dereliction of our duty towards Canadians to do anything to harm the integrity of these two essential programs.

**Ms. Julie Dzerowicz:** Thank you. I have one more question.

I think we've all been seized by the horrible devastation from hurricane Fiona on the east coast. It's been very emotional to see. We know that climate change is accelerating faster than anyone has predicted and we know that we're going to see far more hurricane Fionas and Lytton, B.C.s, and far more devastating impacts to many parts of Canada as a result of climate change moving forward. Davenport residents have told me very clearly that they want us to continue to accelerate and decarbonize and move to net zero as quickly as possible.

My question to you, Minister, is this: How do we balance the need to aggressively move to net zero by 2050 by investing in the things we need—adaptation, resiliency, reducing emissions—while also making life affordable for Canadians and ensuring a strong quality of life?

• (1605)

**Hon. Chrystia Freeland:** I think that is an excellent question, and in some ways it is the central question of our time. I don't think that any of us should understate the challenge that the green transition is posing to Canada and the whole world. Olaf Scholz, who came to Canada this summer, said to me once, when he was still finance minister, that the green transition is the biggest economic transition that the world has faced since the industrial revolution. That is huge, and I think we need to understand the magnitude of what we need to do.

As Canadians in a small export-oriented economy, we need to understand that the green transition is happening. The world's major economies are partners; the EU and the United States have de-

cidated that this is where they're going. You started your question by talking about Atlantic Canada and the planet, and of course that's a really important reason that we need to act on climate, but there's also a kind of cold, hard economic reason: It is where our partners are moving decisively. Canada needs to move there too.

**The Chair:** Thank you, Minister, and thank you, MP Dzerowicz. We've gone past the time, but thank you.

**Ms. Julie Dzerowicz:** Thank you.

**The Chair:** We are moving now to the Bloc and MP Ste-Marie for six minutes, please.

[*Translation*]

**Mr. Gabriel Ste-Marie (Joliette, BQ):** Thank you, Mr. Chair.

Good afternoon, Madam Minister. It's a pleasure to see you at the Standing Committee on Finance.

As you said, all colleagues here support Bill C-30. We think it's a good, targeted measure. The fact that the Standing Committee on Finance will likely spend only one sitting on it shows that. My hat is off to you. This was part of our pre-budget request, so I'm very happy to see that this has been put together.

At the Bloc Québécois, we also agree on the principles of Bill C-31, except for a few reservations. I have a few questions for you on this subject. Frankly, I think it has been poorly drafted. When I read it, I wonder if Quebec exists.

I'll start with the part about rental assistance.

I am sincerely concerned that the people of Quebec are not getting their due under this program. The assistance is a supplement, as you said, to the Canada Housing Benefit, but no one in Quebec is receiving that benefit. We have had our own program since 1997, under the right to opt out with compensation. Our program is more generous, but the eligibility criteria are completely different.

How are you going to match the reality and the Quebec program with the program put in place by Bill C-31? There's not a word in this one about any possible tie-in.

**Hon. Chrystia Freeland:** Thank you for the question and for your support of Bill C-30. It's good to come up with ideas and issues that we all agree on and be able to move them forward quickly.

I'm going to talk about housing and the specific situation in Quebec, but, first, it's important for me to start by acknowledging that today is provincial election day in Quebec. Congratulations. Our government and the Department of Finance have been working closely with the Government of Quebec, and we will continue to do so, regardless of the election results. It is not my place to predict the outcome, especially not on this election day, but I can stress that we will always show goodwill in working with the Province of Quebec.

If we talk about child care and children, for example, an issue that is particularly important to me, we have found a solution that is good both for Quebec and for all of Canada. I agree with you that we need to pay particular attention to housing, for example. It will be a pleasure for me to work with you and in close collaboration with the new Quebec government on this issue.

• (1610)

**Mr. Gabriel Ste-Marie:** Thank you for your reply.

This afternoon, I would have liked to have received a guarantee and to hear you say that you and your government are committed to amending Bill C-31. We in the opposition do not have the power to propose amendments in committee that result in spending. The federal spending power is a privilege reserved for the Crown, and therefore for the government party. I would therefore like a guarantee that Quebec will not be forgotten with respect to the rental assistance provided for in Bill C-31.

The same is true for the dental care measures in Bill C-31. These are for children 11 and under, whereas in Quebec our program is for children 9 and under. Collectively, we already pay for insurance. Here, the terms of application differ: sometimes the cheque will be sent to the families, sometimes it will not. However, in all cases where the cheque is sent, the need will already have been covered for children aged 9 and under. Again, there was no tie-in in Bill C-31. So, as with rental assistance, I would like a guarantee that the government or the Liberal Party will be able to introduce an amendment to Bill C-31 to tie the programs together. We welcome the principle, but it must correspond to Quebec's reality.

Can you make that commitment to the Standing Committee on Finance this afternoon?

**Hon. Chrystia Freeland:** Thank you for the question.

It's a bit tricky to discuss the work done with the Province of Quebec even as the election is going on and people are at the polls. What I can guarantee is that we will show goodwill in working with the Quebec government.

On the two issues you highlighted, dental care and housing, I think we all agree on our target. We understand that Quebecers, like all Canadians, have problems arising from a lack of affordability, which obviously includes the affordability of rent. When it comes to dental care, it's the same thing.

I can guarantee that we will show goodwill and work closely with the Quebec government after the election results are released.

We will also talk with you. Indeed, your advice will be very helpful.

**The Chair:** Thank you, Madam Minister and Mr. Ste-Marie.

**Mr. Gabriel Ste-Marie:** Thank you very much.

[English]

**The Chair:** Now we will move to the NDP and welcome MP Julian to our committee.

**Mr. Peter Julian (New Westminster—Burnaby, NDP):** Thank you, Mr. Chair, and congratulations to you on assuming your position.

Thank you, Minister Freeland, for being back before the finance committee.

Jagmeet Singh raised the issue of the GST rebate months ago as Canadians struggled. We saw more and more Canadians struggling to put food on the table and to keep a roof over their heads as costs increased.

My question is twofold. First off, why did it take so long for the government to follow Jagmeet Singh's lead and put the proposal in place? Second, and perhaps more importantly, what do the finance committee and the House have to do now to ensure the timelines are kept so that people will actually see this benefit at a time when they really need to have the additional money in their homes?

**Hon. Chrystia Freeland:** Thank you for the question, Mr. Julian, and thank you for your energetic support of this measure. I really am glad that we all agree that it's the right thing to do.

I think the fact that this committee is meeting now to discuss it now is important. Given that we all support this measure, I would hope that we are able to move it quickly through the House, get it to the Senate and move quickly there.

In order to actually get—

**Mr. Peter Julian:** Minister—

**Hon. Chrystia Freeland:** Sorry—

• (1615)

**Mr. Peter Julian:** —just more specific dates, okay?

**Hon. Chrystia Freeland:** Yes. In order to get the payments out to Canadians, we need to move really fast.

Well, let me put it this way: The faster we move at committee, in the House of Commons and in the Senate, the more quickly the CRA can get the payments to Canadians. We're a rule-of-law country. The CRA can't act until we have passed the legislation.

I would like to get these payments to Canadians as quickly as possible, and now that all of us agree that it's the right thing to do, I think there are no good excuses for procedural delays.

**Mr. Peter Julian:** Okay. I think we agree that things need to happen quickly. I was hoping to have a date for when you would expect the payments to be made, but I'll move on to a couple of other questions around eligibility.

First, will Canadians be able to qualify for this benefit if they file their taxes after the eligibility period?

The second issue, which of course came up with CERB and the CRB, was the issue of the money being counted as income in calculations for benefits in the following year. Can you assure us that the money Canadians receive through this rebate won't impact their income calculations for other benefit programs in the next fiscal year?

**Hon. Chrystia Freeland:** The counting of this benefit and the eligibility will be the same as for the GST rebates, which people are currently getting.

One of the reasons that this is a good mechanism.... From my perspective—and I hope you'll agree—there are two reasons this is a good mechanism for getting support to vulnerable Canadians. One, is that we already have the GST tax credit in place. It's a program that works and a program that has been designed already to target the most vulnerable Canadians, so we're using a system already created. The second thing is that we already have a pipe going to people, so we don't have to create a new pipe and create a new system, as we did, for example, with the CERB.

Both of those things should provide a lot of comfort to Canadians and help us to act quickly, which I think is what we all want to do.

**Mr. Peter Julian:** You're saying it won't hurt income calculations for benefit programs, and I'm comforted by that.

I'm going to go on to the next issue, which is, of course, that at the same time as Canadians have been struggling to put food on the table and make ends meet, we've certainly seen record profits in some industry sectors. Canadians see that contradiction, and they're concerned about it.

We—Jagmeet Singh and the NDP—have been saying it's important to eliminate the GST on home heating and medication costs for people in need. Are you prepared to do that, to put in place that additional support for Canadians at this critical time?

**Hon. Chrystia Freeland:** We are always looking at all measures and are always open to new ideas. I will say, though, Mr. Julian—it's hard for me, because I want to call you “Peter” and I want to call Julie “Julie”—with all due respect, that we're always looking at additional measures. It's a volatile and evolving environment.

I do take fiscal responsibility very seriously and I look carefully at that side of the ledger as well. With any new measure we contemplate, we always have to think about our fiscal position.

**Mr. Peter Julian:** Okay.

We have seen some record profits by some of the large grocery chains. There are concerns about profiteering taking place, what many are referring to as “greedflation”. Why hasn't the government taken action on that so that we're all in this together?

**Hon. Chrystia Freeland:** Our government absolutely does believe that we need to all be in it together and that everyone needs to pay their fair share. That's why our luxury tax came into effect on September 1. It is a new measure for Canada. I think it is a measure that makes clear our government's commitment to fairness, and I think Canadians appreciate that and support it.

As you also know, we are putting in place a COVID recovery dividend of 15%, which is significant, and a permanent tax of 1.5% on banks and insurers, so we are acting.

I will also say that I think all new taxes have to be looked at very carefully. We have to be sure that they are fair and that they're not going to put any kind of burden on economic growth.

• (1620)

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

Members, we are moving into our second round. I think we have just enough time to get through a full second round if we keep things very tight.

We have the Conservatives up first. MP Lantsman, welcome to our committee.

**Ms. Melissa Lantsman (Thornhill, CPC):** Thanks, Mr. Chair.

**The Chair:** MP Lantsman, you have five minutes.

**Ms. Melissa Lantsman:** Thank you.

Thank you, Minister, for coming. I will keep my questions short.

We're the only country in the G7 that has raised fuel taxes since this period of record inflation, and I want to know if you're aware of that and if you still think that the plan to triple the carbon tax is a fair one for Canadians.

**Hon. Chrystia Freeland:** I absolutely believe that a price on pollution is the right thing for Canada and for our economy.

As we heard in question period, putting a price on pollution actually was the position of the Conservative Party in the 2021 election. Preston Manning, actually, was one of the early advocates of a price on pollution, so I don't see it as a partisan issue. I see it as the economically right thing to do.

For us, one of the key elements of putting a price on pollution is ensuring that money goes back to Canadian families. You and I are both MPs in the GTA. Ontario families are getting \$745 back, and families in Alberta, Saskatchewan are getting more than \$1,000. That makes it fair for the most vulnerable and also a really effective market-based mechanism that is going to help our whole country with the green transition.

**Ms. Melissa Lantsman:** Thanks, Minister.



I think the Parliamentary Budget Officer would agree with me, because he says that families in Ontario, in Manitoba, in Alberta and in Saskatchewan actually pay more than they get back. Families in Ontario will actually pay \$360 more in carbon taxes than they'll get back. You talked about the \$234 that families would get back from measures in this bill. That eviscerates every single dollar, and then some.

Again, do you think that tripling the carbon tax at a time when we have the highest interest rates in the G7 and 40-year record-high inflation—unlike deflation, which you talked about as one of the measures—is fair to Canadians at this time?

**Hon. Chrystia Freeland:** Well, just to set the record straight, the GST tax credit will give a family of four close to \$500. That's meaningful inflation relief.

Look, when it comes to a price on pollution, it looks like our government and this iteration of the Conservative Party are going to have to agree to differ. We believe that climate action today is absolutely essential. It's a moral imperative for sure.

Speaking as finance minister, though, I really can't emphasize too much the extent to which it is an economic imperative. Canada is a trading nation. We are a small, trade-exposed economy. The EU and the United States are moving aggressively with climate action. Our country needs to go there too; otherwise, we will not have the markets for the products that we want to sell.

A price on pollution is by far the most economically effective way to achieve climate action. Our government knows it's the right thing to do.

**Ms. Melissa Lantsman:** Thanks.

Of all of the countries you speak about in terms of trade relationships, in the G7 we are the only one that has raised fuel taxes since this period of inflation started.

The Governor of the Bank of Canada told this committee what, frankly, I think the minister couldn't: that carbon tax drives inflation.

I want to know—just a yes or no—if you think it's fair to triple the carbon tax at a time of record inflation. Families are struggling. They are struggling for groceries and gas to heat their homes. There are 51% of Canadians who have reported using a food bank. Students are sleeping in shelters in this country. Is tripling the carbon tax fair to them right now?

• (1625)

**Hon. Chrystia Freeland:** What I think is fair and what I know is fair is to act clearly and decisively on the climate and on the green transition that Canadian workers need.

We are both members of Parliament for Ontario. Canadian auto workers urgently need our government to act on climate. That is what our government is doing.

We're doing it in an equitable way by returning money to Canadian families. That cheque for \$745 that Ontario families are receiving is meaningful. The \$1,000 that Alberta families are receiving is meaningful. The more than \$1,000 that Saskatchewan families are receiving is meaningful and fair.

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

Now we'll hear from the Liberals for five minutes of questions. MP Baker, go ahead.

**Mr. Yvan Baker (Etobicoke Centre, Lib.):** Thanks very much, Mr. Chair.

Thank you, Minister, for being here with us today.

I'd like to start by echoing the words of our chair, Mr. Fonseca, by thanking you for your work and leadership in supporting the people of Ukraine as they fight Russia's genocidal war. I'd also like to take this opportunity to thank my colleagues on both sides of the aisle for their support, advocacy and unity. I think that's been incredibly important. I thank you all.

Minister, I've spoken on a number of occasions in this committee, in Parliament and in other settings to advocate that Canada should do everything possible to support the Ukrainian people as they defend themselves from this invasion.

Some people may attribute that to my Ukrainian heritage; the reality is that I've always argued that Canada should do those things, that we should support the Ukrainian people, because I've always believed that it's in the interest of people around the world and in the interest of Canadians.

I say that because the war is hurting all of us. Obviously it's an existential crisis for Ukrainians, but it's a humanitarian disaster, with 12 million refugees leaving Ukraine. We have hundreds of millions of people facing food insecurity or starvation because Vladimir Putin has cut off food exports from Ukraine. It's a threat to our security and global security. It is also, in my view, a key reason that the cost of living for Canadians is so high—why fuel prices, food prices and energy prices are so high.

Ukrainians are not just fighting for themselves but are also fighting for us, and I believe we need to be fighting for them. I think we can be very proud of what we've done to support the Ukrainian people.

However, in my view, Minister, it won't be enough until Ukraine wins this war and wins a decisive victory in this war, which includes Crimea and the Donbass, the territories that Russia invaded in 2014. I say that because not doing so would be a victory for Russia. It would condone the genocide that we've seen in Ukraine. It would invite others to do this again. That would mean security risks that would cause inflation in the years to come. In my view, if we want to stop inflation, Ukraine needs to win the war decisively.

Minister, in your view, what is the impact on inflation of Russia's war on Ukraine and its impact on the cost of living that Canadians are struggling with today?

**Hon. Chrystia Freeland:** Thank you very much, Yvan.

I think that is a very relevant question. I think we all appreciate that, even absent Vladimir Putin's illegal and barbaric invasion of Ukraine, the recovery from the COVID recession was going to be challenging. We did the unprecedented thing of shutting down the economy, and the large industrialized economies did the same thing. We all also did the unprecedented thing of providing an economic backstop. Unwinding that was never going to be smooth.

What has happened to exacerbate the challenge the world economy is facing is Vladimir Putin's illegal invasion of Ukraine. We spoke earlier with Ms. Lantsman about energy prices and the challenge that those are posing to Canadians. I think we all understand that the chief driver of those elevated energy prices is Vladimir Putin's war in Ukraine. The situation in Europe is much, much more troubling, causing real challenges with, simultaneously, inflation and economic growth.

I absolutely do believe that an important part of Canada's inflation-fighting strategy has to be to support Ukraine and to ensure that Ukraine does win in the war against Vladimir Putin.

I would conclude by saying that I also think we need to appreciate that February 24 is a watershed moment for the world. I think Olaf Scholz has described it as a *zeitenwende*, a world-changing moment.

I think that going forward, we, the democracies, need to understand the dangers of building our economies on relationships with dictatorships. I think we're already seeing that kind of an approach, which Janet Yellen calls "friend-shoring". I think we need to develop that in the days to come, and there should be opportunities there for Canada.

• (1630)

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

**Mr. Yvan Baker:** Thank you, Minister.

**The Chair:** MP Baker, thank you.

We are now going to the Bloc and MP Ste-Marie for two and a half minutes.

[*Translation*]

**Mr. Gabriel Ste-Marie:** Thank you, Mr. Chair.

I echo Mr. Baker's words about our commitment to Ukrainians, and it's not about roots, but first about justice. I congratulate you on your commitment to that, Ms. Freeland. We want a just peace as soon as possible.

As my time is limited, I will ask you two questions in quick succession.

The first is about the Canada Community Revitalization Fund and the programs through which the federal government funds municipal infrastructure programs.

Given the shortage of labour and the number of companies that can carry out work under these programs, turnaround times can often be very long. In addition, municipalities may find it burdensome to enforce the deadline for completion of the work, which is usually March 31. The government shows little flexibility with respect to this date.

Can the government commit, in general, and in particular with respect to the Canada Community Revitalization Fund, to showing more flexibility in extending the date that municipalities must meet?

I'll ask my second question right away. It concerns a bill that was passed before the last election. It is Bill C-208, on the transfer of family businesses. The bill was passed and came into force. Yet, in Quebec, tax specialists and accountants do not want to use these legislative provisions, because they are still waiting for guidance from the government or institutions on how to apply them properly.

Is the government committed to producing the guidelines or proposing a new bill that will spell out how it will be applied, as soon as your economic update, which is expected this fall?

**Hon. Chrystia Freeland:** Thank you very much, Mr. Ste-Marie.

To begin with, I would like to thank you for your comments regarding Ukraine. A poll shows that Quebec shows the strongest support for Ukraine. This may not be a question of roots, but, in my opinion, it is a question of the sympathy of the Quebec nation towards the Ukrainian nation. I thank you for your kind words.

I am aware of the two issues you have raised.

On the issue of municipalities, we have to find a balance between two important elements: flexibility, but also the need to get the job done. We will try to find that balance.

On the subject of intergenerational transfers, we support these legislative measures, everyone agrees on that. However, before we announce any specifics, we want to make sure that everyone agrees on that as well. We will try to do that.

• (1635)

[*English*]

**The Chair:** Thank you, Minister, and thank you, MP Ste-Marie.

[Translation]

**Mr. Gabriel Ste-Marie:** Thank you.

[English]

**The Chair:** Now we'll hear from the NDP and MP Julian.

You have two and a half minutes, plus.

[Translation]

**Mr. Peter Julian:** Thank you very much, Mr. Chair.

I would like to come back to the issue of dates.

It has been a few months now since Jagmeet Singh proposed the GST-HST rebate. Now the government is proposing to act. However, when I asked you earlier about when this rebate could be offered, you were unable to give me a date.

If the committee decides today to send the bill back to the House of Commons and the House of Commons decides this week to pass it, when might this rebate be available to the 12 million Canadians who desperately need it right now?

**Hon. Chrystia Freeland:** I am jealous of your excellent French, Mr. Julian.

I agree with you that Canadians sorely need the support. It is good that we are discussing the bill today, but there are still steps that it has to go through, in the House of Commons and in the Senate.

I can assure you of two things. First, the Department of Finance and I will do everything we can to get this done as quickly as possible. Second, Canada Revenue Agency officials are prepared to make the payments as soon as we, in our role as legislators, have done our job.

It is important not to forget the role of the Senate and our colleagues in the Senate. I will not forget them.

**Mr. Peter Julian:** My second question concerns eligibility.

Throughout the country, there are regions, including Quebec, that already have certain programs. Bill C-31 deals with housing and dental care. These are vital issues for families, we all agree on that. Yet the programs are not necessarily compatible.

Today, can you assure us that you will do everything in your power to ensure that dental care is available across Canada and that housing allowances apply to all Canadians who need them?

**Hon. Chrystia Freeland:** Yes, but you know very well that it is complex and that there are particularities in the financial relationship between the federal government and the province of Quebec. However, the federal government will show good will.

I know that when it comes to housing and dental care, as Mr. Ste-Marie and our colleagues from Quebec have mentioned, Quebecers need help just as much as Canadians in other provinces and territories. I assure you that we will do everything we can.

**The Chair:** Thank you, Minister and Mr. Julian.

[English]

Now we will have the Conservatives up for five minutes.

Go ahead, MP Chambers.

**Mr. Adam Chambers (Simcoe North, CPC):** Thank you very much, Mr. Chair.

Thank you, Minister. It's great to see you, as always, at this committee.

I have just a couple of questions on process. I'm curious as to whether you asked your department or if your department provided you with any briefing on whether this spending measure would lead to inflation, on whether it's inflationary.

**Hon. Chrystia Freeland:** It's good to see you too.

As I said in my opening remarks, I personally am very mindful of elevated inflation and very mindful of the importance of having fiscal policy not fight monetary policy, as are our government and the Department of Finance. That is a key concern. With this legislation, which I'm really glad the Conservatives now support as well, what we've tried to do is find a careful balance between providing some inflation relief targeted at the most vulnerable and ensuring that the additional sums are small.

● (1640)

**Mr. Adam Chambers:** Minister, respectfully, the question is whether you asked your department or whether the department provided you any analysis as to whether this spending measure would add to inflation. Is there a briefing note or some analysis that determines whether this spending package will add to inflation, yes or no?

**Hon. Chrystia Freeland:** We have excellent economists who work in the Department of Finance—

**Mr. Adam Chambers:** Minister, I know you're a very intellectually curious person and you're very smart, so I'm curious as to whether you wondered whether this package is going to add to inflation so that maybe the government could reduce spending in other ways to offset this measure.

**Hon. Chrystia Freeland:** I think all members of this committee are very smart and I think all MPs are very smart. We looked carefully at the level of spending, and we looked carefully at the need to provide some targeted support to Canadians.

As I said in my opening remarks, the incremental cost of the new measures is 0.1% of Canada's GDP. I think it's also really important to bear in mind that not only is Canada's debt-to-GDP ratio the lowest in the G7 but also that our deficit is also the lowest in the G7, so we are striking a balance.

**Mr. Adam Chambers:** We didn't get an answer, so we'll move on.

Minister, you mentioned that the deficit is really good. The deficit is really good because Canadians are being crushed by inflation, and the government is posting record revenues every year, every month, every week on the backs of Canadians. Now the government is getting rich from inflation, yet we're supposed to be very thankful that you're giving just a little bit back to Canadians through this bill. Are you just going to keep spending these record revenues that are going to drive inflation higher?

**Hon. Chrystia Freeland:** Maybe as a starting point it's worth saying that I'm very glad that Conservatives support this measure. It is the right thing to do, and everyone around this table is agreed on that.

In terms of inflation, we really have been careful to strike a balance between targeted compassionate support and fiscal responsibility. From my perspective, the proof point is comparisons across the G20. Countries around the G20 are in economic situations similar to our own. Canada has the lowest deficit. That is meaningful. That speaks to fiscal responsibility.

**Mr. Adam Chambers:** Thank you, Minister.

Canada has the lowest deficit because we are crushing our citizens with inflation and reaping the rewards. The government is the only entity in this country that is significantly benefiting from inflation. That's why you have all this money to give out, and in fact your entire fiscal plan is based on inflation staying quite high. This is why you're able to spend this kind of money.

I'm glad you mentioned comparisons and you brought up the German chancellor. They announced cuts to their gas taxes just last week. They announced pauses to their energy costs to provide relief from the single measure that's driving inflation. We are the only country that is choosing to increase taxes on energy. Why do we believe that we know better than the rest of the world when it comes to the price of energy and increasing our taxes, such as the carbon tax?

**Hon. Chrystia Freeland:** There are lots of points in there, Mr. Chambers, so I'm going to start where you began, which was talking about Canada's relative fiscal position in the G7.

The reality is that inflation in Canada is elevated. It's too high, but it is actually lower than in our peer countries. Inflation in Canada is lower than in the U.S. It's lower than in the U.K. It's lower than in the eurozone, yet even though inflation is lower here, we also have a lower deficit than other G7 countries.

Again, I think Canadians expect all of us around the table to have a bit of partisan back-and-forth, and that's why I turn to the international comparison for a proof point, because to me that's about marking your own homework and about showing where Canada stands relative to our peer countries.

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

For our final questioner for the minister today, we have MP Chatel for five minutes, for the Liberals.

[*Translation*]

**Mrs. Sophie Chatel (Pontiac, Lib.):** Thank you very much, Mr. Speaker.

Welcome, Deputy Prime Minister.

A year ago, I was not in politics at all, but I lived the crisis among Canadian citizens. I was very worried. We were heading into a crisis, not only the one brought on by the pandemic, but also an economic crisis. I can tell you how much you and the government have reassured us. You have been there for Canadians when we needed help, and we have come out of this pandemic stronger. I say well done for that. It was through very targeted support measures that you were able to do that, while maintaining, as you said, a low debt-to-GDP ratio, which is the envy of the other G7 members.

Today, though, inflation is rampant around the world. You also assured us that in this respect we had a very enviable position compared to the other G7 countries. I have checked this myself. Having said that, I agree with my colleague Ms. Dzerowicz that our citizens in our constituencies are experiencing difficulties. In rural ridings, there are sometimes people who have difficulty paying for the gas they have to put in their car to take their children to day care. Groceries cost more too.

How do you strike a balance between supporting the most vulnerable right now and putting in place a program that is not going to create inflationary pressures?

• (1645)

**Hon. Chrystia Freeland:** Thank you for the question, Ms. Chatel, and for your hard work. It is truly a great benefit to our government and to the citizens of your constituency to have an economist with so much experience as an MP. I am very grateful for your advice.

You have asked perhaps the most important and difficult question of the day. The reality is that everyday life in Canada today is really difficult for the average person. It's important for all of us to recognize that reality.

At the same time, I have great faith in the common sense of Canadians. I believe and hope that they understand that, on the one hand, we need to provide targeted assistance to the most vulnerable and the least fortunate and, on the other hand, that it is very important to maintain a fiscally responsible approach. When you look at the actions of other countries around the world, you can see that abandoning fiscal responsibility can lead to a very quick reaction in the markets, and the consequences in everyday life can be worse than the reality today.

Our government will therefore pursue a well-balanced approach. On the one hand, we will continue to provide targeted assistance to the most vulnerable: the inflation relief measures we are discussing today, the housing supplement and the proposed dental payments. In my view, this is really a moral obligation. At the same time, we're going to maintain a responsible approach, which really means that we can't do everything.

I hope that we have found, for the moment, an approach that will allow us to help the people who need it most, while maintaining a fiscally responsible position. Other measures have also been proposed. I think it is always important to have a flexible approach, to be humble and to always be aware of the reality in Canada and globally. There's a lot of uncertainty in the world and you always have to be ready to take new measures if they're needed.

• (1650)

**The Chair:** Thank you, Madam Minister and Ms. Chatel.

[*English*]

Of course, Minister, thanks also to your members.

That, actually, is our time, Minister.

We do want to thank you for coming before the finance committee to answer many questions here on Bill C-30, but you also answered many on other pieces of legislation, as well as on inflation and the cost of living, so we thank you for that.

Members, we're going to suspend before we bring in the Office of the Parliamentary Budget Officer and the officials who will be coming in for our next panel.

• (1650)

(Pause)

• (1650)

**The Chair:** Members, we're back, and we have the Office of the Parliamentary Budget Officer here with us.

We have Jason Jacques, director general, costing and budgetary analysis, and Nasreddine Ammar, senior analyst, costing and budgeting analysis.

We have you for 30 minutes.

Let's hear some opening remarks.

[*Translation*]

**Mr. Jason Jacques (Director General, Costing and Budgeting Analysis, Office of the Parliamentary Budget Officer):** Good afternoon Mr. Chair, vice-chairs and members of the committee. Thank you for the invitation to appear before you today.

I am Jason Jacques, chief financial officer for the Office of the Parliamentary Budget Officer. With me today, I have Nasreddine Ammar.

[*English*]

We are pleased to be here today on behalf of the office. Mr. Giroux sends his regrets. Unfortunately, he had pre-existing travel commitments that he was unable to cancel.

Consistent with our mandate to provide independent non-partisan analysis to Parliament, our office released a cost estimate of Bill C-30 on September 29.

As you know, this bill proposes temporarily doubling the GST credit to support those most affected by inflation. As you've read in the very good analytical background material generated by the Library of Parliament, our office estimates that Bill C-30 will cost ap-

proximately \$2.6 billion, benefit about 11.6 million individuals and provide an average household benefit of approximately \$225.

Nesreddine and I would be pleased to respond to any questions you may have regarding our analysis of Bill C-30, as well as other questions you may have regarding related PBO reports.

• (1655)

[*Translation*]

Thank you very much.

**The Chair:** Thank you.

[*English*]

Members, with the limited time we have, we will probably only have enough for one round. You may want to split your time if that is the case.

We have MP Albas for the Conservatives for six minutes.

**Mr. Dan Albas:** Thank you, Mr. Chair.

Thank you to the Parliamentary budget office representatives who are here today. Thank you for the work you do.

I will be splitting my time with MP Lawrence, so I will get right to the point.

In your work, you've shown that there is going to be a cost of \$2.6 billion for the bill, versus the government's own number of \$2.5 billion. Can you name exactly why the discrepancy—

**Mr. Jason Jacques:** I think the—

**Mr. Dan Albas:** —or is it just that everything costs more under this government?

**Mr. Jason Jacques:** As a starting point, typically we generate about 40 to 50 cost estimates a year. There's virtually always a difference between our estimates and those generated by the government. I would say that in the big scheme of things, this ends up being a rounding error overall.

In addition, Nasreddine may have some additional and more detailed commentary with respect to the precise modelling we use, in comparison to that used by the Department of Finance.

**Mr. Nasreddine Ammar (Senior Analyst, Costing and Budgeting Analysis, Office of the Parliamentary Budget Officer):** Thank you.

I think the difference between the two estimates could be explained by the different sources of data that we used to calculate that additional GST created. For example, our costing is based on Statistics Canada's population income projection using a 2017 survey, with some economic adjustment to consider the economic reality in Canada right now. However, I assume that the finance department estimates are based on the most recent T1 database. That's the main source of this difference.

In addition to that, I think that since we are using Statistics Canada data and assuming implicitly that everyone eligible would claim the GST credit, the reality could be slightly different, because some people cannot or don't, or there is no tax field and there is no information on that small percentage of the population. That could also explain the difference on cost estimates between PBO estimates and the finance department's estimates.

**Mr. Dan Albas:** In the interest of time and Mr. Lawrence getting a chance to speak, I'll say that we've had a bit of a discussion today with the Minister of Finance around this bill, as well as other bills, such as Bill C-31, and in fact all government spending in this environment. From a macroeconomic viewpoint, is the government's spending inflationary in general?

**Mr. Jason Jacques:** I would stick to very safe ground, which is that already tilled by the Parliamentary Budget Officer, my boss, last week, when he appeared before the Senate banking committee. At that point, he indicated that conceptually, any point at which you are spending additional money would be inflationary. However, given the sums of money involved in the current situation, it's relatively negligible, so it's a relatively small amount.

That said—

**Mr. Dan Albas:** Could the government have cut back on other spending to offset those concerns?

**Mr. Jason Jacques:** Certainly historically other governments have performed that type of activity.

I would mention as well that next week we are releasing our economic and fiscal update. With it, we will be responding to questions raised by parliamentarians on this point with respect to the inflationary impact of the government's affordability agenda, looking precisely at Bill C-30 and Bill C-31. Those numbers will be released in all their glory next week.

**Mr. Dan Albas:** Thank you. I'll pass whatever is remaining of my time to MP Lawrence.

• (1700)

**Mr. Philip Lawrence (Northumberland—Peterborough South, CPC):** Thank you very much, and thank you for being here.

I want to go over some quick math, if I can. You put the benefit per individual who is eligible at \$225 or thereabouts. Is that correct?

**Mr. Jason Jacques:** Yes.

**Mr. Philip Lawrence:** What is the cost to administer—the total cost to the taxpayer per eligible individual?

**Mr. Jason Jacques:** That is a great question, for which we do not, sadly, have an answer, because we did not incorporate administrative costs.

One of the major reasons we don't incorporate administrative costs as a part of our cost estimates for these types of measures is that we have found it ranges significantly. While we're in a good position to read what departments provide to us in terms of how they're planning on spending the money, often we're not in a particularly good position to actually understand why, in some situations, it costs a heck of a lot more than one would anticipate to make a minor adjustment to a program.

**Mr. Philip Lawrence:** I would agree with you there. It's amazing sometimes how much a dollar can cost the government to give.

I'm also reviewing your report from March of this year, "A Distributional Analysis of Federal Carbon Pricing under a Healthy Environment and a Healthy Economy". Under there, I see that the average cost for Albertans is \$845, the tripling of the carbon tax net of the rebate; \$495 for Saskatchewan; and then \$310 for Manitoba.

I'm going to ask a relatively simple question, and I suspect I'll get a great answer. It would be a lot more efficient and economical and beneficial to Canadians if they simply cancelled their planned tripling of the carbon tax instead of providing this rebate, correct?

**Mr. Jason Jacques:** That sounds like a policy question, for which—

**Mr. Philip Lawrence:** Sorry; it's just the math of it. Individuals are getting \$225 from the GST rebate, versus the average.... It's going to be significantly more that they're going to be paying in the tripling of the carbon tax.

**Mr. Jason Jacques:** Again, certainly from our perspective, the government has not necessarily presented....

Well, in the past week, the government has not necessarily connected the two measures of the federal carbon levy and the GST credit, so from a policy perspective, it's difficult for us to compare the two.

**Mr. Philip Lawrence:** But \$845 is larger than \$225, right?

**Mr. Jason Jacques:** Yes.

**The Chair:** Thank you, MP Lawrence and MP Albas, for those questions.

We are moving to the Liberals.

It's good to see our colleague Heath MacDonald back here from P.E.I. I know it's been a challenging time over on the island.

**Mr. Heath MacDonald (Malpeque, Lib.):** Thank you, Peter—Chair. Sorry; it's been a week.

I have a couple of questions.

To take you back, how many individuals is this temporary measure going to affect, did you say?

**Mr. Jason Jacques:** Our count is similar to that mentioned by the Minister of Finance, so it's roughly 11 million.

**Mr. Heath MacDonald:** Okay.

My colleague talked about the administrative side, but basically we're doubling the GST tax rebate, which is already a process. I'm wondering whether there would be any concern there for administration on top of that.

**Mr. Jason Jacques:** Again, I am a pointy-headed economist, and sadly, I am not well placed to guess how many additional officials one would need to hire at the Canada Revenue Agency to reprogram code for a specific program, and so on and so forth.

We have looked at administrative costs for various programs over the years. There is a significant divergence, and occasionally it's somewhat unexpected how expensive seemingly relatively straightforward things are.

**Mr. Heath MacDonald:** Is that for new programs or existing programs?

**Mr. Jason Jacques:** It's for both.

I'd say to stay tuned. We're currently doing work on Bill C-31. In the case of new programs such as the new dental program proposed by the government, obviously administrative costs come into play on that front, and in the housing benefit as well.

**Mr. Heath MacDonald:** Last week the Parliamentary Budget Officer appeared before the Senate—you talked a little bit about that—to discuss Bill C-30. He was quoted as saying it would not affect materially the fiscal sustainability of the federal government. Can you give us a more broad definition of what he meant by that?

**Mr. Jason Jacques:** Sure.

We produce a report every year that analyzes the fiscal sustainability of the federal government and also looks at subnational governments—so, generally speaking, provinces and territories as well. The last time we produced that report, the federal government was deemed to be sustainable over a 75-year period, so it had additional fiscal flexibility to actually undertake additional spending. The \$2.6 billion countenanced in Bill C-30 would fall well within that range.

• (1705)

**Mr. Heath MacDonald:** The second part of that is that he said he didn't think there would be a measurable or significant impact on the economy or it wouldn't cause a spike in inflation. I think that is what he was quoted as saying. How do you measure that?

**Mr. Jason Jacques:** Internally we measure it as part of our macroeconomic modelling. We have a macroeconomic model with close to 400 equations. When you drop \$2.6 billion into the Canadian economy, which is several trillion dollars, we're able to come up with point estimates or estimates of the inflationary impact. Needless to say, given the sums of money involved, the size of the economy and the size of how much we're actually looking at spending incrementally in Bill C-30, the impact is relatively small—well, it's small for the federal government, but, going back to a point that was made earlier, it's potentially quite substantial with respect to the impact on households and the targeted households.

**Mr. Heath MacDonald:** How much time do I have left, Mr. Chair?

It's three minutes.

The federal government shouldered the lion's share of the pandemic spending and sheltered many households from having to take on debt over the course of COVID, and we're doing that again. It's helping Canadians with the cost of living. We know the pressures that most Canadians and most families are under. What sort of im-

pact will that have on the finances of governments—provincial and federal—or do you have that depth in that evaluation?

**Mr. Jason Jacques:** Again, with respect to Bill C-30, we have not looked at its precise impact in terms of the extent to which it's going to alleviate the impact on households and their budgets at this point, nor have we looked at any interaction effect with respect to provincial governments.

Nasreddine, do you have any additional details with respect to the relative household impacts of Bill C-30?

**Ms. Nesreddine Ammar:** Actually, I may have some additional information related to that.

I have conducted a kind of distribution analysis to see the effect of Bill C-30 on household incomes. What I have seen is that 20% of the households with the lowest income will see an increase in their disposable income of 1.1%. Of course, they will see the highest increase in comparison with other household income groups. That's one fact that I have observed, and I can tell you that with confidence.

**Mr. Heath MacDonald:** Then basically we have a large impact on households positively and a negative impact or—I wouldn't, maybe, use the word “negative”—very little impact on government financial stability and sustainability. Is it fair to say that?

**Mr. Jason Jacques:** That's a good paraphrasing of what my boss said last week at the Senate banking committee.

**Mr. Heath MacDonald:** Okay. Good.

**The Chair:** I think you're about at time there, MP MacDonald.

**Mr. Heath MacDonald:** Okay. Thanks.

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

We are going to now hear from the Bloc.

MP Ste-Marie, you have six minutes, please.

[*Translation*]

**Mr. Gabriel Ste-Marie:** Thank you, Mr. Chair.

First of all, I too would like to welcome our colleague Mr. MacDonald, who has just returned from his constituency. We all grieve for the people of Prince Edward Island, the other maritime provinces and eastern Quebec. Our hearts go out to them. I am pleased to be able to greet my colleague.

Mr. Jacques and Mr. Ammar, thank you for being here. As I say to your boss every time he comes to the committee, I take my hat off to you and thank you for the important work you do. It is so important to be able to rely on such rigorous and objective analyses as yours. So I say well done and thank you, and wish you well in the future.

I read with interest your report on the impact of Bill C-30. It is very well done and, to me, everything is clear.

You said you are currently working on an analysis of Bill C-31. I would like to share my concerns with you about this bill to see if you can take them into account in your analysis. I am concerned: I wonder if the people of Quebec will be assured of receiving their fair share.

Bill C-31 has two parts, one of which concerns rental assistance. This assistance is provided through the one-time supplement to the Canada Housing Benefit. People in Quebec do not receive this benefit. We have our own program under the right to opt out with compensation. Can we assume that people in Quebec would have to apply for a cheque only once? Will they apply in large numbers, when they are often people who have less income and are less adept at all the forms like this? In other words, can people in Quebec expect to get their fair share? Indeed, as currently drafted, Bill C-31 does not include any provision mentioning that the system is different in Quebec.

The other part of the bill deals with the issue of dental care. Bill C-31 provides assistance in this regard that applies to children 11 and under, whereas in Quebec, dental care is covered for children 9 and under. When officials were asked about the application of this program to Quebecers, they said that if no money was paid out, Quebecers would not receive a cheque; if money was paid out for care not covered by the dental plan, they would receive a cheque, as is the case in the other provinces. Again, the programs aren't tied in, so can we expect people in Quebec to get their fair share?

I don't know if you have any comments on this or if you'd rather take notes, but for now, I'm listening.

• (1710)

**Mr. Jason Jacques:** Thank you very much for those questions.

We are aware of the current situation in Quebec and in other provinces where programs already exist. We are in the process of doing our cost estimate for housing assistance and the dental benefit. We will take into account the current situation in the provinces in our modelling.

With respect to the administration and the Government of Canada's approach to the particular situation in Quebec, which already has a program for children under 10, we don't have an answer. In fact, it is up to the Canadian government to explain how it wants to make the approach consistent for the coming year.

In a few weeks, there may be another invitation for representatives from the Finance or Health departments to come and explain this to you. We could also join the discussion to explain our cost estimates.

**Mr. Gabriel Ste-Marie:** Thank you. Unfortunately, I do not believe that Bill C-31 will be considered by our committee, but our colleagues will certainly be able to ask you questions as we study this bill.

In the past year, the Canadian economy, like that of most countries, has experienced an inflationary crisis in which prices have risen more than usual. Indeed, Bill C-30 is intended to be a partial solution to this inflation.

Has your office estimated the additional government revenue generated by this higher than usual inflation? If you have such data, I would like you to share it with us, either verbally now or in writing later. Because it is always interesting to be able to put into perspective the measures that the government has put in place in response to high inflation and the revenue that it is generating.

**Mr. Jason Jacques:** Thank you very much for those questions.

With respect to the effect of inflation on the fiscal framework of the Government of Canada, we published a report on that five or six months ago. There is obviously a positive effect for the Government of Canada. However, the current situation is a bit different compared to our previous forecasts. In the next few weeks, we will have further details as part of our new economic and fiscal forecast.

• (1715)

[English]

**The Chair:** Thank you, MP Ste-Marie. That's your time.

[Translation]

**Mr. Gabriel Ste-Marie:** Fantastic.

Thank you very much.

[English]

**The Chair:** Our final questioner is from the NDP. We have MP Julian for six minutes.

**Mr. Peter Julian:** Thanks very much, Mr. Chair.

Thanks so much for being here.

I want to start off by confirming that the amounts that you see in the calculations around the temporary enhancement to the GST and HST run from \$192 up to \$402 for a single-parent family.

**Mr. Jason Jacques:** That's correct.

**Mr. Peter Julian:** How many Canadians will that benefit go to?

**Mr. Jason Jacques:** By our calculations, it will go to 11.6 million.

**Mr. Peter Julian:** This is something that Jagmeet Singh, as the NDP leader, was urging for many months. Fortunately, I think the government finally listened. It would have been better to have this months ago, but it's better late than never in getting that benefit to people. Thank you for confirming that.

I want to contrast that amount that you've estimated at \$2.6 billion with another figure from another PBO study, which dates back to June 20, 2019. That was the study on international taxation. To refresh all of our memories, I'll reread the conclusion paragraph, which states:



For illustrative purposes, if we assume that 10 per cent of the \$996 billion in reportable transactions with offshore financial centers...has avoided corporate income taxes in Canada, it would represent an amount of \$100 billion of taxable income that should have been taxed at the general rate of 15%...Looking at electronic funds transfers (EFTs) would generate an even higher estimate. Indeed, if we assume that 10 per cent of the \$1,639 billion in outgoing EFTs to [offshore financial centres]...has avoided taxes, this would represent approximately \$164 billion in taxable income and \$25 billion of tax revenues lost.

That's in a single year.

I want to start by asking whether the PBO has done an update to that. These are astronomical figures of money going to offshore financial centres while Canadians really struggle to make ends meet. Have you done an update to that study?

**Mr. Jason Jacques:** We have not done an update to that study. The primary reason we have not done an update to that study is that the Government of Canada and in particular the Canada Revenue Agency have been undertaking a comprehensive study of the tax gap on their own.

Based on the quality of that work, we didn't think it was productive for us to duplicate the work of the Canada Revenue Agency. This is because, by and large, it corroborates the number that we released in 2019 that demonstrates that there are potentially tens of billions of dollars of uncollected tax revenue, of which a good part is potentially not being paid by multinational corporations or is being held in offshore tax havens.

**Mr. Peter Julian:** Thank you for that.

If that's the case, then.... If we're looking at \$25 billion a year—at the time, I remember the PBO at this finance committee saying it was a conservative estimate and that it may indeed be higher—that would mean \$100 billion has been lost to overseas financial centres over the last four years since the study was done. That includes the financial years 2019, 2020, 2021 and, of course, this year by the time we hit December 31.

Would that be accurate? Is it at least \$100 billion?

**Mr. Jason Jacques:** I think, *grosso modo*, that would be accurate, only with the caveat that the Government of Canada....

Again, every year for the past 15 years, the one thing you can always expect to see in a budget document is additional money for the Canada Revenue Agency to ensure tax compliance and enforcement to hire additional auditors to shake the trees or, I guess, shake the towels on the beaches in Turks and Caicos to find the additional money that's not being paid in tax revenue. There has been additional money given to the Canada Revenue Agency to do that.

**Mr. Peter Julian:** Yes, although as we've seen around the finance committee, there has not been a single prosecution, not a single one, whether we're talking about the Paradise Papers or the Bahamas papers. In every single one of these scams that takes money from Canadians, at this point the CRA has not charged, let alone successfully convicted, a single person, and that's certainly, Mr. Chair, work for the finance committee. I know that the member from Elmwood—Transcona is on that, and I hope the whole finance committee is.

That's an astronomical amount of \$100 billion, and yet, if you'll permit me a bit of a partisan comment, Mr. Chair, the leader of the official opposition is suggesting that what should happen instead is

that we cut back on CPP and on employment insurance. I don't know whether the PBO has done any study about the impacts of that, of not making sure that we have adequate pensions in place and adequate supports for employment insurance. Is that something that the PBO has been looking into?

• (1720)

**Mr. Jason Jacques:** No, not recently. The last time we did look at the current CPP enhancements that are currently under way for the increase in rates, which would have been back in 2016, we did look at the economic impact, at that juncture, of the requirement to pay additional premiums, but otherwise we have done nothing recent on that front.

**Mr. Peter Julian:** Thank you.

[Translation]

**The Chair:** Thank you.

[English]

Thank you, MP Julian.

We want to thank the Office of the Parliamentary Budget Officer and we want to thank Monsieur Jacques and Monsieur Ammar for coming before us and answering so many questions, not just on Bill C-30, but on a number of pieces of legislation, as we've done here today. Thank you very much.

Members, we are going to suspend and then move into our clause-by-clause consideration of Bill C-30.

• (1720)

(Pause)

• (1720)

**The Chair:** All right, members. Let's get started on Bill C-30 and clause-by-clause consideration. We have about 23 minutes or so to get this done, and that takes us to the two hours for today's meeting.

With us, via video conference on the screen, we have Lindsay Gwyer and Pierre Leblanc back, if any questions need to be asked of the ministry, and we have our legislative clerk here to answer any other questions that may be asked about the legislation. However, it sounds as though we have a lot of support here for Bill C-30.

I do see a hand up. Go ahead, MP Albas.

**Mr. Dan Albas:** Thank you, Mr. Chair.

Although I'm not able to read the minds of any other members, I would say that if people feel comfortable with clause-by-clause consideration, you could perhaps consider testing the unanimous consent of the room to move forward. Instead of having votes for every single part, if we all can agree that this bill should be passed, maybe as you hit a clause, you could ask for questions, and if there are no questions, then just simply see if there's unanimous consent for the motion to move forward. Hopefully, we can work that way.

**The Chair:** Thank you, MP Albas. I think that's a great suggestion. I will be using that tool here in the room. Let's move forward and see how quickly we can get this done.

Pursuant to Standing Order 75(1), consideration of clause 1, short title, is postponed. The chair calls clauses 2 to 4.

Shall clauses 2 to 4 carry?

**Some hon. members:** Agreed.

**The Chair:** Shall the short title carry?

**Some hon. members:** Agreed.

**The Chair:** Shall the bill carry?

**Some hon. members:** Agreed.

**The Chair:** Shall the chair report the bill to the House?

**Some hon. members:** Agreed.

**The Chair:** There's no reprint, so we are good.

Members, congratulations. That may be a record time. Thank you.

Thank you, MP Albas, for that great suggestion.

I will look to table this at 10 o'clock tomorrow in the House.

Thank you, members.

The meeting is adjourned.

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