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• (1110)

[English]

The Chair (Hon. Karina Gould (Burlington, Lib.)): I call this meeting to order.

Mr. Leitão, we will attempt to have you participate online later, and if there's a problem, we'll deal with that at that time.

Welcome to meeting number 15 of the House of Commons Standing Committee on Finance.

Today's meeting is taking place in a hybrid format.

Pursuant to Standing Order 108(2) and the motion adopted on Wednesday, November 19, 2025, the committee shall commence its study of the review of budget 2025.

I would like to welcome our witnesses.

We have Jason Jacques, interim Parliamentary Budget Officer; Mark Mahabir, the director general and general counsel, costing and budgetary; Kristina Grinshpoon, director, fiscal analysis; Diarra Sourang, director, economic analysis; and Caroline Nicol, adviser-analyst.

It looks like we have a great lineup from the PBO today.

We will begin our round of questions.

I am sorry; Mr. Jacques will make introductory remarks first.

You have five minutes for your opening remarks, Mr. Jacques.

Jason Jacques (Interim Parliamentary Budget Officer, Office of the Parliamentary Budget Officer): Thank you, Madam Chair and distinguished members of the committee.

We appreciate the invitation to appear before you today to discuss our budget issues report.

[Translation]

At this stage, witnesses typically read notes that repeat the text of a report you have already read.

Instead, given this committee's role in reviewing budgetary policy, I would like to take a few moments to discuss the concept of fiscal sustainability.

[English]

Fiscal sustainability is the government's ability to maintain—

The Chair: I'm sorry, Mr. Jacques, but we're just waiting for translation. Give us a second please.

Okay. Please continue. It looks like the translation is working.

[Translation]

Jason Jacques: I will repeat my last sentence.

[English]

Fiscal sustainability is the government's ability to maintain its current spending, tax and other policies over the long term without threatening government solvency. One clear indicator of fiscal sustainability is the declining debt-to-GDP ratio. This indicator is important because it compares the country's public debt to its economic output.

A declining debt-to-GDP ratio means that the economy is growing faster than debt is accumulating, making it easier for the government to service its obligations without resorting to excessive borrowing or austerity. It also means that additional fiscal room is being created over time, so the government has fiscal firepower to deal with future challenges and risks, while keeping the debt level below where it started.

This approach guided federal fiscal policy from the mid-1990s until now. During that period, the federal debt-to-GDP ratio dropped from 66% to 41%. While it rose during recessions and the pandemic, it later declined.

Budget 2025 revised the government's fiscal anchors, including cutting the debt-to-GDP anchor. Under the baseline scenario in budget 2025, the federal debt ratio is projected to remain relatively stable over the next 30 years. Finance Canada projects that the federal debt-to-GDP ratio will rise to 43% in 2033-34 and then gradually decline to slightly below its 2024-25 level.

By this measure, the federal government is fiscally sustainable over a 30-year horizon. However, the fiscal room previously created to address future challenges and risks is now much smaller. The next time we face adverse shocks, the government will likely need to take on additional debt, increasing the debt-to-GDP ratio, perhaps to a permanently higher level.

At present, the federal government has the ability to borrow additional funds to address emerging challenges. At the same time, I would note that this change to fiscal management occurred relatively quickly and without parliamentary deliberation. The Prime Minister confirmed the debt-to-GDP anchor was in place in September, and then it was abandoned six weeks later. Such fundamental shifts would benefit from greater transparency.

As always, our office remains committed to its core mandate of providing independent and non-partisan analysis to support Parliament in its scrutiny of public finances and the economy.

[*Translation*]

In accordance with this mandate, which is enshrined in law, my office has produced an independent analysis of the 2025 budget. This report addresses a variety of issues, including the government's adoption of a new budget framework that separates operating expenditures from capital investments, and the creation of new budget targets.

We will be happy to answer any questions you may have about our analysis of the budget issues.

The Chair: Thank you, Mr. Jacques.

[*English*]

My apologies for overlooking you for a moment there.

We will begin with six minutes for Mr. Hallan.

Jasraj Hallan (Calgary East, CPC): Thanks, Chair.

Mr. Jacques, thanks to you and your team for being here and for being so readily available for this committee.

Mr. Jacques, you outlined in your report about budget 2025 that \$100 billion was misidentified under so-called investment that should have been operational expense. Why did you reclassify that \$100 billion in your report?

• (1115)

Caroline Nicol (Advisor-Analyst, Office of the Parliamentary Budget Officer): I'm happy to talk a little bit about how we treated capital investment.

Essentially, we compared the approach of the government, which is a bit broader and includes a greater type of measures, with an approach that more closely follows other jurisdictions and international standards that strictly focus on transactions that directly increase the capital stock and follows definitions from international organizations, from the system of national accounts from the United Nations. That extra amount of money would correspond to categories that the government has added to the definition, which can include tax measures, production subsidies and others.

Jasraj Hallan: Thank you.

Given that you've reclassified that \$100 billion, what does that do to the fiscal anchor of the operational budget that they're saying they're going to supposedly balance in three years?

Caroline Nicol: I think one thing we highlighted in the report is that it would make it harder to balance the operating budget if the definition of capital were stricter.

Jasraj Hallan: Right, thank you.

For the people who are watching today, what does that say to Canadians? What does all the stuff that we're talking about right now, not meeting a fiscal anchor or risking it, do to a Canadian's bottom line?

Jason Jacques: I think the bottom line, as we would see it, is that it does come back to one of transparency. Whether it's the definition of capital where the government has come up with a made-in-Ottawa definition of capital that bears some resemblance to what we've seen in the U.K. and other jurisdictions but, as we point out, is much broader, or the government is making very substantial changes to fiscal anchors within a relatively short period of time, Parliament and I think Canadians would potentially benefit from a more open and clearer discussion around it.

Jasraj Hallan: I fully agree with you.

I think that, Mr. Jacques, you've brought up the word transparency a lot. As you said in your opening statement, the government within six weeks changed its fiscal anchors and the broad definition of capital.

I'd like to hear a little bit more about what you would like to see that you're not seeing today under this government when it comes to transparency. What does that say to the credibility of this government?

Jason Jacques: We offer one recommendation in the report specifically with respect to the definition of capital. Given that the government is now planning on using the operating budget or a balanced operating budget as one of the fiscal anchors and that there's the linkage between the operating budget and the capital definition, given that they're intrinsically linked, somebody else should define capital.

The comparison that I've used in other situations is that you need to have a separation of responsibilities. In the case of my 17-year-old son, he's not the person who comes up with his homework assignment; he's the person who does the homework assignment. Then somebody else marks the homework assignment. Certainly, in the case of the capital anchor or the capital definition, it—

The Chair: I'm sorry, Mr. Jacques; we're having some trouble with interpretation.

Please carry on.

Jason Jacques: Certainly, from our perspective looking at the previous fiscal anchors, the Government of Canada or the Department of Finance doesn't define debt; that's defined by the Public Sector Accounting Board. It doesn't define GDP; that's defined by Statistics Canada.,

Now we've moved into territory where the Department of Finance defines what capital is and they come up with the capital budget, and then they will assess that after the fact and potentially make changes to the definition as they see fit. That's something that we recommend should be changed, consistent with what we see in the U.K. While the U.K. might have a capital definition, it's set by somebody else, and the assessment is also done by somebody else after the fact. It's simply good practice.

• (1120)

Jasraj Hallan: I agree. I really appreciate that you highlighted this transparency piece. I'd like to know what that does to our credibility. If you're pointing out that there's not much transparency, what does it do to Canada's credibility? How would Canadians look at that when it comes to seeing that there's no transparency in the fiscal anchors, as you highlighted before, or the fact that the government has abandoned its debt-to-GDP ratio?

Jason Jacques: I would say that, by virtue of this committee meeting here today, for parliamentarians to be spending two hours on this issue, discussing and debating it, this certainly speaks to the credibility and confidence that Canadians can have that parliamentarians are paying attention to the issue.

From our perspective, there are issues that we've raised that we think are pertinent to parliamentarians and that potentially they might want to make changes to. For instance, in the cases of the U.K. and Australia, after an election, a government is legislatively required to identify in crystal clear language what the new fiscal anchors are and how they're going to be measured. That's something that parliamentarians potentially might want to discuss and might see to be worthwhile.

The Chair: Thank you.

[*Translation*]

Mr. Leitão, you have the floor for six minutes.

Carlos Leitão (Marc-Aurèle-Fortin, Lib.): Thank you.

Mr. Jacques, I would like to thank you and your team for being here. We will have time for a good conversation. There are two topics I would like to discuss with you. We probably won't have enough time, but I can come back to them later.

First, I would like to talk about long-term financial sustainability. You mentioned that, according to your analysis, the Canadian state remains financially sustainable in the long term.

Can you confirm that this is indeed the case?

Jason Jacques: Yes.

Carlos Leitão: Very well, thank you. So financial viability is maintained.

You also mentioned that one of the indicators you use to make this analysis is the debt-to-GDP ratio, but that there are other indicators.

Can you tell us about the other indicators you use to reach this conclusion?

Jason Jacques: For us, the most important indicator is the debt-to-GDP ratio, but that is obviously a long-term indicator.

Given your experience, you are surely aware that some indicators relate to the current year and the Government of Canada's ability to borrow more money on the financial markets, for example. These are indicators that focus on current activities.

Carlos Leitão: All right, thank you.

In fact, following the tabling of the budget, we saw that the financial markets had not really moved. The Canadian government's ability to finance its current activities therefore remains intact. Furthermore, as you are well aware, financial markets are also forward-looking. If there were any indication that this ability to access markets could be compromised, we would have already seen it in the form of rising interest rates in the markets, which does not seem to be the case.

The second topic I wanted to address concerns transparency. As you pointed out, this is extremely important. In your analysis, all the information is there. We look at the evolution of the deficit, then the evolution of the debt. We cannot say that we are trying to hide the deficit. We are not hiding anything. The deficit of some \$78 billion is clearly indicated. There does not seem to be a problem.

• (1125)

Jason Jacques: In this context, the indicators you mentioned show that this is indeed the case.

I must say that we are awaiting responses from a few departments regarding the increase in national defence spending.

In addition, there is discussion on Parliament Hill about the Government of Canada's plan to implement \$60 billion in cuts over the next five years. There is also talk of eliminating 40,000 civil service positions. We do not have the details of this plan, which is an integral part of the 2025 budget. As you can imagine, the Government of Canada's ability to implement a \$60 billion reduction is directly aligned with its ability to meet the new budget target of balancing the operating balance.

Carlos Leitão: I completely agree with you, adjusting the \$60 billion in current government spending is an ambitious goal.

You are right: The details of this will begin to emerge. We also want to do this in a way that is humane and respectful of our employees. A large part of this effort will come from early retirement incentives. We will see how this evolves. Our commitment is to achieve this goal. If the measures initially announced do not seem to be producing the desired results, we can move on to something else.

The Chair: Thank you, Mr. Leitão. Your speaking time is up.

We will now continue with Mr. Garon.

Mr. Garon, you have the floor for six minutes.

Jean-Denis Garon (Mirabel, BQ): Thank you, Madam Chair.

I would like to thank all of the witnesses for being here today. We are very grateful to them.

We have already begun a discussion on this topic. The government has probably stretched the definition of capital investment quite a bit.

On page 322 of the budget, the government refers to Singapore and the United Kingdom, which are said to have a similar approach, and to the Canadian provinces. I am thinking of the QIP, the Quebec Infrastructure Plan.

I will give you some examples and I would like to know if, outside of Canada, the following items would be considered investments.

On page 229 of the budget, there is mention of extending the early retirement program to Border Services officers. Is this an investment outside Canada?

You can answer yes or no, as I have several items to address.

Kristina Grinshpoon (Director, Fiscal Analysis, Office of the Parliamentary Budget Officer): We don't have any details at this time, so we will be able to provide a written response to the committee.

Jean-Denis Garon: Is the recruitment of military personnel considered an investment?

Kristina Grinshpoon: My answer would be the same.

Jean-Denis Garon: What about FIFA matches?

Kristina Grinshpoon: I would still give you the same answer.

Jean-Denis Garon: I see.

Would migrating software be considered an investment?

Kristina Grinshpoon: We will be able to provide the answers to the committee.

Jean-Denis Garon: Would it be possible to send us a written response?

Kristina Grinshpoon: Yes.

Jean-Denis Garon: Thank you very much.

Jason Jacques: This indicates that the definition of capital investments is very broad. In certain types of situations, this is not intuitive.

Jean-Denis Garon: On page 229, there is mention of recruiting military personnel. According to your initial approximation, this leads to a real accumulation of physical capital. Would this be the norm under generally accepted accounting principles?

Jason Jacques: In this context, and as an accountant, I would find it incredibly difficult to include it in balance sheets.

Jean-Denis Garon: Excellent.

That's what I think. I understand why you are being cautious.

I have also consulted chartered accountants. According to them, an auditor would be struck off the professional register if he included these items in his balance sheet. In other words, he would not sign it.

I would now like to talk to you about infrastructure transfers.

Throughout the media and in all forums, the Minister of Finance and National Revenue has claimed that \$115 billion in new funding

has been allocated to infrastructure. The provinces and Quebec were asking for \$100 billion over ten years.

Here are our calculations regarding the new funding, not the funding that already existed in previous appropriations. Over five years, \$9 billion will be allocated to infrastructure. This includes \$5 billion for hospital construction. However, the Quebec government estimates that the total amount is \$22 billion over ten years.

In the budget, how much is the new funding allocated to infrastructure?

• (1130)

Jason Jacques: We have received a response from the Department of Finance on this specific question. Unfortunately, the data relating to infrastructure is confidential. I cannot share the details with you.

Jean-Denis Garon: Can you give us an order of magnitude?

Jason Jacques: The value is not high.

Jean-Denis Garon: If it is not high, that means it is far from reaching \$115 billion.

Jason Jacques: Yes.

Jean-Denis Garon: Are we closer to the amount calculated by Quebec or the Bloc Québécois? Are we closer to \$9 billion or \$115 billion?

Jason Jacques: I cannot tell you, unless there are exceptional circumstances. In fact, my solicitor is here. I believe I must respect the confidentiality of the Department of Finance.

Jean-Denis Garon: Absolutely.

Your answer shows that the Minister of Finance and National Revenue, as usual, is going around to all the television stations from coast to coast, and he is exaggerating again. The figures that Quebec is talking about and our calculations show that we are tens and tens of billions of dollars away from what is being announced.

We talked about transparency earlier. Since the Prime Minister took office, have you had any difficulty obtaining data from the Department of Finance?

When the Parliamentary Budget Officer's Office requests data from the Department of Finance, how is the relationship between the two bodies?

Jason Jacques: I think we have a good relationship with the Department of Finance. We have some concerns with other departments, but things are going well with the Department of Finance.

Jean-Denis Garon: That's good news.

The government has introduced a superdeduction for productivity. This is accelerated depreciation, which is nothing special and exists pretty much everywhere in the world. Essentially, it is a very small part of the budget, representing \$1.49 billion over five years, including \$283 million for the first year. In other words, it is a minor measure. The government is telling anyone who will listen that it is a superdeduction. Once again, the minister is exaggerating: This is his trademark.

The minister says that this will generate a windfall of investment in Canada, when we know that accelerated depreciation is even more aggressive in the United States. Although this superdeduction is an ordinary deduction, do we have any idea how much investment it will attract?

At first glance, do you think the government is too optimistic about the effect of the deduction?

Diarra Sourang (Director, Economic Analysis, Office of the Parliamentary Budget Officer): At this stage, we are unfortunately unable to determine the exact amount of investment it will generate.

In response to your question about optimism, I would say that when we talk about productivity, we are really talking about the optimal use of capital and labour. Everything will depend on the rate of participation by businesses in the program. We will see this in the coming years.

Jean-Denis Garon: As economists, can we agree that accelerated depreciation of \$1.5 billion over five years is unlikely to generate \$1 trillion in investment?

Diarra Sourang: To answer your question, I would refer you to our economic multipliers, which give a fairly good idea of the amount of GDP that would be generated as a result of various initiatives.

The Chair: Thank you.

Your speaking time has expired.

[English]

We will continue with Ms. Cobena for five minutes, please.

Sandra Cobena (Newmarket—Aurora, CPC): Thank you, Madam Chair.

Mr. Jacques, in your report, you call for an independent expert body to review or opine on what the government is including in the definition of capital investment.

It is surprising and it is shocking that we need an independent body to police the numbers. Can you explain why you felt that we needed this independent expert body?

Jason Jacques: It goes back to the fundamental principle of separation of responsibilities, which is an accounting concept. Fundamentally, you want to ensure that the people coming up with the budget and then evaluating whether they met the target—those individuals—don't have control over the definition so that at the midpoint they can't change the definition of what falls into those categories.

• (1135)

Sandra Cobena: Apart from good practice, if the definitions had not been changed and made so broad and had the presentation of the budget not been changed, we wouldn't necessarily be calling for an independent expert body. This is a result of the changes, of the layers of difficulty that we have in actually understanding what counts as an operating expense, and what counts as a capital expense. Is that fair to say?

Jason Jacques: I would say that is fair. If this were not related to the government's new fiscal anchor of balancing the operating bud-

get, it would be interesting that the Government of Canada came up with and is now defining capital differently than the accounting board and Statistics Canada and the United Nations, but it's something that the government could do. They can come up with any language they want to and define things as they see fit. That's their discretion.

The moment it entered into the territory of "this is our new fiscal anchor and this is how Canadians can judge our performance and this is how we're going to be communicating with parliamentarians", it turned it into something that certainly requires greater transparency and better controls so that parliamentarians can understand it, know what they're looking at and deliberate over it.

Sandra Cobena: When I read through the budget, I found that it was very vague. It was not clear what was included as a capital investment and what was excluded. I think that the government was intentional in the vagueness. As a finance professional, I felt that was surprising because it's such an important term and you would expect it to be clearly laid out.

Would you say that having an independent expert who determines what counts as capital investments will allow parliamentarians to make more informed decisions when it comes to reporting and scrutinizing the government's expenses?

Jason Jacques: The short answer is yes. And the longer answer, which you probably don't want, involves looking at how changes actually happen to Public Sector Accounting Board standards. There is a draft discussion paper that's published months, if not years, in advance. It's circulated for comments. Those comments are then collated by the accounting board. Then there is a revised draft that is issued for potentially further consultation if there isn't tight consensus, and ultimately the new standard is implemented with a bit of lead time, so everyone can react to it.

Certainly in this situation that's something that could be a good practice, especially were there to be a change in government or change in Minister of Finance. Having transparency around how that Minister of Finance defines capital would be something that would be potentially challenging for parliamentarians if there were to be a new Minister of Finance, and the definition was changing without consultation or any of the information being published.

Sandra Cobena: When I speak to my constituents, a lot of them are saying that they just want accountability. They actually welcomed this recommendation of an independent expert body because they felt that the numbers would be a little bit more reliable if you took politics out of the numbers. It was actually welcomed based on your report.

Have you received any confirmation or assurances from the Prime Minister or the Minister of Finance that they will be adopting this recommendation of an independent expert body?

Jason Jacques: No.

Sandra Cobena: Thank you.

Would you say that this expanded definition of capital investment presents the government's fiscal position in a better situation than it actually is?

Jason Jacques: I would say that it's additional and new information. All of the old information is still there. So debt levels, debt to GDP, deficit to GDP, all those data still exist.

The observation that—

The Chair: Thank you, Mr. Jacques. We're going to have to end this round there.

Thank you, Ms. Cobena.

We're going to continue with Mr. Sawatzky for five minutes, please.

Jake Sawatzky (New Westminster—Burnaby—Maillardville, Lib.): Thank you, Madam Chair.

I'll pass my time to Mr. Turnbull.

Ryan Turnbull (Whitby, Lib.): Thanks.

Thanks for being here.

Mr. Jacques, I assume you've read annex 2 of the budget, "Capital budgeting framework".

Jason Jacques: I have.

Ryan Turnbull: It clearly outlines definitions and categories. I'm not sure that the criticism is very fair that it doesn't clearly identify how the government is intending to define capital investment. Would you agree that it actually does define it? Even if you disagree with the definitions, it goes to lengths to create a transparent set of definitions, does it not?

• (1140)

Jason Jacques: What I would say is that information is contained within the annex. Based upon the questions that we were asked earlier, the linkage with some measures in terms of their capital nature is a bit strained, a bit stretched, which makes it challenging, sorry, as a professional—

Ryan Turnbull: Yes.

Jason Jacques: I'm a professional accountant who has over 20 years' worth of experience dealing with the Statistics Canada system of national accounts, and it makes it very challenging for someone like me to quickly respond and intuitively understand what is in those categories.

Ryan Turnbull: Fair enough. I understand that, but it does define capital investment, correct?

Jason Jacques: It provides a high-level definition.

Ryan Turnbull: It defines it. You may disagree with it, and I'm getting to that in a second, but I'm just checking. It actually goes to length to define what a capital investment is in this budget for this government, does it not?

Jason Jacques: It does.

Ryan Turnbull: Okay, good.

It sounds to me like the heart of the issue is you're taking issue with the definition of capital investment, saying that perhaps tax exemptions or deductions that are used by many governments, in-

cluding ours, to spur investment or to attract capital expenditure in certain categories should not be included as capital investment. Is that your position?

Jason Jacques: I think the position on that issue is, again, with respect to what is included and what is not included. We're not offering recommendations. Where we're offering recommendations is around the definition itself. There is currently a process established by the Government of Canada around their new fiscal anchor where they set the definitions around operating and capital, which are distinct from clear, independent definitions that are already set for operating and capital.

Ryan Turnbull: I understand.

Jason Jacques: Our recommendation is similar to those other definitions, and I should say similar to what the Department of Finance and the government have done for about the past 30 years around their economic forecast, where they don't produce their own forecast. It's based upon an independent, arm's-length survey. Our recommendation is that the government, or parliamentarians, may wish to consider going in a similar direction. That's the only recommendation—

Ryan Turnbull: I hear that recommendation. You've mentioned it multiple times. I'm not trying to cut you off, but I want to ask more questions.

Is it your position that those tax exemptions or deductions do not contribute to capital formation? I don't think that's exactly what you're saying, but I want to clarify that if you are saying that, then tell me. If you're not saying that, I just want a simple yes or no.

Are you saying that tax exemptions and deductions do not contribute to capital formation in the economy?

Jason Jacques: No.

Ryan Turnbull: Okay, great. Thank you.

Are there other countries in the world that include R and D, tax incentives and other forms of clean economy tax incentives and deductions for immediate expensing, etc., as part of their capital budgeting frameworks?

Jason Jacques: There might be.

In the case of what we're most familiar with and what the government has pushed on is the case of the U.K. In the case of the U.K., they would not be included.

Ryan Turnbull: Okay.

Let me read a list of ones that I researched ahead of this meeting.

I asked what countries include tax incentives in their capital budgeting framework. I had Brazil, Chile, Colombia, Mexico, United States, Belgium, Finland, France, Germany, Ireland, Luxembourg, Netherlands, Norway, Portugal, Spain, Switzerland, United Kingdom, China, Hong Kong, India, Israel, Japan, Singapore, South Korea, United Arab Emirates, Australia, New Zealand, Ivory Coast, Nigeria and South Africa.

I don't have the time to research that at length, but I did a quick search and found that there are many jurisdictions around the world that include tax incentives and deductions for things that we heard from the deputy Bank of Canada governor, which would actually boost investment in our economy and hopefully help with our productivity challenges. I'm sure you would agree that's a good thing.

We're including those as part of the capital budgeting framework, which is not that unheard of. You seem to have made some of these definitions almost sound as if the government is taking this broad latitude, which I don't think it's taking.

The Chair: Thank you, Mr. Turnbull.

[Translation]

Mr. Garon, you have two and a half minutes.

Jean-Denis Garon: Thank you, Madam Chair.

I would like my colleague to cite his sources, because I get the same answer on ChatGPT.

In order to meet its deficit targets, the government says it will have to cut spending by \$60 billion over five years, including \$10 billion in the first year.

Fitch Ratings reminds us that, historically, Canada has not met its reduction targets. From what I understand, you still lack information on the specific amount that will need to be cut in order to meet the deficit target.

Given the information you have today, are you concerned that Canada will not meet its target of a \$78.5 billion deficit for next year?

• (1145)

Jason Jacques: Our reports indicate that it is unlikely that the Government of Canada will achieve its deficit-to-GDP reduction target for the next five years.

Jean-Denis Garon: If I am not mistaken, according to your simulations, the probability that the government will achieve its target is 7%.

What information do you need to know what the government's plan is?

When the budget was tabled, we asked officials where they would find these billions of dollars. They replied that the budget only includes examples, and that in reality, they have no idea what the reduction plan is. This gives the impression that the government does not yet know where it will make cuts. Starting today, it must find \$800 million per month in order to reach its target.

What information are you missing?

Jason Jacques: We have requested some details regarding the programs that will be abolished and the reduction in staff for each of them. In addition, we have requested an impact assessment regarding services and funding cuts.

This information is essential for us to assess the likelihood of successfully implementing this reduction.

Jean-Denis Garon: I only have 20 seconds of speaking time left.

Can you name another developed country that is a member of the Organisation for Economic Co-operation and Development, or OECD, that no longer uses the fiscal angle of the debt-to-gross domestic product, or GDP, ratio, and only uses the deficit-to-GDP ratio? Is there such a country within the OECD?

Jason Jacques: Right now I couldn't—

Jean-Denis Garon: Not to your knowledge.

Jason Jacques: Give me ten minutes or a few hours, and I can provide you with some details.

Jean-Denis Garon: I will ask you the question again in 20 minutes.

The Chair: All right.

Thank you. That concludes Mr. Garon's speaking time.

We will now continue with Mr. Lefebvre for five minutes.

Eric Lefebvre (Richmond—Arthabaska, CPC): Thank you, Madam Chair.

Mr. Jacques, I would like to thank you and your colleagues for being here today.

I would like you to take the time to answer the last question from my colleague, Mr. Turnbull.

Jason Jacques: As we have had several discussions with experts working for the United Kingdom, we have complete confidence in our figures, our recommendation and our analysis.

I am surprised to learn that different supplementary data contradicts our findings. In all humility, I am open to new data held by the committee that contradicts the data provided to us by people working for the U.K. Office for Budget Responsibility, or OBR. There are also people who manage the U.K.'s public accounts.

I think it would be really interesting if the committee could send us this data.

Eric Lefebvre: Thank you very much.

We will make that request.

You also said that the government's definition of capital investment is far too broad. You emphasize that certain expenditures should not be classified as capital expenditures.

Do you believe that expenditures related to corporate income tax should be classified as investments?

Jason Jacques: According to the Government of Canada, that is the case.

Eric Lefebvre: I see.

Do you believe that these expenses should be classified as investment tax credit expenses?

Jason Jacques: It's the same thing, according to the Government of Canada's definition.

Eric Lefebvre: Very well.

The credit rating agency Fitch Ratings pointed out that the Liberals' budget highlighted the erosion of the federal government's finances.

Do you agree with this agency?

Jason Jacques: I don't work for a rating agency, but I would say that it's important to be transparent, i.e., to share all possible data with rating agencies, but also with other investors.

Eric Lefebvre: Are you concerned that rating agencies are starting to talk about downgrading Canada's credit rating?

• (1150)

Jason Jacques: I think that improving the quality of transparency is the basis for our recommendations.

It is up to the Government of Canada to make decisions about the types of budget angles to adopt and how to measure them. At the same time, other stakeholders must make decisions about investments. In our view, that is the advantage of improving the quality of transparency and explaining why a decision was made by the Government of Canada, i.e., changing fiscal angles within an incredibly short period of time.

In addition, it is important to increase credibility, how capital investments are defined and measured. As I explained earlier, we have already had two other examples here in Canada regarding the definitions of "capital". This is completely new, and it is defined here, only in Ottawa.

Eric Lefebvre: Thank you.

Since the beginning of your interventions, you have often spoken about transparency and credibility. You also said that the Prime Minister had confirmed that he would maintain the fiscal anchor that is the debt-to-GDP ratio. Six weeks later, the Liberal government abandoned that anchor.

Can you explain why it is so important for Canada to maintain the debt-to-GDP ratio as an anchor?

Jason Jacques: Thank you for your question.

This important fiscal angle was put in place over 30 years ago now. This is an incredibly important indicator for every other country in the world, but also the rating agencies.

I don't think it's up to us to judge the budget angles that the Government of Canada chooses. In a context where we advocate transparency, the quality of it diminishes when a change in this regard is passed very quickly, without in-depth discussions on Parliament Hill. It could create the perception that numbers have a political aspect. In addition, I think everyone wants to avoid that.

The Chair: Thank you, Mr. Jacques. That's all the time we have.

Thank you, Mr. Lefebvre.

I now give the floor to Mr. Sawatzky for five minutes.

[English]

Jake Sawatzky: Thank you, Chair.

Thank you to the witnesses for coming here today.

The IMF recently praised Canada's decisive action to modernize its budget framework, including splitting the capital and operating spending, which we've been talking about. It said:

Both Germany and Canada recognize that in this very testing time, they need to use their fiscal space...one of these actions is indeed to reform—modernise the budget framework by (...) separating operating expenses in the budget from investment—that ability to then focus strategically on investment[s] that are growth, and that can lift up productivity.

Does your analysis reflect the benefits of that reform? You touched on some of the specifics, but in a broad sense, do you see this as something that could be beneficial?

Jason Jacques: Yes.

Jake Sawatzky: Great. Maybe you could dive a bit more into the specifics. I know you mentioned that there were perhaps a few things you might have wanted to see be different. Maybe you could elaborate.

Jason Jacques: Again, in terms of this split between operating and capital, that's something the government has done internally, which is certainly their right to do. I think it's certainly good that the government, because they've changed their internal decision-making processes around operating capital... If that's how you're managing internally, I think it's very transparent to share that information with the public to explain how you're making decisions and what one wants to accomplish.

In terms of the observations we make around a broad capital definition term, it's broad in comparison with other jurisdictions. There are things included in the definition that typically one would not include in other jurisdictions. That's something that parliamentarians should be aware of. Certainly, the government is aware of it. The further you stretch the relationship between the spending and what is considered an investment, the harder it is to actually identify or determine whether it's actually a capital investment or not.

It's not to say that tax expenditures would not somehow indirectly benefit capital investment. It's simply to say that it becomes harder to actually draw a clear linkage between the two.

• (1155)

Jake Sawatzky: Thank you.

When we're talking about investments and capital expenditures, what are some things that you would see as being clearly capital investments into the country?

Jason Jacques: I think we'd start with the definition from the system of national accounts, so starting with the definition from Statistics Canada. They have a definition with respect to what capital is. I believe on a monthly basis they're publishing something called capital investments and capital formation in the economy. That would certainly be a starting point.

If you wanted to extend it a little bit further, being an accountant, I would extend it further to include and incorporate the Public Sector Accounting Board standards. There are some things included in the Public Sector Accounting Board standards that might not necessarily show up within the system of national accounts, but it's a larger concentric circle, so you might include some of those things as well.

To the best of my knowledge, to use an example, an operating subsidy from the federal government to a private sector firm to produce something on an ongoing basis, within the first two categories, from Statistics Canada and the Public Sector Accounting Board standard, would not be considered a capital investment and wouldn't show up in your balance sheet. It's not to say that the government can't define it as such. It is to say, and this is the observation we make, that if you're coming up with a new definition, if one wants to use a new definition of what capital is, it's important to be transparent around it so that all parliamentarians understand.

As well, when it's clearly intrinsically linked to the new operating budgetary anchor of the government, it probably will increase the transparency and credibility if the definition you're using is not one that you come up with on your own and you don't have full control over and it's not subject to change as you see fit.

Jake Sawatzky: Thank you. That makes sense.

Budget 2025 makes some productivity-focused investments, such as housing, defence, major projects and the build communities strong fund, which is \$51 billion over 10 years and then an ongoing \$3 billion per year thereafter.

When your office assesses long-term fiscal sustainability, how do you incorporate these expected long-term returns from these investments into housing, infrastructure, defence—

The Chair: Sorry, Mr. Sawatzky, but we're going to have to end it there.

That concludes the time for this round.

We will go over to Mr. Kelly for five minutes, please.

Pat Kelly (Calgary Crowfoot, CPC): Thank you.

I'd like to continue on the topic of credibility. You mentioned in your opening statement that it was only six weeks ago that the Prime Minister was insisting that his government's fiscal anchor was a declining debt-to-GDP ratio, and now it is a declining deficit-to-GDP ratio wherein they then change the definition of an operating deficit and claim that is a new fiscal anchor.

Can you talk about how changing the goalposts, cutting loose fiscal anchors and these kinds of inconsistencies affect Canada's fiscal credibility?

Jason Jacques: Again, it comes back to an issue of the government having full discretion to establish whatever fiscal manage-

ment practices it wants to, including identifying or potentially changing the fiscal anchors as it sees fit.

From our perspective, and looking at good practices among advanced economies, if you're going to do so, you should do it in a transparent way that brings everyone along with you. If there are fundamental changes that the government has planned with respect to fiscal management, a good practice would be to explain the changes being proposed and ask if anyone has any feedback and if everyone understands what they are and what the consequences might be and then, after receiving feedback, potentially putting those into place and incorporating the feedback as you see fit. That's something, again, that we flag for parliamentarians.

Pat Kelly: When an existing fiscal anchor like a declining debt-to-GDP ratio is so quickly abandoned, how much credibility does the new fiscal anchor have?

● (1200)

Jason Jacques: I don't know that I'm in a good position to judge that using numbers.

Pat Kelly: Okay, now with numbers, you did note in your report that there is, in your estimation, only a 7.5% chance that the government will maintain the anchor that it has now assigned itself.

Talk about how you arrived at that conclusion and how that impacts the credibility of the government.

Jason Jacques: In terms of measuring the probability of the government respecting its anchor of a declining deficit-to-GDP ratio, that's actually based upon an IMF framework looking at the historical shocks that have faced the Canadian economy going back over the past 30 years. When we face those shocks, how severe are they, and in that context, is the government going to still be able to respect those anchors?

Again, it's not to say that they can't, and, going back to the question around fiscal sustainability, it's not to say that the government is not fiscally sustainable, but it is to say that there's a lot less room than there used to be. The next time there's an economic shock—and there will be, and economic shocks can mean recessions, pandemics and the terrorist attacks of 2001—there will be far less fiscal space than we had previously.

Pat Kelly: All right, so they're setting themselves up to have less room to deal with events, which we know will happen in the years ahead.

Jason Jacques: That's correct.

Pat Kelly: If a fiscal anchor has only a 7.5% chance of being maintained, is there any purpose in stating an anchor?

Jason Jacques: I think that's a better question for the Minister of Finance than for me.

Pat Kelly: All right, but your assessment is there's a 92.5% chance that this government will not maintain this anchor.

Jason Jacques: That's correct.

Pat Kelly: I think we want to conclude that there's really not much point, especially since they just cut loose their last anchor, and, in fact, even their own budget says they will not meet their last anchor.

When the finance department decided on its own to change the definition and then give itself this new anchor with almost no chance of being maintained, they were actually violating the accounting principle of separation of responsibility.

The Chair: Thank you, Mr. Kelly. We're going to have to end it there.

We'll continue with Mr. MacDonald for five minutes, please.

Kent MacDonald (Cardigan, Lib.): Thank you, Madam Chair, and thank you to the witnesses for attending today.

Mr. Jacques, all our forecasting, or what you and your team would be doing, is a moment-in-time analysis, I would take it. In my previous career running a business, all you could use was a moment in time.

There are many fiscal risks that we have faced in the last year—12 months or less—but we've seen a lot of these recent developments in major trade agreements around the world and global capital attraction since our Prime Minister took office. In particular, on the weekend, we heard about a \$70-billion deal with the U.A.E.

How do these things fit into...? They wouldn't have fit into your initial analysis of the budget, but obviously they're going to affect our ability to pay down debt and realize more returns.

Can you comment on that?

Jason Jacques: The short answer is yes. It will definitely have some sort of effect on growth and our ability to pay down debt.

The longer answer is we're constantly updating our economic modelling. In addition to the four colleagues you see at the table, there are another 35 colleagues back in the office at this point. They are some of the smartest economists in Canada, who are constantly monitoring external and international economic developments, as well as domestic developments and additional policy decisions made by the Government of Canada. When we publish or update the "Economic and Fiscal Outlook" sometime in the spring, all of that will be reflected.

Kent MacDonald: You understand where I'm coming from. Growth is very slow in Canada. It's a result of negative shocks from tariffs and situations like that. The opposition's been speaking a lot about transparency today.

One of your predecessors, Kevin Page, said the following:

The separation of operating and capital spending is a reporting change, not an accounting change, and it increases transparency on capital investment. The hard target of a balanced operating budget in 2028-29 will put more constraints on the government than would fiscal rules tied to changes in the size of the economy (such as a declining debt-to-GDP ratio).

Can you comment on that?

• (1205)

Jason Jacques: I didn't see Mr. Page's analysis.

Kent MacDonald: In budget 2025, we see major measures to attract new private sector investment.

Could you outline how increased private capital inflows typically affect the fiscal outlook and how they can reduce pressure on government's borrowing needs over the long term?

Diarra Sourang: Typically, when we see investment increase, it reflects directly on nominal GDP. We say it's usually one of the largest proxies of the government's tax base. It eventually translates into corporate tax revenues and also personal income tax revenues because more people are employed and wages are growing. Consumption is growing as well, so there are more GST revenues.

Kent MacDonald: I have just one more question, on regional development effects.

Since I represent Atlantic Canada, with a lot of fisheries and agriculture, how does trade expansion and capital attraction benefit the rural areas? We're export dominant. We're dependent on exports.

Jason Jacques: I would go back to the comments my colleague, Diarra, just offered with respect to additional trade, economic development and economic linkages to the extent that it's easier for somebody to take their high-quality Canadian products and, where there's a trade agreement negotiated with another country, export those products in an easy way. Obviously, that company and also that region end up being further ahead.

If you're looking at the east end of P.E.I., beyond beautiful beaches and great dairy products, there are people producing things for export. There is a lot of good light manufacturing at that end of the island that potentially would benefit from additional trade agreements.

Kent MacDonald: I have time for one more question.

When you guys do your analysis, what outcome indicators should we be watching most closely to measure the success of budget 2025 in the future? A year or two down the road, is there a trade or investment strategy—

The Chair: f I'm sorry, Mr. MacDonald. That concludes your time.

Kent MacDonald: I guess I don't get that question.

The Chair: You got the question, just not the answer yet.

Thank you.

[*Translation*]

I now give the floor to Mr. Garon for two and a half minutes.

Jean-Denis Garon: Thank you, Madam Chair.

I'm going to continue on the issue of fiscal anchors. This year, with a few weeks' notice, the government unilaterally decided to tell us that the deficit as a share of GDP had to decline and that this was the new anchor.

If we wanted to use the deficit as a fiscal anchor, shouldn't we instead ask that the deficit in relation to GDP be capped at the rate of growth of the economy, for example, which would guarantee us a decline in the debt-to-GDP ratio?

In fact, in its current form, there is no guarantee that even if the debt-to-GDP ratio declines, there is no guarantee, even mathematically, that debt will not continue to increase relative to GDP.

Is this just a way of covering up the fact that the government decided that the debt-to-GDP ratio was going to go up and manufactured a fiscal anchor as a result?

Jason Jacques: Mathematically, I agree with you in terms of the relationship between deficit-to-GDP and debt-to-GDP ratios. However, I'm not in a position to tell you why the government decided to change the anchors.

Jean-Denis Garon: The government said it was going to reduce the size of the public service by about 40,000 positions. In this regard, we see in the budget implementation act that a lot of penalties—if not all penalties—are being removed for early retirements. That will have an impact because it generates liabilities in the pension fund.

Would you be able to tell us how allowing people to retire without penalty will affect Canada's debt?

• (1210)

Jason Jacques: Obviously, there is a cost, which is indicated in the 2025 budget, which will increase the deficit and the debt.

Jean-Denis Garon: To reduce the size of the public service, public servants will be allowed to retire without any penalty. Since the people who leave won't have contributed fully to their pension, am I right to say that, for 20, 25 or 30 years, the Canadian taxpayer will continue to pay for these retirements through pension fund liabilities?

Jason Jacques: It's the public service pension fund, and it's the Government of Canada and public servants who are responsible for paying for that.

The Chair: Thank you, Mr. Jacques.

[*English*]

We'll continue with Mr. Hallan.

You have five minutes, please.

Jasraj Hallan: Thanks, Chair.

Mr. Jacques, you identified in your report that the government only has a 7.5% chance of meeting one of its own fiscal targets of a declining deficit-to-GDP ratio. If it doesn't meet that ratio, what are the consequences?

Jason Jacques: In terms of the consequences, it raises questions in terms of the government's overall fiscal management strategy. To the extent that one has a plan, there are targets within that plan. If those targets aren't being met, it raises the question of whether it's the right plan or whether there potentially needs to be a change in the overall execution.

Some of the other indicators beyond that specific target in terms of the fiscal anchor are, obviously, the \$1 trillion number—so, the substantial planned increase in investment within the Canadian economy—as well as a doubling of trade outside of the United States. Those are some other indicators as well.

Jasraj Hallan: Suppose they don't meet that target. Would that shake investor confidence, in your opinion?

Jason Jacques: I don't think I'm well placed to hazard an opinion with respect to the response of financial markets should the government not meet its fiscal anchors.

Jasraj Hallan: Okay, that's fair.

When you rightly said that they changed the fiscal anchor after, like, 30 years from debt-to-GDP to deficit-to-GDP, if this government had kept the debt-to-GDP ratio, do you think its chances to meet that target about it declining would be lower?

Jason Jacques: I won't answer a hypothetical question, but with that said, mathematically, had they kept it, the government would have needed to potentially make different decisions within the budget. This is because, as we see within the government's own forecast, looking out over the next 10 years, the debt-to-GDP ratio is increasing. Over a 30-year horizon, it's effectively flat.

The previous government and previous governments before that had a declining debt-to-GDP ratio over a five-year horizon. Had the government decided that it wanted to maintain that fiscal anchor, potentially different decisions would have needed to be taken as part of the budget.

Jasraj Hallan: The Governor of the Bank of Canada was here and once again raised the alarm bells on our productivity and its tie-in with standards of living and how they're going down for Canadians. I would like to get your thoughts on what a decline in productivity and subsequently the standard of living means for Canadians, in your opinion.

Jason Jacques: Productivity is one of the key inputs, both within our medium-term economic forecast and also our longer-term economic forecast, as part of fiscal sustainability. Fiscal sustainability is a lot easier to achieve with a higher productivity rate, higher productivity growth.

Jasraj Hallan: Is our productivity a concern to you, though?

Jason Jacques: Productivity, when you look at it over the past 40 years within Canada, has been declining over time. It's something that has rightfully seized the attention of both parliamentarians and economists.

• (1215)

Jasraj Hallan: On Canada's current fiscal situation, what are your thoughts on the current unemployment rate and the youth unemployment rate?

Jason Jacques: It's certainly something that we pay attention to every month when the labour force statistics are released. Going back to the question of productivity and also just output within the economy, when there are over 400,000 people between the ages of 15 and 24 who are looking for full-time jobs right now, who are searching for them and can't find them, that's a lot of untapped potential across the economy that could potentially boost growth and improve productivity.

Jasraj Hallan: What does that say about the current state of our economy?

Jason Jacques: Well, I didn't watch the governor when he was here, but I'm sure, going back to a point the governor probably mentioned, there's slack in the economy right now. That slack in the economy is a euphemism, but again, you drill down, and it gets down to those 400,000 kids between the ages of 15 and 24 who are looking for full-time work and can't find it.

Jasraj Hallan: Right.

I have just a quick question about our GDP per capita. What are your thoughts on it?

The Chair: Thank you, Mr. Hallan. We're going to have to end there.

Thank you, Mr. Jacques.

We'll go to Mr. Turnbull for five minutes, please.

Ryan Turnbull: Thanks, Chair.

Picking up where I left off, I wanted to switch tracks a bit and ask you about the net debt-to-GDP ratio. Who has the lowest net debt-to-GDP ratio in the G7?

Jason Jacques: Within the G7, that would be Canada, I believe.

Ryan Turnbull: Yes, at 13.3%. The second lowest is Germany. Do you know what level Germany is at?

Jason Jacques: Off the top of my head, I do not.

Ryan Turnbull: It's in the budget on page 6: 48.7%. Canada is at 13.3%. Canada is significantly better in terms of net debt-to-GDP ratio than all of the G7, including Germany. We also have, I believe, one of the lowest deficit-to-GDP ratios in the G7. Are you aware of that?

Jason Jacques: I am.

Ryan Turnbull: Do you know that Germany's is higher than Canada's?

Jason Jacques: I do.

Ryan Turnbull: Yes, and Germany and Canada both, as you know, have AAA credit ratings. Do you think Germany is at risk of a downgrade in terms of credit rating? Do you think they actually

have that risk or do you think Canada and Germany are at a good standard?

Kevin Page recently said he was very comfortable with Canada being at around 2.2% to 2.5%, which is right in the range that Germany and Canada are at in terms of deficit-to-GDP ratios. Can you comment on that?

Jason Jacques: Sure. I didn't see the work that Kevin did.

Ryan Turnbull: Kevin just said that he is very comfortable with Canada, implying that it's not necessarily.... I know that opposition members have referenced the Fitch Ratings as evidence that they think Canada is going to be downgraded in some ways for our credit rating, but I don't think there's any risk of that.

Do you think there's any risk of that in the current context?

Jason Jacques: I don't work for one of the ratings agencies. I might look like I do, but I don't. Because I don't do the analysis of the ratings agencies, I'm not well placed to determine how the ratings agencies would assess Canada's debt now, or in the past, or in the future.

Ryan Turnbull: Okay. Just to be clear, you've mentioned transparency, credibility and accountability a number of times in this committee. I think it's been an ongoing theme, and I think it's good that parliamentarians are having these debates. I assume you believe that the finance committee has a very important role to play in promoting transparency and having those debates and dialogues.

Jason Jacques: I believe in parliamentary democracy. It's why I've chosen my job.

Ryan Turnbull: Yes, and does that include studying the budget implementation act, do you think?

Jason Jacques: It's a question of studying all of the legislation and the policies before government.

Again, going back to the issue of the one recommendation we did offer in this report, it's around studying when there are substantial changes made with respect to the fiscal anchors of the government within a relatively short period of time and to long-standing fiscal anchors. That's something that parliamentarians may wish to consider, and we would recommend that they should probably take a look at.

Ryan Turnbull: Thank you.

So you agree that we should study the budget implementation act and have these debates then.

Jason Jacques: One of the fundamental responsibilities of parliamentarians is to evaluate proposals from the government with respect to spending money. I think it was decided in 1215 with King John that no money could be spent without approval.

• (1220)

Ryan Turnbull: Thank you for that.

I'm going to move the following motion:

Given the recent passage of budget 2025, which will catalyze generational investments in the Canadian economy to create lasting prosperity, protect our communities, and empower—

The Chair: I'm sorry, Mr. Turnbull; there is a point of order.

Pat Kelly: No, I'm merely catching your eye to speak to the motion once it's made.

The Chair: Oh, I'm sorry.

Please continue.

Ryan Turnbull:

Given the recent passage of budget 2025, which would catalyze generational investments in the Canadian economy to create lasting prosperity, protect our communities and empower Canadians, the tabling of the budget implementation act 2025, and the scheduled upcoming appearance of the Parliamentary Budget Officer as part of the budget implementation act pre-study, that the committee immediately commence a subject matter study of said legislation; and that the committee invite the Minister of Finance, relevant officials and expert witnesses to conduct a detailed examination of this important legislation.

Madam Chair, I would like to speak to that. All parties should have that in both official languages, because I put it on notice on Friday.

Mr. Jacques has been very generous with his time today, and I know has appeared in this committee multiple times in the last four or five weeks. It's great to have him and his expertise. I think that we agreed in our last meeting that his testimony should be included as part of the BIA study. What I'm proposing here is to commence that study of the budget implementation act.

I know that members opposite wanted to ensure that they had the language of that budget implementation act before we started the study. That 604-page document has been tabled in Parliament. I'm sure members opposite have had the chance to dig in over the weekend. I know that there's a lot of work to do on that. I think it's important work that we have to do. I think the debate and the witness testimony that we can get on the record here in our committee is really imperative for us to be able to evaluate the budget implementation act together and to work together on it.

Fortunately, we're not going to a Christmas election, and I thank the members who voted in favour of the budget. It passed the House with the majority of members, and it's certainly great to see the support. The will of Parliament has demonstrated that there's a majority of members of the House of Commons who support the budget. I think Canadians would rightly expect us to dig in to that work.

I've had the chance to really pore over the BIA. There are lots and lots of measures. I know that Mr. Garon was very concerned, as we all were, when we heard in previous deliberations in this committee that certain members of the disability community might be adversely impacted by a tax cut that the government had proposed. The fix for that is in the BIA. We heard the minister come before this committee. I can't imagine that the Bloc members would not want that to be deliberated in this committee or would not want a solution to that to be sought. I think we should take the time we need.

I forget which meeting it was, but it was fairly early on when this committee came back after the summer, and we started our deliberations on Bill C-4, which was the affordability measures that the government had put forward. I remember members opposite talking about how they would have wanted more time for consultation and

to have witnesses from their jurisdictions come to committee and give us their perspectives.

In terms of the BIA, we received 940 pre-budget consultation submissions and tens of thousands of survey responses. We did what I would consider a very comprehensive consultation process that involved stakeholders across the country, a lot of listening and a lot of taking that feedback and integrating it into the budget. I think the budget reflects that input, but more so, I think we need to ensure that this committee—and it was a good theme out of today—knows just how important this committee is in terms of creating a forum for democracy and debate on key financial measures and issues but also in terms of budgeting what the government is proposing.

• (1225)

I wrote down on a piece of paper what Mr. Jacques said, which is that the government's job is to make budget decisions and decide how to measure. I think that was the direct quote, and I hope I'm not misquoting him. I believe that's what he said in response to Mr. Lefebvre's comments.

I think it's true. That is the government's job, but Parliament has an important role to play as well. We are privileged to sit on the finance committee, but it also means we have a responsibility to Canadians. We have a responsibility to scrutinize the BIA.

In the past, members opposite have produced many potential amendments, and we went through quite a rigorous process. I was here for clause by clause and hearing from witnesses. It took many hours of our time. We extended our meetings to go, in many cases, right until midnight, and we turned up the pressure on ourselves in order to complete those things on a timeline that was beneficial for Canadians. We really saw some urgency in getting budget measures out the door.

I think that's the same urgency we should see in this committee. I know the Conservative members wanted to study tax havens, and we did quite a number of meetings on that topic. I know the Bloc proposed having the Parliamentary Budget Officer appear, and we eventually agreed with that. Initially, we were a little skeptical, because we had already had the interim PBO here about a month ago, but we were reasonable.

I haven't sensed the urgency around studying the BIA from opposition members. I really think that it's incumbent upon all of us, as members of Parliament, to get into the BIA now that it's been tabled in the House. We have the ability to scrutinize it.

I'm sure members opposite will have cause for criticism and areas that they're concerned about or that they will want more testimony on from stakeholders. They would like to push in this or that direction to go further, and I think that debate is really important. I believe in a parliamentary democracy. I think that process has been very constructive and fruitful in the past, and I think we should get on with that work.

In this motion, I'm proposing we get down to work on the BIA and that we consider the testimony today of Mr. Jacques and his team as part of that study so we can incorporate both some of that critical lens and fair and expert testimony. We should hear from other witnesses, too, on the various topics we've covered today.

I think there's lots in the BIA. I could spend a lot of time talking about the BIA, because I'm quite excited about it. In particular, I'll mention a couple of things quickly.

I'm really excited about the immediate expensing and the amendments to the SR and ED program and the clean economy investment tax credits, which are being altered. I get excited about those—and this goes to the conversation we've been having today about a capital budgeting framework—because I think those measures respond to the lagging or stagnant productivity in Canada. I think they will spur investment in our economy, which is greatly needed to enhance growth and productivity.

When a company can invest in new machinery and equipment, protect its intellectual property or take money it has been putting aside to pay its taxes at the end of the year and invest directly into productivity-enhancing equipment as well as other activities that will enhance productivity, I think that's a good thing for our economy.

I think that's what we heard from the Bank of Canada governor and the deputy Bank of Canada governor when they were here. They confirmed that those things would spur investment and likely contribute significantly to capital formation.

● (1230)

Although we may have some difference of opinion, I think that there are many jurisdictions around the world that see tax incentives or tax credits as a way of stimulating capital formation, and they do include that, as I understand, in their capital budgeting framework. I don't think it is that unusual. Again, there are lots of experienced experts who could come and tell us about how they do it, as part of a study on the BIA.

I really would like to see us move forward. I'm willing to work with members opposite to see a path forward on studying the BIA, ensuring that all parties, of course, get to submit witness names and that we have an adequate number of meetings dedicated so that we can deliberate on the BIA.

Again, it's substantive, which is not uncommon. Conservative and Liberal governments, as I understand, have put forward quite large BIAs in the past. Ours is quite large as well. It has lots of measures in it, lots of exciting, meaty things for us to discuss in this committee. I'm excited to get down to that work. I would ask members opposite, in good faith, to put their best foot forward, to work

with us, to do the work that this committee is assigned to do and that we have a duty to do.

Madam Chair, I know that as the chair of this committee, you'll guide us, but it's up to members of Parliament to decide what the agenda looks like. To date, it seems that we've been prioritizing other matters. We've had Conservative and Bloc motions get passed. We've studied and we've heard from witnesses they've put forward. I think it's time that the government members have a say in our number one priority here, which is the budget implementation act.

I know that the will of Parliament has shown us that a majority of members in the House support this budget. We really ought to get down to work on this. Canadians, I think, want to see us do that work.

I'll leave it there for now, but as I say, I have lots more to build the case for why I think a BIA should be our next study.

I apologize to the witnesses for treading on some of their time, because I really do value their perspectives. I don't always agree with witnesses' perspectives. I think that's part of what this committee does. It has lively debates on various topics. I should be able to ask Mr. Jacques and his team challenging and difficult questions, just as members opposite do all the time with witnesses in this committee. I think that's our duty.

I'd say that we need to extend that to the BIA, which is going to be a very large undertaking. It's a large bill. From my perspective, it has lots of very positive things in it. Members opposite won't always see it that way, I understand. If we don't get down to business on debating those and structuring a study, I wonder how long that's really going to take. I think we need to ensure that's top priority. Really our primary job as members of the finance committee is to deliberate on budgets, BIAs and government legislation.

Government legislation is supposed to take precedence at committee. I know that Mr. Kelly will say that committees are masters of their own domain, which they are, but I also know that the informal practice of the House—and there's probably a standing order, as well, that says this—is that government legislation is supposed to take priority in terms of the deliberations.

I'm sure that we'll get into more debate about this motion. I hope it will pass quickly. I know members opposite want to get down to business on the BIA.

Thanks.

The Chair: Thank you, Mr. Turnbull.

Mr. Kelly, please go ahead.

Pat Kelly: Thank you, Chair.

The member is right. It is a priority of this committee to study government bills when they pass Parliament. The BIA has not passed Parliament. It has been just tabled in Parliament. The proper order, ordinarily, is to allow that debate to occur, and then it is referred to a parliamentary committee. That is the motion before the House, to refer it to this committee. After the vote takes place in the House of Commons, that is when it is referred to this committee.

Now, Mr. Turnbull is absolutely right. The committee can decide to do whatever it wants, and that's why, Chair, I strongly encourage you to hold a subcommittee meeting with your vice-chairs. That's where the business of committee can be agreed to in an orderly fashion, so that we don't resort to interrupting the testimony of an officer of Parliament to conduct committee business, which is what this motion is.

With that, With that, I move that debate on this motion be suspended—sorry, adjourned. I move that we adjourn debate on Mr. Turnbull's motion.

● (1235)

Ryan Turnbull: I have a point of order, Chair.

I know there is very specific wording for that dilatory motion and Mr. Kelly did not say it in the way that it's supposed to be read, so I don't know whether it actually counts as a dilatory motion. Maybe the clerk can check.

The Chair: I'll check with my clerk.

Ryan Turnbull: I know from my experience on the procedure and House affairs committee that a dilatory motion to adjourn debate has to be word for word what it is in the Standing Orders.

The Chair: Because Mr. Kelly corrected himself, we'll accept it.

We will now move to a vote on the motion to adjourn debate on this motion.

(Motion agreed to: yeas 5; nays 4)

The Chair: The debate on this motion is collapsed. We will return to Mr. Turnbull, who has about a minute left in his speaking time.

Ryan Turnbull: I have lots of questions for the interim Parliamentary Budget Officer.

I know you have said that there's less than a 7.5% chance of maintaining the declining deficit-to-GDP ratio, but wouldn't that imply that you could predict the growth of GDP in the economy? My understanding is that assumes the GDP level would stay at what level...?

Jason Jacques: It accounts for the growth of nominal GDP in the economy. That's correct.

Ryan Turnbull: It accounts for the growth, but are you able to predict that effectively?

Jason Jacques: We evaluate the forecast accuracy of our "Economic and Fiscal Outlook" periodically. The last time we did that was —

The Chair: I'm sorry, Mr. Jacques. That concludes that round.

We'll continue with Ms. Cobena for five minutes.

Sandra Cobena: Thank you, Madam Chair.

Mr. Jacques, the Liberal government projects a declining deficit-to-GDP ratio over the next five years as a fiscal anchor. In your report, you estimate that there's only a 7.5% chance that the government can actually do that. I find a 7.5% chance to be extremely low.

Can you explain why there's only a 7.5% chance that this government will respect this fiscal anchor that it has set?

Kristina Grinshpoon: We've used the same kind of methodology that the IMF has used in terms of stress-testing this fiscal anchor specifically. In that, we took into account, as Mr. Jacques said before, the economic shocks that have happened over the past 30 years.

Using those shocks and their impacts on fiscal policy as a result, we determined that there is a 7.5% chance of the deficit-to-GDP declining every single year over that projection horizon. We're really using a similar methodology that the IMF has used in the past to come to this conclusion.

● (1240)

Sandra Cobena: If there is a 7.5% chance that the government respects its anchors, that in turn means there's a 92.5% chance that it does not respect the fiscal anchor. Can you comment on that?

Kristina Grinshpoon: Using the stress-testing that we've done, you would arrive at that conclusion, but it is a stress test of that fiscal anchor.

Sandra Cobena: Fitch credit rating has already warned, of course, that there is pressure on Canada's credit rating because of the close to \$80-billion deficit that was presented in the budget, the persistent fiscal expansion and a rising burden of debt. Fitch goes on to write, "This may be exacerbated by persistent economic underperformance caused by tariff risks and structural [changes], including low productivity."

Given the challenges related to our fiscal outlook, is this a good time to be introducing more uncertainty and distrust with a vague capital investment definition?

Jason Jacques: I would say, going back to comments we offered earlier, more transparency is better than less. It is a significant change in the definition of fiscal anchors that the government wants to use. Having more parliamentary debate and more understanding around what that change means is beneficial to everyone.

Sandra Cobena: Thank you.

Mr. Jacques, in a recent interview, you actually commented that the Liberal government ran on the federal debt-to-GDP ratio as a fiscal anchor. There was no debate in Parliament over changing it.

Is this right? What are your thoughts on this? How does a country just change its fiscal anchor? It's a big deal for Canada. That's how we guide ourselves and make decisions. How does the Liberal government change it without proper debate or discussion in Parliament? Could you comment on that?

Jason Jacques: Sure.

The short answer is that the government has full discretion to identify which fiscal anchors it wants to use as part of its management of the economy and the government's finances.

A recommendation we've made is that there should be heightened transparency around that, especially in situations where you have a long-standing and widely respected fiscal anchor like the declining debt-to-GDP ratio, used in long standing in Canada and widely used across other jurisdictions, and it's no longer being used as a fiscal anchor by the government.

There ends up being risk of potential politicization around the numbers where there end up being material changes to the fiscal anchors or any other aspects of the fiscal framework without policy discussion around that.

Sandra Cobena: Thank you.

The September 2025 fiscal outlook summary warns that the debt-servicing ratio continues to rise over the medium term. At what point would credit rating concerns start pushing Canada's borrowing rates higher in a meaningful way?

Jason Jacques: That's a question that's better put to a credit rating agency.

Sandra Cobena: How do you stress-test it—

The Chair: Thank you, Ms. Cobena. We're going to have to conclude that round.

We're going to continue with Mr. Leitão for five minutes.

[*Translation*]

Mr. Leitão, we can't hear you. Are you on mute?

Carlos Leitão: Is it working now?

The Chair: Yes, thank you.

The floor is yours.

Carlos Leitão: I'm sorry. After all these years, you'd think I'd be able to resolve this. That's my fault.

Mr. Jacques, let's go back to the discussion we were having at the beginning. In summary, Canada's financial stability over the medium term is assured. I think we had established that all along. What

you mentioned is that we would now have much less flexibility if another shock occurred.

Is that a fair summary?

• (1245)

Jason Jacques: That's right.

Carlos Leitão: Okay, thank you very much.

We've been living with a lot of uncertainty about international trade since January and February 2025. Do you think this is a major shock that the Canadian economy is experiencing?

Jason Jacques: Yes, I think that fits well with my definition of the word "shock".

Carlos Leitão: Thank you. I also think it's a shock.

In fact, that's why we see that economic growth in Canada has slowed a lot. So it has all kinds of implications for government revenues, expenditures and so on.

My colleague Mr. Turnbull had also started talking with you about the debt-to-GDP ratio and how unlikely you are to see that ratio decline in this situation.

Given the economic growth forecasts and the revenue growth forecasts that the government has set out in its budget, do you feel that there are significant risks, and therefore that it is possible that we won't be able to meet those targets?

Jason Jacques: That's right.

Carlos Leitão: Okay.

I would say that it's not a question of meeting the debt-to-GDP ratio. It's more about achieving.... Since it's a matter of semantics, I'll stop here.

How do you characterize the economic forecast in the budget? Do you think economic growth forecasts, such as nominal GDP growth forecasts, are conservative or overly enthusiastic?

Jason Jacques: The economic forecasts used by the Government of Canada are reasonable, because they are based on a survey of 14 economists from across Canada. That gives an aspect of independence to forecasting.

In addition, I must say that the Government of Canada's economic forecasts are aligned with ours. As a result, we're comfortable with their economic forecast.

Carlos Leitão: Thank you very much. We agree on that.

The economic forecast in the budget does not take into account the possibility that the measures taken in the budget will stimulate economic growth. In the budget, the government announced a whole series of measures, whether we like them or not. The deficit is \$78 billion. However, the potential benefits of these measures are not included in the economic forecasts. Maybe it will accelerate growth, or maybe it won't. We'll see.

The Chair: Thank you, Mr. Leitão.

I now give the floor to Mr. Garon for two and a half minutes.

Jean-Denis Garon: Thank you, Madam Chair.

In recent years, the Trudeau government has signed ad hoc health care agreements. Money was therefore paid to the provinces in addition to the Canada health transfer, which increased federal health funding by 5.8% per year. However, these one-off agreements are expiring.

Do I understand correctly from reading the budget that, since these one-time agreements are not being renewed, health transfers to Quebec and the provinces will overall decrease over the next few years?

• (1250)

Kristina Grinshpoon: In the budget, the 5% increase in the health transfer is not being renewed.

Jean-Denis Garon: Health transfers will therefore decrease.

You know, public finances are interconnected. It's often said that there's only one taxpayer at the end of the day. When the federal government decides not to increase health transfers, in Quebec, taxpayers pay more, the government goes into debt or the government reduces services.

Mr. Turnbull is walking around with his ChatGPT and telling us that Canada's debt as a share of GDP is lower than Germany's. However, when we look at the figures that include the debts of the provinces in Canada and the *Länder* in Germany, we see that Canada's debt-to-GDP ratio is actually 10 percentage points higher than that of Germany.

Do you think that taking provincial debt into account in the analysis of public finances is relevant, given that the provinces provide most of the services?

Jason Jacques: Obviously, it is important to include Canada's provinces, among other elements, in these analyses.

Jean-Denis Garon: Am I correct in saying that at the time of the signing of the treaty that created the European Union, the Maastricht treaty that my colleague Mr. Leitão likes a lot, there were caps on the deficit as a share of GDP and on the debt as a share of GDP?

Am I correct in saying that, at the time, the debt of all the *Länder*, the provinces and other states that were not national states were also included in the calculation of the debt? Am I correct that it was the overall debt that mattered?

Am I right to say that, in Canada, not increasing health transfers could have an effect on provincial debt and, consequently, on Canada's overall debt?

Jason Jacques: I agree with you on the Maastricht treaty.

As for the impact of the change on federal transfers to the provinces, it will depend on the reaction of the provinces.

The Chair: Thank you, Mr. Jacques.

Thank you, Mr. Garon.

I now give the floor to Mr. Lefebvre for five minutes.

Eric Lefebvre: Thank you, Madam Chair.

I want to remind the viewers watching us that the role of the Parliamentary Budget Officer is to conduct a neutral and non-partisan analysis.

Mr. Jacques, you are the acting Parliamentary Budget Officer. First of all, I want to take a moment today to say thank you. Thank you for being an excellent communicator and sharing your expertise with us. You're thorough. You're perfectly bilingual. You are speaking in both official languages, English and French. You're very credible. You're very available. We've met with you a number of times. I would say, as a bonus, that you are a very nice person. You check all the boxes for this position. You have experience now. If you ever decide to apply for the position of Parliamentary Budget Officer, I assure you that I will support your application. I hope and am convinced that all my colleagues here would also support your candidacy for this position. Thank you for the work you do.

We've heard from the Liberals today about the impact of the U.S. tariffs. Yesterday, Prime Minister Carney asked who was interested.

I would like to know if you are interested in the negotiations with the United States regarding the budget. I think that's an important piece. That has a significant impact on the budget. Personally, when I hear the Prime Minister of Canada ask who cares, I am concerned.

How do you see this intervention?

Jason Jacques: Indeed, tariffs between Canada and the United States are an important variable in our economic forecast.

Eric Lefebvre: Do you find it troubling to hear the Prime Minister ask who exactly is interested in this? He tells us that he is no longer interested in tariffs between the United States and Canada.

Jason Jacques: I haven't seen the Prime Minister's comments on that.

Eric Lefebvre: Okay.

You'll see it on social media. It's all over X right now.

You said that you had trouble getting information from certain departments, or that it was more difficult, but that it wasn't the case at the Department of Finance.

Can you specify in which departments it is more difficult to obtain information?

Jason Jacques: With regard to our requests for information on the cuts proposed by the Government of Canada in the 2025 budget, there are gaps when it comes to obtaining specific data on Fisheries and Oceans Canada's budget cuts. The government will implement a plan to reduce the department's budget by 15%.

We've asked for details on the programs and the number of positions that are affected, the impact on services, and other things like that, but we haven't received them yet. That's why we decided to provide all the data on this discussion, this conflict, to the Speaker of the House of Commons and the Speaker of the Senate, so that members can rectify the situation.

• (1255)

Eric Lefebvre: Were you told when they would be able to provide you with the information you requested? Is there a time limit?

Jason Jacques: No, we're now awaiting a ruling from the Speaker of the House of Commons.

Eric Lefebvre: The Liberal government says that it will balance its operating budget in three years, as it has promised several times.

Do you think that's possible?

Jason Jacques: Yes, that's entirely possible, because the Government of Canada has the power to make certain policy changes and make changes in terms of revenues and expenditures. With this type of control, it is always possible to achieve a balance in operating expenditures.

Eric Lefebvre: Basically, you're saying that it's budgetary manoeuvres that make it possible to play with the numbers to arrive at—

Jason Jacques: In terms of the budget agreement, we did some comparisons. We did an estimate of the likelihood of the Government of Canada succeeding in reducing the deficit-to-GDP ratio. However, we haven't done the same evaluations with the operating balance, since the data we have is limited.

Eric Lefebvre: Would you agree that these are accounting tricks that make it possible to be creative and improve the country's financial image?

Jason Jacques: In terms of the operating balance, I think there's a mathematical connection to the budget agreement. In that kind of situation, in that context, I would imagine that the likelihood of making the budget balance—

The Chair: Thank you, Mr. Jacques and Mr. Lefebvre. Your time is up.

We'll continue with Mr. Turnbull for five minutes.

[*English*]

Ryan Turnbull: Thanks, Chair.

I note that in your previous testimony, in answers to my questions, you had indicated just how important this finance committee's role is. I think it's shocking that the opposition members don't want to study the budget implementation act at this committee, although having previously indicated that your testimony should be included as part of that, which, I think, is a good thing, we can all agree. I really think we owe it to Canadians to have these debates, but to do so in the context of government legislation, which is the BIA.

I move:

That, given that the committee has already passed a motion to invite the Parliamentary Budget Officer as part of our upcoming consideration of the budget implementation act, and given that the Parliamentary Budget Officer has reasserted that the budget implementation act deserves timely and thorough consideration

by this committee, the committee agree to conduct a pre-study on the budget implementation act, and agree to hold a meeting of the Subcommittee on Agenda and Procedure on Wednesday, November 26, 2025, to confirm timelines and next steps.

I know that members opposite had indicated in their remarks that we should have a—

The Chair: I'm sorry, Mr. Turnbull. There's a point of order.

[*Translation*]

Jean-Denis Garon: As I understand it, Madam Chair, when a motion has already been put forward in committee, it has been debated and we have adjourned debate on that motion, it cannot be brought back. My understanding is that this motion is largely out of order.

Mr. Turnbull is doing indirectly what he can't do directly; his original motion scheduled a study of the budget—

The Chair: Thank you, Mr. Garon.

[*English*]

On the same point of order, we have Mr. Turnbull.

Ryan Turnbull: This motion is substantively different, because it really calls upon a subcommittee agenda and procedure meeting on this Wednesday, which is the heart of the motion. Although it references the BIA study, it's really asking—

The Chair: Thank you, Mr. Turnbull. Yes, I understood your....

On the same point of order, we have Mr. Garon. Do you have a different argument?

• (1300)

[*Translation*]

Jean-Denis Garon: Actually, it's a question of linguistic privilege, Madam Chair. I don't understand English—

[*English*]

The Chair: Okay, let me check with the clerk.

[*Translation*]

Jean-Denis Garon: —and I don't have the motion in both official languages.

[*English*]

The Chair: Thank you, Mr. Garon.

I will allow it as it is substantially different enough from the first one.

Mr. Kelly, please go ahead.

Pat Kelly: I don't know if this would be called the same point of order if we're on the order of the question of relevance.

The Chair: Well, I don't know. Do you have the same point of order, or is it a different point of order? That's up to you to decide.

Pat Kelly: My belief is that his motion is out of order.

The Chair: Well, I've already determined that I'm accepting it, so thank you, Mr. Kelly.

Pat Kelly: Therefore, I move that we adjourn the meeting.

The Chair: You can't do that on a point of order, Mr. Kelly.

Thank you, Mr. Turnbull. You can carry on.

Ryan Turnbull: We understand that committee members don't seem to want to study the BIA, which is unfortunate given the fact that they want to hear from an important officer of Parliament talking about budget-related matters and fiscal anchors—

The Chair: I'm sorry, Mr. Turnbull.

Is it a new point of order, Mr. Garon?

[Translation]

Jean-Denis Garon: Madam Chair, we're debating a motion that I don't have the text of in French.

[English]

The Chair: Okay, we will suspend the meeting for a moment so that we can ensure that the motion is submitted. Thank you.

• (1300)

(Pause)

• (1300)

The Chair: The motion has been circulated to members, so we will resume.

Mr. Turnbull, are you ready to resume?

Ryan Turnbull: Thanks, Chair.

It's my understanding that the opposition members don't seem to want to study the BIA. They certainly don't want to have any debate on studying it. This has come up over and over again in our committee, where I've done my very best to....

This committee has operated in good faith, with opposition members having their motions and studies put forward and with the government side agreeing to those within reason. I think this is a very reasonable attempt, a very good-faith attempt, at studying government legislation, which is the duty of this committee. It is embedded in the sort of mandate of this committee that the committee members study the BIA and that we prioritize government legislation.

This committee has done in many years past, time and time again, a prestudy on the budget implementation act. There have been rare occasions, very rare, when that may not have happened. It is the work and deliberation of this committee to essentially consider the BIA in all its glory. There are many pages there to consider. The will of Parliament has been very clear. It's been expressed by numerous votes in the House.

I've put this forward in numerous ways to try to be productive. The focus is really this: Can we have a subcommittee meeting to talk about how we can set the agenda for this committee in order to have a schedule leading into the spring? Members opposite have suggested in some of their remarks that this would be what they wanted. This is an attempt to work alongside my colleagues opposite to find a path forward to do some prestudy on the BIA. It's obvious that they don't want to do that. I find that shocking and surprising—stupefying, even. That's not a word I use often. I would say that it has me in a place where I'm wondering why members opposite don't want to actually work to.... Although they were not

willing to go to the polls for an election, they don't seem to want to actually do the work that members of Parliament are expected to do on this committee, which is to debate vigorously and work on the budget implementation act. I'm finding that pretty hard to understand.

Maybe members opposite will be able to convince me as to why we shouldn't study the BIA. I don't think they've made many remarks to that effect on the record. They seem to have suggested that they want to study the BIA, but they want to put it off and ensure that we can't do that work. It's kind of shocking when you think about how many investments there are in the budget that relate to their communities, whether it's housing, infrastructure, mines in Quebec or correcting small errors and unintentional consequences of a tax cut for 22 million Canadians or for those who live with a disability.

These are measures in the BIA that are going to impact businesses, communities and individuals who are potentially vulnerable at this time in Canada. They don't seem to want to get down to work on that, which I find a bit shocking and surprising. I would ask them if they could put the partisanship aside and actually work with us effectively to deliberate on the BIA. Again, I think that's the whole point of the finance committee. The finance committee is supposed to do this work and not put it off.

I don't discount that members opposite have other topics they want to study. I get that. Again, we've studied some of those topics in good faith.

• (1305)

There seems to only be an interest in having studies or witnesses who they feel represent a very negative version of reality that they're trying to boost a narrative for, and not really in working effectively in good faith with government MPs on this committee to actually do the work that we're tasked to do. It is the mandate of this committee, as I understand it. I probably should just get out the mandate of the finance committee.

Do we have a copy of that, Madam Chair, that the clerk could read out? What is the mandate of the finance committee? I'm pretty sure it includes working on the budget and deliberating on the budget.

Can we ask for clarification from the clerk, if possible?

• (1310)

The Chair: Yes, they're just checking.

Ryan Turnbull: No, I'm not finished yet. I'm invoking the Simms protocol.

The Chair:

As part of the mandate of the House of Commons Standing Committee on Finance established under Standing Order 108 of the Standing Orders of the House of Commons, the Committee is empowered to examine and enquire into all matters referred to it by the House of Commons, to report from time to time and, except when the House otherwise orders, to send for persons, papers and records.

Like certain other standing committees, the Standing Committee on Finance is also empowered to study and report on all matters relating to the mandate, management and operation of the department or departments of government that may be assigned to it from time to time by the House. For the Standing Committee on Finance, these departments include the Department of Finance Canada and the Canada Revenue Agency.

In addition, commencing on the first sitting day in September of each year, the Standing Committee on Finance is authorized to consider budgetary policy, as outlined in Standing Order 83.1. It may also report on proposals regarding the budgetary policy of the government. The Committee normally presents its pre-budget report no later than the third sitting day before the last normal sitting day in December, as determined by the calendar set out in Standing Order 28(2).

[*Translation*]

Jean-Denis Garon: I have a point of order, Madam Chair.

I didn't have the text of the motion in French. Now that I have the French version and am reading the text of the motion, it's clear that this motion has already been debated and that the debate on this motion was adjourned earlier today. Therefore, it is out of order.

The Chair: Thank you, Mr. Garon.

I've already ruled on that.

Jean-Denis Garon: I challenge your ruling, Madam Chair.

I call the vote on the chair's ruling.

The Chair: Excuse me, Mr. Garon, you missed the opportunity to call the vote. You would have had to ask directly after the chair's ruling. My ruling is therefore sustained.

[*English*]

I will continue.

In each parliamentary session, the Committee's work may include: pre-budget consultations; briefing sessions by departmental officials on federal programs; examination of planned expenditures of the Department of Finance and the Canada Revenue Agency; a review of Order in Council appointments; a review of the Bank of Canada's monetary policy reports; a review of the Minister of Finance's economic and fiscal updates; consideration of proposed legislation; special studies on topics within the Committee's mandate; and consideration of reports of subcommittees.

Just before I get to you, Mr. Kelly, I'm going to thank our witnesses for being here and excuse them.

Thank you very much for coming to finance committee.

Mr. Kelly has the floor on a point of order.

Pat Kelly: Mr. Garon was waiting for the French translation and therefore did not have it, so I challenge your ruling that his challenge of the chair was untimely.

The Chair: Thank you, Mr. Kelly, but he had in fact already received it at the time.

Pat Kelly: I'm challenging your ruling that he was.... You ruled that his—

The Chair: Thank you, Mr. Kelly. I will take a moment.

No, it's too late, so thank you very much.

Mr. Turnbull, you can carry on with the floor.

Ryan Turnbull: Thank you.

As I was saying, I'm having trouble understanding. You've read out the mandate of the committee. It included many references to the budget, the budgetary process, prestudies, scrutinizing the economic updates, etc. There are a number of aspects of the mandate of the finance committee that are uniquely part of this committee. They don't apply to other committees in Parliament.

I was on the procedure and House affairs committee, and we had some responsibilities that were unique to that committee, which was unusual compared to some of the other committees. This one is like that as well; it is a central committee that has an important role to play. Members opposite seem to only take that role as necessary and as seriously as it deserves when it suits their purpose.

In my view, this is the work this committee is supposed to do, and members opposite don't seem to want to play that role. I know that they should all be operating as good-faith members of this committee, but I'm questioning that at this point, because they don't even want to do the essential work that is part of the core mandate of this committee, which is to study government legislation. To do a prestudy on the budget is the practice of this committee, as is hearing from witnesses. Again, they've wrongfully complained that we didn't hear from enough witnesses in the past, and they expressed a desire to hear from more witnesses on the budget, which is, in my view, sort of misplaced.

At this point, it seems that they're not interested at all in hearing from witnesses, so maybe what they want is to move to clause-by-clause analysis of the BIA. I'm sure at some point or another in the future they will want to hear from witnesses, so why can't we start that work and have that conversation this Wednesday? Why can't we structure a study that is reasonable, that moves us along to do the work of consideration of the budget? That is top priority for this committee, as far as I'm concerned, so it's just shocking to me that the opposition doesn't want to do that work.

Even if I were to take an opposition member and put myself in their shoes, they don't seem to even want to criticize the government on the budget, which is interesting, because, obviously, they're going to have different views and present views on the BIA on some things they don't agree with. They get the opportunity, just as all of us do, to present their perspectives, express their opinions, dig into the details and deliberate and debate all of those aspects of the BIA.

To me, that's operating in good faith. They have a job to do, as we do on this side, and we're trying to do that job. I think I would be neglecting my duties as the PS to finance if I didn't push this committee to do the work that it was mandated to do.

I will continue to do that, Madam Chair, and continue to remind committee members that the BIA should be a priority for this committee. We should be embroiled in considerations on it by now. In my view, we should have started this study already. The Conservatives don't seem to want that. You can't hide behind the curtain on this. They hid behind the curtains in the House. Although they didn't want to go to a Christmas election, they hid behind the curtains, and now they're trying to hide again from the fact that they don't want to work in good faith. They don't even want the opportunity to criticize the government about its BIA.

I find that very disconcerting, to say the least. I really hope that we can get beyond this impasse and work together effectively. Obviously, passing the BIA will come in time. Just begin the study on the BIA, hear from witnesses, get into the details of it and have some of those debates. I'm looking forward to that work. I know that it's an extensive study.

• (1315)

Maybe I'll leave it there, Madam Chair.

Thank you.

The Chair: Thank you, Mr. Turnbull.

I have Mr. MacDonald.

Kent MacDonald: Madam Chair, I really don't have anything to add. I think my colleague argued the points well on why we want to pass this motion. I just encourage my colleagues across the way to give their support, and then we can get on with the budget implementation act study.

The Chair: Thank you, Mr. MacDonald.

Mr. Sawatzky, please go ahead.

Jake Sawatzky: I cede the floor.

Thank you, Madam Chair.

The Chair: Thank you, Mr. Sawatzky.

Mr. Hallan, please go ahead.

Jasraj Hallan: Thank you, Madam Chair.

Given the fact that Mr. Turnbull tried this once before in the committee without any prior discussion with me or Mr. Garon, I just thought it would be.... It's a normal practice of this committee that, if we want to plan any future business, we do that in a sub-committee or the vice-chairs get together. Now Mr. Turnbull is trying to strong-arm the other members of this committee to do what he wants.

Therefore, I think that the best route for this is, as we have said before.... I would maybe ask you, Madam Chair, to schedule a sub-committee meeting on Wednesday so that we can hash all this out and talk about future business. I'll leave that with you, Madam Chair.

Given that, I'd like to move to adjourn the debate.

(Motion agreed to: yeas 5; nays 4)

• (1320)

The Chair: The debate is now adjourned.

Mr. Hallan, please go ahead.

Jasraj Hallan: I move to adjourn the meeting.

Some hon. members: Agreed.

The Chair: The meeting is adjourned.

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