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Chair: Karina Gould



Standing Committee on Finance

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• (1635)

[English]

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

Welcome to meeting number eight of the House of Commons Standing Committee on Finance. Today's meeting is taking place in a hybrid format.

[Translation]

I would like to mention a few rules for those participating today. Please wait until I recognize you by name before speaking. If you are on the video conference, please click on the microphone icon to unmute yourself. When you're not speaking, your mike should be on mute.

[English]

For those on Zoom, at the bottom of your screen you can select the appropriate channel for interpretation: floor, English or French. Those in the room can use the earpiece and select the desired channel.

For members participating in person or via Zoom, please raise your hand if you wish to speak. The committee clerks and I will do the best we can to maintain that consolidated speaking order.

This is a reminder that all comments should be made through the chair.

Pursuant to the order of reference of Thursday, June 12 and the motion adopted on September 22, 2025, the committee shall resume consideration of Bill C-4, an act respecting certain affordability measures for Canadians and another measure.

[Translation]

I would like to say a few words about how committees proceed with the clause-by-clause consideration of a bill.

As the name indicates, this is an examination of all the clauses in the order in which they appear in the bill. I will call each clause successively, and each clause is subject to debate and a vote.

If there are amendments to the clause in question, I will recognize the member proposing it, who may explain it. The amendment will then be open for debate. When no further members wish to intervene, the amendment will be voted on. Amendments will be considered in the order in which they appear in the package each member received from the clerks.

[English]

In addition to having to be properly drafted in a legal sense, amendments must also be procedurally admissible. The chair may be called upon to rule amendments inadmissible if they go against the principle of the bill or beyond the scope of the bill, both of which were adopted by the House when it agreed to the bill at second reading, or if they offend the financial prerogative of the Crown.

During debate on an amendment, members are permitted to move subamendments. Only one subamendment may be considered at a time, and that subamendment cannot be amended.

Once every clause has been voted on, the committee will vote on the title and the bill itself. An order to reprint the bill may be required if amendments are adopted, so that the House has a proper copy for use at report stage.

[Translation]

I thank the members for their attention and wish everyone a productive clause-by-clause consideration of Bill C-4.

I would like to welcome our witnesses, who are available to answer technical questions related to the bill.

• (1640)

[English]

From the Canada Revenue Agency, we have Isabelle Brault, director general, legislative policy directorate; and Hélène Lacasse, director, financial institutions and real property division.

From the Department of Finance, we have Gervais Coulombe, director general, legislation, sales tax division; Lindsay Gwyer, director general, legislation, tax legislation division; Pierre Leblanc, director general, personal income tax division; Amanda Riddell, senior director, real property and financial institutions; Stefania Bartucci, director, strategic projects, personal income tax division; and Nina Gormanns, director, excise policy, sales tax division.

From the Privy Council Office, we have Rachel Pereira, director, democratic institutions.

Thank you all for being with us today.

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

We will go to clause 2.

(On clause 2)

The Chair: Mr. Davies, NDP-1 is deemed moved pursuant to the routine motion adopted by the committee on June 16, 2025.

I see, Mr. Davies, you are here. I invite you to say a few words if you would like to do that.

Don Davies (Vancouver Kingsway, NDP): Thank you, Madam Chair. It's good to be back at this committee. What did I miss? I am teasing.

I will speak briefly to the motion. Essentially, NDP-1 proposes a new federal income tax bracket of 37% on taxable income over \$1 million per year. The new tax bracket would raise an estimated \$1.3 billion in 2025, affecting the top 0.135% of tax filers, or about 43,000 people.

This revenue would partially offset the \$28.24 billion cost, over five years, of reducing the lowest personal income tax rate from 15% to 14%, a measure that disproportionately benefits higher-income Canadians.

According to the Parliamentary Budget Officer and independent analysts, the average savings from the tax cut are significantly greater for wealthier individuals and families, with low-income Canadians receiving minimal or no benefit. Only 14% of those living in poverty will see any gain, averaging just \$11 annually compared to \$310 for the richest 10%.

When looking at the various forms of census families, the average savings range from \$50 a year for low-income single seniors to \$750 for high-income couples with children.

Canada's tax system has become increasingly regressive. In fact, a recent report titled "Canada's shift to a more regressive tax system, 2004 to 2022" found that the top 5% of Canadians were paying a lower overall tax rate than the bottom 95%. The top 1% is paying an even lower rate.

Finally, Madam Chair, this amendment helps to restore progressivity to Canada's tax system. It ensures that those most able to contribute do so, and it better aligns the proposed tax cut with its stated goal of supporting the middle class.

Thank you for allowing me to move this motion.

• (1645)

The Chair: Thank you, Mr. Davies.

Bill C-4, in part 1, "amends the Income Tax Act to reduce the marginal personal income tax rate on the lowest tax bracket to 14.5% for the 2025 taxation year and to 14% for [next year]".

The amendment attempts to create a new tax bracket and increases the marginal tax rate for this new tax bracket. In my opinion, by creating a new tax bracket and increasing the marginal tax rate for this new tax bracket, the amendment would oblige certain entities to bear an additional charge, and it is contrary to the principle of the bill. Therefore, the amendment is inadmissible.

Thank you.

Moving on to CPC-1, Mr. Hallan, would you like to move this motion?

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

Yes, I would like to move this motion. This was a part of our campaign platform. It was a "bring it home" tax cut, which would save average families and individuals more. This tax cut would be dropping the tax rate on the lowest-income earners by 15%, and the tax bracket would go from 15% to 12.75%, meaning an average worker who earns anywhere around \$57,000 would save \$900 a year. Anyone with a two-income family would save \$1,800 a year.

The Chair: Great. Thank you, Mr. Hallan.

Mr. Turnbull.

Ryan Turnbull (Whitby, Lib.): Thanks.

We're open to debate on this now, obviously.

The Chair: Yes, we are.

Ryan Turnbull: Thanks, Chair.

I have a number of questions about this proposed change.

For the officials, I'm going to ask you a bunch of questions. Maybe you can choose who's best to answer, because it's not always easy to identify who the most knowledgeable person is.

My understanding is that this proposed amendment to the lowest tax bracket would have a pretty significant fiscal impact. Could someone on the panel speak to just how big that fiscal impact would be?

Pierre Leblanc (Director General, Personal Income Tax Division, Tax Policy Branch, Department of Finance): Madam Chair, I would like to thank the member for his question.

Basically, what the government is proposing in Bill C-4 is to reduce the first marginal personal income tax rate by one percentage point. That starts at about \$5.5 billion. If you're going to reduce the rate to 12.75%, that's reducing it by 2.25 percentage points instead of one percentage point. You can just multiple our cost estimate of \$5.5 billion by 2.25 to arrive at that number.

I would just add that it would have been a measure that the Parliamentary Budget Officer costed during the recent campaign. That would give you a pretty good sense of what it costs.

Ryan Turnbull: That's in the range of about \$14 billion annually. Is that correct?

Pierre Leblanc: It's more towards the end of the fiscal planning period, but it would approach that.

Ryan Turnbull: My understanding is that the Parliamentary Budget Officer analyzed the Conservatives' election platform promise and costed it at about \$44 billion over five years. Is that consistent with your estimates?

Pierre Leblanc: Again, they would be in the same ballpark.

● (1650)

Ryan Turnbull: Okay, so it's significant.

I find it interesting that the Conservatives are standing up every day in the House of Commons and speaking to what they call “deficit spending”, yet here they are at committee, proposing to increase that dramatically. It's pretty interesting to see that that's their proposal here.

Let me take this a bit further. I remember when the minister came to our committee. We identified an issue related to the specific tax break to 14% that we've proposed in this bill. The minister mentioned the fact that we were aware that individuals receiving a disability tax credit, for example, might be worse off in some cases, because it would reduce their taxable income amount. He said they were working on a solution for that.

Is this proposed amendment going to exacerbate things for a number of individuals who may be more vulnerable or at the lower end of the income and tax brackets? Would they be worse off in some circumstances?

Pierre Leblanc: The income tax reduction proposed in Bill C-4 will benefit about 22 million Canadians. The amount by which they'll benefit will depend on two things. First, it will depend on their taxable income, because it goes up to a taxable income of about \$57,400 in 2025. Second, it will depend on the amount of their non-refundable credits, because most non-refundable credits are calculated at the same rate as the lowest personal income tax rate.

How the legislation works—that's before you work—is that as the bottom tax rate is reduced from 15% to 14%, so too is the non-refundable rate. While it is true that the value of those non-refundable tax credits will be reduced for the very large majority of people claiming the disability tax credit who pay tax, the benefit of reducing the bottom tax rate will be greater than the impact of reducing non-refundable tax credits, including the disability tax credit. Again, if they're paying tax, in the large majority of cases they will receive a tax reduction if the legislation goes forward.

What I could add is that in very rare cases.... Again, there are two factors at play. One is how much less tax they are paying on taxable income up to \$57,375 in 2025, and the other is the reduction in their non-refundable credits. In very rare cases, what we see is that there are individuals whose total non-refundable tax credits calculated at the lowest rate are greater than the top of the first bracket threshold. There are some disability tax credit claimants in that group, but there are others as well. There are different reasons you can claim those really large amounts of non-refundable credits. Basically, in those cases, it flips, and the loss in value of the non-refundable tax credits is greater than the benefit from paying less tax on taxable income.

To get more closely to your question, that's basically a function of how big the tax rate reduction is. The bigger the tax rate reduc-

tion for that extremely small group, the greater the negative impact will be in those cases.

As you noted, when the minister was before you a couple of weeks ago, he emphasized that the government is talking with and listening very closely to stakeholders representing persons with disabilities and is committed to a resolution.

I just wanted to underscore that.

● (1655)

Ryan Turnbull: Thank you.

I focused in particular on non-refundable tax credits for individuals living with a disability, but I think there are a number of others. Can you name some of the other ones, just so we're clear? I think there's a medical expense tax credit. There are a few others. Can a member of the panel refer to any of the other ones that would be impacted, just so we're clear on what segments of the population could be negatively impacted by what the Conservatives are proposing?

Pierre Leblanc: If we're talking about that very small group, basically, we're talking about less than 0.3% of tax filers, just to emphasize how small that group is. They are going to be very much one-time cases for those individuals in the large majority of cases. It could be things like a large medical expense.

Another example might be someone who's been in school and has earned tuition tax credits, but often while you're in school you don't have enough taxable income to use them. You can carry them forward. Maybe you've accumulated enough when you get your first job and you have enough taxable income and then you can bring in these very large non-refundable tax credits.

I think that example is a good illustration of how temporary—how one-time—that effect can be for, again, an extremely small number of people. Going forward, as that individual continues to work, they would benefit from the tax reduction.

Ryan Turnbull: Thank you very much. That's helpful.

Does this measure increase any complexity in terms of solving the challenge? The minister indicated that they were looking at possible solutions. I think what the Conservatives proposed was to reduce the tax rate on that lowest income bracket over a number of years. Does that increase any complexity in looking at possible solutions? As you said, I recognize that it's a limited number of people, although those people matter and they are some of the most vulnerable people in some circumstances.

By saying that, I'm sure you're not indicating that we don't care about the circumstances of those individuals, because I think we can all agree that some of those individuals living with disabilities, for example, are maybe disproportionately impacted already by virtue of, in some cases, not being able to work, through no fault of their own. Of course, we don't want to inadvertently leave them worse off.

I guess what I'm trying to say is that to solve the problem in looking at options, an implication of the Conservative amendment here is that it makes that more complex to solve. Is the problem a bit more complex to solve as a result of this if it passes, Mr. Leblanc?

Pierre Leblanc: Madam Chair, I would like to thank the member for his question.

I would characterize it as more a matter of degree. Just to underscore once again the commitment made by the minister to address any of those unintended consequences, that's very important for him. I think you could address it in similar ways. It's just that the extent to which it would make a difference would depend on how much the initial effect is, which would depend on the size of the tax reduction.

Ryan Turnbull: Thank you for that. I appreciate it.

It's a matter of degree, as I got from your response. It may not change the solution, but how we implement it, or the specific nature of the solution, may change.

I wanted to go back to the fiscal impact. This is moving from essentially a tax cut that would cost about \$6 billion per year to one that would cost \$14 billion annually when it's at its full scope. What pressure might that put on the fiscal framework? That's a pretty significant difference. As you said, it's more than double the reduction in tax that we've intended with this measure. What pressure might that put on the government across the fiscal framework?

Pierre Leblanc: I think what we can say is that the difference in the fiscal impact that you note is a fair characterization, so it would have that magnitude of effect. As for the ways in which that would impact the fiscal framework, that is best answered by people other than us. That would be the difference in the fiscal impact.

We'll leave it there.

• (1700)

Ryan Turnbull: Just by virtue of the size of the fiscal impact of this particular amendment, doesn't it exceed the scope of what was intended, what was actually put in writing, in terms of the ways and means motion?

Pierre Leblanc: I think others would be better qualified to judge the extent to which it.... I don't know if any colleagues would jump in there.

The ways and means motion, yes, was based on a reduction of one percentage point. This would be a larger tax reduction. I don't want to add too much more than that.

Ryan Turnbull: That's fair enough.

The summary of the thing that we voted on here, Bill C-4, which I know we had unanimous consent in the House on, was very ex-

plicit about.... Maybe I'll just read the portion that's relevant here. It says:

Part 1 amends the Income Tax Act to reduce the marginal personal income tax rate on the lowest tax bracket to 14.5% for the 2025 taxation year and to 14% for the 2026 and subsequent taxation years.

It seems that, instead of a 1% tax cut, we're now talking about a 2.25% tax cut. That has a significant fiscal impact. My understanding is that things that often have a significantly greater fiscal impact require either a royal recommendation or a ways and means motion to give, essentially, the room and scope to things like this.

Could you potentially comment on that?

Pierre Leblanc: Madam Chair, while I thank the member for his question, I'm not in a position to add much.

Ryan Turnbull: What about the legislative clerk? Could you speak to that?

Is that possible, Chair?

The Chair: I will ask for advice.

It's admissible.

Ryan Turnbull: All right. Thank you.

Maybe I'll let some of my other colleagues ask their questions.

The Chair: Thank you, Mr. Turnbull.

Next, I have Mr. Kelly.

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

I merely sought your attention for the floor when Mr. Turnbull was expressing his confusion about the Conservative position, so I thought I'd just clarify that.

Yes, indeed, we're extraordinarily concerned about deficits. That is why we are so concerned with the economic stagnation in the country.

To say that this amendment.... To pick that out of the entire Conservative platform and then suggest that, because we want to lower taxes for Canadians by dropping the rate to 12.75%, this somehow means we are not concerned about deficits.... There was an entire suite of measures that was proposed that would have included many things, including unleashing the resource economy that powers our economy and puts Canadians to work.

I just wanted to clarify that. I will say that it's up to him. They can vote against this motion if they wish, if they would prefer to not lower taxes for Canadians and to not drop the rate down to 12.75%. That is their choice, and they're welcome to do so, but I'm not going to debate this any further. This is what we have proposed, and it is up to them whether or not they want to accept this amendment to lower taxes for Canadians.

The Chair: Thank you, Mr. Kelly.

Mr. Leitão.

• (1705)

[Translation]

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

Good afternoon everyone.

This amendment by the Conservative Party is very concerning, in our view. As mentioned, the amendment would increase the cost of the tax measure from \$5.5 billion a year to about \$14 billion a year. We feel it would be irresponsible to alter the government's fiscal framework in this way.

This amendment comes as a surprise. Since Parliament resumed in the fall, the Conservatives have constantly argued that the fiscal framework put forward by the government is not balanced, creates a huge deficit and will cause inflation. This measure passed in the House with the support of the Liberals and the Conservatives. We were all in agreement on Bill C-4 and the tax reduction it proposed. Now the Conservatives are proposing an amendment that would completely change the size of the tax cut and further raise the deficit.

My colleague Mr. Kelly said the Conservatives would offset that with budget-balancing measures. I assume they would be cost-cutting measures, but we haven't received any of those details. Adopting this amendment would create a huge hole in the public purse, so we would really like to know what those cost-cutting measures are.

According to what we've heard in the House of Commons so far, our Conservative colleagues do not seem to support the social programs in place. I assume they would make cuts to those programs, which they were never really on board with in the first place. I'm talking about the Canadian dental care plan, the child care program and other such programs they don't seem to care much about.

The increased tax reduction they are proposing would come with a trade-off: major, if not draconian, cuts to social programming. They did indeed say that they would balance the budget.

You know, I've done this kind of work before, and I must tell you that cutting government spending on social programs is far from straightforward. Often, it has unintended consequences.

I'd like to hear what the witnesses think about that trade-off. What I mean is the fact that the major tax cut being proposed, on one hand, would lead to a reduction in social programming, on the other.

I ask the question with a particular thought in mind, the many people with very little taxable income who benefit from those programs. They already pay little in taxes, so a tax cut doesn't tend to be as helpful to low-income earners as the social programs currently in place.

Could someone answer that question, or would you prefer not to?

Pierre Leblanc: Thank you to the member for his question.

It's not really a question we can answer, since we are here to answer technical questions about the bill before the committee.

Carlos Leitão: From a purely technical standpoint, could a change like this significantly affect the delivery of social programs and many tax credits?

Pierre Leblanc: Thank you to the member for his question.

There is always an impact, but it depends on the other decisions the government makes. It's not really for us to comment on those decisions.

Carlos Leitão: In a previous Parliament, we debated the possibility of putting in place a tax shield, in other words, a set of tax measures that could protect the most disadvantaged people and prevent them from experiencing such repercussions. This can happen when tax rates are changed.

Has the federal government ever considered implementing a tax shield to protect people at the bottom of the ladder who, in all cases, pay very little tax?

Pierre Leblanc: As public servants, we're always thinking about a number of topics in order to be able to provide advice to the government and the Minister of Finance. We're really here to talk about this bill.

This tax relief doesn't necessarily concern the most disadvantaged, but it will largely benefit individuals who pay tax based on the first two income brackets, that is to say about half of individuals, who pay tax based on the first bracket. It's important to point that out.

Carlos Leitão: Thank you.

The Chair: I'd like to remind members that the questions officials are asked must be technical in nature and must relate to the bill.

Carlos Leitão: I appreciate that, Madam Chair.

Ladies and gentlemen, I don't want to put you on the spot. I understand your role very well. We thank you for the work you do, whether at the Canada Revenue Agency or at the Department of Finance. This is important work.

When the minister asks you to run scenarios and propose solutions, you do so, and I fully understand that it has to be within a certain framework.

• (1710)

Madam Chair, I'll repeat what I said before. It would be fiscally irresponsible to proceed with a tax cut like the one my Conservative colleagues are proposing if it isn't offset by massive cuts in social spending. Canadians would not come out ahead in this exchange.

In addition, in the fiscal framework that our Conservative colleagues proposed during the election campaign, they also included in their calculations the potential economic benefits of such a tax cut. If we reduce taxes, in principle, that can have a certain effect on economic growth. However, using a potential increase in the gross domestic product, or GDP, to present a disguised fiscal framework is not done in Canada.

According to the best practices of the Organisation for Economic Co-operation and Development, or OECD, potential GDP increases are never taken into consideration to present a balanced fiscal framework. That's irresponsible.

• (1715)

The Chair: Thank you, Mr. Leitão.

[*English*]

We're now going to Mr. Sawatzky please.

Jake Sawatzky (New Westminster—Burnaby—Maillardville, Lib.): Thank you, Madam Chair, and thank you to all of the witnesses for coming in today.

There's an important distinction to make here. I was brought up cutting taxes for Canadians, but we're already cutting taxes for Canadians. It's being done in a fiscally responsible way. That's an important thing to point out. This is already something that's in the process. Adding the cost of \$14 billion more every year to Canadians, frankly, is just irresponsible debt.

That's an important distinction to make here. We have ongoing trade negotiations with the United States. There is a rise in protectionism. Of course, there's an ongoing climate crisis that demands immediate attention, and it's going to be very costly. There are many factors we have to consider when we're making amendments like this. I'm not sure if we're talking enough about those considerations.

Adding an additional \$8 billion to the deficit with the stroke of a pen, as the Conservatives are proposing, would this weaken Canada's fiscal capacity and room to manoeuvre right now?

Stefania Bartucci (Director, Strategic Projects, Personal Income Tax Division, Department of Finance): I believe a similar question came up before. I don't think we're best placed to answer questions about the impact on the federal budget, the fiscal framework. In fact, yes, the cost would be nearly doubled. Of course, that would entail implications for the fiscal position.

Jake Sawatzky: I'm wondering if you could perhaps elaborate on what some of those fiscal implications would be, given this increase.

Stefania Bartucci: Similarly, we're not really best placed to answer exactly what that would mean for things like the deficit and other spending decisions. All of that would have to be factored in to determine exactly what the impact would be on the fiscal position.

Jake Sawatzky: Thank you.

The Chair: Mr. MacDonald, you're next.

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

If the debt was increased by \$8 billion more, how does that affect the long-term ability of the government? What does that cost in interest and debt service to the nation?

Stefania Bartucci: I don't think we can answer that at this time. We're not best placed to answer about the effects of additional spending on federal debt.

Kent MacDonald: I could figure it out with my pencil if I had to. You can't answer what \$8 billion more in debt would cost the

taxpayer to service the debt. Someone must be able to answer that. No.

We were elected on April 28. Canadians expect us to carry out the platform we presented to everybody. For those reasons, I'm opposed to this amendment. We balanced everything out in our election platform so that we could be fiscally responsible. Look at the programs we would deliver through Bill C-4, with the GST tax credit, the removal of the consumer carbon pricing and the tax cut we're talking about that's benefiting 22 million Canadians.

All of these decisions we make on taxation have been fiscal choices, and we must remember that that's what they are. They were part of the total platform. To cherry-pick a deeper tax cut than the one the Conservatives had in their platform and build it into ours but not offset it with savings.... If we were to put this in, what are the savings? Are we going to cut health transfers to the provinces? Are we going to reduce the help we're investing in Build Canada Homes so that we can address the housing shortage? I don't know. Maybe we're going to stop any funding for climate transition and adaptation. Everything comes with a cost. We think we've done it fiscally responsibly.

In conclusion, if we don't give ourselves a little wiggle room and if we give a larger tax break, we're going to be in the position that, if we have a crisis like the one we're dealing with now with our southern neighbour, where we have to have responsive programs for unjustified tariffs, we won't have the ability to do that.

For those reasons, I can't support this amendment. I think Canadians know that by investing in infrastructure and projects across Canada, whether they be small or large, such as port renovations to improve our ability to export and an energy corridor to improve our ability to have electricity infrastructure in all regions of the country.... These are all things that Canadians supported the Liberal Party for in the election. For those reasons, I can't support this amendment.

Thank you, Madam Chair.

The Chair: Thank you, Mr. MacDonald.

I have Mr. Turnbull next on the list. If not, I can go to the next person on the list, who is Mr. Kelly.

An hon. member: [*Inaudible—Editor*]

The Chair: Sure. That is Mr. Sawatzky.

Jake Sawatzky: Thank you, Madam Chair.

To add on to what you were saying, the cuts would need to come from somewhere. Who are we going to tell that they aren't getting the funding? Are we going to have to cut climate programs? We can't afford to cut our climate programs. We have a moral responsibility to reduce our greenhouse gas emissions and make sure we're sustainable in the long run. If cutting those programs is an option, I don't see that as a very good idea, personally.

As you mentioned, a lot of what we're doing here is investing in large-scale projects that will grow the economy and grow the GDP, such as ports, electricity corridors and all those sorts of things. There is a big difference between investing in these long-term projects that will grow the economy and cutting taxes in a really irresponsible fashion.

All of that is to say I don't agree with this either. I think this is not well thought-out.

Talking about our income tax rates compared to those of our peers in the G7 and the OECD, I'm wondering if any of the witnesses here would be able to elaborate on how Canada compares.

• (1720)

Pierre Leblanc: I think I can answer that generally. There are different ways to measure personal income tax rates. I don't have any of the figures in front of me.

One commonly recognized measure that I would point to is carried out by the OECD. It's for all of the countries in the OECD. It's basically measuring taxes on workers in a comprehensive way. It could be a single person with an average wage or a family where one spouse is making, say, higher than the average wage and the other is making lower than the average wage. Relative to G7 and OECD countries, Canada is on the lower end of those tax rates in terms of paying less tax. Reducing the lowest marginal personal income tax rate by one percentage point will bring that down even a bit more.

It's potentially something we can follow up on.

I think I can make that general statement for now.

Jake Sawatzky: That is pretty promising. I think that is good news.

Thank you, Madam Chair.

The Chair: Thank you, Mr. Sawatzky.

I'll now go to Mr. Leitão.

[Translation]

Carlos Leitão: Thank you very much, Madam Chair.

I would like to talk about something else. I agree that, if we compare ourselves to our OECD partners, the tax cut we're proposing would bring us back to a more comparable rate, and we'd even be in a better position than our partners.

When it comes to the fiscal framework, it's important to remember that we're talking about a difference of approximately \$9 billion a year compared to the proposal set out in Bill C-4. We all voted in favour of it. However, the proposal put forward by the Conservative Party is \$9 billion a year, forever or almost forever.

So this is a recurring effect, which risks mortgaging our fiscal room for manoeuvre. As my colleagues mentioned, that would mean that we would necessarily have to reduce transfers to the provinces or transfers to individuals. I'm thinking in particular of the old age security pension or the Canada child benefit.

Those social programs are much more important, and we feel very strongly about them. I think Canadians generally like that kind of social program as well. That's what makes Canada what it is, and what makes it different from our American neighbours.

Our colleagues' proposals are headed in a different direction, in a direction where individuals should be able to rely on less government support. They should be on their own. They'll work hard, they'll have more money in their pockets, and that's it.

In Canada, that isn't how we developed our sense of solidarity and mutual assistance, which is very different from individualism. I think this individualism is somewhat hidden behind this much greater reduction in the tax burden. It will inevitably have to be offset by much more aggressive spending cuts.

My colleagues have often said that the deficit is terrible. I assume they would be proposing very deep spending cuts in their platform. The only way to do that would be to make massive cuts to social programs, transfers to individuals or transfers to the provinces.

I don't think that's what Canadians want. The other way would be to let the debt grow. That would be extremely inconsistent on the part of our colleagues, because they have been telling us repeatedly for months that the debt has already ballooned out of control. However, that isn't the case. On the other hand, if we went ahead with bigger tax cuts without having massive spending cuts to match, that's what would happen.

• (1725)

In fact, we saw in the United Kingdom not long ago what this kind of thing could lead to. Under Prime Minister Liz Truss, the new British Conservative government had the brilliant idea of implementing massive tax cuts. In the literature, this has been referred to as the Liz Truss moment. At that time, there was a kind of total rebellion in the financial markets. They told the British finance minister that the government couldn't do this and that, if it did, the financial markets would withdraw their confidence in British debt. They claimed that this would lead to a real crisis. In fact, it led to the end of that government, which didn't last long.

Are our Conservative friends leading us toward a kind of Liz Truss moment? This party claims to be the party of fiscal responsibility. However, it would be quite spectacular if this party ended up killing the fiscal leeway we have, which now allows us to look to the future. That future is quite worrying, since our neighbour isn't very reliable at the moment.

As a government, we have to be prepared to support the economy and support businesses that are victims of the trade war that exists with our neighbours. This is about keeping the Canadian economy afloat until we can have a trade agreement that works to our advantage. Nor are we going to sign just anything and put ourselves in a much more difficult situation than the one we currently find ourselves in.

As the Prime Minister said in question period today, we need massive investment in our economy. We believe in the government's ability to invest, but to do so, we need access to the financial market, and we need our financial framework to be credible.

We can all judge that on November 4, when the budget is announced. We find it credible, but if we were to accept this amendment, it would no longer be credible. By doing what our Conservative friends are proposing to do, we would be dangerously close to a Liz Truss moment. We clearly can't and don't want to see that happen. We still have a triple-A credit rating, and the debt-to-GDP ratio is manageable. We want to continue in that direction.

I'll leave it there for now. I'll turn it over to my colleagues, if they want to add anything.

• (1730)

The Chair: Thank you, Mr. Leitão.

[*English*]

Ryan Turnbull: For me, I keep coming back to the fact that this is so inconsistent with what Conservatives have been saying in the House of Commons every single day, ad nauseam. We hear them say that the government should be spending less. They're essentially proposing to forgo tax revenue at a scale that would significantly and negatively impact the government's ability to spend in other areas. I think what we're proposing is a very balanced approach. I think Canadians knew what they were voting for in our platform. Again, I think the Conservatives may have forgotten that they did not form government and that they actually lost the last election. Maybe they have forgotten that. We'll remind them every day as we govern.

For me, it's so hard to understand how they square this with the things they say on a daily basis in the House of Commons. It's just really inconsistent with what we see here in this place. I will be using this as an example in the House of Commons in every speech I give and in every response in question period that I have the opportunity to deliver in the future: While the Conservatives are saying that we need to decrease government spending and essentially be more fiscally responsible, they're at the same time in committee asking us to forgo tens of billions of dollars' worth of revenue that can be invested into the economy.

Our government, in its new capital budgeting framework and our new budget cycle, is taking a really responsible approach. We're going to bring down government operating expenses, and we're going

to increase a focus on capital formation in the economy. To me, we have the fiscal space to do that within the AAA credit rating we enjoy in this country.

We had recent comments from the head of the International Monetary Fund, I believe just last weekend. I think the minister read that out in question period recently. These statements basically indicate that the IMF agrees with both the changes to the capital budgeting framework and the budget cycle, and also has said that our approach, which is to diversify trade, invest in infrastructure, and invest in special projects in housing, infrastructure, energy, etc., will help boost productivity.

I think the counterbalance to this is to say, well, we're reasonably offering a tax cut to Canadians, which they voted for in the last election, and simultaneously we're balancing that. We understand that there is a fiscal hit to that forgone revenue. When we stimulate the economy and focus on capital formation, we'll have additional revenues come in that counterbalance those tax measures. That's why it's a balanced approach. We know right now that if we don't pivot and don't adapt to the changing environment that the world is in due to what has traditionally and historically been our most trusted trade partner, we run the risk of a declining GDP. We run the risk of a lack of opportunities for our workers and Canadian citizens, and we'll see a diminished economy. We're interested in growing the economy, and I think we're balancing that with a tax cut.

What I find so strange is that on the one hand, the Conservatives say they want us to essentially decrease spending. On the other hand, they're proposing to essentially take a fiscal hit that would be in the tens of billions of dollars to the fiscal framework.

• (1735)

I really think this would compromise the stability of Canada's economy. It would compromise our ability to invest in a growing economy, because we would have less fiscal room within our balanced approach to actually work with.

That concerns me. I find it very surprising. I won't say "despicable", even though I know that's a word that's been used recently in the House of Commons. Actually, it was said outside of the House of Commons by the Leader of the Opposition when referring to our RCMP. It is really a shame that he would say such a thing.

I will just say that I find it hard to believe that the Conservatives are the ones proposing this, even though I get that it was in their platform. I kind of understand that we shouldn't be that shocked, perhaps, because it was in their platform.

Unfortunately, you lost the election. I'm sure you can acknowledge that at this point, given that you're still sitting in the opposition benches after 10 years. I'm not meaning to rub that in, in any way. I just think it's important for us to recognize who is actually in the driver's seat governing the country, which is us. Unfortunately for you, Canadians sided with our tax measures and our balanced approach. That's what we're implementing.

I go back to the ways and means motion that we passed in the House of Commons, which was extremely clear in terms of the summary and the recommendation about the tax cut that we voted on. I think this is a fundamental change to what we were elected to deliver on. I think it exceeds the scope. I know I asked the question already, and it's been determined that this was actually in scope, but because of the fiscal hit that this would have and the fact that it exceeds the scope, I really can't understand how we can support this. We certainly can't.

I know my other colleagues have asked questions and spoken to this. I agree with their sentiments entirely. It's strange to see this coming from the Conservatives. I don't know what they would cut. If they were governing this country and they offered this tax break, they would cut indiscriminately like they've done in the past, which we saw under Stephen Harper. We saw it under other Conservative governments, when there was this cut to Veterans Affairs offices; there were cuts to defence spending and cuts to everything. It just seemed like it was a really significant, deep effort to cut, which does remind us of Liz Truss. I think my colleague mentioned Liz Truss. I have nothing against her personally, but certainly the U.K. economy did tank shortly after she got into power. I think she was the shortest-serving prime minister in U.K. history, if I'm not mistaken. I think the Conservatives are adopting pages from her approach, which will, it seems to me, compromise the stability of our economy and hinder the government's ability to make other investments.

Those are my concerns with this particular amendment. I thought I would get some more of those on the record. I'm sure my other colleagues will have some more thoughts to contribute to the debate.

Thanks.

● (1740)

The Chair: Thank you, Mr. Turnbull.

Mr. Sawatzky.

Jake Sawatzky: Thank you, Madam Chair.

I know there are a lot of details here. I want to stress the importance of our actually going through all of the important context when we're making decisions that are going to impact all Canadians. Sometimes it takes a while to get through all of the details; however, it is really important that we do flesh everything out here, because there's a lot of context that needs to be gone over.

A lot of us, of course, are waiting for this budget that's coming out on November 4. Something important to note here is that this is a budget that has a new capital investment budgeting framework, and that framework is going to distinguish between current operating expenditures and capital investments.

This is a really important thing to pick apart here. That's going to help the government prioritize investments that are going to deliver those long-term benefits for Canada. The operating expenditures are going to be balanced by 2028-29. The 2025 budget is certainly going to rise to the occasion here. It's going to be a budget whereby we're going to build, here, the strongest economy in the G7. It's going to do something very concrete to make life more affordable.

We know the cost of living is still a constant priority for Canadians. I certainly heard a lot of that throughout my campaign. In fact, that was the first thing that came to mind for people I talked to. I asked, "What are you most concerned about?" Most people really just wanted to bring those prices down, whether for their groceries or for rent, and so on. We know here with the government that is really one of the biggest challenges to Canadians.

Part of affordability is the cost of housing. We're facing a housing crisis, particularly for younger generations being born into a housing market in which they cannot afford to even think about the concept of buying. That's something that is really important for us to address as the government.

As part of that, we're implementing an approach to increase the supply of housing for Canada. The Prime Minister recently launched a new federal agency responsible for building affordable housing on a large scale, called Build Canada Homes. That's going to combat homelessness by building supervised and transitional housing in collaboration with provinces, territories, municipalities and indigenous communities. This is a really big step towards making housing more accessible for a lot of Canadians.

In Bill C-4, we're talking about affordability, and this is just one example of making things more affordable for Canadians. It's going to build community-based, highly affordable housing for low-income households. It's also going to partner with private developers to build affordable housing for the country's middle class, which oftentimes includes some of the folks who are struggling most.

To do that and help Canadians buy those homes, the proposed elimination of the GST for first-time homebuyers is for homes valued at \$1 million or less. It also reduces the GST for first-time homebuyers of new homes valued between \$1 million and \$1.5 million. As Canadians demanded, we're putting money back in their pockets by cutting taxes.

However, bringing it back to the topic at hand here, this is cutting taxes in a responsible way. It's cutting taxes in a way that will help Canadians most and is not going to have lots of other unfortunate impacts that the Conservative Party is proposing for cutting taxes. We want to be fiscally responsible here and consider the best interests of Canadians, not only today but going forward well into the future, and with investment into the long term in mind.

Since July 1, all Canadians have benefited from a tax cut that will save a dual-income family up to \$840 per year starting in 2026. That may sound small to some, but for those who are living paycheque to paycheque and really struggling, \$840 can mean the ability to put food on the table. That is something really important coming to all Canadians—to 22 million Canadians, in fact.

• (1745)

That's a lot of people who will benefit, while keeping things fiscally responsible here in the government. They can now keep more of their paycheques and can use that according to their priorities.

With the trade tensions with the United States, we know the importance of continuing to support Canadians affected by this dispute. Since the beginning of this, we've put in a robust Canadian system of economic support to help businesses and workers directly affected by the U.S. tariffs. We have heard consistently of all the industries that are really struggling right now: the auto industry, the steel industry, the aluminum industry.... The softwood lumber industry is particularly being hit hard in my home province of B.C. These are all industries that sometimes need supports from the government. The government needs to have some extra funding to deliver to these industries; otherwise, we have companies shutting down, moving to the United States.

This is a really big problem, and the government needs to be fiscally able to support these companies. When things look like they're about to go under, that's when the government needs to step in and assist. Fortunately, the government has been able to assist here. We're coming back to the concept of unfunded tax cuts, really, which is what this measure is proposing. The Conservative Party claimed that this was responsible spending, but frankly, it's not.

To the witnesses, I'm wondering perhaps if you might be able to speak of any other cases of countries that passed large, unfunded tax cuts, especially when the full implications aren't able to be weighed out. Could you maybe provide any examples of when this has happened in the past and what the outcome of that might have been?

Pierre Leblanc: Madam Chair, I'd like to thank the member for his question. It's an interesting one. I think we're best placed, as officials, to respond to technical questions on the bill before you.

Jake Sawatzky: Okay. Perhaps I'll ask a different question.

I'm wondering if maybe you could elaborate on the different kinds of analyses that officials do to calculate the impacts of a large tax cut, including potential unexpected impacts on government revenue.

Stefania Bartucci: Typically speaking, when we analyze a proposal—for example, a rate reduction—we look at several things, based on certain principles. We look at the potential effectiveness. We look at the efficiency of a proposal. We look at the equity implications of that. We look at which groups of people, by income, age and gender, will be affected and how. We look at whether or not a potential proposal would have implications in terms of the simplicity versus complexity on the tax system. We try also to consider any implications for administering a potential change.

Jake Sawatzky: Thank you.

I'm wondering, with that in mind, if you are able to bring this to the amendments we're speaking of and perhaps add any kind of analysis of this amendment. Would that not be suited right now?

Stefania Bartucci: Thanks for the follow-up. I think most of what we can provide has already been said. It's essentially that the amendment would further reduce the first rate, which would also further reduce the non-refundable tax credits rates, since the two are linked, and we talked about that. We talked about the difference in the fiscal impact. I think that's probably about the extent of what we can give at this time.

• (1750)

Jake Sawatzky: Thank you very much.

Thank you, Madam Chair.

The Chair: Thank you, Mr. Sawatzky.

I now have Mr. Leitão.

[*Translation*]

Carlos Leitão: Thank you, Madam Chair.

I'd like to continue on the same topic, because it's particularly important.

When a government is preparing a budget and proposing tax measures, it must take you, the technocrats, some time to analyze all the repercussions of these measures. This can lead to all kinds of outcomes.

In your career, have you ever seen the Government of Canada, regardless of the party in power, implement a major tax change based on a 30-minute analysis that was introduced by an amendment?

It takes a little more than 30 minutes to study this issue. I imagine that's not how you work.

Is that correct?

Pierre Leblanc: I thank the member for his question.

In general, our job is to provide advice to the government and to the minister. We are a large team at the Department of Finance, and we have a specific role. Generally speaking, we work within the framework of a budget or, sometimes, an economic statement. That's our normal framework.

It's not easy for me, as a public servant, to comment on the analysis that was done by other groups. We're quite familiar with our work. I'll leave it at that.

Carlos Leitão: Thank you.

I understand very well, but generally speaking, you always do exhaustive work.

Therefore, it's not reasonable to think that we can implement a change of this magnitude through an amendment that was discussed for a handful of minutes in a parliamentary committee. We're talking about a change that would deprive the government of approximately \$9 billion a year more than what is already planned in the fiscal framework that has been so carefully developed by the team at the Department of Finance. That's not how it should be done. That's not how a serious, well-structured government works.

That said, I would like to come back to the importance of having a credible financial framework. It's always important, of course, but it's particularly important these days. Indeed, as the Prime Minister repeated this afternoon in question period, we're going to invest massively in our economy, for two main reasons.

First, we're in a particularly difficult time in our country's history. This is a defining moment for our future. We have a partner that we thought was reliable and with whom we've had free trade agreements for a long time. We've integrated our economy with that of the United States. All of a sudden, we found ourselves in a complex whirlwind where our partner is arbitrarily changing the rules of the game.

The government must be able to support its businesses and its economy to get through this period of uncertainty. Uncertainty is a drag on economic growth, as businesses, even those not directly affected by the tariff war, are reluctant to invest and make business decisions. We don't know what the next step will be. The rules change sometimes three times in the same week. This creates a huge amount of uncertainty, which is very damaging to private investment. The government must therefore have the means to intervene.

The investments we're going to make, the details of which will be unveiled in the budget that will be announced on November 4, are intended mainly to strengthen supply in our economy. We need to increase our productivity and our ability to grow our GDP. If these measures were just fuelling demand, regardless of our production capacity, they could indeed have significant inflationary effects. However, that's not what we're proposing. Rather, it's about increasing the supply of goods and services as well as our production capacity, significantly improving our defence capacity and building a defence industrial sector. This is something that has been neglected over the past few decades, and it now needs to be addressed.

● (1755)

To do so, the government must play a leading role. It's not the state that's going to start building all kinds of factories and all kinds of things. However, it will play a facilitating role and, as much as possible, help certain sectors have the confidence they need to invest in this new economy we want to create. It will have to be much more resilient and much less dependent on our neighbour's.

We're in a situation where so much of our exports are going to one market, which is the U.S. market. It's a market we're familiar with. We will not change geography; our neighbour will always be our neighbour. However, it is clear that, in the long term, we need to diversify our markets, conquer other markets and develop economic and trade relations with other partners. To do that, we need to invest massively in our infrastructure and production capacity.

That's very much the direction, the road map, that will be announced in the budget on November 4.

At the same time, we must support sectors that are currently suffering from the arbitrary tariffs imposed on us, whether it be the steel sector, the aluminum sector, the softwood lumber sector or even the copper sector to some extent. Who would have thought that Canadian kitchen cabinet manufacturers would be perceived as a threat to U.S. security? That gives you some idea of the current atmosphere.

Therefore, it's important for the Canadian government to be able to make these investments and have the necessary flexibility to do so. That's why we have to be responsible. We've already said that we'll be very rigorous with our operating expenses to give ourselves the space to invest heavily in this new economy. In addition, this new economy must take climate change into account, even if we're talking a little less about these things.

We've been talking a lot recently about food inflation. The cost of groceries is going up every month and every year. It's terrible, and I don't want to minimize that. Food inflation is indeed a major concern.

We need to look at the causes of this inflation and see if it is just a Canadian phenomenon, if food costs more just in Canada. The answer is no, of course. This is a global phenomenon, affecting many friendly countries. We're seeing it in Europe, we're seeing it in Asia, and even we're seeing it in the United States. Prices in the grocery sector are always going up everywhere. We have to ask ourselves why. Our Conservative friends want to explain it through Liberal taxes. Not only are there no taxes on food, but we're also not responsible for the rising cost of food in Germany or France. We have to ask ourselves why there is this global phenomenon.

● (1800)

I'd now like to talk about climate-related issues. We've been experiencing a succession of climate events for the past few years, whether forest fires, droughts, floods or crop failures.

Recently, our Conservative friends have often mentioned the increase in the price of coffee and sugar. We import those products; we don't produce them here. I don't think a lot of coffee is produced in Saskatchewan. International commodity prices are being affected by climate change. Madam Chair, it's already too late. Climate change is already happening, and its effects are already being felt. Whether or not someone believes in climate change, they have to admit that the effects are very real and very concrete, and that they aren't going to lessen.

Part of the government's role as a public policy-maker is to find a way to adapt to that change. The international goal is to keep temperature increases below 2°C. However, it's important to understand that that's a global average. For a northern country like Canada, it's already quite a bit more than that. The climate change we're experiencing is in the order of 3°C or 4°C.

Climate change is already having very tangible impacts. For example, it causes floods, droughts and forest fires. How do we adapt to that? How do we build a climate-resilient economy that can withstand that change? I think that irreversible climate change is going to continue affecting the cost of food. How are we going to adapt our agriculture, our food production and our ability to distribute food?

Those are extremely concerning issues. We believe that the government has an important role to play, and I'd even say that its role is instrumental. Ideologically, I think our Conservative friends have a very different opinion. For them, the government has to be minimalist and intervene as little as possible. They withdraw from this interventionist doctrine, and they leave decisions to economic agents without engaging in government intervention.

Given the current climate uncertainty, we believe, unlike them, that it's necessary to adapt to climate change. This change is already irreversible, and it's compounded by a trade war with our main trading partner. It's also compounded by a worsening of geopolitical relations and by the ambitions of certain other countries regarding Canada's Far North, for example.

The German defence minister's visit to Parliament was quite interesting. In fact, you were there, Madam Chair. He came here this week to speak to members of our committee, as well as members of the Standing Committee on National Defence and the Standing Committee on Industry and Technology. He explained to us the need to address this new geopolitical tension. The German minister was accompanied by the Norwegian minister of defence. Germany and Norway are working very closely together. Not only are they both members of the North Atlantic Treaty Organization, or NATO, but they have also strengthened their ties in terms of military and strategic co-operation.

• (1805)

I'm thinking back on some things that the Norwegian minister said. He said that the planet didn't look the same when viewed from the top, from Norway, as when viewed from London, Paris or New York. He added that Russia is right next door in the north, for example. I think, then, that we have to be aware of these new geopolitical challenges and this new climate reality. Climate deniers should begin to understand that we're already experiencing, every day, the effects of climate change, which is already irreversible.

For all those reasons, we believe that the Canadian government needs to have the necessary leeway to intervene and make the necessary changes. If we were to accept the amendment proposed by our Conservative colleagues, it would substantially diminish our ability to intervene and would force us to do counterproductive things.

We're in a period of great uncertainty, where the global economy is slowing down. As a result, this isn't the time to adopt a fiscal pol-

icy of reducing overall spending. When faced with uncertainty and a global economic slowdown, the government has to intervene. Our colleagues are entitled to disagree, but that's what we think.

That issue was somewhat decided last April. Canadians may have to make a decision again soon, but we maintain our position. To have the means to achieve our ambitions, we can't deprive ourselves of \$9 billion in tax revenue per year, forever. In fact, it would be more than \$9 billion, because the Conservatives' calculation is in constant 2025 dollars. Over time, it would be over \$9 billion a year.

Madam Chair, I'll leave it at that. I'll probably continue later.

• (1810)

[*English*]

The Chair: We have Mr. Kelly.

Pat Kelly: Thank you.

Mr. Leitão is new to Parliament, so I congratulate him on his skill as a filibusterer.

We have witnessed something I have never seen before. We are about 102 minutes into this meeting, wherein Liberal government members are filibustering their own bill. I don't think I've ever seen before a government trying to prevent its own clauses in its own bill from coming to a vote. We're on clause 2. We're 100 minutes into this meeting, and we're on clause 2. I've never seen that before.

It's disappointing, because this is a bill that does contain some important measures that we, as an opposition party, had agreed with, had voted for and allowed to come to this committee to be studied, and it has been studied. We came prepared today to engage in a clause-by-clause review with an aim to move this bill along.

If this amendment is an amendment that the Liberals can't even handle allowing to come to a vote.... There are a number of other amendments ahead of us today, and I don't want to see the business of this committee derailed because we are waiting to start an important study on money laundering.

As a path forward, if these Liberals are going to spend all day filibustering an amendment to lower taxes further for Canadians in order to make life more affordable for Canadians, I am prepared to—and I would need the unanimous consent of this committee to do so—withdraw this amendment, so that we can move on to the next amendment.

Chair, through you, I will put it to the committee: If that will help us make some progress, allow this committee's scheduled business to continue and get us eventually to our study that we need to begin, I will ask to withdraw this amendment. They don't want the amendment, so I presume they will allow it to be withdrawn. I will ask for the unanimous consent of this committee to withdraw this amendment.

The Chair: Do we have unanimous consent to withdraw the motion?

Ryan Turnbull: Can we suspend for a moment?

The Chair: We'll suspend for a moment.

• (1810) _____ (Pause) _____

• (1815)

The Chair: We are resuming the meeting.

Do we have unanimous consent to withdraw the amendment?

Some hon. members: Agreed.

(Amendment withdrawn)

Pat Kelly: With the amendment withdrawn, we're no longer debating that. I trust we will immediately move to the next amendment.

The Chair: Okay.

Shall clause 2 carry?

Pat Kelly: No, the—

• (1820)

The Chair: We're at clause 2, Mr. Kelly. There are no more amendments on that clause.

The vote is on the unamended clause 2.

(Clause 2 agreed to on division)

The Chair: We're on new clause 2.1. NDP-2 is deemed moved.

Mr. Davies is not here. Ms. Kwan, would you like to speak briefly to it?

Jenny Kwan (Vancouver East, NDP): Thank you very much, Madam Chair.

Hallelujah to progress being made on the bill.

NDP-2 requires the Minister of Finance to report to Parliament and the public on how reducing the lowest federal personal income tax rate affects the value of non-refundable tax credits, which are calculated using that same tax rate. This is a critical measure, because lowering the personal income tax rate not only reduces the amount of tax owed; it also diminishes the value of tax credits such as the disability tax credit, the age credit and the caregiver credit. These are important supports, particularly for lower-income Canadians, seniors and people with disabilities. For individuals who claim these tax credits, the net benefit of the government's proposed tax cut will be significantly reduced.

The National Disability Network, March of Dimes Canada and Inclusion Canada have also raised these concerns that some claimants may be worse off overall, as the drop in credit value could outweigh the savings from the lower tax rate.

Recent testimony before this committee from the finance minister, François-Philippe Champagne, and senior finance official Stefania Bartucci confirms that the government is aware of the unintended consequences of the reduction in the lowest personal income tax rate on non-refundable tax credits. On October 6, 2025, the fi-

nance minister, François-Philippe Champagne, told this committee, "we heard concerns regarding unintended consequences of the tax cuts on some disability tax credit recipients. I can assure you, Madam Chair, that we are working on resolving them."

By mandating a transparent, timely report to Parliament and the public, this amendment ensures that the full impact of the tax change is understood and that vulnerable groups are not unintentionally disadvantaged. This amendment also holds the minister accountable to his commitment to addressing these impacts and ensures that Parliament can monitor progress on mitigating harm to vulnerable Canadians.

Madam Chair, I hope committee members will support this amendment.

The Chair: Thank you, Ms. Kwan.

[Translation]

Mr. Garon, you have the floor.

Jean-Denis Garon (Mirabel, BQ): Madam Chair, I'll try to speak for as long as Mr. Leitão did. However, even with my experience, I don't think I'll ever be able to acquire that talent, which I greatly admire.

We support this amendment. As you know, we were the first to share with the committee our concern about the decline in the value of the disability tax credit.

When everyone was talking earlier about amendment CPC-1, which some people discussed for almost an hour and a half and which was ultimately withdrawn, Mr. Turnbull asked the officials to provide him with a list of the tax credits and payments that the amendment would affect.

It's about transparency. I completely agree with my colleague Ms. Kwan that the minister has committed to finding solutions, and amendment NDP-2 makes it possible to put a price on all that. Mr. Leitão said earlier that some people believed the debt had spiralled out of control. He'll be happy to know, then, that this measure doesn't cost anything, and I expect him to vote in favour of this amendment as well. It should be fairly consensual.

The Chair: Thank you, Mr. Garon.

[English]

Mr. Turnbull.

Ryan Turnbull: Thanks for this. I appreciate Ms. Kwan motivating this amendment and speaking to it. It's certainly an interesting one. It was deemed admissible, so it's good that we can have a bit of debate and talk about this.

I have a few questions for the officials.

Are these types of reporting mechanisms common for legislation that has fiscal impacts? That's my first question. Is an analysis typically done when government legislation has a fiscal impact?

• (1825)

Pierre Leblanc: It's not common, but I think there are some instances of when it has been done, thinking of recent years.

Ryan Turnbull: Do you have any examples in mind of where there's been a pre-study or a study done on the analysis of even the interaction? In this case, I think what Ms. Kwan is pointing to is what we've heard from some stakeholders, that there are interactions between some of the non-refundable tax credits and the income tax cut.

I'm just wondering whether there's an analysis done internally on a fairly regular basis when there's such interplay or when there will be an impact on people. How do you assess that?

Pierre Leblanc: When we study any tax change like this one, we're using the tax filer data at our disposition to consider, in a comprehensive manner, the net impact of such changes. We're using it to build that into the advice we provide the minister, so that the minister and the government can take their decisions.

I should just clarify that when I was talking about examples, certainly not many, where certain studies had been carried out, I wasn't referring specifically to the impact of reducing the lowest rate and non-refundable tax credits. To be clear, I was thinking more generally across the range of measures.

Ryan Turnbull: In this case, if this amendment were to pass, what would the timelines look like in order to produce this type of report ahead of, as I think it's implied in the wording here, these income tax measures? Maybe I should clarify that. This is included in

the wording: "10 days after the day on which the report is tabled in both Houses of Parliament." When would the process have to start? That's what I'm interested in. How long would it take?

Pierre Leblanc: It's a good question.

It would take some time. We'd want to make sure we provide something that's not only comprehensive but also easily digestible for parliamentarians, because you'd be the ones asking for this information. In terms of what you have before you, if timelines are set out and agreed to by Parliament, those would be the timelines that we would meet. We would do our very best to provide the information required in the timeline that you as parliamentarians have set for us.

Ryan Turnbull: Great. Thank you for that.

In terms of the data you would use for this report, is there a cost at all to collecting that, or is it data that you already have at your disposal?

Stefania Bartucci: There is no particular cost to obtaining the data. The one thing I would say is that given the timelines in the amendment, we would not be able to use actual tax filer data for the year in which the change comes into force, which is 2025. That won't be available to us for another couple of years, so we would be relying on historical data and estimates.

• (1830)

Ryan Turnbull: Would that make it challenging to have—

The Chair: Seeing the clock at 6:30, this meeting is adjourned.

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