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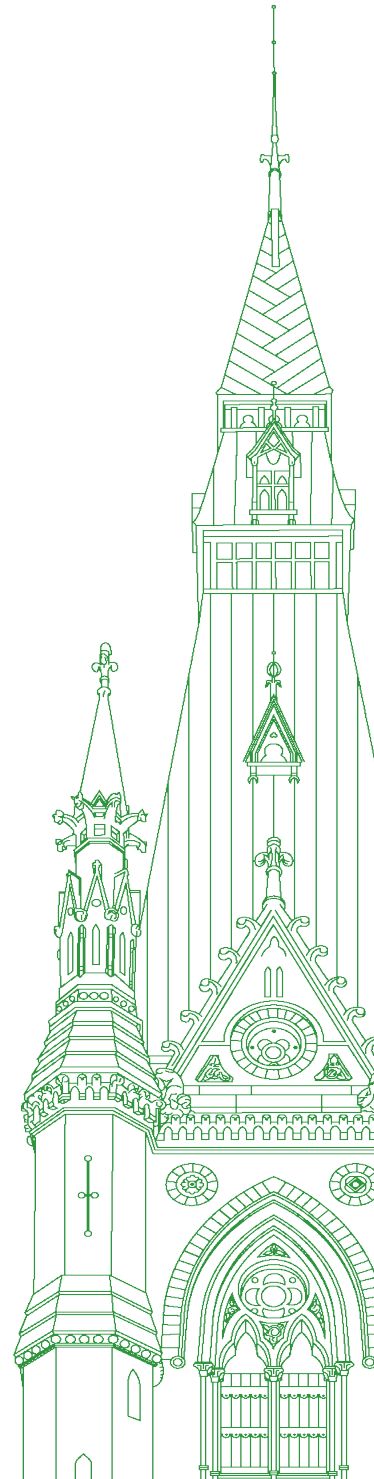
Standing Committee on Finance

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Chair: Karina Gould



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• (1530)

[Translation]

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

Welcome to meeting number 51 of the Standing Committee on Finance.

[English]

Today's meeting is taking place in a hybrid format, pursuant to the Standing Orders. Members are attending in person in the room and remotely by using the Zoom application.

Pursuant to the order of reference of Wednesday, June 3, 2026, and the motion adopted by the committee on Tuesday, September 22, 2026, the committee will commence consideration of Bill C-31, a second act to implement certain provisions of the budget tabled in Parliament on November 4, 2025.

I would like to welcome our witnesses. We have with us the Honourable François-Philippe Champagne, Minister of Finance, and he is joined by assistant deputy minister Maude Lavoie.

With that, Minister, you have five minutes for your opening remarks. Please go ahead.

[Translation]

Hon. François-Philippe Champagne (Minister of Finance and National Revenue): Thank you, Madam Chair.

Good morning, colleagues. It's a pleasure to join you.

[English]

Thank you for inviting me to appear before you and to discuss Bill C-31, a second act to implement certain provisions of the budget tabled in Parliament on November 4, 2025.

As you are well aware, Canadians continue to face affordability pressures amid an uncertain economic environment, now intensified by new U.S. tariffs on Canadian goods, disrupted global energy supplies and other quickly evolving geopolitical dynamics. The good news, Madam Chair, which you would have seen, is that today the Canada groceries and essentials benefit instalments will be paid, going into the bank accounts of more than 12 million Canadians and helping them to face affordability pressure.

As you would also have seen, our government has taken multiple actions to strengthen Canada's economic resilience, support Canadian workers and businesses, and attract the investment needed to

grow our economy and create jobs, as Canadians would expect us to do.

[Translation]

Bill C-31 helps us shift from ambition to action. It proposes tangible measures to make life more affordable for Canadians today, while creating the conditions to allow businesses to invest, expand and create good jobs here, at home, in Canada.

It is a plan to make Canada the best place to invest, build and create jobs.

[English]

We have introduced a number of measures to strengthen tax fairness and integrity, as I'm sure colleagues have seen, in the bill.

Madam Chair, the global challenges we face underscore the importance of encouraging investment, economic growth and competitiveness in Canada. Bill C-31 accomplishes this, in part by taking action on a number of important and targeted tax incentives. For example, the bill would provide temporary immediate expensing for eligible manufacturing and processing buildings—as we call it, the productivity superdeduction. I'm sure every member of this committee has paid attention to that, because this is one of the key elements to create an investment supercycle in our country.

It has been applauded by a number of key business leaders, both here in Canada and around the world. The goal is to allow businesses to recover the cost of new facilities more quickly, strengthening Canada's industrial capacity and encouraging businesses to expand and create jobs here at home. This is a real catalyst to create the kind of investment that we want to see. Madam Chair, as we have said—and I think this committee has been working to look at the productivity and innovation in our country—this is really one tool to achieve that and, as I said, it has been applauded by a number of commentators.

A few weeks ago we decided to go even further, as we have seen, with the productivity mega deduction. The message cannot be clearer: Businesses are looking for places to invest, build new facilities—as we've seen recently with LNG Canada phase two—and create jobs. Canada intends to be at the top of the list, and we have seen many projects being announced recently in our country. We're backing that ambition with targeted support for the industries and technologies that will drive the next generation of growth.

• (1535)

[Translation]

The bill also proposes to expand the investment tax credit for clean hydrogen to include hydrogen produced through methane pyrolysis. This will help attract investment and emerging technologies, and strengthen Canada's clean energy sector.

Bill C-31 is also about making our tax system fairer.

It includes measures to address inappropriate tax schemes, prevent tax avoidance and limit tax deferral on investment income through multi-tiered corporate structures. I especially want to thank Ms. Lavoie, who has done critical work in this area at the Department of Finance.

The bill also proposes the implementation of new rules requiring certain crypto platforms to report their users' transactions to tax authorities to increase transparency and counteract tax evasion.

[English]

Furthermore, amendments to the Global Minimum Tax Act will implement the undertaxed profits rule as part of the broader OECD-led international tax framework.

Taken together, these measures promote growth, fairness and competitiveness across the Canadian economy while ensuring the integrity of our tax system.

Madam Chair, I know my time is limited. I want to say this: The key message we have for Canadians is that we're there for you. We know that affordability is top of mind for everyone watching—the price of food, the price of rent, the price of gas. As you will see in my two hours of testimony today, we've been acting on all fronts to support Canadians.

With that, it would be a pleasure to answer questions from my colleagues. Thank you.

The Chair: That's great. Thank you very much, Minister. I know five minutes goes very quickly when you have a lot to say.

Mr. Hallan, you're beginning with six minutes, please.

Jasraj Hallan (Calgary East, CPC): Thank you, Chair. It's good to be back on the finance committee today.

Minister, in 2025, CSIS came out with a report that named India, China and Pakistan as some of the top foreign actors for foreign interference in this country. In clause 78 of this bill, you're expanding the CRA's powers so that Canadians' information can be given to foreign governments at their asking. Why?

Hon. François-Philippe Champagne: Well, the issue is that we have a number of arrangements with tax authorities around the world. This is to ensure tax integration.

I'm sure you would want Canada to be part of the broader—

Jasraj Hallan: Along those lines, Minister—

Hon. François-Philippe Champagne: —tax integration.

Jasraj Hallan: We already had that in place, so why are you expanding those powers—

Ryan Turnbull (Whitby, Lib.): I have a point of order.

The Chair: Go ahead, Mr. Turnbull.

Ryan Turnbull: Madam Chair, I'm sorry to interrupt. I know it's the member's time, but I ask that we not speak over one another, because of the interpreters. It's really important for them.

Tamara Jansen (Cloverdale—Langley City, CPC): On a point of order—

The Chair: Thank you, Mr. Turnbull.

Ms. Jansen, is this on the same point of order?

Tamara Jansen: Yes.

The Chair: Okay, go ahead.

Tamara Jansen: I want to make sure that we have the length of the question responded to at the same length.

The Chair: Yes, we're keeping track of it.

Tamara Jansen: The person has to cut off, rather than—

The Chair: Ms. Jansen, we make sure that we have time. I would remind all members and the minister not to speak over one another for the sake of the interpreters and so that everyone can hear.

Go ahead, Monsieur Garon.

[Translation]

Jean-Denis Garon (Mirabel, BQ): I have a point of order, more than anything. I would like to know, based on the Standing Orders that govern the committee's work, who is responsible for ensuring that the response times and question times are coordinated? Is it the parliamentary secretary or the chair? I would like to know, according to the Standing Orders, who is responsible for this, so we can make sure everyone is doing their job.

The Chair: Thank you, Mr. Garon. That's my job.

[English]

We will continue now.

Go ahead, Mr. Hallan.

Jasraj Hallan: Minister, it's concerning to a lot of Canadians that you've expanded the CRA's powers to give their information to foreign governments without their knowledge when you know full well about the CSIS report that came out in 2025 on the threat of foreign interference. Why would you let foreign governments do that to Canadians on our soil?

• (1540)

Hon. François-Philippe Champagne: I would say that Canadians are concerned about tax evasion. It's a fraudulent transaction, and they want us to step up. That's what I'm doing with the financial crime agency that we're going to set up, which would mirror the Serious Fraud Office you see in the United Kingdom. We need to be combatting illegal financing and fraud in all forms, and that's what I'm doing as Minister of Finance.

Jasraj Hallan: Minister, let me ask you a question and give an example.

We all know about the foreign interference that China is committing. If China were to ask for information on a Canadian who may have spoken out against China here in Canada, how can this Canadian be sure that their information is not being given to China, since you're not going to notify them that their information is going to this foreign actor?

Hon. François-Philippe Champagne: I appreciate your question, and I would say it's well established in Canada that we co-operate with other agencies around the world to ensure tax integrity. There are a number of safeguards in place to ensure that, and I would say that Canada is seen as probably one of the best organizations when it comes to ensuring—

Jasraj Hallan: Actually, Minister, under your government, Canada is known as a hotbed for foreign interference, so it doesn't reassure any Canadian that you will not notify them when their information is given to a foreign government. I would strongly advise you to look into that and make sure that Canadians are notified when their information is given to foreign actors.

Also, Minister, you've done some creative accounting, as you always do. You've moved accounting into two separate sections. We have the capital and the operating expenses. Obviously, the PBO does not agree with what you're doing. A lot of us don't, and Conservatives have been calling you out on that, because it's up to you to define what you want to put in either one of those columns. There's no real clarity. You're muddying the waters, which we've been calling you out on, and the PBO has called you out on it as well.

How is this not cooking the books?

Hon. François-Philippe Champagne: I disagree with everything you just said, and the PBO disagrees with you entirely. I'll quote exactly—

Jasraj Hallan: Actually, she doesn't.

Hon. François-Philippe Champagne: Hold on. You're making allegations. You need to go back to the report of the PBO, which I'll quote—

Jasraj Hallan: You are able to define—

The Chair: I'm sorry. I'm going to ask both of you, based on what we had said, to let the minister respond.

Hon. François-Philippe Champagne: I'll quote from the report, Madam Chair, because I think Canadians watching want the facts.

[Translation]

This is what the Parliamentary Budget Officer wrote:

As noted by both the International Monetary Fund (IMF) and Organisation for Economic Co-operation and Development (OECD), clear and well-defined fiscal rules (or anchors) are widely considered a positive fiscal management practice which promote improved fiscal discipline.

[English]

Jasraj Hallan: I think you've taken more time than I did when I asked the question.

I have what the PBO said. It says the public information is not enough to independently reproduce your spending classifications because those classifications are in your hands. You get to pick what goes into operating and capital expenses. There's no clarity in this for Canadians whatsoever.

My question for you is this: If the PBO can't classify that.... How do you expect Parliament or even Canadians to do that when your own watchdog is calling you out on it?

Hon. François-Philippe Champagne: What we've put in place has been applauded, as I said, by the IMF, the OECD—

Jasraj Hallan: No, the IMF called you out on it as well.

Hon. François-Philippe Champagne: —and I must say the PBO as well, in the sense that it's more transparent—

Jasraj Hallan: The PBO called you out on it. I have the report right here.

Hon. François-Philippe Champagne: All spending is fully reflected in the budgetary balance, is fully reflected in the federal debt and the public accounts. This is in addition.... It's a complement to what we have been producing, and I would say—

Jasraj Hallan: The PBO also said, Minister, that you're not going to be able to—

Hon. François-Philippe Champagne: —it's even best practices. You see that in the United Kingdom, and you see that in Singapore.

Jasraj Hallan: —balance your operating budget, which is a fiscal anchor of yours as well, so the PBO is not on board with you.

I have to move on. Since we're talking about budgets right now, I have to ask you about the Alto budget.

Minister, zero metres of track have been laid for Alto, yet you gave out \$3 million of bonuses. Why?

Hon. François-Philippe Champagne: The Minister of Transport would be best placed to answer these questions.

Jasraj Hallan: Minister, the finances go through your department. You have to sign off to give that money to them. You should be able to answer why you gave \$3 million in bonuses to a project. You rewarded a project that has zero metres of track laid. Why?

Hon. François-Philippe Champagne: Sir, as I said, you'll have the opportunity to ask these questions of the Minister of Transport, who's best placed to answer. As you know, I have a screen, and I respect the screen.

Jasraj Hallan: Minister, it's you who releases this money.

The PBO also said that you have said it's going to be between \$60 billion and \$90 billion. The PBO says it'll be \$113 billion.

Can you assure Canadians today that this project will not go over \$90 billion, yes or no?

Hon. François-Philippe Champagne: What I can assure Canadians is that the Minister of Transport would be best placed to answer that question.

The Chair: Thank you very much, Mr. Hallan. This concludes your time.

We are going to continue now with Mr. Leitão for six minutes, please.

• (1545)

[Translation]

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

Good afternoon, Minister and Ms. Lavoie. Thank you for joining us to discuss Bill C-31 a little.

I will start by going back to what was just discussed, which is our desire, in our budget process, to give Canadians a lot more information. The deficit is there; nothing hidden.

[English]

Nobody's cooking the books.

[Translation]

What's presented in there is very clear.

However, what we are adding is information on operating expenditures and on what we consider to be capital expenditures. Whether that is according to the Parliamentary Budget Officer or, more specifically, the financial markets, I would remind all members of this committee that Canada still has a AAA credit rating. If the government was manipulating the financial documents, I suspect Canada would have lost that credit rating a long time ago.

Let's get back to Bill C-31.

This is a fairly lengthy bill; it includes a lot of things. As you said early on, Minister, it includes affordability measures. I think that's an important component of this bill.

Furthermore, as you also said, today, October 5, is the day millions of Canadians will be receiving the Canada groceries and essentials benefit in their bank accounts.

Could you tell us a little more about the affordability measures in the budget and, more importantly, why they are important in the current context?

Hon. François-Philippe Champagne: First, I want to thank my colleague, an economist and former Quebec finance minister with a lot of experience.

As you said, the new framework we presented is for moving towards transparency, to show Canadians the difference between op-

erating expenditures and capital expenditures. People at home understand that very well. Thank you for clarifying that.

It is true that the International Monetary Fund and the OECD have commended Canada's work. Others did it as well, including England and Singapore. Other countries have chosen to follow our lead and are looking at the Canadian model, which is seen as a model that brings more transparency. As you said, the government is not cooking the books. The public accounts are the public accounts; the deficit is the deficit. All we are doing is making things clearer to allow for more transparency and consistency and help people fully understand where their money is going.

I think you are right to highlight this. Once she received all the information forwarded to her, the Parliamentary Budget Officer understood the distinctions very well. People watching at home want to understand what capital investment is. People understand that when we invest in infrastructure, bridges, roads or the renovation of health infrastructure, for example, it is very different from regular fiscal transactions.

I think being transparent is the right thing to do. That is exactly what people want. That is why I'm surprised to hear my Conservative colleagues oppose more transparency. We are giving more information, offering more transparency, and they're against it. It is kind of weird. I think people want a transparent government that sheds light on government investments and expenditures.

You are right to say that affordability is the number one challenge facing Canadians. There is what I often call the affordability pyramid. First, there is the cost of housing, meaning that people must be able to find affordable and safe housing. Second, there is the cost of food. Third, there is the cost of gas. I think if you look at a family budget, those are the three items that people are concerned about at the end of the week or at the end of the month.

We have taken action on all three.

First, you know as well as I do, Mr. Leitão, that in budget 2025, the government made generational investments in housing to provide more units, so that people can more easily find a place to live. It has had a positive impact. Just look at the cost of rent in major Canadian cities, for example, as well as the price of houses. There is a market adjustment. I think it's good for households.

Second, with regard to the Canada groceries and essentials benefit, as you said, nearly 12 million people will receive a payment today. That is excellent news. That is exactly what we need to do.

Third, and we will talk about it later, there is Bill C-38, which proposes to extend the federal excise tax suspension on gasoline. That's more good news. That is equivalent to \$0.10 on gas and \$0.04 on diesel.

These are measures that help households and all sectors of the economy. Obviously, reducing the gas tax helps the economy in general, whether in agriculture or transportation, or when you use your vehicle to go to the office.

You are right about the series of measures the government put in place. I was looking at last spring's economic statement. Compared to other countries, Mr. Leitão, the government has adopted a series of important measures, whether it is the national school food program, the allocation—

• (1550)

The Chair: Thank you, Minister. That concludes the member's speaking time.

Hon. François-Philippe Champagne: I apologize, Madam Chair. It's passion.

The Chair: Sure, absolutely.

We will continue with Mr. Garon, from the Bloc Québécois.

Jean-Denis Garon: Let's try to calm that passion down, Madam Chair.

Good afternoon, Minister. I know it's not easy. You are looking younger every day.

You talked about the global minimum tax for businesses in your opening remarks. We know the bill enshrines pillar two in law, including the undertaxed profit rule. That said, clause 162 creates a bypass by recognizing the side-by-side safe harbour.

I would like to know where the companies that will benefit from this exception are mainly located, in which countries.

Hon. François-Philippe Champagne: There is obviously the American model. The Americans already have a law that has the same impact, the purpose of which is to offer a minimum tax for businesses. The G7 countries agreed to let the United States have a regime that was similar, so we accepted.

Jean-Denis Garon: You're exempting American companies from the Canadian minimum tax.

Hon. François-Philippe Champagne: No. What I'm actually saying is that, as you will recall, the G7 countries agreed to a parallel regime—

Jean-Denis Garon: I appreciate that. I'm going to interrupt you, because I don't want your parliamentary secretary to get angry. We are equals when it comes to speaking time.

Your government has given up a lot to the Americans, especially regarding the digital services tax. Your government's environmental rules are very similar to those of the Trump administration. Environmentalists have pointed that out. There is also the question of royalties for GAFAM, the digital giants. You are being asked to backtrack on the Canadian Radio-television and Telecommunications Commission. There are setbacks in supply management through the regulatory system.

Here's my question: How is it that you agreed with the other G7 countries to exempt only American companies from Canada's minimum tax regime for multinationals? Will a single company from a country other than the United States be exempt? If so, which one?

Hon. François-Philippe Champagne: You are referring to the advances we have made. We stood firm. We stood up for Quebec—

Jean-Denis Garon: No. Minister, I get to ask the questions, you get to answer.

Hon. François-Philippe Champagne: Then let me answer.

We stood up for Quebec, we stood up for Canada, we stood up for businesses. When we say “masters in our own house”, that means standing up, and that's what we did. That's the first thing.

The second thing is that all G7 countries agreed that the United States already had a regime in place for a long time that was substantially equivalent to the one implemented by the pillar two. It is an agreement among the G7 countries.

Jean-Denis Garon: Minister, you're not the finance minister of all G7 countries; you are Canada's finance minister. You decided to exempt American companies, and the bill before us is Canadian.

I would like to talk about pesticides. Obviously, you are relaxing the regulatory regime on pesticides. The bill gives the Minister of Health the discretionary power to authorize certain pesticides when the regulations do not.

Your former boss, Mr. Trudeau, with whom you tried to sell us on a carbon tax during every question period, said your decisions were based on science. Do you still agree with that?

Hon. François-Philippe Champagne: Absolutely.

Rather, it is about the renewal of authorizations, which had to be done within a specific time frame. What we are saying is that the renewals will be done at the right time. I think you also support regulatory simplification. You are an economist. You are very aware of what we need to do to simplify things for our businesses, including the small and medium-sized businesses in Quebec.

This is in line with a simplification regime, but health and safety are always the number one priority.

Jean-Denis Garon: Minister, all your flattery does not change the fact that you are giving the Minister of Health the special power to authorize these pesticides. There was the Driscoll's scandal this week.

Explain why the Association pour la santé publique du Québec, the ASPQ, is asking you to backtrack on this. You are a lawyer, they are scientists. Are they less familiar with that than you are?

• (1555)

Hon. François-Philippe Champagne: No.

First of all, I am very pleased that they were able to share their opinion on this.

What we are saying is that the regime will be strengthened, meaning the minister will be able to review authorizations at the appropriate time.

I think that this is also part of the regulatory simplification we are being asked to do. However, as I said, health and safety obviously come first. That is the first rule. That's where the simplification comes from.

Jean-Denis Garon: You want to strengthen the regime. You would agree, for example, with an amendment we would table to require Health Canada to table all the studies it has on a given pesticide before the minister makes her decision. That is what you are saying, so I imagine you are going to get the word out to your clique on the other side.

Hon. François-Philippe Champagne: What I am saying is the Canadian regime is a very strong one. What we are doing is giving the minister powers precisely so she can review authorizations in a timely manner. That is what I was telling you. However, as I have said many times, health and safety are the very foundation of this bill. That will not change. We can do the right things while providing regulatory relief. I know you support regulatory relief.

Jean-Denis Garon: Minister, we support health and safety. Obviously, you and I have not read the same bill.

The Parliamentary Budget Officer published a report recently on the costs of your high-speed train with Alto. According to that report, costs are underestimated by 30%.

Can you explain again why you are not allowed to answer my questions about Alto?

Hon. François-Philippe Champagne: I think that is a matter of public record.

Jean-Denis Garon: I would like you to explain it to us here

Hon. François-Philippe Champagne: The Minister of Transportation will be here to answer all your questions.

Jean-Denis Garon: Why? It concerns your department, after all. Why can't you answer that today, Minister?

Hon. François-Philippe Champagne: I think that is a matter of public record. As I said, the Minister of Transport will be able to answer all your questions.

Jean-Denis Garon: Does that make you uncomfortable?

Hon. François-Philippe Champagne: Not at all.

Jean-Denis Garon: It doesn't show.

Hon. François-Philippe Champagne: Do I look uncomfortable at my age? No. I am 56 and I have been a member of Parliament for 12 years. I've been testifying before committees for at least a decade. I don't think I'm uncomfortable.

Jean-Denis Garon: It would be inappropriate to accuse you of ageism against yourself, Minister.

Can you guarantee that all your capital expenses will comply with CPA Canada's rules?

Hon. François-Philippe Champagne: I can tell you that our rules—

Jean-Denis Garon: As for CPA Canada, is it a yes or a no?

Hon. François-Philippe Champagne: I'm telling you that we established a framework. What we're about to present will be based on the framework provided.

Jean-Denis Garon: So, the answer is that you made up your own rules so that you wouldn't need to follow CPA Canada's rules.

It's thoroughness, Minister. You're a thorough fellow.

Hon. François-Philippe Champagne: I'm talking about transparency. Listen, you may have your opinion.

Jean-Denis Garon: No, no, this isn't an opinion.

Hon. François-Philippe Champagne: The International Monetary Fund has its opinion. The OECD has its opinion. You have yours. That's your right.

Jean-Denis Garon: I would like to ask you this. Will you comply with CPA Canada's rules, Minister?

The Chair: Thank you, Mr. Garon.

Thank you, Minister.

Mr. Lefebvre now has the floor for five minutes.

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

First, I would like to say a few words by way of introduction. I want to thank the committee members for their trust. They appointed me vice-chair of the Standing Committee on Finance. I'm pleased to take on these new responsibilities.

I want to take a moment to thank you, Minister, for writing to me the day after my little misadventure. I would also like to thank my colleagues for their kind words.

That said, Minister, as you know and as I always say, we are the eyes, ears and voice of our constituents in our respective constituencies. Last June, I asked you some questions. People also asked me many questions over the summer. This is part of the Standing Committee on Finance's mandate. These are important questions.

Minister, people in our area and throughout Quebec want to know more about Maritime Launch Services and the company's lease of a parcel of land for \$13,500. That land is now being leased to the federal government for \$20 million a year for 10 years, for a total of \$200 million. People are asking me to ask you, Minister, who signed this contract.

Hon. François-Philippe Champagne: First, Mr. Lefebvre, I'm pleased to see you back here with us in good health. As you know, setting aside the parliamentary sparring, there are men and women here to serve the public. I know that you're one of them. I was happy to tell you that in a heartfelt way.

Eric Lefebvre: Thank you.

Hon. François-Philippe Champagne: There's our work—I'll answer your question in a moment—but there's also the human side of things. Thank you for everything that you do. It's wonderful to see you back with us in good health.

You can tell people in your area that Canada is playing an important role in the space sector. You know, the space industry is booming in this country, with—

Eric Lefebvre: Minister, I apologize for interrupting you. You can understand that I have only five minutes.

The question that people are asking me has nothing to do with aerospace. They're not thinking about that. Who signed the contract? That's what people want to know.

Hon. François-Philippe Champagne: I'm trying to address this. I know that people in your area are also interested in the space industry. If you don't want to say “aerospace”, I'll say “space”. Canada is positioning itself as one of the few countries that can launch a spacecraft into geostationary orbit from the far end of the pole—

Eric Lefebvre: Minister, please, I'm telling you, two million people are asking questions. I've received messages. You aren't saying what people want to hear. They want to know who negotiated the contract and who read it.

Your former chief of staff had 24 meetings with representatives from Maritime Launch Services. Did you have a chance to speak with him over the summer so that he could tell you who negotiated this contract and who signed it?

• (1600)

Hon. François-Philippe Champagne: As I was trying to explain to you, I think that people in your area also want to understand the issue at stake here. The issue at stake is ensuring that Canada maintains a leading position in the space sector. It's a booming industry, particularly in Quebec. I know that people in your area are interested. I know quite a few people in your area who are interested in this industry.

Eric Lefebvre: Minister, I would urge you to see for yourself how people will respond to what you're telling us. The people aren't there, Minister.

We're talking about a piece of land that was leased to a private company for \$13,500. A former provincial Liberal premier sits on the board of directors of this company. The company, in turn, is leasing the land to the federal government for \$20 million.

Minister, this is Canadian taxpayers' money being taken and squandered. People work hard to send us that money every Thursday, Minister.

How can you explain this \$200 million contract when the land was leased for \$13,500 a year?

Hon. François-Philippe Champagne: I agree with one part of your question. People work hard. They know that I'm the guardian of the public purse. That's what I strive to be. You know, in the last budget, we managed to identify \$60 billion in cuts. So people know that we're aware of this.

That said, I'm trying to put this into context. Canada will play a major role in the space sector. This has economic benefits across Quebec and the country. I think that it's important to understand the context. You're asking a specific question. I'm also explaining the context of Canada's goal to play a leading role in the space sector.

Eric Lefebvre: Thank you, Minister.

Bill C-31 requires competitive process principles for defence contracts, but then gives the minister a number of grounds for waiving this requirement. These grounds include urgent operational needs, national security, economic security and sensitive technology.

What independent mechanism will prevent these exceptions from becoming the norm?

Hon. François-Philippe Champagne: Mr. Lefebvre, I know that you're well aware of the world that we live in. When it comes to national security, I think that the minister obviously needs the necessary authority to act quickly to provide the Canadian Forces with the type of equipment needed. I hope that you don't think otherwise.

The nature of conflicts has changed rapidly. We need to modernize our framework. I don't think that this is the best example that you could have found today. National security lies at the heart—

The Chair: Thank you, Minister. This concludes the member's speaking time.

Mr. Lefebvre, I should have said at the start that, on behalf of the committee, we're delighted to see you here in fine form and in good health. I would also like to congratulate you on your new position.

Eric Lefebvre: Thank you.

[English]

The Chair: We will continue now for five minutes with Dr. Martin.

[Translation]

Danielle Martin (University—Rosedale, Lib.): Thank you, Madam Chair.

Minister, in this committee, we often hear good ideas about new programs that could improve affordability for Canadians. However, in my opinion, we fail to focus enough on the number of families who don't receive the support that already exists and that they're entitled to. These families are unable to navigate federal or even provincial programs, for example. This includes, in particular, the work involved in filing tax returns. This work can be extremely challenging for people with very low incomes.

[English]

For many low-income Canadians, including people in my community and in all of our communities, the requirement to file a tax return in order to access federal benefits can be a real impediment, and there are all kinds of reasons that it's difficult for low-income people to do so. As a result, people do not realize that they're entitled to federal benefits. They're leaving money on the table during this affordability crunch.

Can you talk to us about how Bill C-31 will help to reach those Canadians who have difficulty, for whatever reason, in filing a tax return so that they can receive the money they are already entitled to, during this affordability crisis?

Hon. François-Philippe Champagne: Thank you for focusing on that. The automatic benefits that we expect 5.5 million Canadians to receive is a very important issue.

I'll tell you a story, because I think members of this committee will appreciate it.

Recently, I went to a shelter in Shawinigan in my home riding, and I talked to a number of people. We were just chatting, and I asked how many of them filed a tax return. I was quite shocked, to be honest, to realize that very few of them did, and I went into the benefits that they would typically receive. This is in a region in which we have a tax centre, so we perhaps hear about these things more often than people do in other regions in the country. Our role is to adopt the best possible laws to serve Canadians, and to me, this measure is a real-life example, but in a shelter in which pretty much everyone would benefit in one way or another, most of them told me that they did not file a tax return.

• (1605)

[Translation]

Actually, this ties in with the point that you raised. If you were to ask me to identify one of the most important measures in the bill, I would say that this is certainly one of them. We believe that it will help approximately 5.5 million Canadians.

I know that you're a doctor, Ms. Martin. You have worked a great deal. You know how much, for example, the Canada groceries and essentials benefit, which will be paid out today, helps families. You have been out in the field. You have met with people. You know that these payments improve their living conditions.

I think that this is one of the key measures in Bill C-31. I find it important to implement this measure. Many people would be eligible for certain benefits, but they don't file tax returns. I think that it's our responsibility at the Canada Revenue Agency to make an effort. This is exactly the type of effort that will help more Canadians access their benefits.

[English]

Danielle Martin: As you said, when we talk about health, people often think about health care, but of course the most important determinant of health is a person's income, so the ability to access services and money that people are entitled to through federal benefits is a critical input to the health of Canadians, especially during a time like this.

Many of the people who would benefit the most are also the hardest to reach, and when you speak about the people in the shelter in your riding, they would be great examples of that. They may not have a permanent address. They may be moving around. They may not have ID. They're having difficulty getting through the day, let alone thinking about filing a tax return.

What in this bill is going to help us reach those people? How will the CRA be reaching beyond the walls of government to get those supports to Canadians?

Hon. François-Philippe Champagne: This is one of the measures that should have the broadest support in the House. I think every member of this House would say that they have people in their own riding who would benefit from it, because we know that filing a tax return is the gateway to benefits.

As you said, you've been a frontline doctor who has seen the possibility, and I mentioned an example, but I'm sure if everyone in this room had a chance to speak, they would probably have similar examples in which this is going to make a difference.

This is why I said that it is one of those flagship measures, and we're going to continue to work with the CRA on that.

The Chair: Thank you, Minister.

Thank you, Dr. Martin.

[Translation]

Next up is Mr. Garon for two and a half minutes.

Jean-Denis Garon: Thank you, Madam Chair.

Minister, I just want to read an excerpt from the brief submitted by the Association pour la santé publique du Québec regarding your bill. It reads as follows:

The Pest Management Regulatory Agency...has been downgraded to a mere directorate within Health Canada...and its workforce is facing a 31% reduction target, amounting to 190 job cuts. These cuts seriously undermine the federal government's ability to carry out its mission of independent scientific oversight.

Do you think that this measure helps to protect the health and safety of Canadians, Minister?

Hon. François-Philippe Champagne: As I said, I believe that health and safety are above all else the number one priority. That said, I believe that there are ways, through regulatory relief, to achieve this goal, but also to become more efficient at reviewing the authorizations already granted.

Jean-Denis Garon: I gather that you're telling us the following, if I may paraphrase. Resources will be cut by 31%, 190 positions will be eliminated, the minister will be given discretionary authority, some relief measures will be implemented and everyone will feel protected. That's what you're saying.

Hon. François-Philippe Champagne: You're trying to emphasize certain aspects.

Jean-Denis Garon: These are facts.

Hon. François-Philippe Champagne: My point is that we can preserve the essence, meaning health and safety, while making our processes more efficient. You know, as Minister of Finance, my duty on behalf of Canadians is to try to find ways to improve efficiency. We've already identified some ways in a number of departments. I believe that the measures that we're introducing here—

• (1610)

Jean-Denis Garon: I repeat that we have equal speaking time.

You're telling us that, since your duty is to find ways to improve efficiency and protect Canadians, there isn't any conflict between the two. These cuts will eliminate 190 positions and reduce resources by 31%.

Just recently, Driscoll's products entered Canada even though they contained excessive levels of pesticides and banned pesticides. It took a whistle-blower for the media to find out about this.

When we look at this report and consider this bill, it becomes clear that, in order to feel protected, we need whistle-blowers who must contact the media anonymously.

You're telling us that you're cutting 190 jobs, but that we can trust the minister to make decisions—which may well be arbitrary—even though we've recently seen these ties to the pesticide industry. You understand that the average person, regardless of what you're telling us today, might be concerned. If what you're saying is true, you have quite a communication problem.

Hon. François-Philippe Champagne: I would say that people back home are able to see things in perspective—

The Chair: I'm sorry, Minister. We don't have time for a response.

[English]

We'll continue now with Ms. Jansen for five minutes, please.

Tamara Jansen: Does the CRA track how often it makes mistakes, yes or no?

Hon. François-Philippe Champagne: I don't understand the nature of your question.

Tamara Jansen: Does the CRA track how often it makes mistakes, yes or no?

Hon. François-Philippe Champagne: As I said, I don't understand the nature.... What is a mistake? I'm a lawyer. You have to be more specific.

Tamara Jansen: Okay. What is the error rate? The Auditor General has talked about it.

Hon. François-Philippe Champagne: What do you define as an error?

Tamara Jansen: Errors, mistakes, people's.... I'm sorry. It's a simple question.

Hon. François-Philippe Champagne: Listen, I'm trying to be constructive and provide you with the best answer, but you have to define it. What is the context? Give me context, and I will provide you—

Tamara Jansen: Does the CRA make mistakes on people's filings?

Hon. François-Philippe Champagne: The CRA provides services to millions of Canadians, and we strive to offer the best possible service to Canadians.

Have there been cases that we need to redress, whether—

Tamara Jansen: Do you know, Minister, how many wrong answers the Auditor General found the CRA gave to callers?

Hon. François-Philippe Champagne: I have been at one of these call centres. You will recall that we put in place a 100-day plan to address this, to make sure that we would provide the services Canadians are entitled to.

Tamara Jansen: The answer was 83% of the calls. Erroneous information was given on 83% of the calls, and that's after 14,000 new people were sent to the CRA. You increased their number by 14,000, and mistakes are still at 83%.

In 2024, complaints jumped 45%, so how many Canadians, right now, are waiting for the CRA to correct CRA mistakes for them?

Hon. François-Philippe Champagne: Listen, I see where you're going with this, but I'll say something.

I'd like to thank the employees of the CRA. They're doing their job. They wake up in the morning trying to provide the best possible services to Canadians, so that's the first thing. Let's not blame the people for going to work and providing services to Canadians—

Tamara Jansen: Are we doing even time for questions and answers?

I'd like to talk about Bill—

The Chair: Ms. Jansen, you do have the floor, but....

Tamara Jansen: I want to make sure it's even.

With Bill C-31, with your new plan, you're going to file on behalf of people who haven't filed for themselves. Who are you going to be filing for?

Hon. François-Philippe Champagne: Are you telling me you're against providing benefits to people?

Tamara Jansen: Are you going to be filing for seniors? I'm asking you. Are you going to be filing on behalf of seniors, yes or no? That's my question.

Hon. François-Philippe Champagne: I'm trying to answer your question, but are you against providing automatic benefits to—

Tamara Jansen: You're asking me a question, and I'm asking you a question. Will you be filing for seniors, yes or no?

Hon. François-Philippe Champagne: We'll have a program that will facilitate people's getting benefits. I think—

Tamara Jansen: Will you be filing for people with disabilities?

Hon. François-Philippe Champagne: There will be 5.5 million Canadians who will receive automatic benefits.

Tamara Jansen: The question is, will you be filing for people with disabilities? It's yes or no.

Hon. François-Philippe Champagne: Of the 5.5 million people, statistically, one would certainly imagine—

Tamara Jansen: Will you be filing for the homeless, yes or no?

Hon. François-Philippe Champagne: I think people who are homeless would like to get access to benefits.

Tamara Jansen: Do you have a projected error number that's going to happen when you file on behalf of homeless people, yes or no?

Hon. François-Philippe Champagne: Why would you assume that people at the CRA are not trying to do their best to provide services to Canadians?

Tamara Jansen: The taxpayer ombudsman is very clear that this is a problem coming up the track.

Hon. François-Philippe Champagne: I trust the people at the CRA to do the best possible job. I've been at a call centre. I'm not sure you have. I spent hours with them.

Tamara Jansen: Do you not think that they're making mistakes?

Hon. François-Philippe Champagne: Well, I'll say—

Tamara Jansen: What's going to happen to a homeless person when the CRA has made a mistake on their filing?

Hon. François-Philippe Champagne: What I'm saying to you is that we can improve services, and that's why we've put in a 100-day plan to provide better services to Canadians.

Tamara Jansen: Is it possible that their benefits could be cut due to CRA filing errors, yes or no?

The taxpayer ombudsman—

Hon. François-Philippe Champagne: We're trying to provide benefits to Canadians, and you're trying to argue that we should not be doing this.

• (1615)

Tamara Jansen: I'm just asking for a yes or no. Is it possible?

Hon. François-Philippe Champagne: I'm asking—

Tamara Jansen: Don't ask me a question. I'm asking you a question.

Hon. François-Philippe Champagne: Are you against providing automatic benefits to Canadians?

The Chair: Ms. Jansen, you could allow the minister to respond.

Tamara Jansen: Could their benefits be cut, yes or no? That's the question.

Hon. François-Philippe Champagne: We're providing benefits to Canadians—

Tamara Jansen: Could they be cut if there's a mistake? How long will their...?

I'm going to move on to the next thing.

Hon. François-Philippe Champagne: You go ahead.

Tamara Jansen: Your government says it has nearly 500 red tape reduction initiatives. How many specifically help small businesses like a coffee shop or a dry cleaner?

Hon. François-Philippe Champagne: We're always looking at measures that can simplify filing and reduce the red tape for small and medium—

Tamara Jansen: How many for a coffee shop?

Hon. François-Philippe Champagne: Listen, there are a number of horizontal measures that would apply to all sorts of businesses, including coffee shops.

Tamara Jansen: Not in this, actually.... It doesn't identify a clear headline reduction in any federal paperwork burden on a small coffee shop.

Small businesses employ nearly half our private sector workers and pay five times more per employee on regulatory costs. How much have your 500 red tape initiatives saved the local shop in dollars? How much?

Hon. François-Philippe Champagne: Tax simplification and the measures we're taking—

Tamara Jansen: How much?

Hon. François-Philippe Champagne: —to reduce red tape is applauded by businesses across our nation.

The Chair: Thank you, Ms. Jansen. Thank you, Minister.

That concludes this round. We'll continue now with Mr. MacDonald for five minutes, please.

Kent MacDonald (Cardigan, Lib.): Thank you, Madam Chair.

Thank you to the minister for coming in. It's always an interesting debate when you come before us at the finance committee.

You were in P.E.I. this summer, so you visited some of the island and saw some of the small and medium-sized processing facilities that are on P.E.I. This recent temporary immediate expensing for manufacturing and processing has been well received in the community I serve.

Can you elaborate on how you feel that's going to increase investment and expansion in regions? If we're going to feed the world, then P.E.I. wants to be a big part of that. I'd like to get your opinion on this.

Hon. François-Philippe Champagne: Thank you very much.

We had the federal-provincial-territorial meeting in Charlottetown, P.E.I. You're right: This is really a flagship measure.

Your colleague was asking what we have done for small and medium-sized businesses. Here we have the answer. The productivity superdeduction is becoming the mega deduction, because we're increasing the number of capital investments that are going to be covered. We're going to have the lowest tax rate for new business investment, at almost half that of the United States, so this is a game-changer for Canada. It's the biggest change in 50 years of corporate taxation.

I see that my colleagues are all smiling, so that's a good sign. Our Conservative colleagues are in favour of good things. This is going to help businesses, as it should. It's been applauded across the nation.

Tamara Jansen: By big business....

Hon. François-Philippe Champagne: No, it's small business. It applies.

You want to go to the coffee shop. Mr. MacDonald, allow me to answer our colleague.

If you have a coffee shop in Charlottetown today and you're buying a new coffee machine, you're going to be able to have immediate expensing for it.

This measure applies across the board, and you should be applauding that because—

Tamara Jansen: What if you don't have the money?

Hon. François-Philippe Champagne: —this is the way to create an investment cycle. This is good for farmers. This is good for fishers. This is good for small and medium-sized businesses. It's applied across the board in Canada. You just take it from build Canada, take it from a number of different sources.... I can quote for you even the Canadian Chamber of Commerce. They said that this is the measure we have been “waiting for”, or something close to that.

This has been commented on because this is addressing the productivity and innovation challenge we've had in this country for quite some time, and it's a measure that's going to help everyone. It's one of these flagship measures. There's urgency for this committee to act, and I appreciate, Mr. MacDonald, what you're doing—and members of the committee—because the people at home expect this to be passed in legislation. This is the kind of measure that speaks to every business owner in the country, every entrepreneur and every manager, because now you get the best possi-

ble tax treatment that we have not only in the G7 but also pretty much in the OECD countries. That's a very interesting measure.

I know it's well received in a place like P.E.I. I know that the people of P.E.I. know how to build things. It's going to help with projects also in Atlantic Canada, because we have expanded the capital investments by about 66% now and more that's going to be covered with this measure. This is really a flagship measure.

For my colleague who was asking before, “What have you done recently?”, well, this is the biggest corporate tax change.... I'm looking at Mr. Leita, who was the minister of finance in Quebec. It's probably the biggest corporate tax change in 50 years in this country, but we're just getting started. We want tax simplification. We want to make it easier for businesses to do what they have to do and to support entrepreneurs and those who take risks and create jobs every day.

• (1620)

Kent MacDonald: Thank you, Minister.

I'm going to cede the rest of my time to Ms. May.

Elizabeth May (Saanich—Gulf Islands, GP): Thank you so much, Kent.

Thank you, Minister.

I'm going to be as succinct as I can. How much time is there, Madam Chair?

The Chair: You have a minute.

Elizabeth May: Here's my question, Mr. Minister.

This is the second time this year, with Bill C-30, an omnibus budget bill, and Bill C-31, the follow-up to Bill C-30, and the first time in my experience—not just as a parliamentarian but as a person who's worked on pesticide laws for the last 50 years—and the first time in my knowledge, that a finance minister has used omnibus budget bills to fundamentally weaken pesticide regulations, this time through removing the mandatory postmarket re-evaluation.

Mr. Minister, why have you, as Minister of Finance, done this? Why did cabinet and the Minister of Health, who's in charge of pesticide regulation, not decide, if there was a need for reform—which isn't established—and not develop the legislation so that it's properly studied and comes after consultations with the affected parties?

The Chair: You have 15 seconds, Minister.

Hon. François-Philippe Champagne: Okay. I'll try to do justice to a very important question.

First, I want to thank you, Madame May, because I always take very seriously every comment you provide.

We're doing that in a way that will simplify our regulations and, at the same time, maintain the highest standard when it comes to health and safety. I'd be happy to engage with you separately, because as I said, I always value your feedback in anything.

Elizabeth May: I love you too, but the point is, why would the Minister of Finance do this?

The Chair: Thank you, Minister.

Thank you, Ms. May.

I apologize. That was a fast minute. Well, it was a regular minute. It just went by quickly.

We will continue now—

Voices: [*Inaudible—Editor*]

The Chair: Ms. May and Minister, thank you. I appreciate the passion. I love the engagement, but I'm trying to keep the meeting on time.

I'm turning to Mr. Lawrence for five minutes.

Hon. François-Philippe Champagne: None of you guys showed that much emotion.

Philip Lawrence (Northumberland—Clarke, CPC): Thank you very much.

I think “love” is a strong word. I'm not sure if I'm there yet, Minister Champagne.

As you know, since Bill C-31 was introduced, the world has changed in a number of different ways. One of the most under-reported stories is the increase in the bond yields and the cost of this. I want to break it down in terms of one of my residents in Northumberland.

The average mortgage is around \$300,000, \$400,000 or \$500,000. If in fact you were renewing a fixed-rate mortgage at \$500,000, you would be going from about 2% to about 4%. That's a cost for the average homeowner of about \$6,000, which dwarfs any type of benefit you're having in terms of affordability.

Do you have any policies for individuals who are struggling because of the increased cost of their mortgage?

Hon. François-Philippe Champagne: Thank you very much for your question. It's something I follow every day.

As you've seen, the bond markets in the world have shown a lot of volatility. We've seen the yields increase. Actually, when you look at Canada...and I just brought that because I expected you to ask. I mean, if you look, we're the country in the G7 that's pretty much borrowing at one of the lowest levels that you can find in the G7. That's something we're following, because, as you point out, we have seen the yield increase, but we continue to borrow at one of the lowest rates in the advanced economies, one of the lowest rates you can find.

We were looking at.... If you compare the borrowing costs, you know, we're projecting 1.7% of GDP in 2026-27, which is far below the peak of 6.5% you saw in the nineties. You've seen a movement around the world. It's all about the uncertainty, instability and complexity of the world. You're quite right. We're not immune to

what's going on in the world, but I want to reassure Canadians that if you compare us to the other G7 nations, we're still one of the countries that borrows at one of the lowest levels.

Philip Lawrence: The reality, though, is that over the last couple of months our bond yields have increased to 3.95%. If I go back to the individual who is renewing a fixed mortgage, it's going to be \$6,000 more per year for them. In a time when we've seen limited if not zero economic growth.... Our economy was, of course, the only one in the G7 that fell into recession. We have the Trump tariffs coming into place. There are many people in my riding who are going to lose their jobs. On top of that, their mortgage, if they're renewing, is going to be \$6,000 more.

What advice do you have? The bond market...the lending is cold comfort to them.

Hon. François-Philippe Champagne: I agree with you. That's one of the things I said at the G20 in Asheville, North Carolina, when we were there. It's the transmission of global events to pocketbook issues for people. It's the cost of food. It's the cost of gas. Now, as you said, it's the cost of housing, in a way, because of what we see in the bond market.

People at home and in your riding understand that there are a lot of things we cannot control, but what we can control is building one Canadian economy. What we can control is diversifying our market. One thing we can do is support Canadians at a time of need. We can build more homes, provide the Canada groceries and essentials benefit, and extend the suspension on the excise fuel tax on gas. Those are the types of things we control. I agree with you that there are a number of external factors beyond that, and Canada is not immune. However, with everything within our control, we're trying to support the people in your riding.

• (1625)

Philip Lawrence: With respect, there is one thing that's very much under your control. Of course, as you said, a number of global factors are driving the bond yield, but one issue is that there have been rapid expenditures by governments, including the Canadian government. We have a deficit of well over \$50 billion, and that large amount of pulling down has driven up the cost of borrowing, has accelerated the bond yield.

Will you commit to the next budget's having no new spending or at least matching any new spending with offsetting costs?

Hon. François-Philippe Champagne: I'd say we're entering this period in a position of strength. We have the lowest net debt-to-GDP ratio of all the G7 countries. We have one of the lowest deficit-to-GDP ratios in the G7. We're one of the few countries—with Germany—with a AAA credit rating.

You don't need to take it from me. Even the International Monetary Fund was saying that countries like Canada and Germany, which have the fiscal capacity...that investing in housing, innovation and productivity, making sure that you build a country with capital and investment, is the way to go. This is exactly what we're doing.

Philip Lawrence: Thank you, Minister.

I understand that you're talking about charts and the IMF and all that stuff. I'm trying to relate this back to the individuals in my riding, who might be losing their jobs because of everything that's going on with the failure to get a deal with the U.S. Now their mortgages are going up by \$6,000, so it's cold comfort to them.

The Chair: Thank you, Mr. Lawrence.

Thank you, Minister.

[Translation]

Mr. Lavoie, we'll continue with you for five minutes.

Steeve Lavoie (Beauport—Limoilou, Lib.): Thank you, Madam Chair.

Thank you, Minister, for joining us today. It's always a pleasure to have you here.

You won't be surprised by the topic that I'll discuss with you. It's the superdeduction for companies.

I'm sure my colleague across the table will be pleased to hear that I worked in banking for a long time. Any capital cost allowance that companies can claim changes their financial position somewhat. In this case, it's a huge change. I'm really thinking about the financial structures that make it possible for banks to plan loans, lines of credit and investments for companies. The superdeduction will make it possible to plan all this in terms of companies' cash flow. I'm thinking of companies in the Quebec City region, of course, including the ones in Beauport—Limoilou.

Tell me a bit about where the idea for this superdeduction came from. On a global scale, I think that we're becoming the country that provides the best deduction. I would like you to tell me about it. Where did the idea come from? Why is it so important for Canada to distinguish itself globally in this area?

Hon. François-Philippe Champagne: First, thank you, Mr. Lavoie.

You are quite right. The mega deduction is a flagship measure. It reduces the tax rate on new investments from 13% to 6.4%. That represents a significant advantage. We need to consider how Canada compares with other countries. As shown in a chart that's been published and that my colleagues have already seen, our rate of 6.4% places us in a favourable position relative both to the OECD average and to our neighbours to the south.

The breadth of the measure is also noteworthy. Approximately 67% of the capital investments made by the businesses with which you work would qualify. Businesses can immediately deduct the cost of eligible investments, and the measure is permanent.

In addition, it's an economy-wide measure. That's why it's good news for businesses of all sizes. We have said that it's one of the

strongest measures we could introduce—and I choose my words carefully—it applies across all sectors and throughout the economy. My colleague referred, for example, to a coffee shop or a bar. Such businesses would be eligible, just as large corporations would be. The measure also applies to investments in major infrastructure projects. In that sense, it serves as a powerful catalyst for a new investment cycle. That's precisely what the country needs.

We recently held the Canadian Investment Summit. As you've seen, Canada is attracting renewed international attention. Why is that? I often point to five key strengths. First, Canadians are among the most highly educated people in the world, and we continue to attract exceptional talent. Second, we have strong industrial capabilities. You know that, because you're from Quebec City. We build ships, aircraft and automobiles. We're also a leader in artificial intelligence. Third, we possess the critical minerals that will help drive the economy of the 21st century. Fourth, we have abundant energy resources, and we're working to double our energy production by 2050. Finally, Canada is the only G7 country that has a free trade agreement with every other G7 country.

The major global trends today are energy, critical minerals and artificial intelligence. Canada is well positioned in each of these areas. That's not simply my assessment: Fatih Birol, executive director of the International Energy Agency, stated in Montreal that the global energy infrastructure landscape is being reshaped and that Canada would be at the centre of that transformation. It's a generational opportunity.

When those advantages are combined with a competitive tax environment for investment, they provide a strong foundation for attracting as much investment as possible to Canada, fostering economic growth and creating jobs.

● (1630)

Steeve Lavoie: Thank you, Minister.

I will be brief, as I see that time is running short.

In the greater Quebec City region, where I'm from, 50% of businesses have five employees or fewer. More than 70% to 80% have 10 employees or fewer. If I understand correctly, this measure is intended to benefit small businesses just as much as larger ones. In other words, it is designed for businesses of all sizes, not only for large corporations.

Hon. François-Philippe Champagne: Everyone stands to benefit from this measure. It's a welcome boost for all small and medium-sized businesses. It's been well received by commentators and, more importantly, by SMEs themselves. We often hear that, while major projects and large infrastructure investments are important, businesses want to know what's being done for SMEs. Our colleague raised a similar question earlier. This measure is the answer. It's a tax measure that applies to businesses across the country and is designed to support job creation, economic growth, productivity and innovation.

I recently met with my provincial and territorial counterparts at a meeting of finance ministers that I hosted. There was broad recognition that this is one of the measures needed to stimulate investment across the country.

Steeve Lavoie: Thank you.

The Chair: Thanks to my colleagues.

Thank you, Mr. Champagne.

We will suspend for five minutes before resuming the next hour of the meeting, again with the minister.

● (1630)

(Pause)

● (1635)

The Chair: Colleagues, the meeting will come back to order.

[English]

Pursuant to the order of reference of Tuesday, September 22, 2026, and the motion adopted by the House on Monday, September 21, 2026, the committee will commence consideration of Bill C-38, an act to amend the Excise Tax Act, with extension of the federal fuel excise tax relief.

We have the great fortune of continuing with Minister Champagne and Madame Lavoie.

With that, Minister, you have five minutes for opening remarks on Bill C-38. Please go ahead.

● (1640)

[Translation]

Hon. François-Philippe Champagne: Thank you, Madam Chair.

[English]

Colleagues, it's a renewed pleasure to be appearing before you today on Bill C-38, the Canadian fuel affordability act. With this measure, we're sending a simple, clear but very powerful message: We're there for you.

I want to note, Madam Chair, that this received unanimous consent from the House, and I testified for an hour in a committee of the whole of the Senate just last week. I think there is broad-based support. I think people in both houses understand the importance of acting swiftly to support Canadians in a time of need, and I want to say thank you to the members of the committee.

In a rapidly changing world, Canada's government is focused on what we can control: making life more affordable for Canadians, strengthening our economic resilience and building a stronger and more independent Canada. This has been the essence of what we discussed just a few minutes ago with colleagues.

As you all know, global conflicts and ongoing supply chain disruptions continue to drive up fuel prices around the world. Those pressures are being felt here at home, raising costs for families, workers and businesses across the country.

In response, I joined the Prime Minister last spring to announce a temporary suspension of the federal fuel excise tax until at least

Labour Day. This measure was carefully designed to provide immediate relief, and I would say not only immediate relief, but relief in a very tangible way for every Canadian across our nation.

In the interim, we did what responsible governments do. We monitored the situation. We listened to Canadians. In the face of ongoing volatility, as some colleagues have mentioned, and the volatile, complex and uncertain world in which we live—and particularly the volatility of gas prices—we made the decision to further extend the fuel excise tax suspension.

[Translation]

Last month, I announced that the government would extend the temporary suspension of the federal excise tax on fuel until January 31, 2027. From February 1 to March 31, 2027, the tax rate will then be set at 50% of the regular rate.

By extending this relief, we are helping to lower everyday costs for Canadians while supporting the sectors that drive our economy. These include the trucking, agriculture, food production, housing, construction and delivery sectors. In short, we are supporting all those who form part of the supply chain.

[English]

This is exactly why Bill C-38 matters so much. It is a practical and immediate measure that will help Canadians today while supporting the stronger, more resilient economy we are striving to build together. It will ensure that Canadian households and businesses continue to benefit from lower fuel and transportation costs. It will provide relief not only for families, at the pump, but also for sectors that keep goods moving across our vast country.

By reducing transportation costs, we are helping to ease pressures on supply chains and support greater affordability throughout the economy. Most importantly, Bill C-38 reflects a simple commitment we made to Canadians: to help Canadians keep more of their hard-earned money at a time when affordability matters more than ever.

Madam Chair, our decision to temporarily reduce the federal fuel excise tax rates to zero cents per litre quickly translated into a lower fuel price for Canadians by 10¢ per litre on gasoline and four cents on diesel. We've seen a direct impact across provinces and territories in our country. In fact, when the suspension was first introduced, gasoline prices fell by 11¢ per litre on the first day, demonstrating that savings were quickly passed on to consumers.

Bill C-38 will extend the temporary suspension of the federal fuel excise tax until January 31, 2027. Then the regular rates would be reduced by 50% until March 31, 2027. This will help maintain lower everyday costs for Canadians, including truckers and businesses in the food, agriculture, housing, construction and delivery sectors. Bill C-38 will ensure Canadian households and businesses continue to benefit from lower fuel and transportation costs.

[Translation]

Madam Chair, the benefits of this tax relief are significant.

• (1645)

The additional estimated fiscal cost of the extension is approximately \$2.9 billion. This will bring the total estimated tax relief provided to Canadians in 2026-27 to \$5.3 billion.

Bill C-38 is an important part of our plan to make life more affordable for Canadians.

Madam Chair, I can see that colleagues are eager to ask questions, so I will conclude my remarks there and turn to members.

Thank you.

The Chair: Thank you, Minister.

You are quite right. There's considerable interest in asking questions, at least among some members.

We will begin with Mr. Lefebvre for six minutes.

Eric Lefebvre: Thank you, Madam Chair.

Minister, thank you once again for being with us.

You indicated that the tax relief would benefit truckers, food production, agriculture, construction and delivery services. That means the department recognizes that an increase in the tax on diesel raises transportation costs and ultimately increases the price consumers pay for goods.

Has the department quantified the impact of reinstating the 4¢-per-litre diesel tax on business costs and on consumer prices?

Hon. François-Philippe Champagne: What I can tell you is that, on the one hand, Canadians are looking for relief because the current circumstances warrant it. On the other, they also expect me to exercise caution. I believe those on your side of the House expect that as well. People expect the Minister of Finance to approach these measures responsibly and to be guided by the established principles. As you've seen, the International Monetary Fund has spoken in favour of temporary, targeted measures of the same nature as those we have announced.

Accordingly, we're taking the steps needed to help Canadians now, while also maintaining a fiscally responsible approach.

Eric Lefebvre: So no estimate is currently being made.

Hon. François-Philippe Champagne: It's obvious that, when the time comes to return to the rate that was in place before the suspension, we will see a return to the economic impacts that existed before.

What we're saying now is that this is targeted, temporary relief. I believe that is consistent with best practices. We recognize that we

need to do this now. After all, we are talking about a \$5.3-billion measure that will remain in Canadians' pockets and help various sectors of the economy.

Moreover, Mr. Lefebvre, I know you want me to be fiscally responsible. I know you well enough to say that.

Eric Lefebvre: Minister, according to an article published this morning in *Le Journal de Québec*, farmer Nick Majeau says it costs him \$2,000 more per day than it did in 2025. I have the article here and can provide you with a copy if you haven't had a chance to read it. The article begins by stating: "The surge in diesel prices is costing a Lanaudière farmer an additional \$2,000 a day, a shock that could ultimately be reflected in grocery prices."

We Conservatives have been saying for a long time that the cost of diesel has a direct impact on food prices. That's what this article said this morning too. The article notes that, for this farmer, diesel expenditures for this harvest season will rise from \$100,000 to \$200,000.

What do you have to say to Mr. Majeau, Minister?

Hon. François-Philippe Champagne: The first thing I'd say is that it's good news that we extended the suspension of the federal fuel excise tax. Otherwise, costs would be even higher.

Second, I'm sure he understands the global context in which we're living. Clearly, what we're seeing as a result of the conflict in the Middle East and the war in Ukraine is putting upward pressure on fuel prices and fertilizer costs. That's why, in addition to this measure, we introduced the national food security strategy, to produce more food here at home and help our processors do more within Canada.

It's a multi-faceted strategy. First, we're doing our part by suspending the federal excise tax on fuel, diesel in this particular case. At the same time, we're focusing on what we can control, namely building the Canadian economy and ensuring that we have strategies in place to support our farmers.

Eric Lefebvre: Minister, do you have anything to say to Mr. Majeau? The tax will be partially reinstated in February, and then in April. If costs remain high and our farmers and truckers continue to be squeezed, are you prepared to say that you will extend the tax suspension?

Hon. François-Philippe Champagne: I would say to Mr. Majeau that we have been there for our farmers and for various sectors of the economy. I'm sure he understands my role as Minister of Finance. On the one hand, we have to be there to help people. On the other, I know the people in your region, and they certainly expect me to be fiscally responsible as well. That's precisely what I'm doing. We have to strike the right balance. We must provide assistance while remaining fiscally responsible. We're talking about a \$5.3-billion measure.

Eric Lefebvre: So should the tax be reduced permanently rather than through a series of temporary suspensions? For the time being, you prefer a temporary measure and will assess the situation as it evolves. Is that right?

• (1650)

Hon. François-Philippe Champagne: If there's one thing Mr. Majeau understands, it's the volatility and complexity of the global environment. I know he's well aware of the inflationary pressure being exerted on diesel prices.

We've seen this in Canada, among other places, but if you look at developments in global prices, you will see that there's a tremendous amount of volatility at the moment. I would say that Canada is faring better than many other countries. If you compare diesel prices internationally, you will find that Canada is in a stronger position because Canada is a net producer of diesel and our diesel production is operating at full capacity.

That said, we're certainly not completely insulated from global energy shocks.

Eric Lefebvre: Minister, you often use the word "affordability" and say that you want to improve affordability by lowering costs. Do you not believe that permanently eliminating this tax would be one of the right measures to take?

Hon. François-Philippe Champagne: I would say to Mr. Majeau and his colleagues that this measure should not be viewed in isolation. It must be considered alongside the full range of measures we've introduced. I assume you have shared that information with the people in your riding, Mr. Lefebvre. One has to look at the entire package of affordability measures we announced in the economic update. I'm sure you have informed your constituents of the benefits available to them. This measure is part of a broader package of supports. If you don't have that information, I'd be happy to send you a copy. You may then wish to share it with your constituents in your correspondence with them.

Eric Lefebvre: Thank you, Minister.

There's one gap that has not been addressed. When the consumer carbon tax was scrapped in 2025—

The Chair: Your time is up, Mr. Lefebvre.

Mr. Lavoie, you have six minutes.

Steeve Lavoie: Thank you, Madam Chair.

Thank you, Minister. I'm pleased to have the opportunity to speak with you once again, this time regarding Bill C-38.

We can all see that higher prices at the pump are having a significant impact on both individuals and businesses. I would like to spend a few moments focusing on businesses.

You mentioned diesel. My thoughts are with our farmers. I come from a farming family. I fuelled up the tractor every day in the summer. During haying season, we went through several tanks a day. So I certainly appreciate what farmers are dealing with.

As you noted, this measure is costing the government more than \$5 billion. It's therefore a significant measure for Canada.

Let me bring the discussion back to the Quebec City region. People don't always realize the extent to which Quebec City is a major transportation hub. We have rail links, marine links, air links and a strong road transportation network. A great deal of trucking activity takes place throughout the greater Quebec City area. We have 27 industrial parks. Many people are unaware of that because they often think of Quebec City primarily as a tourist destination, but we do have 27 industrial parks. As a result, there's a substantial amount of freight movement throughout the region. I can't help but mention the Port of Quebec, which is undergoing modernization and sees a considerable amount of truck traffic.

In practical terms, for those living in the Quebec City region and its businesses, I'd like you to explain the impact these measures will have on businesses. I'm referring specifically to this fuel tax relief.

As we discussed earlier, the measure also applies to small and medium-sized businesses, including the smallest firms, not just larger companies.

Given all this activity, Quebec City truly is a major transportation hub. Could you tell us a little more about that?

Hon. François-Philippe Champagne: You're right, Mr. Lavoie. You know, I grew up in Quebec City, next to the Pyramide in Sainte-Foy. You can understand, then, that I have some understanding of the dynamics in Quebec City and Quebec City's logistical role, including through the airport, not to mention the rail transportation via the St. Lawrence Seaway and the Port of Quebec.

You're right to say that this measure is important, because the people of Quebec City are innovators, builders and entrepreneurs.

Extending the suspension of the federal excise tax on fuel is an immediate and concrete measure. Our colleague Mr. Lefebvre talked about that earlier. He was wondering what concrete action we could take for farmers and truck drivers, for example. In short, we're talking about everyone in the food logistics chain and those who move materials within the country. Here, you have a measure that applies immediately and is simple. I'd like to emphasize the word "simple". You don't need a form. You don't need to apply. The suspension is automatic.

We have seen that it had a direct impact, because we obviously measured it. As we said, the day after the suspension, we were already seeing fuel prices drop by about 10¢ in the Canadian provinces. We saw that it was a direct measure.

I was also looking at the recommendations that the committee sent me as part of the budget. I'm currently looking at those. They discuss simplicity and effective measures. This is a good example, because it affects everyone. It obviously affects the food supply chain. It also affects the transportation chain. It also affects entrepreneurs in Quebec. Everyone who is part of the logistics chain in one way or another will benefit. It was the right measure at the right time.

That said, as I was saying to our Conservative colleague Mr. Lefebvre, people expect the Minister of Finance to have a heart in the right place, meaning to help people when they need it, but also to be prudent and serious, because we're talking about public funds. These are public funds. It's part of the Canadian identity to help one another when we're in need. We had tax revenue that we could use precisely to help people. That's why we found a targeted and immediate measure that, in many cases, corresponds to best practices we have seen in international institutions, which have welcomed the Canadian measure.

• (1655)

Steeve Lavoie: Thank you very much, Minister.

I have noticed a pattern in your responses. It may be because of your mother; you often tell me about your mother. We spoke earlier about the superdeduction and the fact that it was simple and applied to all businesses. You were just talking about the excise tax: It's simple.

Is this a trend? Is this the flavour you're currently giving the department? Have you told the people in the department that it's going to take measures, but that those measures will be concrete, direct and simple, and that there won't be 10,000 forms?

Hon. François-Philippe Champagne: I talk to people in a way that helps us understand each other. Things have often been very complex when it comes to tax matters. I'm trying to bring some simplicity, immediate things, effective things. It's true; I often talk about that.

You know, I'm from Mauricie. I often say that it's important to ensure concrete measures that people can understand, precisely so that they can benefit from them.

Yes, that's indeed part of the spirit I have. You will see the whole issue of simplification in the next budget as well. It's a matter of making sure that it's accessible to everyone and that people actually understand. You even saw this in the last budget. I think it was the first time in Canada, or at least the first time in a long time, from what I've been told, that an introductory chapter was included in the opening pages to help people understand properly. Otherwise, all of this may be a bit of a dry read. There's a chapter where we present exactly the measures that we're putting in place. I think that's part of that vision.

I always say that it's important to be able to explain the measures to your loved ones. When measures like this are understood well, people can refer to them and appreciate them.

Steeve Lavoie: Thank you, Minister.

The Chair: Thank you, Mr. Lavoie.

We will now continue with Mr. Garon for six minutes.

Jean-Denis Garon: Thank you, Madam Chair.

I want to assure the minister of one thing: Every budget in Canadian history has had a first page. I checked.

That said, in your response to Mr. Lavoie, you initially said that this was a measure that affected everyone. A minute later, you said that it was a targeted measure.

Could you table a written response to the committee indicating what the Department of Finance considers to be targeted and clarifying whether, when it affects everyone, it qualifies as such?

Hon. François-Philippe Champagne: What I wanted to say first about the budget is that I think it's one of the first times that there's really an introductory chapter that explains the major budget measures. I agree with you that there has always been a first page, just as there has always been a last page. However, I think this was a first.

Jean-Denis Garon: It's too kind of you to clarify that.

It's targeted, and it affects everyone, then.

Would you just like to table the answer in writing to the committee? We'll give you some time to think about it.

Hon. François-Philippe Champagne: It's up to you.

Jean-Denis Garon: That's great. That's worth thinking about.

You'll find that I have odd hobbies, but I listened to the Senate Committee of the Whole.

Hon. François-Philippe Champagne: That's good. Thank you.

Jean-Denis Garon: Senator Gignac asked you the following question: Have you conducted any studies at the department to assure us that none of the tax cut went into the pockets of oil companies? You answered that you had looked into the matter on the first day and that, on the first day, prices had dropped, and so on. We know your answer.

This tax cut has been in effect for 120 days. I'm interested in the other 119 days.

Can you table with the committee the Department of Finance studies that show us the impact of the tax cut and what percentage of the tax cut actually ended up in consumers' pockets? We know that some of it did, but we would like to know what studies have been carried out.

Hon. François-Philippe Champagne: First, thank you for listening to my testimony. You said that you had already received an answer to your question.

Jean-Denis Garon: No. I thought the senators were very patient, because you weren't answering. Senator Gignac was very patient.

Hon. François-Philippe Champagne: You know, Senator Gignac and I often talk to each other.

Jean-Denis Garon: Where are the studies?

Hon. François-Philippe Champagne: In fact, what I said to Senator Gignac is that we had asked the Competition Bureau to play its role, and we saw it. You even saw it, the reduction. As I was saying, we saw that this had happened in the Canadian provinces. People at home know—

Jean-Denis Garon: You were saying that you saw it on day one.

Hon. François-Philippe Champagne: Mr. Garon, the people at home know how to keep things in perspective. They fully understand that, if it weren't for the tax suspension, the prices of diesel and gasoline would increase by four cents and 10 cents. People understand that.

• (1700)

Jean-Denis Garon: Minister, you're a lawyer; I'm an economist. These are things that are taught at very advanced levels. You say that people at home are keeping things in perspective, but have they used databases and built an econometric model to calculate something complicated, Minister? I don't want to underestimate you, but this deserves to be studied.

Do you have studies, and will you table them with the committee? I'm talking about the ones from your department.

Hon. François-Philippe Champagne: What I'm telling you is that, yes, if it weren't for the suspension of the federal excise tax on gasoline, prices would be higher. We saw the immediate impact of that.

Jean-Denis Garon: How much higher would they be?

Hon. François-Philippe Champagne: Of course, it would be four cents for diesel and ten cents for gasoline.

Jean-Denis Garon: You have studies from your department to confirm that, right?

Hon. François-Philippe Champagne: It's simple math. You're an economist. If we hadn't suspended the tax, it would still be in effect. Of course, that makes the answer 10 cents and four cents.

Jean-Denis Garon: Minister, I can tell you one thing, and I'm telling you this on the record: You need a lesson in economics.

Hon. François-Philippe Champagne: Listen, I—

A voice: Oh, oh!

Jean-Denis Garon: As Mr. Leitão knows, it's called the tax incidence, Minister.

I'd like to know another thing.

Studies in some American states have shown that about 20% to 25% of the excise tax cut went into the pockets of oil companies and distributors, which perhaps need it. There have also been recent studies at the University of Melbourne. The same policy that you implemented was tried out in Australia. Researchers conclude that it would have been better to transfer money by writing a cheque.

When you implemented this policy in June, it was a matter of circumstances. It was urgent; the policy went ahead, and everyone put some water in their wine. Now, today, this policy comes on the same day that you hand out your cheque. You're going to start bragging about your cheque to avoid answering my question, but why didn't you simply increase the cheque that people got today?

Hon. François-Philippe Champagne: I understand that you have taken a course in economics, but I can tell you that the International Monetary Fund and the OECD have welcomed Canada's measure.

Jean-Denis Garon: Then, the International Monetary Fund has a document—

Hon. François-Philippe Champagne: They have seen the Canadian measure, Mr. Garon. Unlike you, they said it was one of the measures that should be adopted. I have had discussions with my G20 colleagues, and this is one of the right ways to do things. This is an immediate, targeted measure that affects Canadians. I would say to you that—

Jean-Denis Garon: You know, Minister—

Hon. François-Philippe Champagne: —we did well, because it was a time when we needed to help Canadians.

Jean-Denis Garon: I remind you that we are equal when it comes to speaking time.

Minister, we all know that the bill is going to pass, but it's our job as parliamentarians to ask these technical questions.

When an excise tax is suspended, we know that it isn't ultimately 100% of the tax cut that ends up in consumers' pockets after the first few days. That's assumed; we all know that. The question is whether 95%, 90%, 60% or 50% of the cut ends up in consumers' pockets. That's a legitimate question. You say that it's important to be fiscally responsible. That is a legitimate question.

You say that it has been welcomed. In that case, where is the IMF document that has calculated, in the Canadian context, the exact incidence of this tax? Where is the document? Would you like to table it with the committee?

Hon. François-Philippe Champagne: I understand your question. It's a good question. I'll answer you. I find the content of your earlier comment a bit outdated, but that's up to you, as a parliamentarian. What I can tell you—

Jean-Denis Garon: Minister, it's because—

Hon. François-Philippe Champagne: I'm doing this with respect. I'm treating you with respect. I expect the same respect both ways.

Jean-Denis Garon: Minister, I'm treating you with respect.

However, when you tell us that it's simple math, that at the Department of Finance of a G7 country, when it comes to managing a budget of hundreds of billions of dollars, there's no need to do any calculations, and that everyone can do it at home, what does that say about what you think of the parliamentary committee, Minister?

Hon. François-Philippe Champagne: No. What I told you is that, if we hadn't suspended the tax, of course, the fuel prices would be 10 cents higher and four cents higher for diesel. That's what I'm telling you.

Jean-Denis Garon: What I'm asking you as a parliamentarian, then—

Hon. François-Philippe Champagne: We understand each other there, at least, when it comes to math and economics.

Jean-Denis Garon: What I'm asking you, as a parliamentarian, is to table with the committee the studies from your department that demonstrate what you're saying, because it goes against what is known, theoretically and empirically, about tax analysis in economics. I'm making that request.

The Chair: Thank you, Mr. Garon. That concludes your speaking time.

Hon. François-Philippe Champagne: Thank you for your request.

[English]

The Chair: I understand that there is agreement among the members to allow Ms. May a five-minute round.

Ms. May, you have five minutes.

Elizabeth May: Thank you very much to all the members. I very much appreciate this opportunity.

[Translation]

I thank all parties for their generosity.

[English]

I'm trying to set up my clock so that I don't go too long, but I'm sure someone will tell me when I have done this wrong. I hate it when I start my clock wrong.

Thank you, Mr. Minister. I have a series of questions about the history around the gas tax. Most of this is so far in the dim background. I think it was certainly before 2015 that Stephen Harper, as former prime minister, made the gas tax, as it was then called, permanent. Then it became the gas tax fund. It was dedicated to urban transit. It was very much welcomed by the municipal order of government, because it created a reliable, predictable source of funding for urban transit.

I'm not trying to put toothpaste back in the tube but to trace what's happened. While I'm certainly on board with anything to help Canadians with the affordability crisis, I'm also wanting to track how this decision will certainly increase the debt and deficit, because it's less money in the federal coffers. I know you have a quick answer to that one, on how much it will increase the deficit for the fiscal year to first bring it in and then to extend it, but I'm also wondering if there is an equally predictable place for municipal orders of government to go for urban public transit dollars.

• (1705)

Hon. François-Philippe Champagne: I have a couple of things on that. First, I want to say thank you. I wish you were at committee every time I appeared.

The fiscal cost of the measure is \$5.3 billion. I would say, Madame May, that I think it's the right thing and the fair thing to do. We had increased revenues, as you would assume with the price of oil, which has been higher. There's been volatility. Using part of this to support Canadians at a time of need, knowing where you're coming from and knowing what you've been advocating for, I think is the right thing. You would expect that a government of a G7 country has the fiscal capacity, to use the words of our colleague Mr. Garon, to support Canadians at such a time. To our farmers, our fishers and our people in the logistics sector, this is a way to say that we are there with them.

You'll find in the literature, or at least it's what they say at the meetings I've attended, that countries with the fiscal capacity to do so should be there with support, but—Monsieur Garon is right—in a way that is targeted and time-limited, with very discriminant measures, immediate measures, that can help people. I think the Canadian fashion of doing that has been seen by others as one way to support people at a time of need.

Elizabeth May: To quickly follow up, when I've met with municipal leadership, they're not sure. We hear announcements and press releases that there's money for infrastructure and there's money for public transit, but it's not as clear a road map, I'm told, for a municipal government to access funds for their public transit. We still have a burning need for rural public transit, as was called for by the missing and murdered indigenous women and girls inquiry. We need public transit that's affordable and predictable everywhere in this country, but we don't have it.

Hon. François-Philippe Champagne: First of all, Madame May, thank you again for your intervention and for bringing your perspective to me and the committee.

I would say that we have done a generational investment. I think what you saw in budget 2025 and in the spring economic update was really Canada charting a different course. I mean, if you look at the infrastructure investment in Canada and compare it with one of the largest, which is Germany, I would even put it to you that it's more than Germany. Germany is \$500 billion over 12 years. It's seen as the mother of all infrastructure plans. Canada, on a cash basis, is \$425 billion over five years. Some would say that we have the largest infrastructure plan you've seen among our G7 countries.

I would say that we are in a position in which we're making a generational investment. If the question is whether we can do more, we can always do more, and we want to work with such partners as our indigenous partners and municipalities and provinces.

Elizabeth May: Poor indigenous women in B.C. still have to hitchhike. There are no buses. In Germany people don't have to hitchhike between major cities, because their infrastructure is better. We're making investments, but I don't see them in public transit, rural or urban.

I'm probably out of time, but if those are areas that we can look forward to in the next budget.... It's an embarrassment for a wealthy industrialized country not to have ways for people to get from A to B if they're too poor to own their own car.

The Chair: Thank you, Ms. May. That concludes your time.

We'll continue now with Ms. Anstey for five minutes.

Carol Anstey (Long Range Mountains, CPC): Thank you. It's great to be here.

Thank you, Minister.

Minister, diesel prices are putting enormous pressure on Canadians, especially in Atlantic Canada, where I'm from; 25% of Atlantic households heat their homes with oil. The national average was \$2.63 per litre; that's up 38% in just three months. A week later, it reached \$2.74. In my home community, it was \$2.77 today.

Your government introduced Bill C-38 to continue the four-cents-per-litre federal excise tax relief on diesel, saying it would help truckers and—if I could use your own words—“farmers” and “fishers” manage higher fuel costs. Your government accepts that removing a federal tax on diesel provides relief when prices are high, yes...?

• (1710)

Hon. François-Philippe Champagne: Yes, it's a good measure to support families, farmers, fishers and truckers.

I'll clarify something: Diesel fuel used in the generation of electricity or heating is not taxed. That is exempt. I just want to clarify that for those watching at home when you talk about heating.

Carol Anstey: Your government says that Bill C-38 would provide relief on costs it can control. Federal tax policy and the federal rules governing industrial carbon pricing are things your government also controls. If removing the four-cents-per-litre excise tax provides relief, why stop there? Why continue imposing additional government costs on the production of diesel?

Hon. François-Philippe Champagne: I know you want me to be prudent at the same time. You want me to be fiscally responsible. I think people watching at home want their Minister of Finance to be fiscally prudent, so we need to have targeted measures that are timely and are tailored to support people.

We live in a world that is very volatile and very complex. There is a lot of uncertainty, so no one can really predict what may happen. If you look at the futures even for diesel, you will see that the benchmark European diesel futures are down by 5% today. It's a volatile environment. I think you and I can agree on this.

It is smart policy to extend the suspension and make sure that we support people directly—as our colleague was saying—but also to, at the same time, be fiscally prudent because the state of the world is changing rapidly. A number of events could occur that are not

within our control and that could have an influence on the price of oil and the price of diesel.

Carol Anstey: This is why it's really important that the government controls what it can control in this situation.

Have you calculated how much industrial carbon pricing adds to the cost of producing diesel in Canada? Has your government endeavoured to study this?

Hon. François-Philippe Champagne: What we're doing today is really supporting people. At the same time, you would appreciate that we need to be in our fiscal framework when we're measuring the different choices we have as a government. We need to choose how we're going to support people.

Carol Anstey: Sure.

Have you measured the cost?

Hon. François-Philippe Champagne: We focus on other affordability measures, as I mentioned, and the suite of affordability measures you can find. I was saying this to your colleague. You have to take that not in—

Carol Anstey: Have you measured the cost, though, specifically on the diesel, of the industrial carbon pricing and the impact it has?

Hon. François-Philippe Champagne: I can tell you the cost of the measure. We have calculated the cost of the suspension as \$5.3 billion—

Carol Anstey: No, I mean the cost of the industrial carbon price on producing diesel in Canada. Have you studied the cost?

Hon. François-Philippe Champagne: We focused on this measure. That's what I can tell you. It's the measure we focused on—

Carol Anstey: Therefore, you haven't.

Hon. François-Philippe Champagne: —and the other measures that we have presented, which are part of a broader package of supports for families.

I'm sure you've seen it. I think your colleague, Mr. Lefebvre, wants a copy of it. I'm happy to—

Carol Anstey: I have a final question: Would you support removing federal taxes on the production of diesel to provide further relief to Canadians, yes or no?

Hon. François-Philippe Champagne: We're always looking at measures to support Canadians. Now we have one that is very concrete; it's time-limited but very effective to support Canadians at—

Carol Anstey: I'd like to cede the rest of my time to my colleague.

Eric Lefebvre: Thank you.

[Translation]

When the fuel excise tax was suspended on April 20, retailers had fuel in stock for which they had already paid the tax. Overnight, they were unable to recover that in the price at the pump. Freight and fuel retailers have had to absorb hundreds of millions of dollars, and the Canada Revenue Agency has no mechanism to reimburse them.

What do you have to say to those retailers, Minister?

The Chair: Please answer in 10 seconds.

Hon. François-Philippe Champagne: I'm well aware of their situation, and we're looking into it.

Eric Lefebvre: Thank you.

The Chair: Thank you, Ms. Anstey and Mr. Lefebvre.

[English]

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

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

[Translation]

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

[English]

Our government has been working to make life more affordable for Canadians. As I'm speaking, the Canada groceries and essentials benefit payments are going out today, helping 12 million Canadians, with \$170 for an individual and up to \$340 for a family of four, including many in my community in New Westminster—Burnaby—Maillardville.

This is one of many affordability measures our government has taken, including the Canada disability benefit, the national school food program, the Canada child benefit and the Canada dental care plan.

We are also extending the suspension on the federal fuel excise tax.

Minister, can you outline exactly how much this extension of the federal fuel excise tax suspension will save Canadians at the pumps and what this could mean for Canadian families over the full period of the extension?

• (1715)

Hon. François-Philippe Champagne: Thank you for your question.

I think this is the measure that Canadians were waiting for. This is a very immediate measure.

We received a lot of questions from our Conservative colleagues and others today on what we could do to support people. I'm quite happy that you mentioned affordability, because it's the overarching theme. When I look at affordability—and we were talking about this with Dr. Martin—I always call it the “pyramid of affordability”. The first thing is to find a place that you can afford and is safe. There's the cost of rent. Then you go up and ask, what about the

cost of food? This is something you probably find on a weekly or biweekly basis. Then there's the cost of gas.

What we've been doing is acting on three fronts. The first thing is to do generational investments in housing, because this is usually the biggest expense for families in terms of disposable income.

As for groceries, we've helped people in a very meaningful way. We're talking about more than \$1,800 for a family of four. This is very significant. You just have to talk to Food Banks Canada and others. They'd say that this is a very significant measure. There are four installments. One is being paid today.

Then there is the price of gas and what you can do.

I think that at a moment like this, this is what Canadians expect from us: It's not to take one measure. You are right. I'm especially looking at you, sir, and your generation. That's why I said that colleagues are very interested in this chart, because it shows every measure we've taken.

This is one of about 10 measures. You're talking about early learning and child care. You're talking about dental care. You're talking about the Canada student loans and grants.

You have to take this measure as part of a broad set of measures that say, “We have your back.” This is a time when Canadians need the support of their government. Bill C-38 is one piece of that support.

At a time when we have higher revenue because of the price of oil, we say we're going to dedicate part of that revenue to supporting Canadians in their time of need. This is why it has been applauded in a way that people have seen across the nation. It's immediate. You don't need to file a form. You get it every time you fill your car or your truck. Also, it puts down the pressure on the prices on food and on the whole logistical chain across our nation.

It's the kind of measure that I think Canadians want to see, because it's immediate, it's targeted and it's simple. Anyone who goes to fill up their car is benefiting from this measure. That's why it received unanimous support.

I want to say thank you to the members of the House for supporting the government on that. It's the right thing to do at the right time for Canadians.

Jake Sawatzky: Thank you very much.

Of course, we're dealing with all of this in the context of massive changes in the global order. On Friday, G7 countries agreed to release 100 million barrels of diesel and oil from reserves, which will no doubt have an impact on prices. Could you speak briefly to how these global changes are affecting everyday life for Canadians?

Hon. François-Philippe Champagne: Yes, you're right. There was a G7 leaders' statement. Canada participated and supported the coordinated release of 100 million barrels to begin over four months, including front-loading diesel.

From our perspective, we've been in contact with Canadian refiners to make sure they maximize the diesel production capacity to meet the circumstances. Canada is a net exporter of diesel. If I compare Canada to other countries—and this is cold comfort for people when they see the price—we have been less impacted than other countries in the G7. This is why, at the same time, since we had higher revenues coming from resources, we decided to dedicate part of these revenues to support Canadians and—

The Chair: Thank you, Minister. That concludes the time.

Thank you, Mr. Sawatzky.

[Translation]

We will continue with Mr. Garon for two and a half minutes.

Jean-Denis Garon: Thank you, Madam Chair.

I have a somewhat technical question about the measure. For example, we know that, in your last budget, under what you called capital investments, you included tax credits, particularly for businesses. I don't want to reopen that entire debate, but do you currently calculate this measure as a capital investment?

• (1720)

Hon. François-Philippe Champagne: I could provide you with a specific answer to that question later, Mr. Garon. As you said, it's a technical question.

Jean-Denis Garon: It shouldn't be, but since we no longer know what an investment is, I'm trying my luck by asking you.

Hon. François-Philippe Champagne: It's because I want to be sure. You asked me earlier to be very specific in my answers. We'll respond in writing so you have all the details. I would also like to put the answer in the context of the analysis, because I know you don't want just a yes or no. You want the analysis behind the answer, so we will provide you with the analysis.

Jean-Denis Garon: I'm actually surprised, because it's not a capital investment.

Hon. François-Philippe Champagne: We will provide you with the analysis in writing. That way, you will have all the documentation you need.

Jean-Denis Garon: However, I agree with you that your definitions have become confusing. So it's good that—

Hon. François-Philippe Champagne: No, I think people understand, and so does the Parliamentary Budget Officer.

However, in order to give you a very specific answer, as you asked me earlier—

Jean-Denis Garon: You understand, but it's hard to express.

Hon. François-Philippe Champagne: It's one more way of presenting the budget analysis.

I know you want precise and technical answers, so I want to give it to you in writing. However, it is indeed an operating expense.

Jean-Denis Garon: In my previous turn, I asked you for technical analyses. You could do all that at the same time.

I have one last quick question, because I have only a minute left.

People always say that there's nothing more permanent than a temporary policy, especially when it's a tax cut. It's always difficult to raise a tax or to restore it.

Have you established criteria that will guide your choice when it comes time to make a new decision, perhaps to extend the relief measure? Are these criteria known?

Hon. François-Philippe Champagne: Absolutely.

You know as well as I do that the world is changing rapidly. There is a lot of volatility and complexity.

Jean-Denis Garon: So that applies to the criteria as well.

Hon. François-Philippe Champagne: On the one hand, we must be very serious and very cautious. That's what you've been asking of me for some time now, to be very cautious and serious when it comes to managing public finances. So, at every turn, as we assess the situation, we look at the measures available to help Canadians, while being fiscally prudent.

Jean-Denis Garon: So what you're telling us is that the criteria that will guide your decision on whether or not to extend this measure will change from day to day, on a piecemeal basis.

Hon. François-Philippe Champagne: No, I'm talking about the global context. People at home are able to keep things in perspective. They understand these things.

Jean-Denis Garon: They do things, people at home, right?

Hon. François-Philippe Champagne: Yes, people understand. I trust them.

The Chair: Thank you, Mr. Garon.

Thank you, Minister.

That concludes the time for this round.

[English]

We'll continue now with Ms. Jansen for five minutes, please.

Tamara Jansen: Mr. Minister, when oil prices rise, Canadians pay more at the pumps. Is that correct?

Hon. François-Philippe Champagne: I think that would be public knowledge. Was that a test or was it...?

Tamara Jansen: I will ask again. I make these questions as easy as possible.

Minister, when oil prices rise, Canadians pay more at the pumps. Is that correct?

Hon. François-Philippe Champagne: I would say we're not immune to the rise of external factors that control the price of oil.

Tamara Jansen: Ottawa collects more. Is that correct?

Hon. François-Philippe Champagne: Typically, if the price of a natural resource such as gas goes up, there will be higher revenue.

Tamara Jansen: All right. Your department says a sustained 10% increase in oil prices adds \$2.6 billion in federal revenues in year one. Is that correct?

Hon. François-Philippe Champagne: Listen, I'm going to have to come back to you to look at the assumptions you're making, the price of oil that you're using and—

Tamara Jansen: That's no problem. It's on the website.

Hon. François-Philippe Champagne: —the period you're talking about.

Tamara Jansen: Your department put that out. It will be \$3.5 billion in year two. Is that correct?

Hon. François-Philippe Champagne: Listen, I don't know what you're reading, but if the question is—

Tamara Jansen: It's a departmental document.

Hon. François-Philippe Champagne: We'll be happy, if you send me the question, to provide you with the analysis, because it depends on the period, the price of oil—

Tamara Jansen: I got it off your department's website.

Higher oil prices hurt Canadians but improve Ottawa's bottom line. Is that correct?

Hon. François-Philippe Champagne: Can you repeat that?

Tamara Jansen: High oil prices hurt Canadians but improve Ottawa's bottom line. Is that correct?

Hon. François-Philippe Champagne: I'm not sure I understand the question. What is "Ottawa"?

Tamara Jansen: It's the government.

Hon. François-Philippe Champagne: Government is...you would say—

Tamara Jansen: Anyway, you can use this additional revenue to keep fuel taxes down. That's what we're doing here. Is that correct?

Hon. François-Philippe Champagne: I'm trying to follow you.

Give me the first question, and then I'll try to follow the logic.

Tamara Jansen: I'm going to continue, because those were very simple questions.

Hon. François-Philippe Champagne: I appreciate that, but you—

Tamara Jansen: You're already putting half the fuel tax back on February 1. Is that correct?

Hon. François-Philippe Champagne: On February 1—

Tamara Jansen: Half the fuel tax—

Hon. François-Philippe Champagne: It would go back to—

Tamara Jansen: Right, exactly.

Hon. François-Philippe Champagne: —half of it, the normal rate.

Tamara Jansen: The full tax would go back on April 1. Is that correct?

Hon. François-Philippe Champagne: It would go back to the normal rate.

Tamara Jansen: Therefore, relief for families and small businesses is short-term and temporary. Is that correct?

Hon. François-Philippe Champagne: Bill C-38 has all that in its wording.

Tamara Jansen: Right, exactly.

Hon. François-Philippe Champagne: I mean, it's time-limited support, as you could read in the bill.

Tamara Jansen: That's perfect. However, your mega deduction for big business, which you just announced, is permanent. Is that correct? It's permanent.

Hon. François-Philippe Champagne: I don't know what you're referring to.

Tamara Jansen: It's the mega deduction. It's a permanent deduction.

• (1725)

Hon. François-Philippe Champagne: The productivity mega deduction is applicable to businesses of all sizes in Canada.

Tamara Jansen: Right, but it's permanent. Is that correct?

Hon. François-Philippe Champagne: It is permanent.

Tamara Jansen: Minister, can a small business like the coffee shop we discussed, that doesn't have the money to invest in new equipment, take advantage of the mega deduction, yes or no? If they don't have money to invest, can they take advantage of the mega deduction?

Hon. François-Philippe Champagne: Well, they could borrow the money if they wanted to invest. This would be a business decision for them.

Tamara Jansen: A struggling coffee shop that can't afford new equipment gets no mega deduction. Is that correct?

Hon. François-Philippe Champagne: The mega deduction is available to them.

Tamara Jansen: They can't get it if they don't have the money to invest. Is that correct?

Hon. François-Philippe Champagne: It's available to them. It's for—

Tamara Jansen: However, they can't get it if they can't invest, if they don't have the money.

Hon. François-Philippe Champagne: Well, that's a choice they're making.

Tamara Jansen: Does it seem fair to you for a business that can afford new equipment to get a mega deduction, while a small business that is struggling under continually rising costs of fuel and supplies, and that can't afford to buy new equipment, will only receive a few pennies of temporary gas tax relief? Does that seem fair to you?

Hon. François-Philippe Champagne: What's fair is to provide the productivity mega deduction to every business in Canada.

Tamara Jansen: Does it seem fair for large corporations that are profitable to get tax relief permanently while Canadian families struggling to make ends meet get a few pennies of tax relief temporarily? Does that seem fair?

Hon. François-Philippe Champagne: I'm not sure I follow your logic. Those are two separate.... We have a number of measures.

What I will do—

Tamara Jansen: I'm just trying to find out fairness.

Hon. François-Philippe Champagne: Hold on. I'm trying to answer it.

I will share that with you so that you can send it to your constituents. You'll see the national affordability benefits for Canadians. I think you would benefit from reading it. Maybe you want to send it to your constituents. If you think about early learning and child care, I'm sure there are people in your riding who benefit. Maybe the coffee shop owner—

Tamara Jansen: Do I have time left, Chair?

The Chair: [*Inaudible—Editor*]

Tamara Jansen: I just want to make sure it's equal timing.

Hon. François-Philippe Champagne: —has a child who benefits from early learning and child care.

Tamara Jansen: Sir, when you were the industry minister, responsible for a file known as the green slush fund, the Auditor General found that \$59 million went to 10 ineligible projects. The subsequent review confirmed that five ineligible projects received \$34 million. The public accounts committee called on the government to recoup the money. Your government has now decided not to pursue recovery of the \$34 million.

What five companies received the \$34 million under your leadership that the government now says it won't recover?

Hon. François-Philippe Champagne: I don't understand the nature of your question.

The Chair: That concludes the time for this round. Thank you, Ms. Jansen.

We'll continue now with Dr. Martin for five minutes.

Danielle Martin: Thank you, Madam Chair.

I'm sharing my time with Mr. Turnbull. I'll invite him to start, and then I'll finish.

Thank you.

Ryan Turnbull: Thank you.

Minister, to clarify and follow up on what Ms. Jansen was saying, the productivity mega deduction is an immediate expensing measure. Does it not presume that small businesses are saving money for their taxes, to be paid at the end of the year, and that in fact when they claim an immediate expense, they're essentially allowed to then spend those tax dollars on an investment in their business and get that off their taxes? Is this not the way it works, Minister?

Hon. François-Philippe Champagne: You said it very well, sir.

Ryan Turnbull: Therefore, they don't need to borrow money, because they've been saving it. Unless Ms. Jansen is suggesting that Canadian businesses should not save money to pay their taxes at the end of the year—I don't think she would sit in this committee and purport to support that—small businesses would have the dollars to invest and then claim it as a deduction on their taxes.

Hon. François-Philippe Champagne: You've said it.

In terms of the line of questioning...Canadians are watching. They know what this is about. They've seen it before. You have someone who's trying to mix a number of things to try to construct an argument. On the one hand, you have the productivity mega deduction, which has been applauded by the Canadian Chamber of Commerce. I mean, it's not just me.

I'm sure Madame Jansen will go back and look at the record and see that this is the thing they've been waiting for. I'm sure she will talk to her constituents and promote that. I'm sure she will, because I know her; she would want to serve her constituents well—

Ryan Turnbull: Minister, every business I've spoken to has supported this.

Hon. François-Philippe Champagne: —and make sure they understand that this is for small and medium-sized businesses.

It's a good measure. It's also been applauded by the ministers of finance of nearly all the provinces in the country. It's the kind of thing we need in this country. We should be applauding it and making sure we talk about it. I'm sure our colleague will talk about it in her riding.

Ryan Turnbull: I would like to go back to Ms. Martin, who shared her time.

Danielle Martin: Thanks, Madam Chair.

[*Translation*]

Minister, I was just thinking about your affordability pyramid: housing, food and gas. We know, of course, that these things are also interconnected. For instance, the price of gas can affect the price of food.

● (1730)

[*English*]

When we think about affordability, these things are interconnected.

One thing I know has been hotly debated is at what price the increases in the price of gas translate into increases in the price of food. I'm curious as to whether we have mechanisms available to us at the policy level to ensure that if the price of transporting food across the country into grocery stores is shielded from rising fuel prices, our major grocers are passing on those savings to the people in your riding and mine who want to be able to afford those groceries. What measures are available to us on that front?

Hon. François-Philippe Champagne: I want to say thank you for your question. It's a very important question. This is why, as you know, when I was Minister of Industry—a colleague mentioned that I served as Minister of Industry for a number of years—we gave more funding for the Competition Bureau. We gave new tools to make sure they could monitor this. When we provide relief to families, we want to make sure that Canadians benefit. Therefore, we've been providing the Competition Bureau with the tools.

I would say that we expanded tool box greatly. I'll give you an example. You might not have been with us in the House at the time, and I don't know if your colleague was. The example is subpoena power: Can you imagine that we had a Competition Bureau without subpoena power? At the time, to get the information—the chair will remember—the Competition Bureau needed to ask for information. If someone said, “Thanks but no thanks”, it didn't have access.

We needed to strengthen and to provide additional power. Now it is better equipped. It has a bigger tool box to discharge its obligations and to serve and protect Canadians when it comes to competition.

Danielle Martin: Thank you.

On the price of food question, one of the reasons we're concerned about extending the suspension of the tax indefinitely is the potential for longer-term impacts, or domino impacts, in the economy. Do you feel that we are doing what we can to protect Canadians from the increasing price of food as it relates to oil and gas prices?

Hon. François-Philippe Champagne: We're doing everything we can. First of all, we are providing targeted immediate support to families and to the whole logistics chain in the country at a time of need. When they need relief, we're there for them.

Danielle Martin: Thank you.

The Chair: Thank you very much, Dr. Martin and Minister.

Colleagues, we have seven and a half minutes left. I propose that we do three minutes each for the Conservatives and the Liberals and a minute and a half for the Bloc. Are we okay with that?

Some hon. members: Agreed.

The Chair: Mr. Hallan, you have three minutes.

Jasraj Hallan: Thank you, Chair.

Minister, when you were the industry minister, there was a massive scandal that broke out, called the green slush fund. You gave Liberal insiders a whole lot of money for something that didn't take place.

Within this, \$34 million was given to ineligible companies for projects that were ineligible for that green slush fund. Now your

government is saying that it's not in the public's interest to get the money back, that \$34 million of taxpayer money.

Can you tell us which five companies got the money and why you're writing them off?

Hon. François-Philippe Champagne: First of all, I would disagree with the premise and the words you've been using. I would say that there's a number—

Jasraj Hallan: That's fine, but can we get the names?

Hon. François-Philippe Champagne: If you want the answer—

Jasraj Hallan: I want the names.

Hon. François-Philippe Champagne: I've been taught to call things by their name—

Jasraj Hallan: Name them then.

Hon. François-Philippe Champagne: This is an agency independent of government that you're talking about—

Jasraj Hallan: That you've written off—

Hon. François-Philippe Champagne: A number of reports have been made and we—

Jasraj Hallan: Your government literally said it's “not in the public interest” to get the money back. Can you tell us which five companies got the money—we need just the names—or can you commit today to tabling it for the companies that got the writeoff, yes or no?

Hon. François-Philippe Champagne: What I can tell you is that when you're looking at recovering sums of money, you always do a cost-benefit analysis. In this case, the responsible officials have made [*Inaudible—Editor*].

Jasraj Hallan: You're dragging this on. It's very interesting that you voted in favour of a Conservative private member's bill to release the names of those companies that get large writeoffs. This would be one of those companies—

Danielle Martin: On a point of order, Madam Chair, I'm curious as to what this has to do with Bill C-38.

The Chair: Thank you, Dr. Martin.

Mr. Hallan, could you stick to Bill C-38, please?

Jasraj Hallan: He mentioned that it was when he was a minister, so I'm bringing up something that's very—

Hon. François-Philippe Champagne: I've been a minister for more than a decade, sir.

The Chair: I would remind colleagues that we are here to discuss Bill C-38.

Hon. François-Philippe Champagne: I've been minister of five departments.

The Chair: Could we please speak to Bill C-38? Thank you.

I have Monsieur Garon.

• (1735)

[Translation]

Jean-Denis Garon: I have a reminder. When we were studying Bill C-31 in the first hour, my colleague was asking questions about Bill C-38. My Liberal colleagues asked questions about the excise tax rebate.

If the minister is willing to answer it—and I think he's open-minded—how is it out of order for my colleagues to be able to ask questions about what they want? That was done by the Liberals in the first hour.

The Chair: Thank you, Mr. Garon.

Mr. Lefebvre, you have the floor.

Eric Lefebvre: Thank you, Madam Chair.

We are fortunate to have the Minister of Finance and National Revenue before us. It's in the public interest for Canadians. I would like my colleague to be able to continue asking his question, please.

The Chair: Thank you.

Mr. Turnbull, you have the floor.

[English]

Ryan Turnbull: Madam Chair, it's clear that the member's questioning is not related to Bill C-38. If Monsieur Garon had a problem with the previous line of questioning.... He should have called a point of order when the Liberal members were asking their questions if he felt that they were irrelevant.

In this case, we know that Mr. Hallan's questions are not related to the bill we're studying today.

The Chair: Thank you, Mr. Turnbull.

Generally, when there are ministers present, I allow quite a bit of latitude. I would encourage colleagues to relate their questions to Bill C-38.

Jasraj Hallan: The Liberal cover-up is very clear to see, as usual. You won't release the names, for \$34 million, of Liberal-connected companies that got large writeoffs.

I'll ask something about Bill C-38.

Thank you, because after Conservative pressure.... It wasn't too long ago when you thought removing the excise tax was a bad idea. You literally voted against removing the excise tax twice in the House of Commons. You bowed to Conservative pressure, but you only went halfway, because it was the excise tax.

Why not remove the clean fuel standard, the industrial carbon tax and the GST? This would save Canadians even more money. Why don't you do it until next Canada Day, how about that?

Hon. François-Philippe Champagne: I thought you would stop after the "thank you" part, which would have been great, for a change.

Jasraj Hallan: I know that's what you would have wished for, but what I wish for you to do is answer a question—

Hon. François-Philippe Champagne: You also want me—

Jasraj Hallan: —about whether you could please extend this tax relief to all fuel taxes, including your clean fuel standard, the industrial carbon tax and the GST, until next Canada Day. Will you do that, yes or no?

Hon. François-Philippe Champagne: I was trying to respond to your question.

I know you want me to be prudent and fiscally responsible, and that's what this measure is about.

Jasraj Hallan: You're not being prudent. You've doubled Justin Trudeau's deficit, so you're obviously not prudent.

What if you don't spend \$22 billion on Liberal-connected insider consultants? Use this money to save Canadians money. Put it back in their pockets.

The Chair: Thank you, Mr. Hallan. That concludes your time.

We're going to continue now with Mr. Turnbull for three minutes.

Ryan Turnbull: That's wonderful.

Thanks, Minister, for being here. It's always great to have you at committee.

Do you know how long the Strait of Hormuz is going to be closed?

Hon. François-Philippe Champagne: I do not, sir, and I don't know if anyone knows.

Ryan Turnbull: You don't have a crystal ball. You can't predict exactly how long—

Hon. François-Philippe Champagne: No.

Ryan Turnbull: —this oil price or energy price shock will last.

Isn't it prudent to extend the suspension of the fuel excise tax for only a short amount of time until we can reassess what the market conditions look like in the months ahead?

Hon. François-Philippe Champagne: Mr. Turnbull, you said it well.

I think people watching at home understand that. This is why these questions from committee members....

I like that this is public and transparent. They can see true things. They understand. They know the conflict in the Middle East. They know the war in Ukraine. They know they're putting pressure on gas. They're putting pressure on the price of food. The speed, scope and scale of change is unprecedented. It's geopolitics, it's geo-economics and it's technology. People understand that.

What they're expecting each and every one of us—not only government; I'm looking at my colleagues on the other side—to do is focus on what we can control: build one Canadian economy; remove interprovincial trade barriers; diversify our exports; buy Canadian, not only at the federal level but at the provincial, municipal and agency levels, so that we can support our small and medium-sized businesses; and put such things as the productivity mega deduction in place in order to support all businesses.

I'm sure my Conservative colleagues will be using the infographic we've put out recently to inform everyone in their ridings that this measure is going to support businesses.

Monsieur Garon will do exactly the same, I'm sure.

Ryan Turnbull: I'm sure they will. I couldn't agree more with your sentiments, Minister.

I also wanted to say that when the Bank of Canada governor was last here, he talked about how the oil price shock was rather new at the time but that if it set in and was priced throughout supply chains, it would have a deeper impact on prices in Canada.

Isn't the measure that we're putting in place, which is temporary and targeted, buffering the economy from those prices being priced in, setting in and becoming entrenched in our supply chains?

Hon. François-Philippe Champagne: I think you're very informed. If you look at the IMF, they were talking about measures that are temporary, targeted, timely and tailored—those are the four Ts. Canada has been answering in a proportionate, strategic and immediate way to support Canadians. We had higher revenues. We wanted to use part of these revenues in a fiscally prudent way to support Canadians.

However, as for your point, no one has a crystal ball. There are a lot of things in play. We're not immune to global factors, but we're focusing on what we can control, and what we can control is supporting Canadians in times of need. That's what we've done, and that's what we'll continue to do, Madam Chair.

● (1740)

The Chair: Okay, great. Thank you.

[Translation]

We will conclude with Mr. Garon for a minute and a half.

Jean-Denis Garon: Thank you, Madam Chair.

Since I was singled out by the minister, I would like to say, because it's important for the committee to know, that I'm still surprised to see that, for the past two hours, while we've been asking for studies and documents prepared by the department, the minister has been telling us that he's going to send us an infographic with little bubbles and six lines in it. That's where we've ended up. I find that shocking.

I will ask my question anyway.

You told us that the measure amounted to about \$5.3 billion. For the first phase of the measure, it was around \$4 billion, I imagine. The numbers are rounded off. It's fair to say that it amounts to \$9.2 billion or \$9.3 billion for measures that you describe as tar-

geted, but that are actually targeted for everyone; we'll wait for the definition. I'm trying to follow the logic as well, to use your words.

As you said yourself, you've been the minister for nine or eight years. Your government has created two classes of seniors. The old age security benefit isn't the same for seniors under 75 as it is for those 75 and over. These would be targeted measures for people who have suffered greatly from the cost of living. This measure was estimated to cost about \$4 billion a year. Your government's response, or rather the previous government's response, of which you were a part, has always been that it was too expensive and that we couldn't afford it.

Today, after spending \$9.4 billion, are you telling seniors aged 65 to 74, the class of seniors who are not entitled to the same old age security benefit, that they cost too much?

The Chair: Please answer in 10 seconds.

Hon. François-Philippe Champagne: First, the cost of the measure for the period from April to September is \$2.4 billion. The extension of this measure represents \$2.9 billion. That's a total of \$5.3 billion.

I know that my colleague Mr. Garon likes numbers, so I'm giving him the specific numbers that correspond to the price of the measure. I am prepared to give him more information when he wants.

The Chair: Thank you, Mr. Minister.

Thank you, dear colleague.

Jean-Denis Garon: It's an infographic.

The Chair: That concludes this part of the meeting.

We will suspend the meeting for five minutes and then continue the study on Bill C-38.

Thank you, everyone.

● (1740)

(Pause)

● (1750)

[English]

The Chair: Welcome back. We are going to resume the meeting.

I would like to take a moment to welcome our witnesses. We have, as individuals, Antoine Genest-Grégoire, assistant professor, department of taxation from the Université de Sherbrooke, and Shiu-Yik Au, associate professor of finance, who's joining us online. From the Canadian Taxpayers Federation, we have Nicolas Gagnon, the director for Quebec, and Noah Jarvis, the director for Ontario.

I would like to remind participants of a few points, since today's meeting is taking place in a hybrid fashion.

Please wait until I recognize you by name before speaking. For those participating by video conference, you can click on the microphone icon to activate your mic, and please mute yourself when you are not speaking.

For those on Zoom, at the bottom of your screen, you can select the appropriate channel for interpretation: floor, English or French. For those in the room, you can use the earpiece and select the desired channel. I encourage everyone to wear their earpiece so that we don't have a lag when it comes to interpretation and can keep the meeting flowing in a smooth way.

I will also remind you that all comments should be addressed through the chair.

We will now begin with opening statements.

[Translation]

We will start with Professor Genest-Grégoire.

You have five minutes.

Antoine Genest-Grégoire (Assistant Professor, Department of Taxation, Université de Sherbrooke, As an Individual): Thank you.

My name is Antoine Genest-Grégoire. I'm an economist and assistant professor in the department of taxation at the Université de Sherbrooke. I'm also a researcher at the research chair on taxation and public finance. Tax policy is my area of expertise, so it is a great honour to appear before a committee that is particularly interested in this type of issue.

My remarks today will focus on the disadvantages of extending the federal gas excise tax holiday. To justify the measure you are being asked to study this evening, the government cites the rising gas costs caused by U.S. military operations in the Middle East and, more generally, the issue of the cost of living in Canada.

To give you a bit of context, I should mention that the gas excise tax is a tax that I would describe as outdated and based primarily on a long-standing and well-known principle of offsetting indirect negative effects. In fact, gas combustion releases pollutants into the air that harm the health of Canadians. Fuel combustion also releases greenhouse gases that accumulate in the atmosphere and threaten the survival of human civilizations as we know them.

In addition to directly addressing fuel combustion, gas taxes are our primary means of putting a price on driving. It would undoubtedly be better to have a geolocation-based per-kilometre pricing system, but since such a measure isn't currently available, fuel consumption is a good measure of the quantities being transported and the distances over which they are transported.

Driving itself, beyond gas combustion, involves significant indirect negative costs. For example, tire wear releases substances harmful to human health, and driving kills or injures thousands of people in Canada every year.

In addition, Canada makes very little use of road pricing, meaning, tolls. As a result, our roads are essentially free in the vast majority of cases.

Therefore, imposing a price on gas is our way of recovering, in proportion to usage—that's really important—the costs of maintaining our road infrastructure, which would otherwise be funded entirely by taxes from all Canadians.

Since this tax responds to legitimate and relevant objectives, if we want to reduce it, we must necessarily come up with reasons that I would describe as compelling, that outweigh the disadvantages they address. These reasons must be all the more compelling given that the federal excise tax on gas is low. It's 10¢ a litre for gasoline and 4¢ a litre for diesel. It has remained essentially at the same level since the 1990s. Therefore, it has in no way kept pace with the magnitude of the negative indirect costs it is supposed to offset.

I believe there are no compelling reasons to extend the tax holiday for two reasons.

First, it is a measure in response to a temporary situation. This was mentioned several times in the previous part of the committee meeting. Tensions in the Middle East are indeed circumstances beyond our control, but they may be temporary. The measure before you this evening is temporary. There is a date set for a return to half the tax rate, followed by a date for a return to the previous standard rate. However, there is a very serious risk that this measure could become permanent. Tinkering with the gas excise tax is therefore a bit like opening Pandora's box.

The experience of Canadian provinces that have adopted similar policies should serve as a cautionary example. Currently, Ontario and Newfoundland and Labrador have had temporary gas tax holidays that have become permanent. Prince Edward Island and Nova Scotia have holidays that are temporary, but have not yet ended. Therefore, there is a risk that these holidays will become permanent. Finally, Manitoba had a temporary holiday and has since reintroduced its gas tax, but at a lower rate than before. Opening up this issue has cost those provinces revenue and some of the benefits of the tax.

The second major reason I think extending the holiday is a bad idea is that it's a measure that does a very poor job of targeting the people most affected by the rising cost of living caused by rising gas prices, among other things. The wealthiest people are the ones best equipped to cope with a rise in gas prices. They have the means to switch to a different vehicle. They have the means to move to a different place of residence or workplace. They have the means to absorb higher costs by cutting back on discretionary spending. This is not the case for the most vulnerable. In fact, a large proportion of the most vulnerable people in Canada do not own a car. They use public transit or active transportation. Therefore, these people do not benefit in any way from a reduction in the gas tax.

● (1755)

As for people with lower incomes who have to use a car, such as those living outside major urban centres, only a very small portion of the funds allocated to this tax holiday goes directly to them. Since fuel consumption increases with disposable income, a large portion of the benefit provided by a tax holiday goes to the wealthiest people.

There is a very simple measure that is more effective at helping Canadians cope with the cost of living: the Canada grocery and essentials benefit. The federal government has already used this measure on several occasions, precisely to address temporary increases in the cost of living. It has been used on a temporary basis several times, and it doesn't carry the risk of spiralling, where there is a push to make such measures permanent.

I therefore encourage you to consider a more appropriate solution to the problem at hand, one that does not involve the possibility of permanently increasing the deficit by \$5 billion.

Thank you.

The Chair: Thank you, Professor Genest-Grégoire.

[English]

Now I will go to Professor Au for five minutes. Thank you.

Shiu-Yik Au (Associate Professor of Finance, As an Individual): Hello. My name is Shiu-Yik Au. I'm an associate professor of finance at the University of Manitoba.

First, I would like to thank the chair for inviting me to discuss Bill C-38. This is an important topic for millions of Canadians, and I am very honoured to contribute to the discussion.

My esteemed fellow witnesses have discussed the financial impacts of Bill C-38. However, I would like to extend their discussion by looking at the duration of the bill, given how long it will take energy markets to reach normality.

Let's first examine refineries. Refineries do not open and close on a dime. In 2017, after hurricane Harvey closed refineries in the southern United States, it took two to three weeks to restart them. Given that refineries have been threatened during the Iran conflict, we can expect similar timelines to restart refineries in the area.

Next, let's look at tanker transit times. Oil tankers are very slow, moving at about 10 to 13 knots, and they transit a distance of about 15,000 kilometres to reach Canada. It could take up to four weeks to reach Canada from the Persian Gulf. However, not all the required tankers are currently in or near the Persian Gulf, and many have been redirected to ship oil from other areas and are not close by. Consequently, it could take up to another four weeks for oil tankers to move into the correct position.

The next step is to look at sea-mines. Iran has deployed mines in the Strait of Hormuz, and a single one could destroy an oil tanker. Demining is a painstaking and long process. The U.S. Navy began mine-clearing the Strait of Hormuz on April 11, and it finally claimed the area was mine-free on August 31. If Iran were able to mine the area again, it could take up to another 20 weeks to clear the mines.

Finally, the international community has significantly drained its oil reserves and will need to rebuild them after the strait opens. The International Energy Agency promised a release of 400 million barrels of oil from members' reserves, and this is being updated on Friday, with an additional 100 million barrels of oil from the G7. This is roughly 20 to 30 times more than what transited pre-war through the Strait of Hormuz on a daily basis. Thus, it might take approximately three weeks before reserves are refilled.

Let's add up all these times. It could take up to three weeks to restart refineries, up to 20 weeks to demine the Strait of Hormuz again, up to four weeks for oil tankers to reach the Persian Gulf, up to four weeks for those tankers to reach Canada or other parts of the Americas and up to another three weeks to refill strategic reserves—or roughly 34 weeks before oil and energy markets reach normality.

If a comprehensive peace treaty were negotiated today, October 5, among the U.S., Israel and Iran, it could take approximately until June 1, 2027, before energy markets are back to normal. Given that the Iranian-backed Houthis have widened the conflict, I'm pessimistic about a quick peace treaty. The unfortunate conclusion is that the disruption to energy markets may last well beyond the duration of this bill. It's possible that the energy markets will remain disrupted well after the tax relief has ended. I recommend that the committee examine the duration of Bill C-38 and whether it will meet the needs of Canadians, given these logistical challenges.

During the question period, I can also discuss how the energy tax cuts will affect drivers by age, household size and whether they are urban or rural, as well as by price elasticity—i.e., the change of demand of the gas stocks. I'm also familiar with inflation, as well as other economic aspects of Bill C-38.

Thank you to all the members for listening. I am available to answer questions, now or later, by email or by phone. Thank you very much.

• (1800)

The Chair: Thank you, Professor.

I will now turn it over to the Canadian Taxpayers Federation for five minutes.

I understand that you will both be presenting. I'll turn it over to you.

Noah Jarvis (Ontario Director, Canadian Taxpayers Federation): Gas prices are high, and Canadians can't afford taxes that make life more expensive.

My name is Noah Jarvis. I'm the Ontario director of the Canadian Taxpayers Federation. We're here with a simple message: Don't make life more expensive for Canadians; make the gas tax cut permanent.

The Canadian Taxpayers Federation has been pushing for gas tax relief for years. This is because cutting taxes is the simplest, fastest and easiest way for a government to make life more affordable. The government was right to cut the gas tax in April, but that temporary relief will soon disappear. The government plans to start cranking up the gas tax shortly after Christmas. The full fuel tax costs a family filling up their minivan once a week almost \$400 a year. Canadians can't afford to pay more just to fuel up, drive to work or take their kids to school.

The full fuel tax hike would also drive up the cost of diesel for truckers. This means that everything trucked to store shelves gets more expensive. Canadians can't afford a fuel tax hike. Canadians don't support one either. Leger polling shows that 63% of Canadians oppose the government's hiking the gas tax back up. People didn't support a gas tax hike when they were bringing their kids back to school in September, and Canadians won't support a fuel tax hike when they start paying off their Christmas credit card bills.

The government can make the gas tax cut permanent without ballooning the debt by cutting wasteful spending. This means senators can't keep spending six figures to travel the world. This means shrinking the size of the bloated bureaucracy. This means the government can't keep spending over-budget.

People are struggling with how expensive everything is. People can't afford the federal government's making life more expensive. The government was right to cut the gas tax in April. Now the government needs to make this gas tax cut permanent.

[Translation]

Nicolas Gagnon (Quebec Director, Canadian Taxpayers Federation): Gas prices are at historic highs. As the cost of living continues to rise, the last thing Canadians need is a tax hike.

My name is Nicolas Gagnon, and I am the Quebec director and francophone spokesperson for the Canadian Taxpayers Federation.

We are here today to ask the government to make the suspension of the fuel excise tax permanent. Our federation has been calling for tax relief at the pumps for years. Reducing these taxes is one of the most direct and effective ways to make life more affordable. That is why the federal government was right to suspend the excise tax on diesel and gasoline last April.

However, this relief is only temporary. Ottawa wants to gradually reinstate the tax shortly after Christmas. Once fully reinstated, the tax will cost a family that fills up their minivan once a week almost \$400 a year. Canadians cannot afford to pay more for gas, whether it is for driving to work or dropping their kids off at school.

The consequences don't stop at the gas station. A tax hike would also drive up the price of diesel. When transportation costs more, the price of products on store shelves also goes up. Canadians can't afford it, and they don't want it either.

A recent Leger poll showed that 63% of Canadians oppose the return of the gas excise tax. Of those who have an opinion on the issue, 71% are opposed.

Canadians did not want a tax increase at the pumps when school started in September, and they will want it even less after Christmas, when the holidays bills start coming in.

The government can make this suspension permanent without increasing the deficit and adding to the federal debt. To do so, it must cut wasteful spending. This means, among other things, putting an end to six-figure meal costs when the Prime Minister travels abroad. It also means reducing the costs of a bureaucracy that has become too cumbersome. Most importantly, it means making choices and staying within budgets rather than passing the bill on to taxpayers and future generations.

Families are already bearing the brunt of the rising cost of living. Too many are struggling to make ends meet, and every dollar counts. They should not have to pay even more just to fill up their family car.

The federal government was right to suspend the excise tax on fuels. Now, it must follow through and make the suspension permanent.

Thank you.

• (1805)

The Chair: Thank you to all the witnesses.

We will now begin with Mr. Lefebvre for six minutes.

Eric Lefebvre: Thank you.

Thank you to all the witnesses who are here today.

Mr. Gagnon, I have to say that your wise words are like sweet music to my ears.

A few weeks ago, as part of the 2026 federal pre-budget consultation, the Canadian Taxpayers Federation sent me its first recommendations, which aim to remove all carbon taxes, including the industrial carbon tax and hidden carbon taxes imposed under the fuel regulations.

Can you explain why it is so important to remove these taxes for the good of the Canadian economy and competitiveness?

Nicolas Gagnon: Thank you for your question.

One of the main reasons we are calling for all these taxes to be removed is precisely that they have a significant impact on families' wallets.

Let's be clear: We're in an affordability crisis right now, a cost of living crisis coupled with a housing and home ownership crisis. That is not to mention, obviously, that we are in a trade crisis with our neighbour to the south. This puts us in a position where, yes, we need a break and we need relief, on the one hand to help families and on the other hand to ensure that our businesses are not stifled by a regulatory and tax burden that makes them less competitive.

Ultimately, in the last report we published on gas taxes, we discovered that in some regions, such as Montreal, up to 35% of the bill paid at gas stations essentially amounts to taxes. That really needs to be sorted out.

In turn, as we explain in our pre-budget report, there are many areas where the government can make cuts to provide permanent relief.

Eric Lefebvre: Do you agree with us that, if taxes continue to apply, the cost of groceries will be directly affected? The tax will be passed on to taxpayers through groceries.

Nicolas Gagnon: Absolutely.

First, as we know, the cost of diesel has a significant impact on food inflation. We also see that it can affect a number of links in the supply chains. As it happens, even people who don't have a vehicle are suffering from the rising cost of diesel.

What's more, given the situation that led to the increase in gas prices, we don't necessarily see a respite in the short or medium term.

As we keep saying, it's a matter of moving forward by focusing on measures that are sustainable and that will help people save as much as possible, rather than increasing taxes, as we're currently seeing. Right now, temporary measures are being maintained rather than more lasting ones.

Eric Lefebvre: Great, thank you.

My next question is for Professor Au.

Earlier, you talked about the effects according to age. Could you elaborate a bit on the idea you started to address in your introduction, please?

[English]

Shiu-Yik Au: Yes. This is from a study from the 1990s, so it is a little old, but unfortunately the data hasn't been refreshed recently.

It's a kind of U-shaped effect on higher gas prices. It hits the young badly, and it hits the old badly. There is definitely an impact both for seniors and for young people. The gas tax should benefit both groups.

• (1810)

[Translation]

Eric Lefebvre: You talked about the strategic stockpile. You mentioned that it would take 34 weeks to replenish the reserve. Do you believe that the current government took into account your calculation when it chose the date on which it wants to bring back the tax?

[English]

Shiu-Yik Au: I'm not privy to what the government thinks or has done, but ending the bill's support in January and then the full support in April might be premature given how long it takes for logistics to snap back. A more reasonable approach would be aiming for something in a longer-term period, such as summer 2027.

[Translation]

Eric Lefebvre: I missed the end of the interpretation, but I gather that it should be at least until the end of summer 2027.

[English]

Shiu-Yik Au: Yes. Summer 2027 or fall 2027 would be a more reasonable timeline to end the support.

[Translation]

Eric Lefebvre: Therefore, summer 2027, or even fall 2027, would be a more reasonable timeline. Good to know.

Mr. Gagnon, we often hear that gas taxes are necessary to fund roads and infrastructure. However, now the Library of Parliament says that the direct link between fuel tax revenues and transfers to municipalities ended in 2014. Now they are funded out of the consolidated revenue fund.

In your opinion, would it be accurate to present the federal gas tax as a tax directly used to fund municipal infrastructure, yes or no?

Nicolas Gagnon: That's a good question.

All taxes have a purpose. Most of the time, it's additional revenue for the government. We've seen very often how the government can, unfortunately, overuse this money for not necessarily the right reasons or, at least, not the ones it initially mentioned.

Basically, what we're saying is that this tax could be permanently suspended and the government could find savings by eliminating unnecessary spending so that it can fund infrastructure in other ways.

Eric Lefebvre: You're talking about unnecessary government spending. Have you identified any that could be eliminated? Naturally, we have targeted a few. I mentioned an example earlier about contract negotiations. Have you targeted any government spending that could be eliminated?

Nicolas Gagnon: In our last pre-budget submission to the government, which you've read as well—

The Chair: Unfortunately, we have to stop the discussion here, because Mr. Lefebvre's time is up.

We will now continue with Mr. Leitão for six minutes.

Carlos Leitão: Thank you, Madam Chair.

Gentlemen, thank you for taking part in this exercise.

Good afternoon, Mr. Genest-Grégoire. Thank you for being here.

Your position is very clear. What interests me the most is what you suggest in case the measure were to continue beyond January 2027. Instead, we should consider other ways to provide Canadians help or relief. You talked about improving the Canada benefit, formerly known as the goods and services tax credit.

Do you have an idea of how much the benefit could be improved, if the government decided to do so, say, starting in February?

Antoine Genest-Grégoire: The main reason I suggested that you improve this benefit, which was formerly a credit, is that it is easily temporary. In other words, it is a measure that fights poverty in general, and you could improve it in general if you want to reduce poverty in general. This is something that has been recommended by a number of groups. I'm thinking, for example, of the Affordability Action Council and the Institute for Research on Public Policy.

The reason I'm asking you specifically about this bill is that you can make one-time payments. Instead of having quarterly payments, you can make a double quarterly payment on an ad hoc basis, without an expectation that the credit will remain at that level on an ongoing basis.

To deal with temporary shocks, I feel that this is a better measure than a tax cut, which, again, is temporary, but whose effect is unfocused. As I said, it's a temporary measure, but you're under enormous pressure to make it permanent. That seems clear in the discussions here today. I think that's really the main advantage you have in the case of the Canada groceries and essentials benefit: You are able to offer it on a temporary basis.

It's not the only benefit you could use in that way. For example, last time, during the pandemic, we also sent one-time additional payments for the old age security pension and the Canada child benefit. That can be adjusted according to different groups of people. In addition, here again, it lends itself very well to direct, quick and temporary transfers.

• (1815)

Carlos Leitão: I think that, in this case, we were looking for a quick and direct measure, so the temporary suspension of the excise tax seemed to us to be a quick measure.

As you also know very well, in Quebec, we have the solidarity tax credit, or STC. It's not quite the same thing, but it's a sales tax credit and even more. Over time, other components were added to the credit.

Do you think it would be worthwhile at the federal level, in the spirit of deeper tax reform, to look at this system and see if we could consider a credit like the STC? Personally, I would change the name to something other than the solidarity tax credit. In any case, I'm thinking of something like that, which could be applied more generally.

Antoine Genest-Grégoire: I would say that the GST credit already partly covered a bit more than the GST. In particular, the GST was reduced by two percentage points around 2006, but the GST credit has not been lowered. From that point on, it was already decoupled from the cost of the GST for households. We already had the enhanced credit aspect.

Now it's been renamed. I don't know if that name is better than the solidarity tax credit, but it has been renamed as a benefit. Already it's no longer called a credit. I think this measure is already somewhat along the lines of a credit of general application to reduce poverty and support people in their consumption of basic goods.

In addition, there may be differences with the STC, namely the concept of housing, which is not the same in the federal benefit.

I think there is one issue that should be of particular concern to you about this benefit, and it was the subject of some of the discussions you had on Bill C-31. Some people don't receive it because they don't file tax returns. You can do a lot with this credit if you simply send it to more people, without even increasing it. If you find a way to send it to more people, that does a lot to reduce the cost of living and address a problem for the most vulnerable households.

Carlos Leitão: Okay, thank you.

As you know, some of your colleagues at Université Laval—including a former colleague—are also talking about laying the foundations of a guaranteed minimum income. This measure could be the basis for a guaranteed minimum income, but that will be a discussion for another day.

[English]

Mr. Au, thank you for participating in this exercise also.

If I understood you correctly, in your opinion, even if in a best-case scenario hostilities came to an end in the Middle East, it still would take quite a while longer—you mentioned three months—for the markets to find a new equilibrium. Is that the gist?

The Chair: Maybe we'll have a one-word answer, because the time is up.

Carlos Leitão: I'm sorry for that.

Shiu-Yik Au: Yes. It's up to 34 weeks if things go well.

The Chair: Thank you, Professor Au.

I apologize, Mr. Leitão, but you ran right up to the clock there.

[Translation]

We will continue with Mr. Garon for six minutes.

Jean-Denis Garon: Thank you, Madam Chair.

Greetings to all the witnesses and thank you for being here today.

I'm going to continue the discussion with you, Professor Genest-Grégoire.

Earlier, I pointed out to the minister how important it is for us, as parliamentarians, to have serious analyses produced by the Department of Finance when we make decisions and when we pass bills. That's major.

Just now, the minister implied that, when the gas excise tax is lowered by 10¢, the entire 10¢ goes into the pockets of people at the pump. The Canadian Taxpayers Federation used the example earlier of a household saving \$400 or whatever. It took the number of litres consumed, multiplied it by 10¢, and that's about what it amounted to. I assume that's the nature of the calculation.

However, economists have long known—and it has been empirically proven—that people are dependent on gas, especially in the very short term. It's a demand that doesn't move very much. When the gas tax is reduced, there is a good chance that oil companies, distribution networks and retailers will line their pockets and that 100% of that money will not go into taxpayers' pockets.

Do you think that we, as parliamentarians, should have this information produced by the Department of Finance before voting on a bill like this? In my opinion, without that, we won't be able to get a good idea of the effect it will have on household finances.

• (1820)

Antoine Genest-Grégoire: Obviously, I cannot judge the nature of the debates here in the House of Commons. I do not know what you should be expecting, but I can certainly tell you that this falls within the remit of the Department of Finance and the economists working there. They most certainly have a model of the impact and distribution of the gas market. So, they are capable of providing an answer to this sort of question, namely to what extent a gas tax holiday would have an impact. It is certainly the case that officials at the Department of Finance are able to provide you with this sort of figure.

Jean-Denis Garon: Off the top of your head, based on your experience, do you think there's a chance that 100% of the reduction will go into the pockets of taxpayers and consumers?

Antoine Genest-Grégoire: It is highly plausible that some of it will not reach the taxpayer. I am not a specialist in gas tax in particular, so I would not wish to speculate by giving you a figure. However, if you consider that there are several gas markets in Canada that are very uncompetitive, it is highly likely that there will be, at the very least, some leakage of the benefit and that it will not reach households directly.

Jean-Denis Garon: So, the question is a legitimate one. It is complex to calculate, I agree.

My colleague Mr. Lefebvre said that the well-known federal gas tax fund, which was used to help local authorities, is no longer based on revenue from the gas tax. This is because the Trudeau government wanted to facilitate a transition towards more electric vehicles while continuing to provide funding to local authorities for infrastructure.

Does what Mr. Lefebvre told us not confirm that, in fact, even when gas tax revenue falls, it is still taxpayers who are bearing the brunt of the cost of road infrastructure?

Antoine Genest-Grégoire: Absolutely. Our road infrastructure is subject to very few user charges, with the main exception being bridges. As for the rest, our road infrastructure is funded overwhelmingly by taxes. There is a whole range of taxes, whether it be income tax or consumption taxes, for example. So, it is not the end of the world to subsidize public services through general taxation.

The problem, in this case, is that these are public services where the individual benefits are not the same. People who drive a lot benefit much more from the roads than those who do not drive.

Jean-Denis Garon: Time is running out, so I will clarify my question.

If we follow the logic of the Canadian Taxpayers Federation, whose representatives are sitting next to you, we could remove the excise duty on gas, as they are calling for, and introduce tolls everywhere.

Antoine Genest-Grégoire: Certainly, that would be an option.

Jean-Denis Garon: This would be consistent with the requests made to us by the Canadian Taxpayers Federation.

The Minister of Finance says that the reduction in excise duty is a targeted measure. I do not have a dictionary to hand, but it seems to me that when you target 100% of the population, it is less targeted than one might think.

Is this measure targeted?

Antoine Genest-Grégoire: It may be targeted in terms of the product; obviously, it only concerns one product. However, as has been pointed out, it is a product that has an impact on the cost of other products. So, from a sectoral perspective, the measure is not that targeted.

For households, it is certainly not targeted. My colleague mentioned the distribution by age, but, in any case, the measure affects all sorts of people, including relatively wealthy individuals.

So, it is difficult to call this a targeted measure. It is not targeted in any sense of the word “targeting”.

Jean-Denis Garon: Am I misunderstanding something if, for example, I were to suggest that the less targeted a policy is, the more expensive it is to achieve the desired result and to redistribute the money to those who need it most?

Antoine Genest-Grégoire: You are quite right. It is clear that, with your \$5 billion policy, if you give it to all households, you give less to each household than if you gave it to households in the first or second quintile.

Jean-Denis Garon: In short, helping the same households costs taxpayers more. So, in this case, we are not operating on the principle of government efficiency.

You referred to the fact that the excise tax has not been indexed since the 1990s. Obviously, it's a tax per litre. There are also other taxes on gas. It's quite complex.

Do you know where Canada stands, on average—I know there are disparities between the provinces—compared with other industrialized countries, in terms of gas taxes? My impression is that, whilst a litre of gas is cheaper here than in many other places—obviously, we compare ourselves to the United States, but that isn't always the right comparison—this is because we tax it much less than anywhere else in the industrialized world.

Antoine Genest-Grégoire: Indeed, Canada is more like the United States than any other countries, such as European nations. We live in a place where people drive a lot and cover long distances. This is partly because gas is relatively cheap here, and we know the consequences of that.

Jean-Denis Garon: I have 30 seconds left.

Representatives from the Research Chair in Taxation and Public Finance attended the pre-budget consultations in June. They told us they hoped this policy would not be renewed, as it constitutes a misuse of public funds.

Do you believe that circumstances have changed to such an extent that your recommendation would change?

• (1825)

Antoine Genest-Grégoire: It was a bad idea from the outset. I still think renewing it is a bad idea. That's why I've provided you with an option that I think is more appropriate.

Jean-Denis Garon: Thank you.

The Chair: Thank you, Mr. Garon.

[English]

We will continue now with Mr. Lawrence for five minutes, please.

Philip Lawrence: Thank you very much, Chair.

My first question is for Professor Au.

You mentioned earlier a couple of times that it would take 34 weeks even if there was an agreement struck today, but I'll borrow from my colleague's question. Do you know, or do you think the Minister of Finance knows, when a settlement will actually be achieved?

Shiu-Yik Au: I'm not familiar with what the Minister of Finance knows or doesn't know, but I know that Mr. Trump is very volatile. It's very hard for him to come to a peace agreement, trade agreement or any kind of agreement. It could be well into the new year before we have peace. It could be tomorrow, if there's some sort of unusual action.

Philip Lawrence: Thank you.

I have a thought for the government. The parliamentary secretary is here, so maybe he could take it back to the minister. Why not make it permanent? If in fact it gets resolved, then at that point—they have a majority government—after the 34 weeks plus the time required for settlement, they could bring that back into effect.

Does that not make sense to you, Professor Au?

Shiu-Yik Au: Yes, that could be a reasonable path. At the end of the day, if they want to make tax relief a priority for Canadians, they could make it permanent and then add it back in, or they could make it temporary and then constantly be trying to re-add it and re-new it.

Philip Lawrence: Thank you very much.

I'll move to you next, Mr. Jarvis, if I could.

There is direct and then there is indirect taxation. Of course, the government increases tax and takes more and more of Canadians' hard-earned money.

By the way, Professor Grégoire, you're saying there's a warning that it could be permanent. I would not call it a warning. I'd call that some good news, because Canadians are overtaxed and we pay way too much.

On that, Mr. Jarvis, there's also indirect taxation. One thing that has happened is that the bond yields have increased. This is largely because governments have required more and more capital, which has driven up the cost of capital. It has made life more expensive. For example, someone who has a \$500,000 mortgage who's renewing this year will pay \$6,000 more for it than they did just five years ago. Don't you think we need not only to reduce taxes but also to reduce government spending?

Noah Jarvis: Yes, I absolutely do. In our pre-budget submission, we outlined a number of areas in which the government can reduce spending. If this government had stayed within the spending plan it had tabled in budget 2025, it wouldn't be spending \$6.5 billion more than what was budgeted. We'd be able to afford this gas tax cut permanently without increasing debt on Canadians.

Absolutely, there are many places for the government to cut wasteful spending. We outline places for the government to cut wasteful spending pretty much on a daily basis.

Philip Lawrence: That's perfect.

I think one of the things we agree on, which I believe both your organization and our team released statements on, is Alto. Initially, it was supposed to be a \$50-billion project. Then it went to \$60 billion and then \$90 billion. Now their own budgetary watchdog, if you can believe this, put the number at \$110 billion. How do you think the government missed an estimate by close to 50%? Do you have any comments on that?

Noah Jarvis: This is what you can expect with high-speed rail projects. Around the world, we've seen high-speed rail project budgets balloon out of control. California's high-speed rail project was supposed to cost \$33 billion. It has ballooned up to \$126 billion and has a 19-year delay. A similar thing happened with the HS2 project in the United Kingdom.

High-speed rail projects tend to go over-budget, and Canadians just can't afford this \$90-billion or \$113-billion high-speed rail project when this government's debt has hit \$1.4 trillion. This government needs to work on cutting wasteful spending, and one of the big areas in which it can do that is in cutting the Alto project.

Philip Lawrence: There are areas there. There are also billions of dollars that are spent by this government every year on consultants and billions of dollars wasted on corruption and padding of Liberal insiders. Don't you think that is the right direction to go in as opposed to raising the gas tax on hard-working Canadians? I would like anyone at this table to go to the single mom who's trying to get by—

• (1830)

The Chair: Mr. Lawrence, I would remind you to use parliamentary language, please.

Philip Lawrence: What did I say that was unparliamentary?

The Chair: You made an accusation of corruption and lying. That's not parliamentary.

Philip Lawrence: That's completely...no. This government is corrupt, and I'll say it again.

The Chair: Mr. Lawrence, I'd like you to use parliamentary language, please.

Philip Lawrence: This government is corrupt.

Thank you.

The Chair: That concludes your time. Thank you.

Mr. Turnbull, go ahead.

Ryan Turnbull: It's great to be here. I really appreciate the witnesses, who have different views. We've heard one witness say that this is not the best measure, because it may not be targeted appropriately. We've heard another group suggest making it permanent. Another witness said that we should question the duration. I appreciate the variety of perspectives we're getting today.

I want to start with Mr. Au.

I want to follow up on your logic when you said it would be about 34 weeks at the earliest for the prices, the Strait of Hormuz and the supply chains to normalize. I think you had said, when you were adding the timeline up, that the mine removal process had already begun and had finished in August. You then said that it might be necessary again for another 20 weeks. Were you including an additional 20-week mine removal process in the 34 weeks? Can you clarify that?

Shiu-Yik Au: Yes, that's correct. I included another set of mine removals. In the event that Iran mines the Strait of Hormuz again, there would need to be another demining process, which could take 20 weeks and would add to the total, making it about 34.

Ryan Turnbull: That's a hypothetical. You don't know that it's going to be necessary to do another 20 weeks of mine removal, do you?

Shiu-Yik Au: No, I do not.

Ryan Turnbull: Okay. At the earliest, it could be 14 weeks. If the mine removal process had already been completed in August, then in fact, it could be as little as 14 weeks if that were not necessary again. Is that true?

Shiu-Yik Au: It could be much earlier depending on the favourability of positioning, logistics and peace treaties.

Ryan Turnbull: Who would you say knows more about what's happening in the area? Would it be you, or would it be the federal government through the Department of Foreign Affairs?

Shiu-Yik Au: The people who would know most would be Mr. Trump and Mr. Netanyahu. Whether they choose to engage in peace is unlikely to be known by anybody, including our Minister of Foreign Affairs. I suspect they have better knowledge than I do.

Ryan Turnbull: We understand the unpredictability of certain leaders, especially the one to the south of us, and we understand that those risks and the unpredictability are real, but I think the Government of Canada sees a best-case scenario similar to yours that is closer to the 14-week timeline. This provides some rationale for offering about four more months of this temporary relief before starting to phase back in the excise tax on fuel.

Just in case it took longer to normalize in terms of prices.... We know that oil prices operate on a futures market, so even when things start to normalize, wouldn't the prices start to decrease in anticipation of things normalizing as steps are taken and stages are reached?

Shiu-Yik Au: There are two markets. There's the futures market, which you referred to, and then there's the spot market, which is the actual transaction price. You are correct that futures markets do predict and anticipate what will happen in the future, but spot markets can take a while to catch up to the actual situation that the futures markets are predicting.

Ryan Turnbull: Basically, we're proposing to extend this measure until the end of January 2027, which would be the full pause or full suspension, and then phase it back in over the next two months at 50% of the rate. That would be the best-case scenario to me.

Based on the parliamentary debates on this topic, there hasn't been much push-back on the suspension of the fuel excise tax at this time. In fact, in the House, all parties supported the adoption of a motion that programs today's proceedings to get this done today. If we needed to extend it, there would probably be the will of all parties, judging from the past. It would be fairly easy to extend if it were necessary, wouldn't you say—judging from that?

• (1835)

Shiu-Yik Au: I'm not a political expert, but if there continues to be unity among the members of Parliament and here in Canada, then I suspect it could be a fast process.

Ryan Turnbull: Okay, that's great.

Madam Chair, do I have more time? Okay.

Maybe I'll ask Mr. Genest-Grégoire a question.

You talked about the groceries and essentials benefit as being a better targeted measure because.... I understand that you're saying the excise tax on fuel is regressive in that it gives a tax break to those who use more...who burn more fuel. Those tend to be higher-income households; I think we all know that. However, we have done both. We have enhanced the groceries and essentials benefit, which was the GST rebate previously. We've done that while suspending.... Therefore, we've done both a progressive measure and a regressive measure—

The Chair: Mr. Turnbull, that concludes your time.

Ryan Turnbull: Well, thank you.

The Chair: Thank you.

[Translation]

We will now continue with Mr. Garon for two and a half minutes.

Jean-Denis Garon: Thank you, Madam Chair.

Professor Genest-Grégoire, I will continue the discussion with you.

We hear a great deal about farmers. This is an issue close to my heart, as I am the member for Mirabel. Obviously, it is harvest time and agricultural machinery needs diesel, but the price of diesel has risen significantly. We are told that reducing the excise tax on diesel by \$0.04 will make a significant difference.

Could you tell us about the tax regime surrounding agricultural diesel, if you can, or tell us what might be done to introduce some sort of agricultural exemption? There are few alternatives. Electric tractors and combine harvesters simply do not exist. What could be done to help these people? Does the measure being proposed to us today move in that direction?

Antoine Genest-Grégoire: I'd be a bit out of my depth discussing the tax regime surrounding agricultural fuel, as that is too specialized for my level of expertise. However, if this is a specific issue, it would certainly call for more targeted solutions, particularly more direct subsidies.

More generally, we are limited in our ability to electrify the agricultural sector. If I were to make a more general comment, I would say that our vulnerability to gas prices stems from our reluctance to try to move away from the use of fossil fuels. We have known for 30 years that we needed to reduce our use of fossil fuels. Even if there is no solution today, we are not merely victims; we have chosen not to invest in these sectors.

Jean-Denis Garon: I know that agricultural diesel is coloured and is subject to its own tax regime. So we could have measures that are targeted, even if only temporarily.

You pointed out that, in your view, the measure being proposed today is regressive. Does that mean that by lowering the excise tax, we are helping the rich more than the poor—in other words, the people who most need some breathing space in their budgets these days?

Antoine Genest-Grégoire: To be specific, I would say that it is not directly regressive in terms of volume, but it is regressive in terms of amount. In other words, gas accounts for a larger propor-

tion of expenditure for lower-income households. On the other hand, in dollar terms, due to the additional consumption, it represents more dollars for wealthier households. It is mainly a waste.

Jean-Denis Garon: I'm going to ask you a quick question in the 15 seconds I have left.

In real terms, if we do the math, taking inflation into account over 15, 20 or 25 years, has the price per litre of gas risen significantly?

Antoine Genest-Grégoire: We're at a very high level. Excluding inflation, we're at a level we've seen before. If we take inflation into account, along with the fact that our incomes are perhaps 30% higher than they were 15 years ago, the price of gas isn't actually that high.

The Chair: Thank you, Professor.

Thank you, Mr. Garon. That concludes your speaking time.

[English]

We will continue with Ms. Jansen for five minutes.

Tamara Jansen: Mr. Jarvis, I hope you don't mind, but I want to start with a couple of simple questions.

When oil prices rise, Canadians pay more at the pumps. Is that correct?

Noah Jarvis: Yes.

Tamara Jansen: Also, Ottawa collects more. Is that correct?

Noah Jarvis: Yes.

Tamara Jansen: Higher oil prices hurt Canadians but improve Ottawa's bottom line. Is that correct?

Noah Jarvis: Yes.

Tamara Jansen: Okay. I appreciate your answering those questions.

If I fill up my car, how many different taxes am I paying on the tank of gas?

Noah Jarvis: It depends on where you live, but here in Ontario, if the government hikes the gas tax back up on February 1, you'll be paying the federal excise tax, you'll be paying provincial gas taxes and you'll be paying the sales tax and the tax on tax, or the sales tax that is applied after gas taxes are calculated. You're going to be paying a wide variety of taxes, not to mention the hidden gas tax through fuel regulations.

Tamara Jansen: How many of those taxes will I see on my receipt?

Noah Jarvis: You'll probably see the sales tax. That's about it.

Tamara Jansen: That's it?

Okay. When Canadians struggle with prices at the pump, how much of the price is from government?

● (1840)

Noah Jarvis: You can check out our “Annual Gas Tax Honesty Report”, but here in Ontario at least, about 25% of the price of gas is taxes.

Tamara Jansen: I'm from metro Vancouver. You calculated that, before this tax break, we were paying about 63¢ a litre just in taxes where I live. Is that correct?

Noah Jarvis: Yes, absolutely. This is because Vancouver has some of the most punishing gas taxes. Not only does the province impose its own gas tax, but the municipality of Vancouver also imposes an extra gas tax. That's why Vancouverites pay some of the highest gas prices in the country.

Tamara Jansen: In your study, did you figure out what this would mean for a typical fill?

Noah Jarvis: Yes. I don't have the specific B.C. numbers with me, but for the average Canadian, at least with the federal gas tax, they pay an extra \$330 a year if they're filling up a sedan once a week.

If you're filling up a pickup truck once a week, it's about \$500 a year. If you're filling up more than once—if you have a long drive to and from work—you could be paying close to \$1,000 a year if you are filling up your pickup truck twice a week.

Tamara Jansen: I think I saw that when you did the 63¢ a litre, it works out to an average of \$40 in taxes. Does that ring a bell?

Noah Jarvis: Yes, absolutely. That sounds about right.

Tamara Jansen: We charge GST on top of those taxes. Is that correct?

Noah Jarvis: Yes.

Tamara Jansen: We are charging tax on tax.

Noah Jarvis: Yes, absolutely. I'm a bit more familiar with the Ontario numbers, but here in Ontario, drivers are paying about 2.5¢ a litre just in tax on tax. For some people, it might not seem like a big tax, but the principle of it is that the government should not be charging taxes on taxes that it has already imposed. Also, every dollar counts for Canadians who are struggling to get by.

Tamara Jansen: The government is telling us that it needs this revenue to be prudent, but the federal gas tax brings in about \$6 billion a year. Is that correct?

Noah Jarvis: Yes, that's about right.

Tamara Jansen: You've said that government should make this tax cut permanent and find the money by cutting spending.

Now, you may have heard us, as Conservatives, talk about more than \$6 billion that we've found in savings. We've found \$150 billion in potential savings with such things as reducing the size and cost of the federal bureaucracy, cutting spending on outside consultants, cutting corporate subsidies, reducing foreign aid and cutting spending on projects like the government's Alto high-speed rail plan.

Are those reasonable places for government to look for those savings, Mr. Jarvis?

Noah Jarvis: Yes. For years, the Canadian Taxpayers Federation has been calling on the government to cut wasteful spending.

You've named a few areas that we've been calling on the government to cut spending on and—

Tamara Jansen: I'm sorry. I'd like to cede my time to my colleague.

Noah Jarvis: Sure.

[Translation]

Eric Lefebvre: Thank you very much.

Madam Chair, I would like to move a notice of motion. The motion is as follows:

That the committee report to the House that it calls upon the government to save Canadians money on the cost of diesel by immediately adopting measures to remove all taxes on the production of diesel.

[English]

The Chair: Okay.

Go ahead, Mr. Turnbull.

Ryan Turnbull: I move to adjourn debate.

The Chair: Okay. We'll go to a vote.

Do we need a recorded division, or can we agree to adjourn debate?

Eric Lefebvre: Can we vote?

The Chair: Would you like a recorded division?

Eric Lefebvre: Yes.

The Chair: Okay. We will have a recorded vote on the motion to adjourn debate.

(Motion agreed to: yeas 6; nays 4)

The Chair: The debate is adjourned.

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

Kent MacDonald: Thank you.

I've had at least three different viewpoints on our tax suspension, and I would argue that geography in Canada dictates a lot about our consumption of gasoline and diesel, if that's our choice of fuel. I represent a rural area of the country, so I would ask all the witnesses to comment on how effective a mechanism it was, although we've argued over whether it was targeted or not targeted. In my mind, it's offering relief to those who need the breathing room the most because they live in a rural area. They drive more, so the tax break, because of their consumption, has given them a little better of a break than a broader macro mechanism that we could have put in place.

Each of the witnesses can answer the question. We'll start with the online witness.

● (1845)

Shiu-Yik Au: Thank you.

I was looking at the 2001 paper by Yatchew and No on usage of gasoline by geographic area and other factors, and you are correct. Rural drivers will get much more of a benefit, about 33% more benefit, than urban drivers. This tax relief will have a powerful effect for drivers who are in rural areas and in the north.

Kent MacDonald: Professor Genest-Grégoire...?

[Translation]

Antoine Genest-Grégoire: Certainly, the benefit is proportional to the distance travelled. So, if you travel longer distances, you benefit more.

What happens, unfortunately, is that it benefits not only people in rural areas—who may be disadvantaged and therefore need it more—but everyone who drives more. Some live in rural areas, but that is not the case for everyone.

So, in this case too, we lose some of the targeting by opting for a measure with such broad application.

[English]

Noah Jarvis: Canadians in rural communities are definitely feeling the burden of rising gas prices more acutely. It is important that this government maintain and extend the gas tax cut in order for Canadians in rural communities and other communities to continue to feel those benefits from lower prices at the pump.

Kent MacDonald: If that argument is true across the board, then the measure that we've put in place temporarily....

I disagree with Professor Genest-Grégoire.

Why is it not effective, in your mind? It isn't logical, what you're saying.

Antoine Genest-Grégoire: The main point is that living far away is a circumstance that makes you consume more gasoline, definitely, because you have fewer options. However, not everyone who lives far away or who lives in a rural area is poor. Not everyone who lives in a rural area does not have means to adjust their consumption. This is the fundamental part of what I'm saying.

Kent MacDonald: Would you all agree that, in terms of rural areas as well, we deal with the transportation of goods and services, which causes things to be more expensive because we're further from the central market areas? In this light, I would think that a targeted response that offers more relief to rural Canadians versus urban Canadians fits because they're consuming more fuel to live day-to-day. I'd like your opinion on that.

Antoine Genest-Grégoire: I would say that there are ways to differentiate transfers to lower-income households. This is what your colleague Mr. Leitão was alluding to. That's what the Quebec transfer does. It is higher for people who live further from urban centres. This is something you can do with the transfer as well.

I would refer to my previous comment about our knowing about those issues for decades. The fact that our rural regions are so dependent on trucking is a choice we've made and keep on making. We choose to carry our goods by trucks and use gasoline. That's not fate. It's something we can choose to do differently. We can change it fast. This is definitely something we should look forward on in the future so that we're less vulnerable, especially in rural regions.

Kent MacDonald: This is good to know because our current government is investing a lot in ports and in cheaper ways of transporting goods.

With that, I'll cede my time.

• (1850)

The Chair: That's great, Mr. MacDonald. Your time was just finished. Thank you very much.

On behalf of the committee, I would like to thank all our witnesses for their time today.

Before we move on to clause-by-clause, committee members, I want to draw it to your attention that you would have received a budget for Bill C-38. The proposed budget is in the amount of \$1,500 for the study of Bill C-38, an act to amend the Excise Tax Act with extension of the federal fuel excise tax relief.

Can we adopt this budget for the committee?

Some hon. members: Agreed.

The Chair: Excellent. Thank you very much.

Colleagues, we'll take a brief five-minute suspension and return to clause-by-clause on Bill C-38.

Thank you.

• (1850)

(Pause)

• (1855)

The Chair: Colleagues, welcome back for the final episode of our series today.

Some hon. members: Oh, oh!

The Chair: We are going to be doing clause-by-clause on Bill C-38.

Before we begin, I would like to provide members of the committee with a few comments on how committees proceed with the clause-by-clause consideration of a bill.

This is an examination of all the clauses in the order in which they appear in the bill. As you can see, it's a very long 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. Amendments will be considered in the order in which they appear in the package each member received from the clerk. During debate on an amendment, members are permitted to move subamendments.

I thank the members for their attention and wish everyone a productive clause-by-clause of Bill C-38.

Before we begin, I would like to welcome our witnesses.

From the Department of Finance, we have with us Mr. Gervais Coulombe, director general, legislation, sales tax division; Brian Torgunrud, senior director, economic analysis and forecasting; Michael Berner, director, excise taxation; and Liam Browne, senior tax policy adviser.

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

We will now move on to clause-by-clause consideration of the bill.

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

(On clause 2)

• (1900)

[*Translation*]

Eric Lefebvre: I want to propose an amendment. It involves extending the temporary suspension of the federal excise tax on fuel until July 1, 2027.

[*English*]

The Chair: Ms. Jansen, go ahead.

Tamara Jansen: Canadians are really struggling right now. On the fact that we are willing to pull this tax relief out from underneath them, especially considering that Christmas is coming up and they're going to have a lot of bills when it comes time, and that we're going to remove it in February, we need to consider that affordability is really a challenge for those at the bottom. They are struggling to pay for their groceries. They are struggling to put gas in their cars just to get to work and to take their kids to school.

Having a farming background, I'm thinking about farmers. The amount that we have been able to support them with needs to continue, because as we can see, the prices of gas and fuel continue to go up. We've had great testimony today that it's likely to continue to be a problem.

Extending the full suspension until Canada Day 2027 gives Canadians more certainty and more time to deal with the high fuel and living costs. We're really hoping that this amendment can go forward and that we can save Canadians some money.

The Chair: Thank you, Ms. Jansen.

Go ahead, Mr. Lefebvre.

[*Translation*]

Eric Lefebvre: Thank you very much, Madam Chair.

I would like to pick up on what my colleague was saying. The bill refers to January 31, 2027. However, that is when Canadians will have to pay off the balance on their credit cards that has built up over the festive season. This is precisely a time when people will need a bit of breathing room. So, if we were to extend the suspension until July 1, I think we would really be helping Canadian families.

Today, we heard from people who confirmed that we should extend this period.

I therefore officially move the amendment.

The Chair: Thank you, Mr. Lefebvre.

[*English*]

Shall CPC-1 carry?

(Amendment negated on division [*See Minutes of Proceedings*])

The Chair: Shall clause 2 carry?

[*Translation*]

Eric Lefebvre: I'd like to move another amendment.

The Chair: No, I don't think there is another one.

Eric Lefebvre: Did you say "CPC-2"?

The Chair: No, it's clause 2.

Eric Lefebvre: I'm sorry. Excuse me.

[*English*]

The Chair: Shall clause 2 carry?

(Clause 2 agreed to on division)

(On clause 3)

[*Translation*]

The Chair: Mr. Lefebvre, you may now move your amendment.

Eric Lefebvre: Thank you very much, Madam Chair.

My proposal aims to temporarily set the rate of excise tax on fuel at 50% of the standard rate for the period from July 2, 2027, to September 1, 2027. This is consistent with what we proposed for clause 2. It is a follow-up to what we wanted to move.

Once again, this relates to what Canadians are currently experiencing. This is an extremely difficult time for them right now. As we were saying, once the festive season is over, people will receive their credit card bills. During July, in the summer months, if people want to make the most of their summer by visiting family and friends, they will need this little breathing space until September 1.

The Chair: Thank you, Mr. Lefebvre.

[*English*]

Ms. Jansen, go ahead.

Tamara Jansen: This amendment preserves the government's own approach of bringing the tax back gradually rather than restoring it all at once. A later phase-in gives businesses a lot more predictability when planning their transportation, farming, construction and other fuel-dependent costs, and it provides a smoother transition that ensures Canadians get the full benefit of the fuel tax relief through Canada Day 2027.

The Chair: Thank you, Ms. Jansen.

Shall CPC-2 carry?

(Amendment negated on division [*See Minutes of Proceedings*])

The Chair: Shall clause 3 carry?

(Clause 3 agreed to on division)

The Chair: Shall the short title carry?

Some hon. members: Agreed.

An hon. member: On division.

The Chair: Shall the title carry?

Some hon. members: Agreed.

An hon. member: On division.

The Chair: Shall the bill carry?

Some hon. members: Agreed.

An hon. member: On division.

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

Some hon. members: Agreed.

The Chair: That's great. Good job, guys. Look at that.

All right, that concludes the meeting. I look forward to seeing all of you again tomorrow for Bill C-31.

● (1905)

Eric Lefebvre: Have a good Quebec election.

The Chair: Yes. We'll all be watching carefully what happens in Quebec.

[*Translation*]

Thank you, everyone. I hope you all have a good evening.

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