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Chair

Mr. Massimo Pacetti

Standing Committee on Finance

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● (1105)

[*English*]

The Chair (Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.)): Good morning, everybody.

[*Translation*]

I hope that you all enjoyed the time that you spent in your ridings last week, and that everybody is now ready to resume our work.

[*English*]

Pursuant to the order of reference of Thursday, May 19, 2005, Bill C-43, an act to implement certain provisions of the budget tabled in Parliament on February 23, 2005, we have Mr. McKay, Parliamentary Secretary to the Minister of Finance, and we have some other witnesses from the Department of Finance as well.

It is my understanding that you have an opening presentation of five, ten, or fifteen minutes.

Hon. John McKay (Parliamentary Secretary to the Minister of Finance): I presume, Mr. Chair, that you prefer a five-minute presentation over a fifteen-minute one.

The Chair: Okay.

Mr. Hubbard.

Mr. Charles Hubbard (Miramichi, Lib.): Mr. Chair, on a point of order, I see four members from the Conservative Party who have not sat on the committee in the past. Have the substitutions come in? Normally they have members who have been here quite faithfully. We see four new people from Atlantic Canada. Has the clerk received substitutions?

The Chair: Yes, they're all in order. I see them right here.

Mr. Charles Hubbard: Everything is in order?

The Chair: Everything seems to be in order.

Mr. Charles Hubbard: The chair probably should welcome these new people from Atlantic Canada.

The Chair: They're members, so they're more than welcome to have a chair at the table.

Mr. McKay.

Mr. Peter MacKay (Central Nova, CPC): Mr. Chair, I would move a motion that would expedite the implementation of the Atlantic accord, the provisions that are found in Bill C-43. So it's clause 12 we are dealing with, and the background to this—

The Chair: Just a second. Is the motion written? Do you have it in writing?

Mr. Peter MacKay: No, I don't have a copy of it. I'm presenting it to you now—

The Chair: Thank you.

Mr. Peter MacKay: —and seeking unanimous consent. If that is denied, of course, then the usual notice of motion will be given.

Mr. Chair, the background to this, as you know, is that the Atlantic accord was actually signed between Nova Scotia, Newfoundland and Labrador, and the federal government back on February 12. The accord has not been implemented. It has been buried in a 23-item budget bill that currently is before this committee. The Prime Minister's director of communications, Scott Reid, admitted quite recently, in fact on May 26 on *Politics* with the renowned journalist Don Newman, that “Usually it takes a year to pass a budget bill”.

I can tell you, as a member of Parliament from Atlantic Canada and having had direct discussions with both premiers Williams and Hamm of those respective provinces, that they are very concerned for their provinces with respect to their own provincial budgets as well as for the well-being of their provincial economies should this Atlantic accord not receive passage and not allow for the moneys and revenues to flow to those provinces. If in fact it takes the Atlantic accord, as it currently presents itself in the budget, a year to pass, that year will mean longer waiting lists in those provinces for hospitals; tuition in those provinces for universities will very likely be elevated; infrastructure will continue to deteriorate; and the list goes on and on. The practical implications are dire for those provinces. They have severe debt difficulties.

For the province of Nova Scotia, I can tell you that the cost of the delay is $900 million per week. For the province of Newfoundland and Labrador, I understand it's $3 million every week. And the costs with respect to the accumulated deficit and the servicing of the deficit continues to make the debt situation worse in both of those provinces.

So the bottom line is that this money is owing to Atlantic Canada. The Atlantic accord was signed, sealed, and not delivered by this Prime Minister, and we now have an opportunity in this committee to expedite and to move this Atlantic accord quickly through the process, as we have seen in the past with stand-alone items and stand-alone agreements signed with provinces, agreements that affected the equalization formula, agreements that affected the health accord. All of those issues can be dealt with in a stand-alone item, which is what we are proposing here. We're proposing that we simply remove this section of the budget that deals with the Atlantic accord and present it through this committee back to the House of Commons for speedy passage.

I'm quick to note that the budget itself is not sacrosanct. That is to say, it can be changed. We've seen additions that are also before this committee, including Bill C-48, which is an add-on to Bill C-43, which is part of the budget. We're also seen at least a commitment from this government, the Liberal government, to pull out the CEPA amendments. We've also seen bills pass through the House involving DNA and aid to veterans that were presented as stand-alone items just a few weeks ago and passed through the House very quickly.

So this is why, Mr. Chair, I am seeking unanimous consent that the committee report to the House seeking instruction to divide Bill C-43, An Act to implement certain provisions of the budget tabled in Parliament on February 23, 2005, into two bills: Bill C-43A, An Act to provide payments to provinces and territories and an Act to implement the Nova Scotia and Newfoundland and Labrador additional fiscal equalization offset payments, and Bill C-43B, An Act to implement certain provisions of the budget tabled in Parliament on February 23, 2005; that Bill C-43A be composed of part 24, payments to certain provinces and territories, and part 12, Nova Scotia and Newfoundland and Labrador additional fiscal equalization offset payments; that Bill C-43B be composed of all remaining parts of Bill C-43; that the House order the printing of Bills C-43A and C-43B; that the Law Clerk and Parliamentary Counsel be authorized to make such technical changes or corrections as may be necessary to give effect to this motion; that Bill C-43A be reported back to the House immediately; and that the Standing Committee on Finance stop its study of Bill C-43 and Bill C-48 until such time as the House decides the matter of dividing Bill C-43, An Act to implement certain provisions of the budget tabled in Parliament on February 23, 2005.

● (1110)

That is my motion, Mr. Chair, and I would seek unanimous consent for this motion.

The Chair: Thank you, Mr. MacKay.

Let's make this easy. Do I have unanimous consent to consider this motion?

No.

The House has already spoken on this before.

Mr. Peter MacKay: Mr. Chair, then I would request that this be considered notice of motion, and we will be pursuing it. It's a shame that this government continues to play with the lives of Atlantic Canadians by withholding their commitment on the Atlantic accord.

The Chair: Yes, Ms. Minna.

Hon. Maria Minna (Beaches—East York, Lib.): This committee nonetheless does not have the power to split bills and create bills. Am I not correct? My understanding is that this committee does not have that power.

The Chair: I'm not sure. We're not here to discuss the clause-by-clause. This is a request for the House to divide the bill, I believe.

Mr. Loubier.

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Chairman, although the Conservatives' motion did not receive unanimous consent, I would like to state that we are not closed to the idea of dividing the bill and dealing with the Newfoundland and Nova Scotia accord separately.

However, before giving our support to your proposal, we would like to see it in writing, because we are anxious not to delay the work of the committee. We want to knuckle down and have the two bills adopted quickly, with all parties, of course, being able to express their position.

In brief, we do not disagree with your proposal, but we would like to see the wording.

The Chair: We will discuss the wording when the time comes to debate the motion.

[*English*]

Yes, Ms. Wasylycia-Leis.

Ms. Judy Wasylycia-Leis (Winnipeg North, NDP): Thank you, Mr. Chair.

I would like to comment on the point of order. Since this matter will be raised again now that due notice has been given to the committee, I think that in the interim it would be important for us to get a clear ruling on whether or not a bill can be divided at committee. That will help us in our deliberations.

I would also point out that it is possible for us to pursue the normal course—

● (1115)

The Chair: It's not a point of order.

Ms. Judy Wasylycia-Leis: Yes, it is. It's on this point that was just raised by both Mr. Loubier and Ms. Minna, and that is the speed by which one can actually deal with both bills, Bill C-43 and Bill C-48, if one follows the normal course of events.

If you look back at the last two budget implementation bills, you'll see both were through in less than a week. At that time the Conservatives did not provide any amendments to those bills or have any debate. We were able to do them expeditiously and ensure that Canadians' needs were met.

I would suggest to my honourable colleagues in the Conservative Party that we can accomplish their objectives by moving quickly and proceeding with clause-by-clause on Bill C-43 and Bill C-48.

The Chair: Thank you, Ms. Wasylycia-Leis.

I'll take that into consideration. I just want to get this meeting started with.

Mr. McKay.

Hon. John McKay: Thank you, Chair.

Maybe I could try for a unanimous motion to move the meeting outside. It's such a beautiful day. I don't know whether I could get my colleagues to agree to that point. But it is a lovely day, and I appreciate the opportunity to appear before you and to talk about what has become quite a controversial bill.

As you know, Mr. Chairman, the government is proud of this budget for very good reasons, because it represents a balanced strategy that clearly addresses the major priorities facing our nation today. Time doesn't permit me to outline every measure in this budget, although I'm assuming that all honourable members have a budget briefing book that hopefully does go into a great deal more of the strategy than do I.

Mr. Chairman, the government recognizes that to secure a vibrant Canadian society, Canada must continue to invest in its children. Over the past several years, the government has worked with provinces and territories to build for families and children recognition of the benefits that accrue to society. This budget is no exception. This budget delivers on a commitment of $5 billion over five years to support the development of early learning and child care across the country.

In the meantime, the government recognizes that provinces and territories are at different stages in the development of their respective early learning and child care programs. In this context, Bill C-43 proposes to create a $700-million third-party trust for the provinces and territories to support investments in these programs and services. The government has established this trust based upon the progress to date on principles to guide investments on early learning, and some consensus has been reached among various provinces. Provinces and territories will have the flexibility to draw down the funds on an equal per capita basis, according to the respective jurisdictional priorities, up to the end of March 31, 2006, so that the provincial and territorial governments can begin to make improvements and expansions in programs and services without delay.

Mr. Chairman, the government has worked to make the tax system fairer for Canadians, especially for low- and modest-income earners. Measures contained in Bill C-43 deliver on the government's commitment to reduce taxes and make the tax system more fair as well as internationally competitive without compromising its commitment to balanced budgets and sound fiscal management. Indeed, all honourable members will recall that once this government had achieved a balanced budget, it introduced substantial tax reductions in the form of a $100-billion tax cut over a five-year period, which was introduced in the year 2000. The measures proposed in this budget build on that initiative by increasing the amount Canadians can earn without gained federal income tax.

When fully implemented, the budget, as contemplated in Bill C-43, proposes that by the year 2009 the basic personal exemption will be $10,000. This change will provide about $7.1 billion in personal tax relief over the next five years, with more than 70% of the relief going to those earning less than $60,000 per year. When fully implemented, 860,000 low-income taxpayers will be removed from the rolls, of whom some 240,000, almost one-quarter million, will be seniors.

As you know, Mr. Chairman, some of our senior population receive a guaranteed annual income supplement, which provides a supplement to their income with a fully indexed benefit that ensures they receive a basic level of income throughout their retirement years. Bill C-43 proposes to increase the GIS payment by $2.7 billion over the next five years, significantly exceeding the commitment of $1.5 billion over that period. A total of 1.6 million GIS recipients will benefit from this increase, including more than 50,000 seniors who will become eligible for benefits as a result of the change. This increase will be of particular benefit to women, who make up over one million of the seniors receiving the GIS benefits.

● (1120)

This bill and this budget have, as well, a very major demographic challenge, which we've tried to address in a variety of ways. One of the ways is through the private domestic savings of Canadians, which play a key role in the economy and the individual well-being of Canadians. These savings also allow Canadians to finance their retirement and meet other needs such as buying a home or supporting the education of their children. The government has followed through on this commitment.

In budget 2003, the government increased the contribution limits for registered pension plans and RRSPs. Bill C-43 proposes to increase them even further.

The annual dollar contribution limit will increase to $22,000 by the year 2010. There will be corresponding increases in the limits of registered pension plans. Increasing the pension and RRSP limits will better meet the retirement savings plans of a broad group of Canadians, including skilled workers, small business owners, entrepreneurs, and the self-employed.

Increasing the limits will support saving and investment, thereby continuing productivity improvements and economic growth. This is key to Canada's continuing economic prosperity and to helping meet demands associated with an aging population.

This government recognizes that small businesses help to drive the economy and is committed to helping them survive. In this economy, we need a competitive tax system. This is critical to forging investment in Canada. Starting in budget 2000, the government's approach to creating Canadian advantage for investment and supporting productivity has been to reduce tax rates while improving the tax structure. We remain committed to increasing the competitiveness of Canada's tax system.

Budget 2005 also delivers on the Government of Canada's commitment to long-term stable and predictable funding for the new deal for cities and communities. Under the new deal, federal, provincial, territorial, and municipal governments will work together with other stakeholders to develop long-term strategies for improving our communities. The Government of Canada is doing its part. Over the next five years, it will provide $5 billion to municipalities for environmentally sustainable projects such as public transit, water, waste water treatment, community energy systems, and the handling of solid waste.

For the fiscal year 2005-06, Bill C-43 proposes to provide $600 million of the government's share of the federal gas tax. This will be equivalent to 1.5¢ per litre. Under future legislation, this funding to increase until it reaches $2 billion annually by 2009-10, equivalent to the governments commitment of 5¢ per litre of other gas tax revenues.

The federal government has indicated its commitment to working together with all levels of government. Where better to do this than in the Atlantic accords? Indeed, Bill C-43 contains proposed legislation that reflects the government's commitment to enhancing the benefits received from offshore revenues. Specifically, this bill proposes an upfront payment of $830 million to Nova Scotia and $2 billion for Newfoundland and Labrador. This funding will provide these provinces with immediate flexibility to address their unique fiscal challenges.

I might note that budget 2004 was introduced in the House on March 31, and it received royal assent on May 14. So it took six weeks to go from introduction to royal assent. Within a short time thereafter, cheques were written to honour a variety of commitments contained in budget 2004.

Another commitment the government made to Canadians was to review the air travellers security charge. This will ensure that, over a five-year period, revenue remains in line with planned costs for the enhanced air travel security system. The government continues to honour this commitment.

Based on this updated information of revenues and costs, Bill C-43 proposes to reduce the charge for air travel from $6 to $5 for one-way travel and from $12 to $10 for round-trip travel. For trans-border travel, it will be going from $10 to $8.50; for international air travel, from $20 to $17.

● (1125)

In conclusion, Mr. Chairman, the government is proud of this budget. We know that Canadians are equally proud of this budget. It has been very well received by a whole variety of people from a whole variety of communities. So I'm urging honourable members to review this budget expeditiously, to recognize that this delivers on a variety of commitments we've made to Canadians in a number of important areas while we are maintaining our commitment to balanced budgets.

Committee members and Mr. Chair, I want to introduce to you Mr. Mark Carney, the senior associate deputy with the department, and a variety of people in the room, all of whom will be prepared to answer questions members may ask.

Thank you, Chair and committee members, for your time and attention. I look forward to answering questions as they come forward.

The Chair: Thank you, Mr. McKay.

That's not a bad 15-minute summary of a bill that contains 110 pages.

The first member I have is Mr. Solberg, then Monsieur Loubier.

Mr. Monte Solberg (Medicine Hat, CPC): Thank you very much, Mr. Chairman, and thank you, Mr. McKay, for your presentation.

Of course, not only is it a number of pages, it is $200 billion in spending. So it probably requires due scrutiny, especially as we sit in a Parliament where we are ripped by a scandal that has to do with huge amounts of misspending. I think it is important to put this in context and remember we have an obligation to the people of Canada to provide proper scrutiny when we're talking about spending their hard-earned tax dollars.

I want to correct the record, too, Mr. Chairman. I just heard Mr. McKay say it took six weeks to pass the budget last year. As Mr. McKay knows, Scott Reid, the Prime Minister's communications director, pointed out that it takes about a year to pass a budget. I think Mr. McKay would acknowledge that only part of the budget passed in six weeks last year.

Hon. John McKay: No, there was a parallel bill.

Mr. Monte Solberg: There were a number of budget measures that were only passed this past May, just a few weeks ago. Isn't that correct?

Hon. John McKay: It is, but there were two budget implementation bills, as you will recollect. The first passed within the six-week timeframe that I mentioned. The second bill was an extraordinarily technical bill that was introduced at a later point. Then we had an election. Then we had to get it back on track, and we did finally get royal assent last month—possibly this month. But the substance of the budget passed within six weeks, and it's open to this committee to do so—

Mr. Monte Solberg: In other words, Scott Reid was correct.

I want to ask about your position on corporate tax relief—tax relief for large employers. I didn't hear you mention that. Could you clarify what the government's position is with respect to whether or not corporate tax relief will remain in Bill C-43?

Hon. John McKay: The corporate tax relief that is contained in the bill remains in the bill. I understand that particular provision has generated a bit of interest, shall we say, but the government's position is that it is in this bill and that we continue to remain committed to the overall issue of tax competitiveness and corporate tax relief.

● (1130)

Mr. Monte Solberg: In the budget, it's very clear that the government considers this to be very important. But we also know the Prime Minister was prepared to remove this from the budget when he struck a deal with the leader of the NDP. The next day he said he wanted to put it back in. I'm curious to know, when we're talking about something as important as ensuring that we have a competitive economy, what the government's position is, because if it is prepared to allow this to be taken out by the NDP, then it calls into question their original commitment. Maybe you could clarify that for us.

Hon. John McKay: As you know, Mr. Solberg, the preferred configuration of the Minister of Finance is contained in Bill C-43. In the original positioning of your party, it was anticipated that Bill C-43 would receive majority support. Your leader indicated some support for the budget. On the vote of the budget itself, your party declined to vote. You sat in your seats at the time. That was still interpreted as support. Apparently something has changed. It probably has something to do with polls. The erosion of the support became quite precipitous.

The government remained committed to Bill C-43, and another configuration was entered into in the form of Bill C-48. The minister has made it repeatedly clear that he, however, remains committed to the tax provisions in Bill C-43 and that this is a preference on the part of the government.

Mr. Monte Solberg: I think the parliamentary secretary would acknowledge that of course what changed was that the government introduced changes to CEPA legislation in the budget implementation bill, and that is something that he knows—we've made very clear all along—we oppose it.

But I want to move on to another issue, and it has to do with the Atlantic accord. My colleague Peter MacKay, the member for Central Nova, pointed out that the health accord didn't pass through the budget. That's a pretty big deal. The equalization deal, also a multi-billion-dollar deal, didn't pass through the budget.

I'm wondering how the government can justify putting the Atlantic accord into the budget, knowing this would slow down the actual implementation of the accord. If it had been put into legislation right away, it would probably be in the hands of Newfoundlanders and Nova Scotians by now. I'm wondering what possible reason the government has for putting it in the budget, when other federal-provincial agreements didn't have to pass through the budget.

Hon. John McKay: As you know, the changes in equalization moneys and the $41-billion contribution to the health moneys were deals entered into by the Prime Minister and the premiers in September or October of last year. That's well outside of a normal budget cycle, so that's why those bills were individually crafted and passed quite rapidly by this committee and the members of the House.

On the other hand, the deal entered into between the premiers and the Prime Minister on the Atlantic accords was not until February 14, and that was right in the middle of a budget cycle. So the Atlantic accords were incorporated into the budget because that's probably the most expeditious way to go about getting them through, based on past history.

It may be that you don't accept the answer, but frankly, the Atlantic accords could be law by now had we received the normal level of cooperation from the opposition parties. So there is the reason for the Atlantic accords being incorporated.

The Chair: Thank you.

I have Monsieur Loubier, Monsieur Hubbard, Ms. Wasylycia-Leis, then Mr. Pallister.

[*Translation*]

Mr. Yvan Loubier: Mr. Chairman, with your permission, I would like to correct certain comments that the parliamentary secretary made on the budget which is before us.

Firstly, I should say that I was most surprised by his last answer; and looking around the room, I would say that I am not alone in this sentiment. It would seem that the parliamentary secretary took everybody by surprise when he answered that the Atlantic accords were incorporated into the budget because their negotiation coincided with the budget being drafted. This is not a very convincing answer.

Secondly, I would not like the public to take what the parliamentary secretary just said as being gospel. He said that all Canadians, across the country, are happy with the budget; however, I can assure you that Quebeckers are in no way happy with this budget. The finance minister appeared to have good intentions, and even invited us to his office where we spent an hour and a half explaining Quebec's eight priorities to him; however, in spite of this, of all the priorities which we communicated to him, none of those which we consider to be of greatest importance were included in the budget. Mr. Chairman, for the benefit of the public, and to counter the parliamentary secretary's propaganda, I think that it would be a good idea for me to state what some of these priorities are.

Firstly, there is the issue of fiscal imbalance, there is consensus on this issue not only in Quebec, but across Canada. The Subcommittee on Fiscal Imbalance has just completed nation-wide consultations; and, all across Canada, even in Ontario, fiscal imbalance is recognized as being a problem, and one on which the federal government should take corrective action. However, the budget makes no mention of fiscal imbalance.

Earlier, you spoke about the equalization agreement. There was no agreement. The provinces had an equalization formula shoved down their throats by the federal government, a formula which wreaks havoc with the traditional objectives of equalization payments. I should also point out that equalization is the only program enshrined in our Constitution.

In terms of employment insurance, there is agreement not only in Quebec, but in several Canadian provinces, that the federal government misappropriated $47 billion from the surplus that had been built up in the employment insurance fund. Moreover, I am surprised that the NDP, which has made employment insurance a cornerstone of its political agenda, did not raise this issue in its so-called negotiations with the federal government. Sixty per cent of Canadians are unable to benefit from employment insurance, and your small-scale, non-specific pilot project will do nothing to change this, nor will it change the fact that surpluses are still being built up in the EI fund.

The agriculture sector is facing its worst crisis in 30 years. But in this budget, nobody seems to bat an eyelid, yet, this is a widespread crisis, it is currently even affecting both the dairy sector and the grain sector. It is affecting everybody, Mr. Chairman. I used to be an economist for the UPA, and I have never seen farmers be hit as hard as they have been over the past three years. They have registered a negative net income for three consecutive years.

Everybody purports to view international aid as being a priority. During the election campaign, Mr. Martin even committed to increasing international aid to meet the UN target of 0.7 per cent of a country's GDP. We will never meet the target with this budget. You spoke about increasing international aid; but, we will not even have met the UN objective in 40 years' time.

Kyoto is another of our priorities, but you seem to fail to understand what we, and the population as well, want you to do. We want policy to be based on the polluter-pays principle, and not the polluter-gets-paid principle. However, your Kyoto plan which is included in the budget, and which will receive supplementary funding through Bill C-48, does exactly the opposite of what it should do. We need a regional approach rather than a sectorial approach. Furthermore, the plan serves to facilitate the lives of Canada's high-polluting industries, as opposed to implementing real corrective measures and making the real polluters absorb the costs of greenhouse gas reduction.

No mention is made of respecting the relevant jurisdictions in terms of municipalities, day care, etc.

We have been asking you for years to grant around $50 million in aid to French-speakers outside of Quebec so that they can defend their rights across Canada. No assistance has been provided on this front.

Mr. McKay, I would counsel you to be cautious when you state that everybody is happy with the budget. The priorities which I have just outlined are those of everyday citizens in Quebec and Canada; your budget does not address these priorities. That is why we have been consistent in our analysis of the budget since it was first tabled. We said that we would not support the budget, firstly, because it does not address any of the primary priorities of Quebeckers, and even Canadians. Our second reason for not giving support to the budget is that, although fiscal imbalance, which constitutes a major problem, was mentioned in the Speech from the Throne, which was adopted by the House of Commons, no mention was made of implementing corrective measures, even if it is agreed across the country that such measures are required.

● (1135)

Mr. McKay, as you have seriously undermined your credibility, I would suggest that you adopt a more serious attitude when making a presentation, and that you not dish out answers like the one you gave us earlier on the Atlantic accords.

That is all that I have to say, Mr. Chairman. I have no questions for the parliamentary secretary, as I would only get answers like the ones which he gave earlier, answers which lack credibility.

[*English*]

The Chair: Would you care to comment, Mr. McKay?

Hon. John McKay: Apparently he doesn't want an answer. I will hand it to the honourable member that he has been consistent; basically, he's been consistently against everything, so there's very little I can do or say that would satisfy the honourable member. So let me just comment on a couple of his points.

With respect to equalization, I must have missed the meeting, but I thought the premiers seemed to have been reasonably happy with the provisions the Government of Canada provided in September or October with respect to equalization. The government basically bought out the...[*Inaudible*]...set a floor, and—

[*Translation*]

Mr. Yvan Loubier: That is not at all the case, Mr. Chairman.

[*English*]

Hon. John McKay: Excuse me, excuse me.

The government set a floor and then provided a 3.5% escalator over the balance of the term. It also created a committee in order to be able to look at how equalization is calculated for the purposes of the provinces. So in some respects, I thought that was a huge win for the provinces.

On his point of fiscal balance, Mr. Loubier prefers to listen only to a selective set of witnesses. I would suggest that he reread the testimony of Mr. Dobell, professor emeritus from, I think, the University of Victoria, who basically said that the phrasing of the question and the phrasing of the committee's mandate prejudged the issue, essentially predetermining that there would be a finding of fiscal imbalance, or that everything would flow from those.

In fact, there is no structural—

● (1140)

[*Translation*]

Mr. Yvan Loubier: Mr. Chairman, allow me to...

[*English*]

Hon. John McKay: Do you think I could just finish the answer?

[*Translation*]

Mr. Yvan Loubier: That is fine, Mr. Chairman.

[*English*]

Hon. John McKay: I appreciate, again, that Mr. Loubier doesn't acknowledge testimony that doesn't fit with his particular pre-view, but the fact of the matter is that there is quite a body of thought in this country saying there can be no such thing as fiscal imbalance because of the structure. All of the levels of government have equal access to those revenues and, in some cases, have access to revenues that the federal government doesn't have. In fact, this finding was made 25 years ago—

[*Translation*]

Mr. Yvan Loubier: Mr. Chairman...

[*English*]

Hon. John McKay: —when the situation in Canada was that the provinces had "all the money", and the federal government had all the liabilities and the debt.

[*Translation*]

Mr. Yvan Loubier: Mr. Chairman, I would like you to call him to order.

[*English*]

Hon. John McKay: I would like to finish, Mr. Chairman, but I keep getting interrupted, so it's pretty hard to complete.

I just leave those with you as two comments, and I'll just make one final point, Mr. Chairman.

I have a comparison chart in my hand, which I'd be happy to make available to the committee, of the finance committee's recommendations and the budget response. I think honourable members will find in many respects that the government and the minister have been very responsive to the concerns expressed by the finance committee, to the extent that 24 out of the 33 recommendations made by the committee found their way into the budget. I think that is, in fact, a response to the priorities of Canadians as set out in our hearings.

The Chair: Thank you, Mr. McKay.

I've got Mr. Hubbard, then Ms. Wasylycia-Leis, and then Mr. Pallister.

Mr. Charles Hubbard: Thank you, Mr. Chair.

I'm somewhat taken aback by our previous intervention. I thought someone was writing to Santa Claus or making up a Christmas list. But I think it's the responsibility of our Minister of Finance to look at priorities and to offer programs and initiatives that are within the fiscal framework and meet the responsibility of providing good government.

Also, Mr. Chair, I think we have to recognize that the budget was brought in back on February 23. We debated it very extensively in the House, and I'm somewhat disappointed this morning to hear some of my colleagues opposite wanting to spend a great amount of time on it, which will delay some of these programs for many Canadians, including especially those in Atlantic Canada, whose members came here this morning from Newfoundland and Labrador and Nova Scotia.

So it is disappointing to think that tomorrow is the first day of June and we've been at this process very extensively in the House, and again yesterday, with speech after speech. I think most Canadians—I don't say all Canadians, and certainly Mr. Loubier was a bit affronted by the idea of everyone.... But most Canadians favour what they see as a very good budget, a very aggressive budget, and a budget that meets the needs of many of our people.

I would ask the parliamentary secretary, first of all, within our fiscal framework, in terms of the additional spending—in fact, there's more than 12%, probably close to 15%, of additional spending in the next tax year—is this affordable in terms of the tax revenues we can expect from our people in the next 12-month period?

Hon. John McKay: I'd like to give a preliminary answer and then turn it over to Mr. Carney for a more fulsome answer.

The budget as originally presented in Bill C-43, as you know, was all costed out and fell within the framework that the Government of Canada wished, and we were committed to five more balanced budgets. This will be number eight if Bill C-43 goes through. So we fall within the fiscal framework, and all our commitments are costed out over the two-year and five-year frameworks. So in that respect, we have stayed within our guidelines.

The additional commitments anticipated by the Ontario agreement and Bill C-48 do put additional challenges on surplus moneys—not on the fiscal framework itself but on surplus moneys. But the budget itself projected $28 billion worth of surplus over the next five years, and that $28 billion is where the Ontario agreement and the NDP agreement, part of which overlap, would create some additional costs on the surplus, but not on the fiscal framework.

Mr. Carney.

● (1145)

Mr. Mark Carney (Senior Associate Deputy Minister, Department of Finance): Mr. Chair, I think the parliamentary secretary has summarized the situation well. We do have $28.5 billion of cushion, if you will, over the course of the next five years, represented by a combination of contingency and prudence reserves that are in the framework. And the minister gave an updated accounting of the fiscal situation on May 13 with a press release that detailed spending and the ongoing expectation of a balanced budget or better outcomes for the country.

Mr. Charles Hubbard: Mr. Chair, we hear a lot about this expression "fiscal imbalance", and I'm a bit taken aback by that, because from the figures I've seen in the past in terms of the ratio between the debt of various governments and the basic concept of GDP of those particular provinces or nations, Canada is in fact bearing as big a share of that, if not more, than most of our provinces.

I wonder if there might be a witness this morning who could comment. In fact, our honourable friend is from the province of Quebec, and I've looked at the Quebec relationship as opposed to the Canadian relationship. I find that when Quebec complains so much about a fiscal imbalance, their opportunity to create more money for their government is greater than what Canada has as a whole.

Hon. John McKay: You're right, and again I'd like to answer in a preliminary way and then invite either Mr. Carney or some person he might designate to answer in a more fulsome way.

Provinces, at the collection, carry a debt of about 22% to 23% debt to GDP, and my recollection is that the federal government is at about 38%. Is that correct? That's close enough. So it's almost twice the debt of the provinces, if you compare a collective of the provinces with the federal government.

Mr. Mark Carney: That's right, and just to be precise, 38.8% is the ratio for the federal government, and 22.3% is the ratio for the provincial and territorial governments. The other relevant figure, I'd submit—and all of this information is actually contained in the annex of the budget plan—is that provincial and territorial spending is about 16% of GDP and federal spending is around 12% of GDP, to give you rough orders of magnitude.

Mr. Charles Hubbard: Mr. Carney, from your perspective, in terms of the evidence you gave us on that relationship, the idea that there is a fiscal imbalance between certain provinces as opposed to a federal structure of government is somewhat of a myth.

Mr. Mark Carney: Mr. Chair, I would refer to the parliamentary secretary's earlier answer on this issue, which references the access to common tax bases of federal and provincial governments.

Mr. Charles Hubbard: Thank you, Mr. Chairman.

The Chair: Mr. McKay, go ahead, please.

Hon. John McKay: Another thing that doesn't seem to get thought out in the discussion about fiscal imbalance is that it only looks at revenues; it doesn't look at the individual rights of provinces to make spending decisions. So if an individual province, based upon whatever political analysis it applies, decides to make an expenditure decision that costs it money, the federal government has nothing to do with that. That's not in its purview.

So it becomes a bit of a strange argument that you argue on only one side of the ledger sheet.

● (1150)

Mr. Charles Hubbard: If I may refer to the gas tax, which is a relationship now between our municipalities and communities and our federal government, it's my understanding that this is going to increase each year over the next five years, so it will provide an opportunity for communities to aggressively look after their transit problems and some of their environmental concerns.

Maybe, Mr. Secretary, you could briefly give us an outline of how much this is going to be over the next five years.

Hon. John McKay: Again, why don't I defer to you? The global amounts and the annual increases, I think, are set out nicely in the budget document.

Mr. Charles Hubbard: So we'd assume, Mr. Chair, in terms of what has happened across the country with most provinces, that there has been a very aggressive uptake of this money, and communities are waiting—

Hon. John McKay: Absolutely. On that point, there is huge enthusiasm on the part of the municipalities to get this budget through and get access to this money. There are no ifs, ands, or buts about that.

We're up for $600 million this fiscal year alone, so this is one of those things that Canadians have signed on to big time, notwithstanding the views of Mr. Loubier.

The Chair: Thank you, Mr. McKay.

Could we have Ms. Wasylycia-Leis, and then Mr. Pallister, Mr. Côté, Ms. Minna, and Mr. Penson?

Ms. Judy Wasylycia-Leis: Thanks, Mr. Chairperson.

First, Mr. McKay, I think it's important for us to clear up some of the rumours that are floating around in terms of both bills we have to deal with as a committee. So I would like to ask you, first of all, if you and your government are absolutely committed to ensuring that both Bill C-43 and Bill C-48 proceed together through the legislative process, as much as that is possible within the structure of our House?

Hon. John McKay: You've put in the major caveat. We are living in a minority government here, the consequence of which is that we end up doing things that may not be according to our preferred configuration. The government's position is very clear on the point, though, that Bill C-43 and Bill C-48 are to be treated as government bills. They are government bills, and they should be moved forward simultaneously.

Ms. Judy Wasylycia-Leis: And they should be acceded to as a package.

Hon. John McKay: Yes, as a package.

Ms. Judy Wasylycia-Leis: All right.

Secondly, with respect to Monte Solberg's question about corporate tax breaks, just for the record, would you clarify that in fact the agreement between your government and the NDP states explicitly that the general corporate income tax rate reduction from 21% to 19%, as listed in the present budget implementation bill between 2008 and 2010, will be removed from Bill C-43, the budget implementation bill?

Hon. John McKay: Yes. As I understand it, there will be amendments coming forward to that effect. What the source of the amendments and the exact phrasing of the amendments might be are within the purview of the committee.

With respect to the overall commitment, however, the government has reserved its view that a competitive tax regime is in fact important to our country, and that we will, as fiscal opportunities present themselves, reintroduce....

Ms. Judy Wasylycia-Leis: Thank you, and you'll acknowledge that in fact by eliminating both the corporate tax reduction and the corporate deficit, sir—

The Chair: Mr. Penson, yes.

Mr. Charlie Penson (Peace River, CPC): Mr. Chairman, we are here today starting the study on Bill C-43. My book on Bill C-43 shows that there are corporate tax cuts. That's what we're studying today. It's in clause 1, clause 9 in this book that we've been provided by the department. I came over here today prepared to study this legislation that's before us. We have the parliamentary secretary telling us that the corporate tax cuts now are going to be removed. There are going to be amendments introduced.

What's the point in our going through this exercise today, Mr. Chairman, discussing a piece of legislation when the parliamentary secretary is telling us it's going to be removed? They'd better get their act together, Mr. Chairman. Canadians are confused enough with the way this government's handling this whole budgetary process—two budgets, Mr. Chairman, and budget surpluses that they only had of $3 billion for 2004-05. Fiscal forecasters said six weeks later it was going to be $6 billion. The *Fiscal Monitor* is saying $9 billion now.

Mr. Chairman, this is a government out of control. Are we studying this legislation today or not? Why is the parliamentary secretary telling us that the very legislation that we're studying, Mr. Chairman, is going to be axed? What's the point?

● (1155)

The Chair: Mr. McKay, could you address that, please? I have no problem with the question. Perhaps you could comment as to whatever amendments you'd like to make, because I think all parties are going to be making amendments.

Hon. John McKay: If Canadians are confused by this budgetary process, I have some sympathy for their position, because normally a budget is introduced and the integrity of the budget is as it is contained. Our preferred configuration is in Bill C-43, which is the bill that's before us today. I read the newspapers just like everybody else reads the newspapers. I'm given to understand that certain members may well move amendments to the budget. That's entirely within their prerogative.

The Chair: Ms. Wasylycia-Leis.

We're not at amendment stage yet, Mr. Penson.

Ms. Judy Wasylycia-Leis: On this point of order, I hope this is not coming against my time, because I find this a very unfortunate intrusion into our discussions here—in fact, a charade on the part of the honourable member for the Conservatives. He knows full well we've been through the debate in the House. Perhaps he's too embarrassed by the fact that the Conservatives have changed their vote several times on the budget. But in fact, Mr. Chairperson, we are clearly dealing with a package of two bills. We've had confidence votes at second reading. We know that Bill C-43 requires changes dealing with the corporate tax cuts. And we know that Bill C-48 takes that money and invests it in certain programs. We don't need to have these kinds of games being played now.

The Chair: If it's a point of order that is different from this point of order....

Mr. Monte Solberg: Well, it is different, Mr. Chairman. If I recall correctly, the NDP voted against Bill C-43. Is that correct? And now you're in support of it.

The Chair: Ms. Wasylycia-Leis.

Order, order! Let's try and remain civil, please.

Ms. Wasylycia-Leis, you still have four minutes. Thank you.

Ms. Judy Wasylycia-Leis: Thank you.

Let's deal with the corporate tax cut issue for a moment, because it seems that the Conservatives think the world will come to an end if we don't have this corporate income tax reduction included. I would like you to clarify that in fact in the previous budget years we've already seen a drop in the corporate tax rate from 28% to 21%, and that this budget, if it went ahead as is, would have seen a further decrease from 21% to 19%. Can you verify that statement?

Secondly, could you indicate that your own department has shown corporate profits up to the tune of 6% in the fourth quarter, similar to the third quarter 6.2% increase that followed four consecutive double-digit gains? Corporate profits as a shared GDP has climbed to 14%, well above the 10% historical average. Could you further clarify that while we've seen profits going up, tax breaks...increasing investment in Canadian enterprises has declined over the same period of time?

Hon. John McKay: Well, the world will not come to an end, and I expect the sun will rise tomorrow morning regardless of what happens to the corporate tax package in Bill C-43. However, the government is mindful that you have to have a competitive corporate tax regime. I would argue that the reduction in rates, together with the depreciation schedules and things of that nature, has made Canadian corporations more competitive. It has generated more revenue, and a greater portion of revenue, for the government. We are prepared to postpone this reduction at this point. I know your position is that you wish to see the postponement stay at 21%, and that is a position that the government will honour.

Ms. Judy Wasylycia-Leis: It might be worth noting that your own budget report, “Budget Plan 2005”, in table 7.7, shows personal income tax levels increasing over the period referred to, while corporate income tax declines. In fact, we know that personal income tax revenue will rise from 45% to 65% as a percentage of total government revenue, while corporate income tax revenue will drop from 15% to 11% as a total of government revenues. It's important to keep all of that in mind while we grapple with these changes and the proposals by the NDP.

My last question has to do with—

● (1200)

Hon. John McKay: Before you get to your last question, can we deal with the first one? You've raised an interesting anomaly that I think Mr. Carney would appreciate the opportunity to respond to.

Ms. Judy Wasylycia-Leis: As long as it doesn't take away my time to ask my last question.

The Chair: Ask the question.

Ms. Judy Wasylycia-Leis: All right, I'll ask it. Perhaps you can deal with both.

The other concern that's been floating around, especially among the Conservatives, is that we don't have the flexibility to invest in the areas suggested by the NDP. I want you to clarify the kind of flexibility that you see outlined in the fiscal framework piece. Your figures predict a 2005-06 surplus of $7 billion, $9.3 billion for 2006-07. So if one takes the contingency off that, you're still looking at a considerable cushion.

I'd also like you to comment on the latest reports from your department in the *Fiscal Monitor*. It estimates a budgetary surplus of $9.8 billion for the April 2004 to 2005 period, up $1 billion from the surplus reported in the same period last year. I would like you to confirm those figures and give some assurance to Canadians that there is lots of room to start investing in basic needs, like housing, education, and the environment.

Hon. John McKay: I'll comment on one of the questions and I'll let Mr. Carney comment on the other two.

First, with respect to the fiscal space that we might have available for the provisions in Bill C-48, we have basically phrased Bill C-48 on the basis of an unplanned surplus legislation bill. The funding commitments are made “only if” moneys are available beyond the base fiscal framework. In theory, the economy could go in the tank, revenues could fall, and those commitments would not be met. But based on the projections in the budget and information such as you were quoting in the *Fiscal Monitor,* it appears reasonable that those fiscal commitments in Bill C-48 will be able to be met.

Mr. Carney.

Mr. Mark Carney: With respect to the decline of corporate revenue as a portion of GDP over the time of the budget plan, this reflects an expectation that corporate profits, currently unusually high, will decline. That's the dominant effect. There is an expectation in our forecasting that the share of corporate profits to GDP will decline, and that personal incomes will rise. These expectations have occasioned the balance we arrived at.

In respect of the information in the *Fiscal Monitor,* I would encourage members of the committee to study it. It makes it clear that this is a preliminary number for the year. Some $2.5 billion worth of initiatives for 2004-05 depend on the passage of Bill C-43, plus the usual year-end accrual adjustments and other liability adjustments. The final results for 2004-05 will be available in the fall. As we state, it is too early to determine whether the budgetary surplus will be greater than the $3 billion projected in the 2005 budget.

The Chair: Thank you, Mr. Carney.

Mr. Pallister, five minutes.

Mr. Brian Pallister (Portage—Lisgar, CPC): Thank you, Mr. Chairman.

Mr. McKay, your budget document talks about delivering on commitments, as you know, and I'm just a little bit concerned about one of your comments. You referenced the large employer tax reductions, and you made the comment that these would be postponed. Can you give clarification? I understood that the proposals in your original budget said those reductions would take effect in 2008, and I'm just curious as to how far you plan to postpone them.

Hon. John McKay: We are committed to postponing the legislation, not to the timing of the reduction. As you know, those corporate reductions were back-end loaded.

● (1205)

Mr. Brian Pallister: That answers my question. You're not planning on actually postponing the reductions in the corporate tax. You're just planning on increasing the time till you introduce the legislation to effect the change. This is to keep your agreement with the NDP, I guess.

Hon. John McKay: We will honour the agreement that follows from Bill C-48.

Mr. Brian Pallister: So the cuts will actually be done at exactly the same time, just with delayed legislation?

Hon. John McKay: Sorry, could you repeat that?

Mr. Brian Pallister: The cuts will be done at exactly the same time. They'll begin in 2008, just as you've said in your original document. There's no change there.

Hon. John McKay: I'm not sure I follow your question. If you could, just clarify it for me.

Mr. Brian Pallister: What I'm asking is, are you keeping the commitment you made in your original document, or are you keeping the commitment you made in your back-of-the-envelope deal with the NDP? Which of the two will you be keeping? That's what I'm asking.

Ms. Judy Wasylycia-Leis: On a point of order, Mr. Chair, the Conservatives objected to this line of questions before. Have they had a change of heart, or have you ruled this is all on the table?

The Chair: Ms. Wasylycia-Leis, I think Mr. McKay can answer this question. Just allow him the opportunity to at least reflect upon the question.

Hon. John McKay: The commitment on the part of the government, after all of the support we initially got from the Conservatives, after the erosion of the support that happened with the Conservatives, and after the fresh support we got from the NDP, has been that we will put this on a separate legislative track.

Mr. Brian Pallister: I just want to read from the companion budget speech itself, where it says “A commitment to sound financial management is never easy, and it is never over. It is not something to be done once, or just for a while, and then set aside”.

Our concern here is this. We weren't sent down here to be Santa's little helpers. We were sent here to provide prudent oversight for close to $200 billion of taxpayers' money, so our concerns should be taken seriously. A fast-tracking project by you two allies in this effort is not going to be assisted by us, and the reason should be clear to Canadians.

You said in your run-up to the 2004 budget that you're committed to an expenditure review process. I'll read from your own document. Its objective is to make sure “every dollar spent is a dollar well spent”. Let me ask you, for this $5-billion deal you came up with, did the expenditure review committee have a chance to look at that proposal? What scrutiny was given to it?

Hon. John McKay: Frankly, we couldn't have done the deal.... The expenditure review locks in $11 billion over a period of five years.

Mr. Brian Pallister: Yet reports from as recently as last week, Mr. McKay, are saying that's falling off the rails. You only have $7 billion so far. You haven't achieved these reductions at all.

Hon. John McKay: Absent the locking in of the expenditure review moneys, it would have been very problematic as to whether anything could have been done.

Mr. Brian Pallister: So again, you've been able, then, without oversight, scrutiny, or input, to make close to $5 billion in changes in your original document within a matter of weeks. I don't think that reflects a long-term commitment to prudent fiscal management, sir.

Now let me ask you this. You say also in the budget document “We will...make expenditure review an ongoing, evergreen element of good governance”. Let me ask you again, what expenditure review process did you subject this additional $5-billion buyout from the NDP to?

Hon. John McKay: Well, I encourage you to read the bill, Mr. Pallister, because you'll recognize in reading the bill—

Mr. Brian Pallister: Is that this bill or is that the new bill?

Hon. John McKay: Chair, could I finish the answers prior to being interrupted?

The Chair: If he was really looking for an answer, then he would—

Hon. John McKay: I don't know that he is, actually, but that's another issue.

So let me finish the answer before I get interrupted again.

If you review the bill, Mr. Pallister, you will know the moneys that are committed in Bill C-48 are essentially contingent moneys, moneys that will only be expenditure. In fact, the bill starts out, as do all other budget bills, by authorizing the Minister of Finance to pay. It doesn't mean he pays them; it means he's authorized to. The phrasing is “may”, not “shall”.

And as to our commitment to fiscal prudence and running a government that balances its budget, there is nobody in the G-7 and nobody in the G-20 who can lecture Canada about balanced budgets, about debt-to-GDP ratio, about low interest rates, or about inflation—nobody, Mr. Chairman. This is the best-run government in the G-7 and the G-20.

● (1210)

The Chair: Thank you, Mr. McKay.

I've got Monsieur Côté, Ms. Minna, Mr. Penson, and then Mr. Bell.

Monsieur Côté.

[*Translation*]

Mr. Guy Côté (Portneuf—Jacques-Cartier, BQ): Thank you, Mr. Chairman.

We have always said that we would not use delaying tactics to unnecessarily slow down the adoption of Bill C-43. However, when I hear the parliamentary secretary say that it is not worthwhile holding a discussion because we are always against everything, I think we have another fine example of the arrogance of the parliamentary secretary and his government.

Firstly, I should like to remind the parliamentary secretary that, on several occasions, when his government tabled legislation which corresponded with Quebec's interests, we voted with the government. However, when bills such as C-43 are introduced, the parliamentary secretary will hear our opposition loud and clear.

Why, Mr. Chairman? Because Bill C-43 does not meet Quebeckers' expectations.

Not only did this committee hold pre-budget consultations, but, in the interest of being well prepared, we also held consultations across Quebec. We met with various organizations, businesses and social groups in order to get an understanding of their priorities. We then met with the Minister of Finance to tell him that we were willing to work in partnership with him, and we explained to him Quebec's priorities for the next budget.

What did the Minister of Finance and the Prime Minister choose to do? They chose to completely ignore our suggestions. Yet, in spite of this, the parliamentary secretary is surprised that we voted against the budget, that we voted against Bill C-43, and that, naturally, we will also be voting against it at third reading.

Earlier, the parliamentary secretary spoke of the marvellous agreement on equalization payments. I would remind the parliamentary secretary, as did my colleague, that the premiers had the agreement shoved down their throats.

The parliamentary secretary's mandate is to allocate available funds. Mr. McKay spoke of a floor for equalization payments, but with a floor level comes a ceiling level. What would happen if, for whatever reason, a given province's situation worsened, resulting in additional needs? Would the government agree to go beyond the 3.5 per cent increase? Based on this bill, it would not seem to be the case.

There are 200 members of Parliament in Quebec's National Assembly; only 21 of them do not recognize that Canada has a problem with fiscal imbalance, and they are Quebec's 21 federal Liberal members of Parliament. It is the government of the federal Liberal Party that refuses to recognize that fiscal imbalance is a real problem.

I am sure that you could provide me with the names of other people who do not recognize this problem either; however, there is a general consensus, not unanimous agreement, but a consensus that the problem exists.

I would invite the parliamentary secretary to discuss the issue with Minister Sorbara, with Premier Dalton McGuinty, with Mr. Audet, the Quebec Minister of Finance, with Benoît Pelletier, the Quebec Minister responsible for Intergovernmental Affairs. They will perhaps be able to make him finally understand what is meant by fiscal imbalance. Mr. Lord would be another good example.

We could go around all of the provinces, as the House of Commons' Sub-committee on Fiscal Imbalance has just done.

You may well choose not to recognize the issue, Mr. McKay, but it is a genuine problem. The fact that you do not recognize it does not mean that it does not exist. It is a problem which concerns this government's three major priorities, which, ironically, are health, early childhood services, and municipalities. If ever there were three areas which are clearly areas of provincial and Quebec jurisdiction, they are these three. Yet, the federal government has decided to make them its priorities; that is a sign of fiscal imbalance. One level of government has so much money that it does not know what to do with it and, therefore, decides to invest in areas of provincial and Quebec jurisdiction.

What are the consequences of this? There has been talk of unconditional transfers for day care centres. The budget has not yet been adopted, but the government has already entered into agreements with some provinces. Unconditional transfers? There have not been any transfers to Quebec, and I wonder why. There is also the issue of using foundations to keep funds out of the realm of public debate and parliamentary control, Mr. Chairman.

It is quite outrageous to note that foundations are still being used. Some foundations now have more money than they did when they were first set up, because the funds have not been used.

I know that the parliamentary secretary is very proud of the work which his government claims to be doing for seniors. Our colleague, the Member for Saint-Maurice—Champlain, has been on the government's back for years to get it to pay people the guaranteed income supplement which they did not receive because they had been misinformed.

Earlier, the parliamentary secretary spoke of millions of dollars. Unfortunately, as a member of Parliament, I get the impression that although huge figures are being quoted, millions and billions of dollars, it is not as much as all that. At the end of the day, how much will people really get as a result of the increase in the guaranteed income supplement? A person living alone will get an increase of $18, but only from the January 1, 2006 onwards.

It is not a matter of an additional $8 million; seniors, who are amongst the most vulnerable in society, will find themselves with an extra $18 in their pocket.

Thank you.

● (1215)

The Chair: Thank you, Mr. Côté.

Ms. Minna.

[*English*]

Hon. Maria Minna: Thank you, Mr. Chairman.

I'm not even going to go there, but I am going to make a comment. I see in this room some who don't like the budget because it doesn't have everything under the sun. That's not possible to do, obviously, to appease everyone. This committee did a report that did not have tax cuts in it, by the way, Mr.—

[*Translation*]

Mr. Guy Côté: Mr. Chair...

[*English*]

Hon. Maria Minna: I thought it was my turn. He went on and gave a long speech. I can't say two words?

[*Translation*]

Mr. Guy Côté: Excuse me, Mr. Chair, I will be brief. I understand that my time is up; however, you could at least have had the decency to ask the parliamentary secretary to provide me with an answer.

The Chair: He could not give you an answer because there was no question.

Mr. Guy Côté: That is because I did not have enough time.

[*English*]

Hon. Maria Minna: I'm just trying to be accurate.

The Chair: Okay.

Could we not talk across the table, Ms. Minna?

Hon. Maria Minna: I hope that time doesn't come off my time, since I was interrupted.

As I was saying, it's not possible. This committee never even recommended tax cuts. There was a minority report, but the committee did not recommend tax cuts. That was not the priority.

On the priorities of this committee, I recall there were a lot of strong recommendations on culture, seniors, children, and a few other things. I want to ask Mr. McKay a couple of questions, because I have some serious concerns.

We are trying to hive off parts of the budget and break it into all kinds of pieces, with all kinds of motions coming forward. What does this do to people? We're asking to choose winners and losers. There are a number of pieces, and I need to understand what happens to them. By the summer, what happens to the early learning and child care initiative? Does it drop off the table, or does it survive—the $700 million we've already announced for it?

Then I want to know what happens to the northern strategy. What happens to assistance to Quebec for transfer of parental benefits? Does it fall off, or does it survive? What about payments to territories—and the Atlantic offshore accord, of course, is one of them? What happens to these other pieces? There may be others I haven't mentioned. I'd like to hear.

Then I have one other question that is as important to me as this. Who are the losers and who are the winners, as we sit here looking at breaking off pieces?

Hon. John McKay: I have a list in front of me of the immediate losers: the Aboriginal Healing Foundation, the early learning and child care initiative, GENOME Canada, Canadian Academies of Science—I won't read them all—the Asia-Pacific Foundation, the assistance to Quebec for the transfer payments—there's $200 million booked for this year for Quebec on that—Saskatchewan crown leases payments, some payments as well to the territories, the Atlantic offshore moneys that are booked for this year, and the mountain pine beetle initiative.

So all of those moneys would certainly be in jeopardy, with either delays or more drastic consequences.

Hon. Maria Minna: As we sit here and decide how we're going to break this up, there are real people out there who are going to suffer. That's number one—and children and families.

There are areas I have personally, and colleagues on this side have. Certainly the women's caucus spent a tremendous amount of time working on seniors issues, which is why there's a major seniors piece in this budget—not to mention the children. Then there's housing and the cities agenda, which is very new, and something for which this government has fought for some time—and now it's in here.

I want to know if the budget bill, Bill C-43, does not go through as a whole, at what point and how much is lost to the cities? We keep talking about the cities agenda, infrastructure, and moneys lost to people. I want to know what happens to that. Was anything booked for cities prior to this? I know that if the budget goes down, everything goes down. That's my understanding. Am I right?

Am I being asked to choose between cities, children, housing, environment, and seniors? When we hive off the Atlantic accord, as was suggested earlier, or any other piece for that matter...because I've got two other motions here and all kinds of others—Bill C-43Bs, Cs, Ds, Hs, and all kinds of things—and I refuse to choose. Well, this is what's going on here.

I want to know if the government is interested in all of this, or are we going to maintain our commitment to the cities agenda and to seniors? The seniors commitment is serious, and with all due respect, while we've had a lot of talk, we were the only party that ran on a seniors agenda in the last election. I was very proud to have it in there, because it was the work my colleagues and I did.

So I would like to know, if we delay all of this, what happens to all this commitment, and what happens to the cities, the housing, and the seniors?

● (1220)

Hon. John McKay: Well, the generalized answer is that Parliament authorizes the government to spend, and Bill C-43 is a request by the government, in a generalized sort of way, to be able to spend taxpayers' money. So if Bill C-43 doesn't make it out of this committee, for whatever reason, presumably all of those initiatives that you've announced would in fact not see the light of day. There would be immediate consequences, and then there would be long-term consequences.

I know you're interested in the cities agenda. I know there have been some discussions among a variety of levels of governments, municipal, and there was even—

Hon. Maria Minna: Sir, what happens to some of the accords, though?

The Chair: No, Ms. Minna.

Okay, Mr. McKay, thank you.

Mr. Penson, and then I have Mr. Bell.

Hon. John McKay: What happened there?

Hon. Maria Minna: Sorry. Go ahead.

The Chair: No, what happened is that time's up, and I want to get to the other members.

I have Mr. Penson, and then Mr. Bell.

Mr. Charlie Penson: I'd like to ask Mr. Carney a question that came out of discussions earlier when he talked about the *Fiscal Monitor* showing about $9 billion in 2004-05. Mr. Carney, you told us that about $3 billion booked in that fiscal year is yet to come. What other adjustments do you see that would have to be paid out of that 2004-05 that may affect the $9 billion?

Mr. Mark Carney: Mr. Chair, I'll give a preliminary answer and then open up for follow-up; then, if it's needed, I'll have a colleague from the fiscal branch come up.

On the additional adjustments, every year the government makes accrual adjustments for taxes. For example, for personal taxes there'd be accrual adjustments for expected rebates that would be given for individual people who file taxes. There would be accrual according to that. There are similar adjustments for corporate taxes. So there's a need to make those adjustments.

This past fiscal year, 2004-05, we've had an interesting case with GST receipts where rebates have not tracked at the same rate as they normally would. It's a timing issue. There's a question of whether we'd make an accrual adjustment there, which is something we would look at, because it's either going to fall on one side or the other of the 2004-05 fiscal year.

The other nature of adjustments would be adjustments for liabilities. We look through the liabilities of the government in the regular course of things. These could be legal liabilities, as one example. We make sure we have appropriate provisions for those liabilities. We would also look through the assets of the government for any obligations on a sovereign debt basis, for example, and we would adjust those accordingly for risk.

Mr. Charlie Penson: Mr. Carney, because my time is short, I want to interrupt.

Most of it is as a result of the obligations that came out of the budget itself, booking things in 2004-05. Is there anything out of Bill C-48 that would be affected in the 2004-05 fiscal year?

Mr. Mark Carney: Mr. Chair, if we're discussing Bill C-48, I'll answer that question.

The short answer is no. Bill C-48, as the parliamentary secretary suggested, is specific to 2005-06 and 2006-07. It is contingent spending that depends upon the surplus as realized in those years, 2005-06 and 2006-07.

Mr. Charlie Penson: So there's nothing backed into 2004-05.

Mr. Mark Carney: That is correct.

Mr. Charlie Penson: Okay, that's what I need.

Mr. McKay, in an earlier answer to an earlier question, you told us that Bill C-43 was the preferred configuration—I think that's the term you used—for corporate tax cuts. On the corporate tax cuts and Bill C-43, as you know, they would not take effect until the start of 2008. Is that correct?

● (1225)

Hon. John McKay: Yes. Bill C-43 was the preferred configuration put forward by the finance minister reflecting the budget itself. That was our position.

Mr. Charlie Penson: So when you say it was the preferred configuration, is it what you would favour? Is that what those words indicate?

Hon. John McKay: The minister's position at the time was that Bill C-43 was the way to go. This was his budget. This was—

Mr. Charlie Penson: I know what it was, but I'm asking, Mr. McKay—

Hon. John McKay: Hang on. This was his budget. He crafted the budget to reflect the priorities that he'd heard from this committee, from Canadians, and from other folks in the various departments, all of the claims that are on fiscal resources. The political situation, however, changed, as you well know, so we moved to another configuration.

Mr. Charlie Penson: What is your view? Would you want to continue with the corporate tax cuts as outlined in Bill C-43?

Hon. John McKay: My view personally?

Mr. Charlie Penson: Yes.

Hon. John McKay: I don't think it's appropriate for me in this particular position.... Were I in that position, you certainly know what my—

Mr. Charlie Penson: Mr. McKay, you had suggested there were going to be amendments brought in to have this as a stand-alone. Are you telling us that the department is going to be bringing in these amendments during our discussions on Bill C-43, or how are they going to be introduced?

Hon. John McKay: I have been given to understand that there may well be amendments at this committee with respect to the issues that have been mentioned. However, it remains our intention to separate-track the legislation.

Mr. Charlie Penson: I understand that, but I'm asking how that is going to be achieved.

Hon. John McKay: This committee will largely determine how that will be achieved.

Mr. Charlie Penson: I'm asking you as a departmental representative here, is it the intention of the department to bring amendments over to set this in separate stand-alone legislation? Is that what you're telling us?

Hon. John McKay: At this time, before this committee?

Mr. Charlie Penson: You just told us that there are going to be amendments brought forward. Is it the department that is going to be bringing them forward, or who is going to be bringing them forward?

Hon. John McKay: We will have some amendments; the department will have some amendments to reflect that agreement.

Mr. Charlie Penson: In other words, to separate the corporate tax cuts out of Bill C-43? Yes?

Hon. John McKay: Yes.

The Chair: I have Mr. Bell, and then we'll go back around the clock to Mr. Loubier.

Mr. Bell.

Mr. Don Bell (North Vancouver, Lib.): Mr. McKay, I'm interested in the issue of post-secondary education, which we addressed during our committee hearings. I'm just wanting to get some further details in terms of the direction of that additional $1.5 billion, I think. Is it going to go to the institutions? Is it going to go into non-repayable loans directly for students, and what would the support training be? What are the issues there?

Hon. John McKay: Do you want to respond to that, Mark?

Mr. Mark Carney: This is with respect to PSE in Bill C-48?

Mr. Don Bell: Yes, in Bill C-48.

● (1230)

Mr. Mark Carney: Mr. Chair, I would point out that there is a note in the provisions of Bill C-48 for an element of the money within the $1.5-billion envelope to be directed towards aboriginal Canadians as well, and that there will be policy development around all aspects of its application.

Mr. Don Bell: If I can go back then to this bill and the question relating to funding for the arts and culture, I'm particularly interested in this. I know we have Tomorrow Starts Today carrying on for four more years, with almost $700 million.

Because of my riding, one of the issues I'm particularly interested in is the film and television industry. I'm wondering about the issue of the tax credits. I know we have some money coming in for CBC and for some of those areas. In our report, we pointed out and were concerned about the difference or gap that was starting to occur between the two tax credits that are available. I'm referring to the film and production services tax credit and the Canadian film and video production tax credit; one was at 25% and the other had been raised from 11% to 16%. Our recommendation was to take it to 30%, but I gather that this part has not been included. We were trying to ensure that the relationship or gap between those two tax credits didn't worsen.

Hon. John McKay: Bob, did you want to take a crack at that question?

Mr. Bob Hamilton (Assistant Deputy Minister, Tax Policy Branch, Department of Finance): I don't have the committee's recommendation in front of me, but you're right, we do have two. You are referring to those two credits, one for Canadian film and video, whose rate is 25%. My understanding of the committee's report is that it was proposed that it go up to 30%, but I need to be corrected on that, because I don't have—

Mr. Don Bell: That was the request. Recommendation 11 was that the government should increase the Canadian film or video production tax credit to 30%. I gather we're not doing that at this point. There were some changes to the design of the credit in the November 2003 budget, where they increased the amount of support, but it's not up to the recommended 30%.

I was wondering if you could comment on that.

Mr. Bob Hamilton: That's right, and there's nothing in this bill that does this at this time.

Just to clarify the facts, it's a 25% credit on eligible wages and salaries. The other credit that perhaps you're referring to by the differential is on foreign...whose rate is at a 16% tax credit. But neither of those is addressed in Bill C-43, and it just remains an ongoing project of the department, as was the number of tax measures to review these and to understand their impacts and to see if any changes need to be made.

Mr. Don Bell: What we heard, Mr. Chair...and I'll quote from our report. It said:

> Many witnesses spoke to the Committee about the increased credit rate for the Film or Video Production Services Tax Credit that occurred in the 2003 federal budget. They noted that, at that time, no corresponding increase occurred in the credit rate for the Canadian Film or Video Production Tax Credit. Consequently, the rate differential between the two tax credits was changed, and witnesses urged the federal government to increase the tax rate under the Canadian Film or Video Production Tax Credit in order to restore that differential.

That's the issue I'm raising.

Mr. Bob Hamilton: That continues to be an ongoing project for us, to take a look at whether we need to be making any changes in that area, but nothing in Bill C-43 at this time—

Hon. John McKay: Mr. Chair and Mr. Bell, perhaps I may just highlight it. Again on that part, there were seven recommendations by the committee, of which five were acted on by the government, some of which are quite substantial.

Mr. Don Bell: And I recognize that. It's just that the competitiveness of the film industry and the production...and the competition we face from countries like Ireland, Australia, New Zealand, and the United States that are attempting to get some of these runaway productions back is something we need to look at very clearly. Some of the steps we've taken are very useful in that direction, and I'm hoping that will give attention to the tax credit itself.

Hon. John McKay: [*Inaudible*]...the geography of Vancouver.

Mr. Don Bell: I'm well aware of that.

The Chair: Thank you, Mr. Bell.

Monsieur Loubier, and then I have Ms. Wasylycia-Leis.

[*Translation*]

Mr. Yvan Loubier: Mr. Chairman, I would like Mr. Carney to clarify something for me.

Earlier, following Mr. Penson's questions, we spoke about the March 31, 2005, financial reports and there is something which is bothering me. Last month, the revenues and expenditures results were published. They showed the surplus for the financial year 2004-05, as it stood in February 2005, to be $19 billion. However, care was taken to mention that agreements had been signed on health and equalization payments. It was said that this should be taken into consideration, and that, as the government had forecast, the surplus at the end of the financial year would be $3 billion.

However, a few days ago, *The Fiscal Monitor* published the year-end results, and the surplus was reported as being $9.8 billion, as opposed to $3 billion. I would like you to explain something to me. A footnote in *The Fiscal Monitor* explained that $9.8 billion was not to be taken as the final figure, because adjustments were still to be made. Reference was made to measures contained in budget 2005-06.

Since when have the final March 31st financial results depended on a budget for the next financial year that has not yet even been adopted? When year-end results register a $9.8 billion surplus, it is because there is a $9.8 billion surplus on the March 31st of March. The financial year has ended. You cannot hold back this $9.8 billion without creating provisions for it, without using it to pay down the debt, or for other measures. You cannot say ahead of time that you are going to keep a $9.8 billion surplus and adjust it to fit the next budget.

I have never seen such a thing, even if we take into consideration the agreements which have been signed throughout the year. When we were given the figures in February, we subtracted from the $19 billion the amounts for the agreements on health care, equalization payments, etc. That left us with a year-end net surplus of around $10 billion, which more or less corresponds to your calculations.

Explain to me how it comes to be that, at year-end, on March 31, there is a $9.8 billion surplus, but it is not actually the final amount because it is contingent upon measures contained in another budget. I need you to explain this to me because it is the first time in 12 years that I have seen such a thing done here.

● (1235)

[*English*]

The Chair: Mr. Carney.

Mr. Mark Carney: Thank you, Chair.

I was struck by the last comment that this was the first time this would have occurred. While the numbers will change from year to year, I think the process is consistent since the adoption of accrual accounting by the government in recent years.

I'm joined, by the way, by Paul Rochon, the general director of the economic and fiscal department.

I won't go through the long list of accrual adjustments that I did in an earlier response, but one of the consequences of accrual accounting is that those accrual adjustments need to be made, and also we do have to prudently adjust for liabilities. We will adjust, before we close the books, for measures relating to fiscal year 2004-05 in Bill C-43, provided that Bill C-43 is passed. The parliamentary secretary has read through a sample of those.

Those are the subsequent adjustments that would be made before finally closing the books. And we will close the books in the fall, as the government did last year, so this would not be the first time that there's adjustment between—

[*Translation*]

Mr. Yvan Loubier: Which measures? Last February, for example, there was a surplus of $19 billion. Measures were taken to take that into account, including the agreement on health and equalization. Those were already deducted. At the end of March 31, 2005, there was a net surplus of $9.8 billion.

Can you name all of the other in the 2004-05 budget which would have brought down the $6 billion surplus to $3.8 billion?

You had $9 billion in February, and no new measures were added.

[*English*]

Mr. Mark Carney: There are initiatives of $1.935 billion contained in Bill C-43 that the committee is considering at the moment, starting with $40 million for the Aboriginal Healing Foundation.

[*Translation*]

Mr. Yvan Loubier: That's for 2005-06. Those are for budget measures which are not even...

[*English*]

Mr. Mark Carney: Pardon me, Mr. Chair.

These are the initiatives for 2004-05—liabilities of the government that were incurred in 2004-05 as part of the tabling of Bill C-43 decisions of the government, but that are contingent upon the passage of this bill. If the bill is not passed, the $1.9 billion in liabilities that I referenced, which are part of Bill C-43 and which include child care and other initiatives, will not hit the results of 2004-05.

[*Translation*]

Mr. Yvan Loubier: Did you say a measure worth $1.9 billion? What does it consist of?

[*English*]

Mr. Mark Carney: On the $1.935 billion, I would simply suggest that we introduce the chart that both the parliamentary secretary and I have referenced. It is contained in the budget documents.

The Chair: Could you quickly state the larger amounts? I think that's the question.

Mr. Mark Carney: I apologize.

On the larger amounts, it's $700 million to start the program for early learning and child care; it's $165 million for Genome Canada; there's $200 million in transfers for assistance payments to Quebec for parental benefits; there's $120 million for the northern strategy, which was referenced earlier; there's $300 million to jump-start the program for green municipal funds; and $165 million is an initial 2004-05 component of the Atlantic offshore. That's on an accounting basis, not a cash basis.

[*Translation*]

Mr. Yvan Loubier: Okay, but $7 billion remains. How do you get to $3 billion, as forecast, for the 2004-05 fiscal year?

You have just listed measures which amount to approximately $2 billion. There remain $7.8 billion. Tell me what other measures are going to allow you to bring down the expected surplus for March 31, 2005, to the $3 billion surplus forecast by the department.

[*English*]

The Chair: Mr. Carney, are you going to be able to table the last paper that you cited figures from?

Mr. Mark Carney: Yes, we can table it.

Hon. John McKay: We will table it at the end.

[*Translation*]

Mr. Yvan Loubier: Was there a $7 billion initiative?

[*English*]

Mr. Mark Carney: On the difference, we're down, if you will. Take roughly $2 billion from the $9.8 billion, leaving $7.8 billion. Take off the $3 billion, the number reference for the contingency, and we have a residual $4.8 billion.

In an earlier response, Mr. Chair, I went through the accrual adjustments that we would expect to make to our revenue line, our tax lines, because of rebates on the personal, corporate, and GST components, plus expectations of adjustments for liabilities, particularly legal liabilities of the Government of Canada.

They're not initiatives. The initiative window was closed, if you will. They're adjustments.

● (1240)

The Chair: Thank you.

Ms. Wasylycia-Leis.

Ms. Judy Wasylycia-Leis: Thank you, Mr. Chairperson.

I think this is an important discussion that we're having. It helps us to understand that we're talking about a considerable projected surplus over the next three years, which provides the kind of cushion that is needed to meet the outstanding liabilities and requirements against the budget and to implement the NDP's budget plan of $4.6 billion over two years.

If one looks at the independent forecasters we've had before the committee, the average forecast for the surplus projected for the next several years is $8 billion each year. I know that it's something the Conservatives have very actively supported. It may even be lower than what we're expecting, based on the numbers for 2004-05.

My question is simply this. Based on these numbers, can you say with confidence that we in fact have the ability to pay for additional investments over the two fiscal years of 2005-06 and 2006-07, totalling $4.5 billion in the areas of education, training, affordable housing, foreign aid, and the environment?

Hon. John McKay: You know, as far as anyone can go on that, Mr. Carney has outlined the numbers, as we understand the numbers, as of May 31, 2005. The contingent commitments made in Bill C-48 are just that, contingent commitments, but if you're looking for some assurance that there will be fiscal space, it's always been the position that the government, in its original budget projections—i.e., $28 billion surplus over five years—would in fact have fiscal space in order to meet the commitments outlined in Bill C-48.

Ms. Judy Wasylycia-Leis: I think we've already had assurances from the Minister of Finance that we have that fiscal space. The agreement that was reached with the NDP books these amounts for the next two fiscal years, because in fact we know, and he knows, the money is there.

That same viewpoint was reiterated by John McCallum in a recent interview, when he said, “There is absolutely no chance we'll go into deficit with $28.5 billion in reserves over the next five years. The chances of us going into deficit are about the same as the chances of Monte [Solberg] voting Liberal in the next election.”

Hon. John McKay: Oh, I don't know about that....

Mr. Guy Côté: Who knows?

Ms. Judy Wasylycia-Leis: I guess anything's possible, but it would seem it's a pretty safe assertion that we have the flexibility we need and that there still will be money left over that will go against the debt—unless, in fact, we do more of this planning and advancing of unanticipated surplus legislation.

Hon. John McKay: The significant commitment of the government, Ms. Wasylycia-Leis, is that we will not go into deficit. That is one of the fiscal anchors of this government.

Ms. Judy Wasylycia-Leis: Right, yes, and I think that should be clear, that we absolutely agree that any of these investments will not have the effect of creating an annual deficit or of preventing the Government of Canada from paying down the debt by a minimum of $2 billion a year, so there still is a contingency set aside.

● (1245)

Hon. John McKay: [*Inaudible*]...our debt-to-GDP ratios.

Ms. Judy Wasylycia-Leis: In fact, with the numbers the way they are, it would seem we could almost pay for the $4.6 billion in one year alone, still have a cushion, and still be able to do some other initiatives.

Finally, I would like to come back to the issue of corporate tax cuts and the fact that these two budget bills are about cancelling corporate tax cuts and investing that same money into programs that we think will actually do more to grow the economy and create high employment in a well-trained workforce.

In fact, I would ask you, Mr. McKay, if you would agree with Mike McCracken's comment in response to the NDP better budget deal, when he said, “What does happen when you take away four-plus billion and start spending it on people is you get jobs....You get bigger bang for your buck. Whether that's on education, on health, on child care. And that's in essence what the NDP has offered up here, a reprofiling, if you will, of the budget. It moved it in the direction of being a bit more sensible than what it was. ”

Mr. Chairperson, my final question for Mr. McKay pertains to these comments. Does his government now see that in fact Canadians want money invested in programs that will enhance their quality of life, help them find jobs, and deal with some very serious, pressing issues—as opposed to another corporate tax break that doesn't necessarily produce dividends for Canada and doesn't necessarily lead to investment—and that in fact will be more consistent with what Paul Martin said in the last election? He said there would be no new tax cuts until we have put back into the budget all the money that was taken out that helps Canadians in terms of health, education, and social policies.

Hon. John McKay: The presumption underlying your question is that somehow or another you can't do both, that somehow or another you have to eliminate the corporate tax cuts in order to be able to do the initiatives outlined in Bill C-48.

Ms. Judy Wasylycia-Leis: But if you can do both, then you have more money there than you let on originally, because in fact the only way we got a deal was by suggesting that we take away from the corporate tax cuts and put into these areas. So in effect, if it should be more—

Hon. John McKay: The position of the government all along has been that we can accommodate the initiatives in Bill C-48 out of the surplus revenues. It doesn't necessarily follow that you want to reduce the ability of Canada's corporate companies to compete on a fiscally competitive basis. So at this point, the initiative is set out in Bill C-48, and we'll concern ourselves with the tax issues at a later point.

The Chair: Thank you, Ms. Wasylycia-Leis.

We have a request for a steering committee meeting this afternoon. There's a request from Mr. Penson, and I sort of agree, to have all the members attend. I don't want to go into a debate as to what we're going to discuss this afternoon; we're going to discuss future business.

But can I get a rough idea of whether everybody is okay with the fact that the full committee meet this afternoon?

Mr. Monte Solberg: Mr. Chairman, before we do that, if you don't mind, just briefly on a point of order, earlier I gave a motion to the clerk on a further division of Bill C-43, and I would like to give notice of that right now. It deals with the dividing of the bill to take the CEPA amendment clauses out and put them into separate legislation.

I say that just so it's on the record, Mr. Chairman.

The Chair: I have two motions here. One was tabled by Mr. McKay and—

Mr. Monte Solberg: Yes, and one was tabled directly with the clerk.

The Chair: Okay. That's fine.

Is anybody opposed to having a full meeting this afternoon?

Hon. Maria Minna: Mr. Chairman, I have another commitment around that same time and I'm not sure if I can get away.

The Chair: We will probably meet for an hour, from about 3:30 to 4:30.

If we can be reasonable during the committee, so we can have a nice lunch.... Everybody, please have a nice lunch, nice and calm.

Is it agreed?

Some hon. members: Agreed.

The Chair: Thank you. So we will see each other at 3:30. The room will be 269, from 3:30 to 4:30, for future business.

Thank you, Mr. McKay and Mr. Carney.

The meeting is adjourned.

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