



House of Commons
CANADA

Standing Committee on Finance

FINA • NUMBER 029 • 2nd SESSION • 40th PARLIAMENT

EVIDENCE

Tuesday, May 26, 2009

—
Chair

Mr. James Rajotte

Also available on the Parliament of Canada Web Site at the following address:

<http://www.parl.gc.ca>

Standing Committee on Finance

Tuesday, May 26, 2009

• (0940)

[English]

The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)): We're back. We're going to go to Mr. McCallum's motion.

Mr. McCallum, can you introduce your motion?

Hon. John McCallum (Markham—Unionville, Lib.): Thank you, Mr. Chair.

I was going to propose a change to the date of my motion. Is that in order?

I've just heard indirectly that Ted Menzies might be thinking along the same lines, which might cause me to revise my view.

Some hon. members: Oh, oh!

Hon. John McCallum: Anyway, my thought was that June 4 is too early to ask for a report from the Parliamentary Budget Officer. We'd like to see the government report first so that they would have that to work with. Also, in mid-June national accounts come out. So a date such as July 6 might be a better date than June 4.

I'd like to amend my motion. Instead of saying June 4, we'll say July 6, and the first line should be "The Parliamentary Budget Officer", rather than the "Parliamentary Budget Office".

I think this is self-explanatory. We're asking him to provide his own view of the updated fiscal situation over the next five years.

The Chair: Thank you.

Monsieur Laforest, s'il vous plait.

[Translation]

Mr. Jean-Yves Laforest (Saint-Maurice—Champlain, BQ): I would like to move

That the motion be amended by adding after the words "economic growth projections" the following: "the unemployment rate".

The first paragraph of Mr. McCallum's motion would read as follows:

The Finance Committee requests that the Parliamentary Budget Officer provide the committee with its assessment of economic growth projections and federal government revenues and expenditures for the next five years.

Hon. John McCallum: I agree.

[English]

The Chair: You're amending the second paragraph. Can you repeat your amendment, Monsieur Laforest?

[Translation]

Mr. Jean-Yves Laforest: The first paragraph.

[English]

Hon. John McCallum: It's the first paragraph.

The Chair: It's the first paragraph.

[Translation]

Mr. Jean-Yves Laforest: The first paragraph would read as follows:

The Finance Committee requests that the Parliamentary Budget Officer provide the committee with its assessment of economic growth projections, the unemployment rate and federal government revenues and expenditures for the next five years.

The words "the unemployment rate" were added.

[English]

The Chair: Thank you.

Mr. Wallace, please.

Mr. Mike Wallace (Burlington, CPC): I've looked at the mandate from the Parliamentary Budget Office and the officer. I don't know what comments you want him to make on the unemployment rate. The Parliamentary Budget Officer is to review two things, in my view, based on what the input is. One is the government's budget and at the end of the day whether it's accurate or not. Two, if I propose something at a committee that we're going to change something, they look at it and tell us what it's going to cost, because I don't know off the top of my head or I don't have the research abilities to do it.

The unemployment rate is not set by us. It's not done by us. He could say, yes, the unemployment rate is 8.4%, 7.3%, or 9.2%. Is he going to comment on Statistics Canada's ability to determine whether that employment rate is correct or not? It's not government setting that. We're looking at an assessment of economic projections based on the federal government's projections and the federal government's revenues and expenditures based on our projections and actuals. I'm assuming that's it, Mr. McCallum.

I have no problem with Mr. McCallum's motion, but I do have an issue with throwing the unemployment rate in there. No offence—you can do it in a different motion, but in this piece it doesn't fit the mandate of what the officer does or what value-add they can offer by commenting on whether it's accurate or not. I don't see the value-add for the committee.

The Chair: Thank you, Mr. Wallace.

We have Mr. McCallum.

Hon. John McCallum: That's totally wrong, with all due respect, because we're asking him to provide economic growth projections. He's going to look at the government's projections. He's probably going to look at average private sector growth projections. He's not just talking about accuracy; he's providing an estimate of economic growth projections. Any economic forecaster will provide certain economic growth projections, and out of those are derived unemployment rates. If he projects high growth, we'll have lower unemployment than if he projects low growth. It's simply a fallout of the exercise we're asking him to do on economic growth projections. It makes eminent sense to include it.

Mr. Mike Wallace: I need it read back to me, because that's not how I'm hearing it, Mr. Chair.

The Chair: Okay. I'll put you on the list.

I have Monsieur Laforest.

[*Translation*]

Mr. Jean-Yves Laforest: Mr. Chair, I find it hard to understand Mr. Wallace's objection. We are asking the Parliamentary Budget Officer or the government to talk about economic growth in the same way that Mr. McCallum means.

The unemployment rate is telling and will strictly indicate the limitations of the economic projections. We anticipate that the economy will move forward at a certain pace, but the unemployment rate is a key factor that can tell us we are not quite there. By leaving out the unemployment rate, we deny ourselves a process that can be used to confirm the economic projections. Adding the unemployment rate does not counteract this procedure, but complements it.

• (0945)

[*English*]

The Chair: I think the question Mr. Wallace is asking is...the government does economic growth projections; it projects revenues, it projects expenditures... What Mr. McCallum is proposing is to have the Parliamentary Budget Officer review those and obviously see whether there's a difference or not, and if there's a difference, then the government would have to explain that or adjust it or whatever.

In terms of unemployment rates, are you asking the Parliamentary Budget Officer to forecast unemployment rates going forward, or are you asking him to comment on the Statistics Canada unemployment rates that come out regularly? I guess that would be a clarification. The government forecasts revenue and expenses, but unemployment rates it leaves to Statistics Canada in terms of revealing what the rates are.

[*Translation*]

Mr. Jean-Yves Laforest: We are asking him to provide economic growth projections, and, at the same time, to give us a projection of the unemployment rate, which is in a way the flip side of the growth he is projecting. If he forecasts economic growth at a rate of 1.8%, that will entail a certain percentage of unemployment. It is complementary and makes his projections more credible.

If someone forecasts an economic growth rate of 3% and an unemployment rate of 12%, that does not jive. Something has to offset that.

[*English*]

The Chair: Thank you.

Mr. Wallace, you have the floor.

Mr. Mike Wallace: Thank you.

Now I understand what he's trying to accomplish. It's just based maybe on the translation that didn't make sense to me. All it is, is that with the assessment of economic growth projections, "including unemployment or employment projections", that's what he's...but that's not what he said, or at least it came through here that way.

If you want to add, "including employment projections", I have no real issue with that. It was just a translation issue likely.

The Chair: I'm sensing Mr. Menzies would support it if it said "including employment projections".

Hon. John McCallum: I don't understand what the problem was. In the English it says—

The Chair: Order. I've got Mr. Pacetti on the list.

Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.): I think it's only normal what Mr. Laforest is requesting. I think in the budget documents the finance minister prepares the same documents with statistics, so it's a matter of wording. I'm sure the Parliamentary Budget Officer knows what he can and cannot predict, so I don't think it's a problem. We're debating semantics here.

The Chair: All right. Let's vote on the amendment.

[*Translation*]

Mr. Thomas Mulcair (Outremont, NDP): I would like some clarification.

[*English*]

We're always debating semantics.

The Chair: All in favour of the amendment to read "July 6, 2009"?

(Amendment agreed to)

(Motion as amended agreed to)

The Chair: That's all I have for today.

[*Translation*]

Mr. Thomas Mulcair: I want to clarify something, Mr. Chair. [*Editor's Note: Inaudible*] not to be passed or anything else today. A few weeks ago, we discussed, especially with Mr. McKay, the so-called phantom income of certain employees, namely Nortel employees.

I just want to tell you that next week, a motion to study that issue will be put before the clerk. I am just letting you know that it is coming. I am giving you verbal notice of the phantom income matter.

Next week, I will be able to go into more detail. Since the issue concerns many people in a number of ridings, I wanted to let you know very informally today.

[*English*]

The Chair: Can I clarify that? Mr. Mulcair, did you want that raised next Tuesday?

Mr. Thomas Mulcair: Yes.

● (0950)

The Chair: Okay. I think we got it last night.

The Chair: Thank you, Mr. Mulcair.

Mr. Thomas Mulcair: Since it interested you, I wanted to give you a heads-up. It's already in there.

Thank you, colleagues. The meeting is adjourned.

Published under the authority of the Speaker of the House of Commons

Publié en conformité de l'autorité du Président de la Chambre des communes

**Also available on the Parliament of Canada Web Site at the following address:
Aussi disponible sur le site Web du Parlement du Canada à l'adresse suivante :
<http://www.parl.gc.ca>**

The Speaker of the House hereby grants permission to reproduce this document, in whole or in part, for use in schools and for other purposes such as private study, research, criticism, review or newspaper summary. Any commercial or other use or reproduction of this publication requires the express prior written authorization of the Speaker of the House of Commons.

Le Président de la Chambre des communes accorde, par la présente, l'autorisation de reproduire la totalité ou une partie de ce document à des fins éducatives et à des fins d'étude privée, de recherche, de critique, de compte rendu ou en vue d'en préparer un résumé de journal. Toute reproduction de ce document à des fins commerciales ou autres nécessite l'obtention au préalable d'une autorisation écrite du Président.