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Tuesday, December 1, 2009

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Chair

Mr. James Rajotte

Standing Committee on Finance

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•(1110)

[English]

The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)): We are now in public session.

We will go to the motion from Mr. Wallace, please.

Mr. Mike Wallace (Burlington, CPC): Thank you, Mr. Chair.

An hon. member: It's not Mr. Wallace.

Mr. Mike Wallace: Yes, it's my motion first.

The Chair: Mr. Wallace says it's his.

[Translation]

Mr. Jean-Yves Laforest (Saint-Maurice—Champlain, BQ): I asked that my motion be dealt with right away, not Mr. Wallace's.

[English]

Mr. Mike Wallace: I am first.

[Translation]

Mr. Jean-Yves Laforest: I did not ask that the entire agenda be postponed. We are dealing with notices of motion that have been filed. I referred to my motion, not Mr. Wallace's.

[English]

The Chair: Monsieur Laforest, you know the rules as well as I do. We received Mr. Wallace's motion first—

[Translation]

Mr. Jean-Yves Laforest: It's written in black and white, Mr. Chair.

[English]

The Chair: Monsieur Laforest, we received Mr. Wallace's motion first. I've been advised by the clerk that we deal with motions in the order we receive them. We received Mr. Wallace's motion first and we are dealing with it first. Depending on the outcome of that motion, we will then proceed to your motion, or not.

[Translation]

Mr. Jean-Yves Laforest: Mr. Chair, the dilatory motion I have just made asks that the notice of motion by Jean-Yves Laforest be discussed. I never mentioned the motion by Mike Wallace. That is very clear, and I think there are people here who can testify to it. I therefore challenge your decision, Mr. Chair.

[English]

The Chair: You have to move a motion on the orders of the day. What we were discussing was the pre-budget report. We were not discussing committee business. We've now gone public and we are

now on committee business. The first item on committee business is Mr. Wallace's motion. Mr. Wallace has the floor, and that is the decision of the chair.

Mr. Wallace, you have the floor.

Mr. Mike Wallace: If you think I'm going to be talked out of it, you're wrong.

[Translation]

Mr. Jean-Yves Laforest: Mr. Chair, I challenge your decision, and I ask you to put it to a vote immediately.

[English]

The Chair: Okay, the chair has been challenged. There's no debate on a challenge to the chair. We'll call the members.

Mr. Mike Wallace: So you're....

An hon. member: No challenge.

Mr. Mike Wallace: I'm not challenging the chair—

The Chair: There's no debate on it.

Mr. Mike Wallace: —but the clerk's decision was—

An hon. member: No debate.

The Chair: Is that a clarification?

Mr. Mike Wallace: Can we hear what the clerk says about the rules?

The Chair: Okay, the vote is on the challenge to the chair.

Hon. John McCallum (Markham—Unionville, Lib.): He can't explain the context?

Mr. Ted Menzies (MacLeod, CPC): Is this vote to sustain the chair?

The Clerk of the Committee (Mr. Jean-François Pagé): Yes—not the chair, but his decisions.

[Translation]

Mr. Jean-Yves Laforest: If you say yes, you support the chair. If you say no, you support my argument.

[English]

The Chair: My decision, as I've been advised by the clerk and by the clerk who supervises him, is that when you go to committee business it is the chair's duty to go to the first item on committee business, which is the first motion that the chair has received, which is the notice of motion from Mr. Wallace. That is what I've done. My decision has been challenged by Mr. Laforest, so this vote is on whether my decision is being sustained.

(Chair's ruling overturned: nays 6; yeas 5)

• (1115)

The Chair: The chair has been defeated, so we will not go with Mr. Wallace's motion. We will go with Monsieur Laforest's motion.

Monsieur Laforest, you have the floor.

[Translation]

Mr. Jean-Yves Laforest: Mr. Chair, I will wait until all the members have the motion, which was filed in English and French.

[English]

The Chair: I guess we'll vote Thursday.

[Translation]

Mr. Jean-Yves Laforest: Mr. Chair, the notice of motion I filed on Friday is very clear. The motion reads as follows:

That the Standing Committee on Finance complete the clause-by-clause study of Bill C-288, An Act to amend the Income Tax Act (tax credit for new graduates working in designated regions) by Tuesday, December 1, 2009.

The deadline is December 2. So we absolutely have to have completed the clause-by-clause study today, if we want to avoid it being postponed indefinitely. Last week, I argued that this bill had to be studied quickly, before the end of the session, because the deadline was December 2.

Last week, the member for Laurentides—Labelle, Johanne Deschamps, who introduced the bill, answered all the questions asked by committee members. Because the deadline is Tuesday, December 1, I will take this opportunity to say that once the motion is passed, it is not necessary to proceed right away, but the committee absolutely has to do it today. We will agree on the mechanics later.

[English]

The Chair: Okay.

We have Mr. Wallace, please.

Mr. Mike Wallace: Thank you, Mr. Chair.

Sorry you weren't sustained. I guess people don't understand the rules, but that will come back to haunt them eventually.

I want a recorded vote on this motion, Mr. Chair.

The reason I'm not supporting the motion in front of me is threefold or fourfold. I am not going to talk this out. I don't know if Monsieur Laforest was worried about that, but we have other business to deal with.

First of all, we had presentations at the meeting where we dealt with this item. The mover of the motion and the staff could not answer a number of questions, including a fundamental question of whether this is a tax credit or a straight deduction off the gross income. The PBO had one answer, and they had a different answer. I think it's only appropriate for us to make a decision that if this motion happens to fail, I would be happy to move my motion for further witnesses, including the department, to talk about what their view of the piece is.

First, we have heard that there's some discrepancy about what the five clauses actually do in terms of the tax act. I think we need the

tax experts from the finance department to tell us what their interpretation of it is.

Second, we heard that there might be an amendment coming from the Liberal Party, which is fine, but I think that also should be reviewed by the PBO, which we've asked for before. People from the Parliamentary Budget Office were here. Their job is to look at suggestions, particularly in private members' bills, and what the costs would be. They gave us a range. The Liberal potential amendment was narrowing the field, which is fine, actually, but we need to know if that helps them narrow what the costs might be on this bill. And I think, as members of Parliament, we should know what that is.

Third, there was quote after quote from the PBO on the work that Professor Finnie has done at the University of Ottawa—he is close to here—on the labour market and issues of labour mobility. I think he would be an excellent witness for us to be able to question.

Those three were at the top of my list. But the fundamental of us going line by line and not knowing what we're voting on I think is inappropriate, to say the least.

If this motion fails, I'll be happy to move my motion for an extension so that we can have at least one more meeting with witnesses.

Also, after the mover of the motion and the staff get a handle on some of the questions they heard, I would like them to be able to come back with better answers, because what they told me at the beginning of the meeting and what they told me at the end of the meeting were two different things, Mr. Chair.

I cannot, in good conscience, vote on something that even the mover of the motion couldn't be specific enough about to be able to answer those questions. It is a five-clause change. It's not a huge change. They should be on top of what those changes mean. We should be on top of what those changes mean.

So for those reasons, Mr. Chair, I will not support going ahead today. I will support, if it comes to it, reintroducing my motion for an extension, since it got knocked off the list, because I want to keep it in the process and have a further meeting with proper information for us to make a decision.

Thank you, Mr. Chair.

• (1120)

The Chair: Thank you, Mr. Wallace.

Just in terms of procedure, if Mr. Laforest's motion does not pass, your motion is still properly debated today.

Go ahead, Mr. McCallum.

Hon. John McCallum: Mr. Wallace's points are superficially reasonable, but I don't think they are in fact. The first point is partly my fault, because I was the one who first raised this apparent confusion between deduction and tax credit. Subsequently Monsieur Laforest showed me correspondence with the legal people, and I came to understand that there was not a mistake in the drafting. The word "deduction" meant deducting a certain amount, such as \$3,000, from the tax you pay; it was not a tax deduction that you deduct from your income. When I saw the correspondence and reread the bill, that became clear, so I don't think there is a drafting problem.

On the second point, in terms of my amendment, it is obvious that this will reduce the cost substantially, because the effect will be to exclude all metropolitan regions with populations in excess of 200,000, so there would be a substantial reduction in the cost. That is obvious from the beginning, and we don't need the PBO to tell us that. He could perhaps tell us the amount of the reduction, but I don't know if we need to know that precisely; we know it would be a substantial reduction in the cost.

Professor Finnie is also a fine fellow, but I'm not sure we need his testimony in order to proceed.

The Chair: Thank you, Mr. McCallum.

Go ahead, Mr. Wallace.

Mr. Mike Wallace: I just have a point of clarification. I appreciate John's going over my points. Actually, I think he agrees with me but isn't doing it.

The point was that I specifically asked the mover of the bill and the staff whether it was a deduction or a credit. I gave an actual example of somebody making \$30,000 a year. I asked whether it's \$3,000 off their gross income, leaving \$27,000, and then they do their tax system from there on in. They said yes, but at the end of the meeting they provided a note to me that said no, on \$3,000, if you had \$4,000 federal tax payable, you would get a \$3,000 deduction off that \$4,000. It wouldn't go through the formula at 17%; it would be a whole 100%. I want to confirm with our finance people whether that is accurate or not, because I got two different answers from the same people at the same meeting. I don't think that is unreasonable from a member of Parliament.

Thank you, Mr. Chair.

• (1125)

The Chair: Thank you, Mr. Wallace.

I don't see any further discussion, so we will have the vote. You have asked for a recorded vote.

(Motion agreed to: yeas 6; nays 5)

The Chair: Are we ready to proceed with clause-by-clause consideration?

An hon. member: I want recorded votes on everything.

The Chair: Okay.

Go ahead, Monsieur Laforest.

[Translation]

Mr. Jean-Yves Laforest: Mr. Chair, the motion was that we deal with Bill C-288 today. If the committee members prefer that it be done after the pre-budget study, I have no objection to that. We can extend the meeting by a half-hour or an hour, or we can proceed right away. That is up to the members. We are entirely open on that. If you want to do it right away, we can do it.

Yes, we can do it now, that's simpler.

[English]

Mr. Ted Menzies: Since we've wasted this much time, let's finish.

The Chair: I would rather finish this now.

Mr. Mike Wallace: Are you moving an amendment, Jean?

The Chair: Everyone should have a copy of the bill. Hopefully, everyone has a copy of Mr. Laforest's amendment.

Mr. Laforest, can I get you to introduce your amendment, please?

[Translation]

Mr. Jean-Yves Laforest: Mr. Chair, in the course of the discussions we had on Wednesday, we agreed to accept Mr. McCallum's suggestion, which was that metropolitan regions be better defined. This means excluding regions with populations over 200,000. That will reduce the costs of the bill and be much more along the lines of regional development. The purpose of the bill is to encourage young people to go back to regions that are often deserted. This amendment reflects the deep meaning of the objective of the bill, which is to enable young people who go back to the regions to claim this tax credit.

In English, it would have to be inserted on the first page of the bill, in proposed section 118.71(1), right after "designated region". In French, it would have to be inserted right after the words "*région désignée*".

• (1130)

[English]

The Chair: Merci.

We have Mr. Wallace, then Mr. McCallum.

Mr. Mike Wallace: Thank you, Mr. Chair.

I request recorded votes on all of this, please.

Second, I will not be supporting the amendment for two reasons. The first reason, which I outlined earlier, is that if we are going to have this, we could have had this amendment costed and discussed. Whether it is a small deduction or a large deduction, I have no idea. The second reason is it is completely discriminatory. My daughter, who is from an urban area, would not qualify for this tax credit, but somebody who is from an area a few miles away may. Why would we build in a labour discriminatory provision automatically in this? I am shocked. I know it is from the Bloc, but it was a Liberal idea. It discriminates against young people based on where they are from. Because you're from a city, you don't get the tax credit. But because you are from a rural area, you do. I think that is wrong.

Thank you, Mr. Chair.

The Chair: Thank you, Mr. Wallace

Mr. McCallum.

Hon. John McCallum: I think there is a double objective in this amendment. One is that it would represent a substantial saving of cost. Two, it helps to promote the stated objective of the bill, which is regional development. So if you live in Saskatoon or Halifax and you get the subsidy, there will be less encouragement for people to return to the smaller towns, which is truly regional development and is what the stated purpose of the bill is. I think that's a worthwhile purpose, given that in many regions of the country we have depopulation and problems of that kind. I don't think you want to have larger metropolitan centres in competition. Plus, it has the added benefit of reducing the cost.

The Chair: Okay, thank you, Mr. McCallum.

(Amendment agreed to: yeas 6; nays 5)

(Clause 1 as amended agreed to: yeas 6; nays 5)

(Title agreed to: yeas 6; nays 5)

(Bill as amended agreed to: yeas 6; nays 5)

The Chair: Shall the chair report the bill as amended to the House?

[*Translation*]

Mr. Jean-Yves Laforest: On the question you raised concerning the chair reporting the bill, I would like you to add the words "that the chair report to the House by December 2, 2009".

●(1135)

[*English*]

The Chair: I have to report it by tomorrow anyway. So I'm not sure what that.... If you want to add it, we can add it.

[*Translation*]

Mr. Jean-Yves Laforest: Yes, I would like it to be added, and a recorded vote taken.

[*English*]

The Chair: All right. Shall the chair report the bill as amended to the House by tomorrow, December 2?

Some hon. members: Agreed.

Some hon. members: On division.

The Chair: Finally, shall the committee order a reprint of the bill as amended for the use of the House at report stage?

Some hon. members: Agreed.

Some hon. members: On division.

The Chair: All right. We'll suspend for two minutes and we'll go back in camera.

[*Proceedings continue in camera*]

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