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Wednesday, January 17, 2007

—
Chair

Mr. Brian Pallister

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•(1005)

[English]

The Chair (Mr. Brian Pallister (Portage—Lisgar, CPC)): We are convened. Finance committee members, welcome back for our first meeting of the new year, 2007.

Pursuant to Standing Order 106(4), this meeting was requested by four members of the committee, who requested that the committee organize and hold hearings on the government's decision to tax income trusts.

Ladies and gentlemen of the committee, we are going to begin our discussion. Four of our members have asked that we have a discussion pertinent to income trusts. To facilitate the discussion, first of all, I would encourage members of the media to leave. They're welcome to remain, but I'd like to have the members of the committee at the table.

Madam Wasylycia-Leis, you have some responsibilities here, and I'd like to see you at the table now. I'll ask the cameras to go off. Thank you.

Welcome, everyone. To facilitate discussion on this, I would much prefer that we have an introductory comment and then a motion, so that we can proceed to have a debate on something substantive rather than just having a general beating around of the issue. To expedite that, I will invite Mr. McCallum to present his motion and make comment in respect of it, as he so desires.

Mr. McCallum, the floor is yours.

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

I'd ask you to look upon this motion as the basis of discussion and as something to which we are certainly open to amendments with regard to issues such as the precise timing of this and how many hours are to be devoted to it.

The general point is that we would like to have hearings with expert witnesses on the income trust issue very soon. That is our primary point and the reason we called this meeting. The reason is that good public policy has to be based on good information, and on certain critical issues there is disagreement between the opinions asserted by the Department of Finance and the opinions of outside experts. I believe, in the interests of accountability and of basing policy on good information, it is incumbent upon us to get those experts around the same table and to hear their competing versions of the truth to allow us to determine, much better than we can today, where the truth lies.

Without limiting the subjects on which we might call witnesses, I'll give you three examples of them. One is the crucial question of what's called the tax leakage, or the tax revenue implications of this bill. The Department of Finance claims that this represents \$500 million per year. Other reputable people claim that it would be far less than that, even nothing at all. We want to know what the truth is, and the only way to get to the truth, given that the finance officials are not speaking in public, is to get them around the same table and hear the competing views, and subject them to questioning.

The second subject is the transition period. Is four years appropriate, or should it be some other number? I'd think we'd need to get views on that and determine the costs and benefits of alternative periods for transition.

Third, there have been a number of sectors, including energy trusts, that think it is appropriate that they be exempt. I've heard arguments for and arguments against. Again, it's competing information, and we, as a committee, ought to take it upon ourselves, whether or not we agree with the bill, to get to the bottom of this and to seek out the truth.

There may be other issues that other members of the committee would want to hear witnesses on, but those are examples of issues about which I believe it is important for us to get to the truth through these witnesses.

Finally, Mr. Chair, I'd like to address two possible objections to this, briefly. Then I'll cede the floor.

The first is this idea that our so-called expert outside witnesses are simply in the employ of interested parties. That is not true. Some may be, but I'll give you the names of three people who are independent and expert: Mr. Gordon Tait from BMO, PricewaterhouseCoopers, a well-respected accounting firm, and Mr. Yves Fortin, a former public servant in the Department of Finance. These are credible outside witnesses we would all benefit from hearing—or at least doing so would not do us any harm.

The second point I would like to address is whether we are prolonging the uncertainty. I would point out two reasons for why I don't think we are. First of all, there is uncertainty regarding the facts, so by calling these witnesses we are getting to the bottom of that form of uncertainty in trying to find out where the truth lies. Second, in terms of timing, the reason we're doing this now is that we don't know when the finance minister plans to bring the bill to this committee. If he were to bring the bill to the committee in the first week of Parliament, then we'd have witnesses anyway, and we could subsume our proposed process with the government process. But for all we know, the bill could even be subsumed with the budget bill, and it wouldn't be here for some months, in which case that would be an undue delay.

Look upon this as an insurance policy. One way or another, we want to get witnesses before this committee. If the government were to act expeditiously in bringing its bill to this committee, that would solve the problem, but we don't know what the government's intentions are on this matter.

● (1010)

To conclude, in the interest of being accountable to Canadians, we think it's incumbent on parliamentarians to base their public policy on the best possible information. We don't think we have the best possible information, but we think that process could be assisted by bringing experts before us. We're open to the details on precise timing and the precise number of hours devoted to this exercise, but we're very adamant that we want these witnesses to appear before us in the near future.

Thank you, Mr. Chair.

The Chair: Okay.

Mr. McCallum, if you're seized with a great urgency concerning this, I'd ask you to bring a motion forward to accomplish your goal—and do that now; read it into the record, please.

Hon. John McCallum: As I said earlier, we're open to amendments on these details of timing, but as currently written, the motion says:

That the finance committee invite expert witnesses to appear, including officials from the Department of Finance, to testify in regard to the decision to tax income trusts. At least six hours are to be allocated for these meetings to be held before February 2, 2007.

The Chair: Thank you, Mr. McCallum.

Our discussions will proceed as they normally do around this motion, and comments will be germane to the motion itself, or amendments may be, of course, brought forward, whether Mr. McCallum likes it or not.

Who would like to comment?

Mr. Paquette.

[*Translation*]

Mr. Pierre Paquette (Joliette, BQ): Thank you, Mr. Chairman.

I've seen Mr. McCallum's motion. In fact, we discussed it over the holiday break. We agree on the motion, but I wanted to be very clear that we also agree with the principle of the draft bill that we have seen on the Department of Finance website. As you know, the Bloc Québécois voted for the ways and means motion that dealt with this

issue until the bill was studied. However, we think it is important that we do some work on this issue immediately to avoid having the debate veer into an ideological debate.

On the one hand, it is true that converting corporations into income trusts resulted in tax losses that we felt were inequitable, but it is also true that the government's decision caused negative consequences for many small investors. 2.5 million Canadians have shares in these trusts. Not all of these people are rich.

So is there some way of minimizing the negative consequences so that we can pass legislation which, in our view, is necessary? I think this must be taken into account, once again, because we do not have an ideological approach to this issue. Yes, we want legislation, but we also want to ensure that we have taken all the options into account so as to minimize the negative consequences suffered by small investors as much as possible. This could be done by legislation or otherwise, but in order to achieve this objective, we must be able to study the issue now. I think this is a question of democracy and transparency.

Minister Flaherty has consulted private experts in recent weeks. I asked him to consult the Finance Committee. He decided not to do so, and he was perfectly entitled to make that decision. However, the finance committee may decide on its own initiative to undertake consultations immediately and to make a number of recommendations to the minister, perhaps even before the bill is tabled, to avoid any ideological tangents in the future legislation.

Consequently, I see this as an issue of transparency and one of being as efficient as possible, both for the benefit of Canadian taxpayers and for small investors who have been affected by this measure.

On the government side, a comment was made that the previous government showed some lack of responsibility. I would remind you that it is also true that during the election campaign, Mr. Harper promised—irresponsibly in my view—not to touch the tax rules. So the 2.5 million small and large shareholders in income trusts are entitled to expect us to review the whole issue to ensure that its negative consequences are minimized. Thus we will be supporting the motion.

However, I would suggest a change in the wording of the motion. Rather than saying: “At least six hours are to be allocated for these meetings to be held before February 2, 2007”, the motion would read: “At least six hours are to be allocated for these meetings to be held beginning before February 2”. The purpose of my suggestion is to ensure that we have enough time to hear from the witnesses who will help us to better understand this issue.

● (1015)

[*English*]

The Chair: Monsieur Paquette, I'm not certain I know the nature of your amendment. I'd like you to restate it, if you would.

[Translation]

Mr. Pierre Paquette: The motion reads as follows: “At least six hours are to be allocated for these meetings to be held before February 2, 2007”. I am suggesting rather that the six hours of meetings begin before February 2. In that way, there could be a three-hour meeting before February 2, and another afterwards. In this way, we would not have to rush, and we would make sure the witnesses we want to hear from are available.

It is just a detail, but I think it is important that we have this flexibility.

[English]

The Chair: So the purpose of your amendment is to give more latitude to the discussions being completed thereafter.

[Translation]

Mr. Pierre Paquette: Yes.

[English]

The Chair: Just to paraphrase, the intent of this amendment is to ensure that meetings would begin before February 2, but the amendment would allow the six hours to be completed thereafter, if desired.

Any further discussion on the amendment?

(Amendment agreed to) [See *Minutes of Proceedings*]

The Chair: Madam Wasylycia-Leis, this is to speak to the amended motion now before you.

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

In considering this matter before us, I have to look very carefully at the merits of advancing a parliamentary agenda item on such an expeditious, urgent basis. I'm tempted to question the urgency of this issue, which has forced us all back in deep winter, in cold conditions where many homeless are suffering on the streets and where there are so many burning issues before Canadians. Obviously I am dismayed that we aren't dealing with something that critical, as opposed to this rather innocuous motion before the committee today.

I have been saying all along that I'm always willing to consider the merits of consulting with Canadians and being as accountable and transparent as possible. I have looked very carefully at Mr. McCallum's suggestion to see whether or not it is in that spirit that this motion is being brought before us. Based on the way in which we received the information and how this issue was handled, I can't do anything but conclude that this proposal before us is nothing more than political grandstanding.

Mr. Chairperson, I, like others may have, received a call from Mr. McCallum a number of days ago about this vague idea of calling the committee back under a special standing order. I said to him at the time that I needed more information before I could support it. I was expecting to get some more detailed information, and made calls to his office. We did not receive anything until this morning. The motion before us was presented to us at that time.

I've talked with Mr. McCallum. At one point he said that he is mainly concerned about the grandparenting clause and extending it. At another point he said he's flexible. Now he's come with a very

vaguely worded motion that is very questionable in the context of our parliamentary agenda and our priorities as a committee.

If time permitted, Mr. Chairperson, I would say that we could debate whether or not this motion was even in order. I'm not going to take up the time of the committee to do so, but I do want to say that Parliament has a tradition of not repeating agenda items. Parliament has a tradition of not dealing with the same issue twice. As well, primacy is always given to a government bill.

I could have argued that under Standing Order 83, the government is obligated, has been ordered, to bring in a bill based on its ways and means motion, with set procedures in place for that to happen, and that therefore this motion should be ruled out of order. If some urgent and pressing new situation warranted dealing with this on an emergency basis, I could understand that we might be able to consider it in a different light, but we know that is not the case.

Mr. McCallum claims to be open to any kind of discussion. Yet we know from the tons of e-mails we're getting and the media reports that in fact this is an attempt to rally forces who want to kill the ways and means motion and want to end the tax on income trusts. You only have to look as far as headlines in the *Globe and Mail*—i.e., “Coalition aims to kill income trust tax”—to see how in fact this motion by Mr. McCallum has given them new hope to do that.

I can understand John McCallum wanting to do this. He has a banking background. He is defending the corporate elite. He is very interested in responding to their demands and concerns. Well, I want to say that I have always, and have consistently, taken a position that the income trusts were wrong from the point of view of tax leakage and being hurtful in terms of ordinary Canadians. I continue to stand up for everyday Canadians and to fight for measures that will serve the interests of Canadians generally.

● (1020)

At this point, given how this has been presented, I'm not about to change my mind and instill all kinds of instability into the markets. Mr. McCallum suggests that there won't be any impact on the markets. Well, we've seen what has happened over the last little while in terms of how the markets have responded to issues in Parliament. Mr. McCallum, as a former minister of government and as a member of a government that in fact intended to deal with this issue and failed, should know full well how that works.

I would remind you, Mr. Chairman, that in fact if we are talking about accountability, we should go back to September 2005, when the then finance minister, Mr. Goodale, promised public consultations on income trusts, and that process, which was due to be completed at the beginning of 2006, was cut dead by a government that was determined to insulate itself from political reaction and take a half measure that caused all kinds of problems in the marketplace. If we're talking about accountability, I would suggest that we actually look at the factors that led to that half measure being concocted, causing a huge spike in the marketplace. I would suggest, Mr. Chairman, that if we're talking about accountability, we go back to the Department of Finance's own report under the former government, dated September 2005, which gave us a pretty clear indication of the number of income trusts that were accumulating in the marketplace and the tax leakage that was happening.

Mr. Chairman, the evidence was before us. It is clearly an issue about what is in the best interest of Canadians. I don't see at this point any benefit to this committee acting preemptively or in haste when in fact this matter will come to committee. The ways and means motion has been passed by Parliament. Parliament has decided. Now there is an obligation on the part of the government to bring a bill forward. As I understand it, a draft bill is being circulated for public comment. Comments are permitted until January 31, at which point the draft bill will be turned into a permanent bill and brought before the House. When a bill is brought before the House, it then goes through second reading and comes to committee. When it comes to committee, we have an opportunity to call witnesses and to discuss the bill in detail.

Mr. Chairman, I suggest to you that is the proper course of action, and if in fact we need to take up our time talking about pressing and urgent issues, I suggest there are a number, such as the number of homeless out in the cold winter this year and the growing concerns about the environment. I might add that when attempts were made by my colleagues in the NDP to in fact have the environmental crisis brought forward earlier to Parliament, before Parliament came back, which is next week, the Liberals dragged their heels and made sure that didn't happen.

I think, Mr. Chairman, we have a pretty good sense of what the Liberals are all about, and I would suggest to you that we get on with our agenda and the pressing issues before us.

• (1025)

The Chair: Thank you, Madam.

Madam Ablonczy is next, and perhaps she can illuminate us a little bit on the timing issue. Madam Wasylycia-Leis is quite right; we'll be dealing with this issue. It's a question of timing. The ways and means motion will make it necessary for this committee to deal with this issue at some point. Perhaps the parliamentary secretary could illuminate us a little bit on the issue of timing.

I'd encourage members to keep their comments somewhat more brief than has been the case up until now or we're going to occupy considerably more time than we have allocated to the meeting.

Madam Ablonczy.

Ms. Diane Ablonczy (Calgary—Nose Hill, CPC): Thank you, Mr. Chair.

There's a bit of folklore that says don't feel too bad about your mistakes because at least you serve as a bad example for others. Here we see the Liberals have made mistakes. We learned from those mistakes by making a very decisive move on the issue of income trusts. This move, I might add, was made entirely privately, without sending signals to some people and not to others.

The Liberals have not learned from their mistakes. That is kind of ironic, I guess you'd have to say. I think the biggest concern I have is that this has re-injected a very disturbing and alarming note of doubt and instability into this very key issue, and it is going to hurt investors again. It is going to hurt the economic sector again.

In the normal course of business, the committee, as we've acknowledged, will be looking at the legislation that will come about as a result of the ways and means motion that was passed by the

House of Commons. The legislation is well on track. The government has been very quick off the mark on this. The legislation was posted on the website. It is there for public input and stakeholder input. As Ms. Wasylycia-Leis has said, this input process will end on January 31. The bill will then be tweaked by the minister and the department in light of that input, responding to the concerns and the input of various stakeholders, and then introduced in the House.

It is difficult to know why there would be this rush to hear witnesses when we don't have the legislation before us. One can only assume that it is because politics is being played with this, and that's fair enough—we're politicians. But it is not fair that the uncertainty in the market is being re-ignited. That is harmful. Surely my honourable colleague, who is a former minister of revenue, would know this.

With respect to this purported concern about numbers, we have numbers coming out from a number of governments, including our government, from our Department of Finance, and from provincial governments that are talking about tax losses because of the trust situation for them.

Again, my colleague, as a former minister, a former member of cabinet, a former revenue minister, had the very same numbers before him when his government waffled and went back and forth and finally dropped the ball and botched the issue on income trusts. There's been no change in the numbers. If they were good enough for the old Liberal government, why are they suddenly suspect now? The numbers have simply increased because there has been an additional \$70 billion in trust conversion since we took office, which no one anticipated was going to happen.

The fact of the matter is that nothing is being hidden. These numbers were well known to the Liberals. They were known to the Liberals for longer than they were known to us, I might add. Of course there are going to be people willing to challenge numbers. There always are people willing to challenge numbers, but that doesn't mean that there's some need to suggest there's skulduggery or that we need to get to the truth, as if something were being hidden. These numbers have been out, and they are the same numbers that every government has had in the past.

I really believe that it's very clear that the government is on track. The legislation is on the website for everybody to see. The government will be introducing it as soon as possible, certainly before the budget comes down, and the committee will be studying this issue.

If the committee wishes to hear witnesses before we even have legislation in front of us, then I think we should, in fairness, re-inject the certainty into this situation that is so necessary so that everyone can know what they're dealing with.

• (1030)

I would like to propose an amendment to the motion, as follows:

Notwithstanding the Standing Committee on Finance's support for the Ways and Means Motion No. 10, adopted by the House of Commons on November 7, 2006, which includes, first of all, a distribution tax on distributions from publicly traded income trusts and limited partnerships; second, for existing income trusts and limited partnerships, a four-year transition period; third, a reduction in the general corporate income tax rate of one-half percentage point as of January 1, 2011; fourth, an increase in the age credit amount by \$1,000, from \$4,066 to \$5,066, effective January 1, 2006, benefiting low- and middle-income seniors; and lastly, income splitting for pensioners beginning in 2007; the committee agrees, in the next 30 sitting days, to hold one three-hour meeting to hear evidence from witnesses on the government's tax fairness plan and the economic and fiscal consequences of the transformation of a growing number of taxable corporations into income trusts.

Mr. Chairman, I think this would make certain what the committee's intentions are, and would be important to make clear that there is continued support for the decisive announcement that was made on this issue. I think it's critical that this committee make it clear that is not going to change, Mr. Chairman.

The Chair: All right.

First of all, my preference would be to conclude a debate around the original motion. This strikes me as a separate motion. My concern is that there are some contradictions, obviously, between the two, in reference specifically to limiting discussion to three hours.

Let me try to move this forward a little bit.

What we're not debating here is whether there will be a debate. We're not debating that. What we're not debating is whether we'll hear witnesses on the issue. We're not debating that. What we're not debating is whether finance officials will come forward and answer questions about the issue. We're not debating any of that, because that's going to happen. The question before us is when that is going to happen. All of this other preamble and so on about the rationale and so on is really largely irrelevant and I think somewhat indicative of a lack of respect for the time of our witnesses and ourselves. Frankly, we're going to deal with the issue, and the question is when. That's what is really before us today.

We've had an indication from the parliamentary secretary that the legislation, the ways and means motion, is in its preparatory phase. We have no indication of when it will be coming forward. Can we get—

Ms. Diane Ablonczy: It will be before the budget.

The Chair: It will be prior to the budget. So we have that assurance from—

Ms. Diane Ablonczy: It will be by the time of the budget.

The Chair: It will be by the time of the budget. We have that assurance from the parliamentary secretary.

What I would ask my colleagues to speak to now, rather than continuing with the general discussion we've had to this point, is the reason for urgency in dealing with this issue. If you can make the case that there is some urgency to deal with this issue now, I think you'll compel our colleagues in the committee to support you. If you cannot, we are going to be dealing with the issue in due course in any case. There's hardly been a case made, to this point, for urgency, so I would like to give the opportunity to committee members to focus their comments more in that direction if they wish to be persuasive to my colleagues around the table.

We'll go now to Mr. Szabo, then to Mr. Paquette, and Mr. McCallum thereafter.

Mr. Paul Szabo (Mississauga South, Lib.): Thank you, Mr. Chairman. I agree with you fully.

Mr. Chairman, the urgency here is to deal with the allegation that the facts on which decisions have been taken are incorrect, in whole or in part. Mr. Chairman, you know that a large number of investors endured an erosion of their capital investment of some \$30 billion to \$35 billion. This spawned the creation of this group called the Canadian Association of Income Trust Investors. They have brought forward information that the computations of the so-called tax leakage do not include.... If I read from their release, it excludes the taxes paid on income trusts held in retirement accounts. This is a substantial variance with what the computation should be, in fact that is the case.

If you do not deal with this issue, Mr. Chairman, with regard to what is the real leakage, the discussion about whether there should be exemptions or whether there should be other extensions of time, etc., are all consequential to that. You need to know the leakage.

The urgency, therefore, Mr. Chairman, is to make sure that we have the facts. I don't want to talk about truth; I want to talk about facts. I think we have information around the table about good, solid witnesses who will help this committee determine the facts.

Mr. Chairman, why now? The timing of the tabling of the bill—the draft is on the website now—is uncertain at this point. You know, Mr. Chairman, that the House has the opportunity to refer a bill to committee after it's had second reading debate and second reading vote, at which time it would have had approval in principle, or it could come in fact after first reading or before second reading. That's very significant, because then it would allow the committee the latitude to be able to make substantial changes that it otherwise would not be able to make.

Mr. Chairman, unless we have the facts, parliamentarians will not know whether or not they should make the case that there should be a referral to the committee after first reading. I speak strongly in favour of getting the information, the facts that are going to be necessary to make good, wise decisions. This committee in fact is the only instrument that can make that happen now. It has the tools. Commentary from any witnesses that will be heard will be on the record. It will not have to be repeated to this committee when the bill subsequently comes before us.

As Mr. McCallum has suggested, should the bill be delayed for any reason at all, all we're doing is extending the uncertainty with regard to the facts on which decisions have been taken.

I would strongly urge that we have these hearings to establish fact on the leakage issue; everything else is consequential to that.

• (1035)

The Chair: Thank you, Mr. Szabo.

[*Translation*]

Mr. Paquette.

Mr. Pierre Paquette: Thank you, Mr. Chairman.

I would like to come back to the issue of holding meetings immediately. Experts, and individuals affected by the situation, are being consulted about the bill. Why are parliamentarians not being consulted during this initial phase which will lead to the final draft of the bill?

Furthermore, the problem goes beyond the bill. As I already said, I agree with the principle of ending the conversion of corporations into income trusts. That I am not questioning. However, 2.5 million Canadians with shares in income trusts lost money. The average loss has been 16% since October 31, 2006. Could we think about how to minimize the negative impact of this drop in value, particularly in light of the fact that during the election campaign the Prime Minister guaranteed these people that he would not touch these tax rules?

So I think we have some work to do so that we can suggest some solutions to the government. They may go beyond the context of the bill, or they may improve the bill. If possible, we should do this before we study the bill. Clearly, we will have work to do after second reading, but then we will be working within the confines of the bill itself. Our work cannot go beyond the provisions of the bill in any significant way.

With respect to the uncertainty, I have already told Ms. Ablonczy that we would be voting for the bill, but that we wanted to work constructively, not ideologically. We know that the Conservatives, the NDP and the Bloc Québécois will be voting for the bill in the end. I do not know what the Liberals' position on the bill is. I understand that we should not be creating false hopes for some by giving the impression that the government will reverse its decision to put an end to the conversion of corporations into income trusts.

Therefore, I would like to move an amendment to Mr. McCallum's motion. I would add some words to the beginning of the motion so that the amended motion would read as follows:

Notwithstanding the Standing Committee on Finance's support for Ways and Means Motion No. 10, adopted by the House of Commons on November 7, 2006, that the Standing Committee on Finance invite expert witnesses to appear, including officials from the Department of Finance, to testify in regard to the decision to tax income trusts. At least six hours are to be allocated [...]"

I think everyone could agree with this. I think Mr. McCallum's motion is broader than the one put forward by the parliamentary secretary.

• (1040)

[English]

The Chair: Monsieur Paquette proposes adding a clause that restates the House's support for the motion in principle, for the government's initiative in principle.

[Translation]

Mr. Pierre Paquette: I hope everyone will agree with this.

[English]

The Chair: Any comment specific to that amendment?

Mr. Peterson.

Hon. Jim Peterson (Willowdale, Lib.): This bill is going to do a lot more than just—

The Chair: I'm sorry, Mr. Peterson, but it's just to the amendment. If you wish to make a comment on the amendment, that's fine. If not, hold your tongue.

Madam Wasylycia-Leis.

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

I'm still trying to understand the Bloc's position. They have indicated all along that they're in support of the government's ways and means motion, yet they participated with Mr. McCallum in calling this committee to Ottawa when we all had commitments in our constituencies and were doing very important work. Now we understand that there really is no thought-out plan on the part of both the Liberals and the Bloc.

This is a game. It's changing by the minute. One minute we're here to talk about the bill, the next minute we're not.

The Chair: Madam Wasylycia-Leis, order, please.

Our members are entitled to bring amendments to motions. Mr. Paquette has just brought an amendment. I'd like you to speak to that amendment, if you would.

Ms. Judy Wasylycia-Leis: Mr. Chairperson, I was in fact getting to that point.

Suddenly the discussion is not about the ways and means motion and the tax on income trusts and all of the other provisions, but about the broad issue. He's suggesting that we have these hearings notwithstanding everything that is in the ways and means motion, which is everything listed by the parliamentary secretary in her motion that she presented to this committee.

So I ask you, Mr. Chairperson, what is the point of this meeting? What is the urgency? What are we trying to do here? These two parties are making us the laughingstock of Parliament across the country. How much money have we spent to bring all of us here, to use all of the staff, for a day of discussion on a vague, innocuous project that has no purpose and no clear agenda?

I would speak against the amendment and against the motion. I would like to hear some reasons why we should actually go outside of the parliamentary process and get this committee involved in extra hearings on an issue that doesn't appear to be urgent. If we're not talking about the bill, then what's the urgency? If it's to have vague hearings, then I would suggest to Mr. Paquette that he put that on the agenda when we meet in the next hour and we will all discuss our priorities. I for one have a number of issues that I think should be dealt with on an urgent basis—for example, the Bank Act.

The Chair: No, we don't need examples. I'll just answer your—

• (1045)

Ms. Judy Wasylycia-Leis: On a point of order—

The Chair: No, you have no point of order yet. I'll acknowledge it when you do. Right now I'm answering your comments.

In reference to the legitimacy of the meeting, Standing Order 106 (4) says:

(4) Within five days of the receipt, by the clerk of a standing committee, of a request signed by any four members of the said committee, the Chair of the said committee shall convene such a meeting provided that forty-eight hours' notice is given of the meeting. For the purposes of this section, the reasons for convening such a meeting shall be stated in the request.

That has been done. We've met the Standing Orders of the House of Commons. The meeting is quite legitimate.

I'd ask you to conclude your comments on the amendment proposed by Mr. Paquette, which proposes to include reference to notwithstanding its intent to show support in principle for the intentions of the government's legislation.

Would you conclude your comments now, please?

Ms. Judy Wasylcyia-Leis: Yes, Mr. Chairperson, you're quite right, there is a process that allows this to happen. When Parliament passed that standing order, though, it was intended to be used on a serious basis, not on a whim of a political party trying to grandstand, not on a frivolous basis. Mr. Chairperson, I would suggest to you that I came to this meeting waiting to hear that. We didn't hear it before. We couldn't get anything from Mr. McCallum before. I'm waiting to hear that.

The Chair: Your comments are at an end, and we will take your comments, I assume, as opposition to the amendment.

Ms. Judy Wasylcyia-Leis: I have already said they were in opposition to that, and I was explaining my position.

The Chair: Yes. Good.

Mr. Wallace.

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

If you don't mind, as a new member I may have a couple of questions, just so I understand, before I make my decision about whether I will support the amendment.

If I understand the amendment correctly, it recognizes in principle the ways and means motion that has been previously passed in the House of Commons. Is that correct?

The Chair: Mr. Paquette, I'll let you respond to Mr. Wallace's question.

[*Translation*]

Mr. Pierre Paquette: It is more than that, because the committee is also expressing its support for the ways and means motion. However, once we have this notice, we must deal with the bill. However, the committee has already said that it agrees with the principles. Consequently, market uncertainty, which was mentioned both by the NDP and the parliamentary secretary, will no longer be a problem. We know that there may be some changes, but they will be marginal.

[*English*]

Mr. Mike Wallace: Okay, you have answered my question. Thank you.

The second question is if we all—well, we've heard from one member who is not supporting the amendment, but if we support the amendment, Mr. Chairman, and let's assume that the Liberals support it, does that mean that everybody who supports it is supporting in

principle the ways and means motion that has been passed in the House of Commons to date?

The Chair: I would ask you to repeat your question.

Mr. Mike Wallace: The question is for me to make a decision on whether to support the amendment or not. If an individual member supports the amendment, are they then in principle supporting the ways and means motion that was passed in the House of Commons?

The Chair: You're supporting the business before the committee. In essence, you're supporting this amendment's intent, which is to design a motion—

Mr. Mike Wallace: That's not what I'm hearing from the mover of the amendment. The mover of the amendment is clearly indicating that he is moving the amendment to show that this committee is in support of that ways and means motion. That's what I heard.

The Chair: Mr. Wallace, the intent of your second question is to make it clear to everyone what you're thinking when you vote on the motion.

Mr. Mike Wallace: That is correct, sir.

The Chair: Thank you.

Mr. McCallum.

Hon. John McCallum: Mr. Chair, at least until I heard this question, I thought it would be fine for us Liberals to support the amendment, because it is just expressing a fact that in this standing committee, the majority, not including the Liberals, supported this idea before. So unless some of my colleagues have a different interpretation or unless...

[*Translation*]

Is my interpretation correct, Mr. Paquette? If we vote for your amendment, that does not mean that we supported the idea from the beginning, which clearly is not the case, but rather that we are recognizing the fact that the majority of members of this committee voted for this.

Mr. Pierre Paquette: Exactly. The House passed the notice of ways and means. That is a fact. It is also a fact that a majority of committee members agree with the principle. This guarantees that at the end of the process, the principles contained in the notice of ways and means will appear in the legislation, possibly with amendments as a result of the suggestions made by the experts Mr. Flaherty will have consulted, and of those made by the members of this committee.

[*English*]

The Chair: I think we've had sufficient questioning on this. I call for a vote on Mr. Paquette's amendment now.

(Amendment agreed to)

The Chair: Now we will return to debate on the amended motion, and that would involve hearing briefly from Mr. Dykstra.

Mr. Rick Dykstra (St. Catharines, CPC): Thank you, Mr. Chair.

I have a couple of things with respect to a couple of issues.

Specifically dealing with Mr. Szabo's comments, in fact the people or the companies who are interested and impacted by this decision have had, for the last number of days or weeks, the opportunity to comment on the impacts this legislation will have or changes they would like to see. In fact they will continue to have that with the Ministry of Finance until January 31.

Getting to the premise upon which we are to move forward with this meeting, I still haven't heard a compelling reason as to why we need to. Based on what the parliamentary secretary has said with respect to when the legislation is brought forward, we will be discussing and debating the issue. What is the relevance or what is the need at this point for calling witnesses or moving this process forward in a less than timely manner in terms of process? By that I mean legislation is going to be introduced and a majority of this committee supports that legislation and will be endorsing that legislation in the House. What is the purpose of calling witnesses early to be able to deal with this, when in fact those very witnesses are at the present time, both prior to today and leading up to January 31, in fact putting those positions and issues forward with the Minister of Finance and with the ministry itself?

As the parliamentary process was described by Ms. Wasylycia-Leis, we have it in place already. We've heard that the legislation is going to be put forward prior to the budget being implemented. If we're talking about how much time we need for folks to actually come, for witnesses to present, I suspect they will get that opportunity; they will have that opportunity and will be able to debate. The only thing we probably should be debating at that time is the amount of time that is necessary to hear those witnesses.

The other point that I think is important to note is if we're talking about making amendments or changes or potential alterations to the legislation, I find it ironic that we actually have folks who have sold companies, individuals who have got out of the income trust business and sold their shares after October 31. If in fact we are going to make changes, how are we then helping? How are we assisting? In fact we're going to be hurting the very people Mr. McCallum claims he's here today to defend. If we move forward... We have legislation, and we have the majority of this committee in favour of moving forward. What you're doing is actually telling those folks and those companies and those individuals who sold after October 31 that the decision they made with respect to their finances was an incorrect one. From my perspective, you can't have it both ways.

I want to note Mr. Paquette's comments, because I think it's important to understand that on November 23 we had the finance minister here speaking and presenting for close to an hour and a half. I recall a pretty heated exchange between Mr. McCallum and Minister Flaherty on that specific issue of income trusts. We certainly have had discussion at this table in the past number of weeks about the income trust issue. Certainly Mr. Paquette had the opportunity at that time to open the door with respect to income trusts, and he did so, as did a number of folks sitting around this table.

There is an amendment I would like to put, and I know it's not going to get support from my colleagues from the Liberal Party. If in fact we are going to go down the road of having witnesses and talking about the truth, talking about trusts, talking about where

income trusts have gone over the last number of months, then in fact an amendment I want to make sure we are able to do—and I'll move this amendment—is that if we are going to hear from individuals and from companies as witnesses here, we open the door and have the opportunity to have witnesses called forward who were under the previous Liberal government's mishandling of the income trust issue, leading into the investigation by the RCMP.

• (1050)

If you really want to talk about the truth, justice, and the facts, then let's go back to 2005, to the two RCMP investigations, and ensure that those witnesses, including folks like Mr. Brison, along with his e-mails and those issues, come forward to be witnesses before this committee. That way we would all certainly have the opportunity for a thorough investigation of exactly what the income trust issues are, where they have gone, where they came from, and where they are going to go. I would move that as an amendment.

• (1055)

The Chair: Would you mind, Mr. Dykstra, just restating very briefly what your amendment actually consists of? Are you referring to expanding the list of witnesses beyond just expert witnesses including officials of the Department of Finance? Is that correct?

Mr. Rick Dykstra: Including the previous Liberal government's mishandling of the income trust issue leading to the investigation by the RCMP.

The Chair: I want to be clear on the wording before we have a discussion on the amendment, so we will just get clarification on the wording so we know what we're debating here.

While we have this little interlude, I would remind members of the work ahead of us in this committee. We have several private members' bills, and we have several motions. We also have Bills-5, an act to implement conventions and protocols concluded between Canada and Finland, Mexico and Korea for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income. We also have BillC-37, an act to amend the law governing financial institutions and to review the Bank Act, which is a rather onerous responsibility before the committee.

With that in mind, I want to assure committee members that if we do proceed along these lines as proposed by this amendment, it will be my intention not to till the same field twice. If we are going to call an extensive number of witnesses to debate the income trust issue and we're going to devote the committee's time to this task now, I don't anticipate calling exactly the same people back a second time for any reason.

If committee members would like to make a case for another approach, I invite them to do that at another time, but I assure you that we have too much on our plate to be going through this exercise twice.

Now, I want to hear the wording of the amendment as proposed by Mr. Dykstra. I will let the clerk read that to the committee.

The Clerk of the Committee (Ms. Elizabeth Kingston): The amendment reads as follows:

Notwithstanding the Standing Committee on Finance's support for Ways and Means Motion No. 10 adopted by the House of Commons on November 7, 2006, that the finance committee invite expert witnesses to appear, including officials from the Department of Finance, to testify in regard to the decision to tax income trusts

—and the amendment of Mr. Dykstra—

involving all witnesses and individuals under the previous Liberal government's mishandling of the income trust issue, at least six hours to be allocated for these meetings to be held beginning before February 2, 2007.

The Chair: Notwithstanding the grammatical aspects of that, I think the intention is pretty clear. I invite participation in discussion, or we can move straight to a vote on that.

Ms. Judy Wasylycia-Leis: Mr. Chair, I think it's important to comment, because in fact this committee has just turned into a circus. This is a mess being displayed for all of Canada to see because of the Liberals, who can't seem to make up their minds on the income trust file. I think it begs the question of where they stand. Do they favour income trusts or not?

I would say—

The Chair: Please, Madam Wasylycia-Leis, there's an amendment before us. I am going to invite you to speak to that right now.

Ms. Judy Wasylycia-Leis: I think my colleague Mr. Dykstra makes an important point. The new motion we have before us, which the Liberals supported, says notwithstanding the ways and means motion. It means notwithstanding everything the Liberals said was important as they tried to articulate their position leading up to today, everything pertaining to the grandparenting, to the actual tax on the income trusts, and to pension splitting is no longer relevant. It's not on the table because this motion says notwithstanding all of that. What we're left with talks about some vague notion of income trusts.

I'm getting to the motion.

The Chair: Just to assist you in perhaps making appropriate comments, for one last time, we're not debating the previous motion, the notwithstanding issue; we are debating now Mr. Dykstra's amendment, which would expand the range of witnesses the committee might choose to call to discuss the issue.

Conclude your comments now, please.

• (1100)

Ms. Judy Wasylycia-Leis: Mr. Chairperson, I am debating the amendment. I'm saying that with everything else off the table, we are left with some vague notion about income trusts. Therefore, Mr. Dykstra's amendment makes some sense. If everything else is off the table, we are left with debating the history, the sad saga, of this whole income trust file, beginning with the Liberals' mess in 2005, their flip-flopping and whiffle-waffling all over the place. We are left to discuss, again, the tax leakage issue, although the Liberals themselves have the file on that, the documents they sponsored to show the tax leakage. They supported the reports put out by Jack Mintz, C.D. Howe, and a number of other organizations who clearly identified the huge loss of tax revenue as a result of income trusts.

Mr. Chairman, on that basis, I guess we might as well consider this amendment—

The Chair: Thank you, Madam Wasylycia-Leis, for your comments.

Mr. Szabo, some brief comments, sir.

Mr. Paul Szabo: With regard to the amendment proposed by Mr. Dykstra, it's my understanding that after the principal motion, which is basically to have hearings and witnesses on the income trust issue, the committee, with regard to future business discussions, will seek proposed witnesses from the members to deal with matters that they believe are germane to the discussion.

I would think the amendment proposed by Mr. Dykstra is acceptable in terms of any witnesses, but it's limiting those additional witnesses or pre-empting someone from having additional witnesses, which we'll discuss later, because it focuses solely on what the previous government did.

I would suggest that the amendment is limiting what we are going to do in the second hour of this meeting. I would suggest that it either be ruled out of order or else we will just vote against it.

The Chair: I'll just address that right now, Mr. Szabo.

It doesn't change in any way, shape, or form the original intent of the motion. It simply adds a new category of witnesses that may be included, so it is not restricted in any way, shape, or form.

Mr. Peterson.

Hon. Jim Peterson: Mr. Chairman, I think the point Mr. Szabo is making is that after we've decided whether we will have hearings, will we not then go to the issue of what witnesses we want to call? That's when Mr. Dykstra's motion would be appropriate.

The Chair: That's not correct. That's not how we operate here, Mr. Peterson.

Mr. Paquette.

[*Translation*]

Mr. Pierre Paquette: I think we are getting into political manoeuvring here, that much is quite clear, because discussions of this type will not be helpful at all. I am not saying that this is not important, but in the context of making a decision—one with which we agree—in order to minimize the impact on small savers, I do not think that studying what the Liberal government did will be helpful to us. If we wanted to do that, I would amend the motion further to find out why the Prime Minister changed his mind, because he had said during the election campaign that he would not change the tax rules. Then, all of a sudden, with no warning whatsoever, it became extremely important to do just that. That issue would interest me more, because the Conservatives are in power at the moment.

So I think that proceeding in this way would simply confuse the issue. I prefer to reject this amendment, and if the committee wishes, we could perhaps look at both the Liberal and Conservative management of the income trust issue. I will have no problem with that. However, in the context of Mr. McCallum's motion, I think this is political manoeuvring designed to muddy the waters.

[*English*]

The Chair: Thank you.

We'll move now to a vote on Mr. Dykstra's amendment.

(Amendment negated)

The Chair: We'll move to the main motion. The question is on the main motion as amended.

Are you ready for the vote? No.

Mr. Wallace.

Mr. Mike Wallace: First I have a question on timing, and then I may have an amendment.

Mr. Chairman, the previous approved amendment was that we start on February 2. Is that not correct?

• (1105)

The Chair: No, it's "by" February 2.

Mr. Mike Wallace: Okay.

Can I move an amendment that we change "by February 2" to "within the first 30 sitting days"? I'll give you my reasons for that change.

One, we've heard from us and we've heard from at least two opposition parties that they agree in principle. My assertion is that if the Liberal members of this committee vote for this based on the wording, the "notwithstanding the standing committee" piece, I think they're agreeing in principle on this.

"It was absolutely the right thing, and we had started on this track to protect the tax base, to ensure tax fairness and to work for the productivity of the nation": I didn't say that; John McCallum said that, on *Question Period*, November 5, 2006.

All of us seem to agree that based on the way Parliament works, a ways and means motion would come back to us after second reading, because it's going to get passed in principle. All I'm saying is that we heard from the parliamentary secretary that sometime before the budget, before the break, or the second week after the break, we'll be back here, we'll be sitting.

My amendment of 30 sitting days would give the chairman a chance to operate the committee properly and call witnesses properly. We would have it done within the first five weeks of sitting in this session.

The Chair: Thank you.

Mr. Wallace's amendment is that we have the hearings begin within the first 30 sitting days.

[*Translation*]

Mr. Pierre Paquette: I have a point of order, Mr. Chairman.

[*English*]

The Chair: Mr. Paquette, speaking to the amendment.

[*Translation*]

Mr. Pierre Paquette: No. This amendment is out of order, because we already discussed the matter at the beginning of the hearings. I've already amended the main motion and asked that meetings begin before February 2. Consequently, if my honourable colleague had wanted to discuss this matter, he should have put forward a subamendment to my amendment at the time. We cannot amend something that has already been amended.

[*English*]

The Chair: Any comments on the amendment as proposed?

Mr. McCallum.

Hon. John McCallum: Are you saying that the amendment is in order?

The Chair: Yes.

An hon. member: Question.

Hon. John McCallum: We're opposed to the amendment. I would like to make the point that the government side keeps contradicting itself. On the one hand, they talk about prolonging uncertainty as being something bad. On the other hand, they say there is no rush.

Since I agree with you, Mr. Chair, that we're not going to repeat witnesses or have two sets of hearings, the sooner we get on with this, the sooner we'll resolve the uncertainty. Let's get on with the witnesses now, not in 30 days. There's no point in waiting that time. The sooner we get on with it, the sooner this uncertainty will be resolved, and that's good for Canada.

So I oppose that.

The Chair: Thank you.

Look, we have a very straightforward amendment before us. It does not require further elaborative discussion or lengthy speeches. I will call for the vote.

(Amendment negatived)

The Chair: Back to the main motion.

Mr. Peterson.

Hon. Jim Peterson: I'd like to focus on the importance of getting the facts, and here's where I take exception to what the NDP is saying. I have to agree with the Bloc in terms of the terrible impact we've seen on the 2.5 million unit holders. Did the government do a study on what the impact on the savings would be? I would like to hear what their study revealed on that issue.

Maybe they didn't do a study. If they didn't, then I want to know why. With an aging population, and with so many of our—

The Chair: Mr. Peterson, the debate is not about whether we're going to have the debate. It's not a debate we're going to have here today. I will state again, for clarity, that we are debating not whether there will be a debate. There will be a debate. We're debating when that should be.

If you'd like to speak directly to the urgency argument, go ahead.

Hon. Jim Peterson: Yes, and the urgency argument is that so many pensioners were impacted with the Hallowe'en debacle. Secondly, this bill, it has now come to light, is going to vastly increase the taxes that pensioners who are members of pension plans are going to pay on their savings, at a time when we have an aging population and so many of the pension funds are underfunded.

An hon. member: Question.

Hon. Jim Peterson: This is why it's such an urgent issue to bring forward. This Parliament could be dissolved based on, say, a vote on the budget. New studies that have come out show that the implications of these measures could have really important unintended consequences. This is why it's urgent that we immediately undertake the studies, so that we know exactly what we're dealing with.

• (1110)

The Chair: Thank you, Mr. Peterson.

I think we have had assurance from the parliamentary secretary that we will have that opportunity.

I'll let Mr. McCallum speak now. Perhaps, Mr. McCallum, you could also address the urgency issue and explain in your comments why it is urgent now but was not urgent over the previous number of weeks.

Please proceed.

Hon. John McCallum: I believe it is sufficiently urgent that we would not want to wait until what the parliamentary secretary described as at the time of the budget, which according to media reports is March 20. If it's simultaneous with the budget, it could actually lead to hearings post-budget, at which point we may be in an election and there wouldn't be hearings at all.

I would reiterate my earlier point. I think there is a blatant contradiction on the government side. On the one hand they speak of the harm to the economy of prolonging uncertainty, and on the other hand they say there's no rush. Both of those things cannot be correct.

The implication of proceeding quickly, which is what we are proposing, is that we will reduce that period of uncertainty. We would not want to have two repetitive rounds of witnesses. To the extent we have the witnesses sooner, we will have fewer witnesses later. Therefore, we will be coming to a conclusion on this matter sooner rather than later if we adopt this motion, and according to the spirit of Madam Ablonczy's comments, that would be a good thing, because if anything, we would be reducing the period of uncertainty.

The Chair: Mr. Pacetti.

Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.): Thank you, Mr. Chairman.

There are a few members around the table who are not regular committee members. I'm not sure where the rest have been, but we have been pretty busy in the last couple of months, if I'm not mistaken. So if anybody thinks we've had time to look at the trust issue...I don't know where the rest of you have been.

I think this motion is the only way we can prioritize what the committee work should be in the upcoming months. You just said yourself, Mr. Chairman, that we have a full schedule coming. This is an important issue. We have put it ahead. I have no problem even saying that it be held before February 2 so that we get this issue ahead of time, get ahead of the curve for once; as parliamentarians, we can get ahead of the curve. We can actually dictate to the minister, to the finance officials, what Canadians are saying, and that's the purpose of this motion.

If anybody sees something other than that, I think they're mistaken. As I said, we've had a heavy schedule. The finance officials yesterday posted the proposed legislation, the proposed guidelines, but we have no way of knowing who has submitted what or what people are actually saying to the finance officials. This is a way, if you like, to monitor that or to get our opinion across.

If anything, I am going to propose an amendment—I'm not sure if I can, Mr. Chairman—that at the end of the first sentence.... I will read it first:

That the finance committee invite expert witnesses to appear, including officials from the Department of Finance, to testify in regard to the decision to tax income trusts, with a view to preparing a report for the Minister of Finance regarding its findings.

At least we're going to prepare a report on which the finance minister has to reply to the committee. For once this committee can get ahead of the curve. The only way we can do that is by holding a meeting like this, so that we can have the meetings as soon as we get back in the last week of January. If we don't, what's going to happen, as everybody around this table knows, is we will come back here at the end of January and wait another week; then we're going to discuss in a steering committee meeting what we're going to be doing, and we will lose two weeks of work.

If anybody around this table is trying to tell Canadians that we're wasting our time, in actual fact, we're wasting our time debating about debating.... In actual fact, we should be debating how many hours, who we're going to have testifying before the committee, and when this report should be done, because that is what I think our job is, to prepare a report.

Thank you, Mr. Chairman.

The Chair: Thank you, Mr. Pacetti.

Mr. Pacetti's amendment would give greater clarity to the motion by specifically referencing the intent to present a report to the Minister of Finance on its findings. That's a pretty straightforward amendment.

Madam Wasylycia-Leis.

Ms. Judy Wasylycia-Leis: If you don't want me to speak, I'll go on a point of order.

The Chair: No. I recognize you to speak. I'd like you to speak now, though.

Ms. Judy Wasylycia-Leis: I would like to speak against it, because, Mr. Chairperson, the work that Mr. Pacetti is recommending be done was done under the Liberal government when it was in power. I would like to table the report of September 2005, *Tax and Other Issues Related to Publicly Listed Flow-Through Entities*, and refer him and all committee members, especially Mr. Peterson, who asked the same question, to this report for details on the impact on tax revenues as a result of income trusts, to table 5 on page 28, which gives a very clear breakdown of the impact and what to expect.

Mr. Chairperson, if we're talking about getting ahead of the game, as Mr. Pacetti has suggested, we had a chance to do that in September 2005 when this report was made public and when his government agreed to try to finalize a set of amendments to deal with this very serious issue, recognized at that time.

I would suggest, to finish my remarks, Mr. Chairperson, that this is.... Talk about games being played. Here we have a situation where Liberals did the work—

• (1115)

The Chair: Remarks are now concluded, and we will move to a vote on the amendment, which is that with a view to preparing a report to the Minister of Finance on its findings....

Madam Ablonczy, you wished to speak to this amendment?

Ms. Diane Ablonczy: Yes, I did. I was speaking to the main motion.

The Chair: No. We're going to call for the question.

Mr. Pacetti, are you speaking in favour of your own amendment?

Mr. Massimo Pacetti: Yes, I am.

In reply to Ms. Wasylycia-Leis, just shortly—

The Chair: No, I don't need you to reply. I need to follow up with the vote now.

Mr. Massimo Pacetti: It's my amendment, so we have to sell this thing.

The Chair: No. That's all right.

We're going to move ahead with the vote on that now.

(Amendment agreed to) [See *Minutes of Proceedings*]

The Chair: Now we move back to the main motion and our speaker is Madam Wasylycia-Leis.

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

We are discussing the question of urgency and whether or not there is some compelling reason for us to either pre-empt our other work on the committee or take the time away from our constituency work to come here before the House reconvenes to do these studies.

Mr. Chairperson, I would suggest to you that there is no urgency. There is no crisis. There is no market instability caused by waiting until the bill comes through. In fact, I would respond to Mr. McCallum's point about the government's position and their flawed position around the instability of the markets by suggesting to him that the uncertainty in the marketplace is caused by the belief by some people that this decision—the ways and means motion—could be overturned. That belief has been fuelled by the Liberals' antics and the tactics leading up to today's discussion. So the urgency is self-fulfilling on their part.

I would suggest we look at the situation of all provinces in this country. All finance ministers from all parties gave unanimous support to the ways and means motion in December of 2006 and are now suggesting that in fact work on our part to open up this question does lead to serious problems in the marketplace and must take into account the fact that those people who actually left the field, who got rid of their income trusts, are asking now why others are suggesting we extend the grandparenting and reopen the whole question when they've lost some money already.

So we have to be very careful about how we approach this issue. I would say, Mr. Chairperson, that I've tried to be consistent on this issue from day one, and I guess Mr. Pacetti is saying we haven't had

time to discuss this issue. As far as I'm concerned, we've been dealing with this for a year and a half. Since September of 2005, this issue has been before Parliament and before the finance committee. We have been dealing with it over and over and over again, and in fact we now have, despite a broken promise, a government that decided to finally do what the Liberals should have done.

So I would suggest, Mr. Chairperson, we try to get on with the task of dealing with some other urgent issues, like the Bank Act and like the fact that many people are coming out of this Christmas season with huge debts because of high interest rate charges and ATMs that double-charge, and a number of other pressing issues that touch people in the pocketbook.

The Chair: Thank you, Madam Wasylycia-Leis.

To conclude, we'll have Madam Ablonczy, and then we'll finish with Mr. Wallace.

Ms. Diane Ablonczy: Mr. Chairman, I think it is important that we clarify what is happening here.

There is a suggestion on the part of the Liberals that unless this committee hears some witnesses for a meeting or two, the perspectives of investors and trust companies are not going to be heard. That, of course, is utter nonsense. The trust companies were in Ottawa the day after the announcement. Trust companies have been meeting not only with members of Parliament—all of us have met more than once with representatives of the trust industry—but the minister has met with these individuals, and the department has had ongoing discussions with these individuals. In addition to that, there is the input process on the bill, which is posted on the website and is going through the normal process.

So there has been plenty of input—huge input, commentary, discussion, debate, perspectives—put forward on this issue directly to the minister and his department. It does not need this committee to make that happen.

The committee has a role. Generally speaking, in the ordinary course of business the role is to examine the bill after second reading. Somehow there's a suggestion that the normal course of business isn't good enough in the case of this bill, that we have to study it before we even have a bill. But how could that be true? If it's not good enough for this bill, why is it good enough on every single other bill that's ever come before Parliament? That is when the committee looks at the legislation, hears witnesses, and makes recommendations back to the House, including amendments that come back before the House. The committee has every opportunity to do this. So the suggestion that somehow it has to be done now or there's going to be panic in the streets is really quite ridiculous.

With respect to the investors, Mr. Chairman, either the investors continue to hold trust units, in which case the value of those trust units has recovered to within 10% of what they were before the announcement—this is well known by members on the Liberal side—or they have sold their trust units, in which case anything that is done by legislation is not going to change the position.

Mr. Chairman, I think there are some things we may want to discuss—and are discussing, quite frankly—with the minister, with the department, and with a number of groups about mitigation, as my friend Pierre Paquette says, but fundamentally what we're concerned about is the Liberals continuing to bring uncertainty to this situation.

I appreciate my friend from the Bloc making it clear that at the end of the day he, as well as the majority of Parliament, will be supporting the bill and the measures that are put forward and that like all of us he does want to discuss what can be done to be responsive to investors and trust concerns. But to somehow suggest that this has to be done tomorrow or something is not going to be done properly I think is really misleading. I think it's important that we put that forward.

• (1120)

The Chair: All right.

Apart from creating additional work for Hansard, I'm not sure who's convincing anyone at this point, so I'm hesitant to continue the discussion. I would much prefer to move to a vote.

Mr. Wallace.

Mr. Mike Wallace: I think it's important, since I've come all this way this morning, that I have an opportunity to speak to the motion that's in front of us.

• (1125)

The Chair: Then fill the air, sir. Fill the air.

Mr. Mike Wallace: The taxpayer has paid for me to get here this morning and will be paying for me to get back this afternoon.

I will not be supporting the motion that's in front of us. I want to be clear that it's not because of some of the amendments that were put forward in terms of the ways and means motion that's in front of the House of Commons, because I do support the ways and means motion that is coming forward.

The fact is that this is complete political grandstanding. We all know it around here. Anybody watching at home will know this.

First of all, they tried to say we're trying to do a report, get there in advance, and so on and so forth, and then they admit we are going to have another meeting after the bill comes back. How can we debate something without seeing the wording and what's going to happen? It does not make any sense. It is completely not the way of doing things. If they have issues with how the ways and means motion is actually presented in terms of dealing with income trusts, then they'll have the wording and then they can discuss the issues properly. The witnesses could discuss the issues properly. But that does not exist. It will not exist until after that happens. So they're playing games

trying to have these pre-meetings. Based on the numbers, it's likely going to pass. It's not passing because I'm supporting it.

I have quoted in the record where the Honourable John McCallum was on television nationwide, saying we're doing the right thing on income trusts. He was absolutely saying the right thing, so why doesn't he wait for the legislation to come like any other process would occur? But no, political grandstanding.

I've heard from the Bloc, I've heard from the NDP. I know from our side we agree with this in principle, with what we were doing. In principle it goes to second reading, then it comes to committee. Why are we not following that process? They're trying to fool with the process, trying to play games, get their names in the headlines. They should read the *Globe and Mail* today, which says to quit gnawing at the income trust issue. The editorial is clear: that this government has made a move on it, and we will bring forward legislation in writing so people will understand what's happening, and that's when it should happen. We shouldn't be screwing with the markets like we are today.

The Chair: Thanks, Mr. Wallace.

To conclude, Mr. Dykstra.

Mr. Rick Dykstra: Thank you, Mr. Chair.

This is really just on a point of clarification. I've already spoken to the motion in terms of content, but one of the issues I raised in my amendment was the ability for a wide range of witnesses to be able to come forward and be called to present to committee.

Mr. Chair, in terms of witnesses who can be called, I'm going to assume, to show credibility to the numbers, that provincial finance ministers can be asked as witnesses to be brought forward, in particular the finance minister in Quebec, who has confirmed the leakage numbers we speak of to be between \$100 million and \$140 million a year for that province alone. I think it would be incumbent upon us to ensure that we're going to at least have those finance ministers to be able to come to present and show what difficulties might arise if we do not do what we have committed to do.

The Chair: I think we have that undertaking from all members. I haven't heard anything to the contrary, that there be broad parameters around the witnesses.

I'll go now to the question.

(Motion as amended agreed to) [See *Minutes of Proceedings*]

The Chair: Now we will move in camera. We'll just take a very brief three-minute break, and then we'll move in camera for a pertinent discussion. It shouldn't take too long.

[*Proceedings continue in camera*]

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