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—
Chair

The Honourable Wayne Easter

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• (1535)

[English]

The Chair (Hon. Wayne Easter (Malpeque, Lib.)): We'll come to order.

We have the minister and senior staff here, along with a lot of finance folks at the back of the room, related to our study on Bill C-86, a second act to implement certain provisions of the budget tabled in Parliament on February 27, 2018 and other measures.

On the side, we solved all the problems with Andrew and Ava. Minister, I guess we'd better let you go ahead.

The floor is yours. Welcome.

Hon. Bill Morneau (Minister of Finance): I'm trying to work out the technology.

Ava's expertise is in law, but she apparently has a side in managing this stuff.

Okay, it works.

Mr. Chair, I suppose I can start.

The Chair: Yes. You just weren't listening when I said you could.

Either way, go ahead. The floor is yours.

Hon. Bill Morneau: Thanks, first of all, for inviting me here today. I'm happy to be here for the next 90 minutes or so to talk about budget implementation bill, no. 2. In particular, I'd like to thank you, Mr. Chair, as well as the vice-chairs and all the committee members, for your hard work during the last round of pre-budget consultations and, of course, during the review of the budget implementation bill. I am looking forward to hearing your questions on this important piece of legislation, which is the next step in the government's plan to strengthen and grow the middle class, and to build an economy that works for all Canadians.

[Translation]

The measures in this bill provide middle-class Canadians and those working hard to join them with more opportunities to succeed. These measures will enable everyone to contribute to Canada's success and to benefit from that success.

[English]

Before speaking to the specific measures included in the second budget implementation bill, I'd like to take a moment to highlight some of the actions our government has already taken, actions that,

along with the hard work of Canadians, have helped to put Canada's economy in a very good place.

As you may remember, it was three years ago last week that the government was sworn in. Since then, we've continuously invested in Canadians, delivering on our promises and making smart investments that are helping to deliver real results for the middle class and for those Canadians who are working hard to join it.

One of our very first actions was to introduce a middle-class tax cut. More than nine million Canadians are now benefiting from that tax cut.

To help Canadian families with the cost of raising children, we also introduced the Canada child benefit, a simpler, tax-free and more generous benefit than the previous system of child benefits. Since its introduction in 2016, the Canada child benefit has helped to lift more than 520,000 people out of poverty across our country, including nearly 300,000 children.

To help give more Canadians the secure and dignified retirement they've earned after a lifetime of hard work, our government worked together with the provinces and strengthened the Canada pension plan.

To help low-income workers take home more money while they work, we introduced the Canada workers benefit, a program that will encourage more people to join and stay in the workforce, and offer real help to more than two million Canadians who are working hard to join the middle class.

We've also taken steps to support Canada's small business owners and entrepreneurs, the people who have helped to create the good, well-paying jobs that middle-class families rely on. This includes cutting the small business tax rate to 10%, effective this past January, and to 9% this coming January.

• (1540)

[Translation]

The government has also signed three new free trade agreements. Today, Canada is the only G7 country holding trade agreements with every other G7 country.

Mr. Chair, the results of the government's investments are clear. Over the past three years, Canadians have created over half a million full-time jobs. Canada had the fastest-growing G7 economy in 2017 and still has one of the strongest economies in the G7.

Wages are going up in Canada. The unemployment rate is at its lowest in 40 years. That being said, we know we still have work to do. Bill C-86 will enable us to make Canada even more egalitarian, competitive, sustainable and fair.

[English]

A moment ago, I referred to the Canada workers benefit, or the CWB. Not only are we introducing this more generous benefit for low-income working Canadians; we're also taking further steps to ensure that more workers who are eligible for the CWB actually receive it.

Budget implementation act, no. 2, or BIA 2, allows the Canada Revenue Agency to calculate the CWB for tax filers, even for those who have not claimed it. This means that low-income workers who are eligible to receive the CWB will be able to do so simply by filing their taxes.

We expect that when you combine this increase in take-up with other program enhancements, the CWB will deliver real help to more than two million working Canadians, starting next year. What's more, it will also help to lift about 70,000 Canadians out of poverty by the year 2020.

Ensuring that the people who have earned this benefit actually receive it, we believe, is just common sense. It's the right thing to do for the millions of low-income working Canadians, who are working hard to be successful and to join the middle class.

As all of you know, promoting and advancing other measures are also critically important in BIA 2. Promoting and advancing gender equality is another of our government's top priorities that are demonstrated in this act.

[Translation]

Canadian women are among the best educated in the world, but they still face barriers that keep many of them from reaching their full potential. Advancing women's equality drives our economic growth while boosting the income of Canadian families.

[English]

The wage gap between women and men has narrowed in recent years, but it remains a barrier. For every dollar per hour that a man working full time earns in Canada, a woman working full time earns, on average, about 88 cents. On an annual basis, women's earnings are even lower—about 69 cents for every dollar earned by men—because they're more likely to work part time.

We know that's not acceptable, and we're committed to doing better. That means taking real and meaningful action to help reduce the gender wage gap and to increase the participation of women in the labour force. That's exactly what we're doing with the legislation that we're discussing today.

With BIA 2, the government is introducing proactive pay equity legislation. It will require federally regulated employers with 10 employees or more to establish and maintain a pay equity plan so that employees who are not receiving equal pay for work of equal value can finally do so. This measure will apply to 1.2 million employed Canadians, including public servants, employees of Crown corporations, and employees of federally regulated private

companies, such as banks, airlines, cable companies and radio and television broadcasters. As part of the act, we're also proposing to establish a new pay equity commissioner to administer and enforce the law, and to report annually back to Parliament.

That said, we also know that it often takes more than equal pay to deliver equal opportunity. As one example, no matter what a parent earns, child care duties in our society still fall disproportionately to women. That is why, in BIA 2, we are also proposing a new employment insurance parental sharing benefit. This "use it or lose it" benefit is intended to encourage all parents, including fathers, to take some leave when welcoming a new child, and to share more equally in the work of raising their children.

Two-parent families that agree to share parental leave could receive an additional five weeks of leave, or an additional eight weeks for parents who choose the extended parental benefits option. This will make it easier for women to return to work sooner, if they so choose. It will help to address some of the patterns of discrimination that many women experience during the hiring process, and it will give both parents an opportunity to spend time with their young children, setting up patterns of more equal parenting that can last for a lifetime.

The government proposes to make this measure available next March, three months earlier than originally planned. This earlier date would enable 24,000 more parents to benefit from the new measure.

Finally, BIA 2 also includes a proposal to introduce a gender budgeting act. We know that budgets are about making choices with limited resources. In budget 2018, all decisions were informed by what we call gender-based analysis plus. This allowed us to consider the different ways in which budget measures could impact Canadians based on their gender and also other factors. The gender budgeting act is intended to make this analysis a permanent feature of the federal budget-making process. It will ensure that these important factors are taken into account when making budgetary decisions.

● (1545)

[Translation]

Mr. Chair, we are committed to growing the economy in a responsible, fair and sustainable way. That also means protecting the environment and reducing carbon emissions. Forecasts show that climate change will cost our economy \$5 billion a year by 2020. Canada needs to reduce its greenhouse gas emissions, and the best way to do that is to put a price on pollution. Pollution pricing is a proven way to encourage Canadians and businesses to innovate and invest in clean technologies.

[English]

For the past two years, the federal government has worked with its provincial and territorial partners on a plan to grow the economy while reducing Canada's greenhouse gas emissions. Provinces and territories had a range of options. They could either design or maintain their own carbon pollution pricing system that meets the federal standard, or they could voluntarily adopt the federal backstop pricing system, as Yukon and Nunavut decided to do.

Unfortunately, some provinces have failed to recognize the cost of pollution. For that reason, two weeks ago the Prime Minister announced that the gap in leadership will be filled by a federal pollution pricing system to be applied in New Brunswick, Ontario, Manitoba and Saskatchewan. All direct proceeds—and that means all direct proceeds from federal pollution pricing—will be returned to the province of origin, with the bulk of the proceeds from the fuel charge going directly to individuals and families through climate action incentive payments. The amendments proposed in BIA 2 would allow for climate action incentive payments to reach individuals and families in those four provinces.

[Translation]

Thanks to Canadians' hard work, job creation is up and unemployment is down. More and more Canadians are benefiting from Canada's strong economy, but there is still work to be done. Budget implementation act, no. 2, allows the government to enhance the support that middle-class Canadians need to make better lives for themselves and their families.

I'm happy to answer any questions on the second budget implementation act or the supplementary estimates.

• (1550)

[English]

The Chair: Thank you very much, Minister. I neglected to mention in the beginning that you're here, but it is 90 minutes on the estimates as well.

For the record, pursuant to Standing Order 81(5), we will consider supplementary estimates (A) 2018-19, votes 1a and 10a under the Department of Finance, referred to the committee on Wednesday, October 24, 2018. We will deal with both the BIA and the estimates in this hearing today.

We'll have ample time to get everybody on. We'll go to five-minute rounds across the piece.

First up is Mr. McLeod.

Mr. Michael McLeod (Northwest Territories, Lib.): Thank you, Mr. Chair.

Welcome to the minister and his staff.

Being a member of this committee has given me a lot of opportunities to hear voices from across the country. We've been travelling. We've had witnesses. We've heard a lot of issues raised and a lot of concerns brought forward. As a member of Parliament who represents a jurisdiction that has a large indigenous population—over half of my riding is indigenous—I was really impressed by the number of indigenous people who have appeared in front of us and talked to us about their concerns and reminded us of a number of

things. I think there's a real sense of opportunity out there, after many years of not moving on a lot of the issues that face us.

Some of the things they reminded us of were that we need to create the mechanisms to allow indigenous people to be self-governing, that we need transformative change, and that we need to stop fighting in the courts. For the most part, I think we've done that. They were also there to remind us that indigenous people and non-indigenous people are in this together. I think that message is one we hear at all venues we attend where there are aboriginal people.

I was really pleased to see that this bill makes several amendments that would improve the fiscal capacity of first nations peoples on reserve. However, as you know, in the north, our indigenous people are structured a little differently. These changes might not be directly applicable to them.

Could you speak about how Bill C-86 would enhance economic reconciliation? As we talk about reconciliation, we always hear, and it's very clear, that there can be no reconciliation without economic reconciliation.

Could you talk a bit about the next steps that the government will take to ensure that all indigenous communities, including the ones in my riding and from coast to coast to coast, can strengthen their fiscal management systems? I think there's been a lot of work done in this area in the last while.

Hon. Bill Morneau: Thank you.

Maybe what I could do is address broadly the things we've done and some of the direction we have, and then, if you like, address more specifics around the First Nations Fiscal Management Act. We can go through those as well.

I think the appropriate way to think about this question is to put it in the context of our government's direction and what we're trying to do in terms of our overall dealing with indigenous peoples. That's first nations, Inuit and the Métis nation across the country, including in the north.

Our goal, of course, is to deal with more immediate and pressing challenges that we must get at, things that are just unacceptable in this day and age—the challenges around clean water, infrastructure and education that exist in parts of our country and that are frankly unacceptable—but also to make sure that we get to fiscal arrangements that allow for longer-term self-government in places where that can and should go forward.

That's the broader agenda. Much of what you've seen us work on, of course, in the first two budgets—budgets 2016 and 2017—was identifying funding for dealing with those immediate and critical issues. We don't want to have another generation of people who don't find themselves with the opportunities that they should have in a country as rich and as successful as Canada.

What I've been working on during the course of that time, together with my colleagues, has been to think about those longer-term institutions, about how we can actually get at better fiscal management for the long term. That means thinking about what we do both in terms of legislative priorities and in terms of practices.

In terms of the practices we've taken on in our budget approach—this budget was no different, and certainly I've already started it in budget 2019—it is to actually get together with first nations in advance of considering what we would be putting in a budget, to make sure that we understand and consider the important imperatives for indigenous peoples, both in the short term and in the long term. As recently as yesterday, I was meeting with Inuit leaders to talk about their budget priorities for 2019.

This is an ongoing and important issue. I recognize that the issues in the north are not all exactly the same, given the different governance and leadership structures. This is something that, as you know, we're trying to work toward: making an important difference and thinking about how best to get funding to places where the funding goes through the provincial governments as opposed to directly through the first nations groups. That, I think, is work that we need to continue working on.

In terms of the First Nations Fiscal Management Act, in this budget we think it's something that will enable us to continue moving forward on our process for enabling self-government. I'd be happy to hear your views on that, either here or outside the room, to make sure that we're making the progress we're trying to achieve.

• (1555)

The Chair: I'm sorry. We're well ahead of time.

I think I can give you a quick question and a quick answer, and we'll go to seven minutes in the first round, because we have 90 minutes with the minister. You'll have a quick question and a quick answer, and we're away.

Mr. Michael McLeod: Earlier today, Minister Duclos tabled Bill C-87, an act respecting the reduction of poverty. As this act is enacted through division 21 in part 4 of this budget implementation act, I want to know how it builds upon the actions that the government has already taken to address this critical issue. It's something that's very important not only in my riding but right across the country.

Hon. Bill Morneau: The key measure that was introduced this morning, and one thing that we want to make sure we have embedded into our overall goals around poverty reduction, is to ensure that we actually have targets: targets that we've embedded into law so that we can move forward in a way that will ensure we actually have something to try to achieve and we have measures that we can actually use to try to get there.

The approach or goal is to get to a 20% reduction by 2020 in poverty as defined, and 50% by 2030. The descriptions of those poverty measures are really descriptions around what we would expect people should be able to have to meet up to standards acceptable to Canadians in terms of being able to live at a reasonable approach in having basic needs fulfilled. That's something that we think is important for us as we continue in our efforts to alleviate poverty.

The Chair: Thanks, both of you.

Mr. Poilievre, you have seven minutes.

Hon. Pierre Poilievre (Carleton, CPC): Minister, last fall you announced new tax penalties on small businesses that have passive income of over \$50,000 a year.

When you made that announcement, you reassured those businesses that their existing savings and investment income from those savings would be grandfathered and therefore not affected by the new rules. Let me quote: "I want to reassure everyone that our proposed changes would only apply on a go-forward basis—not to existing savings, nor to investment income from those savings."

I have a yes or no question. Did you keep your promise to grandfather those pre-existing savings and income from those savings of small businesses in your tax changes?

• (1600)

Hon. Bill Morneau: Mr. Chair, I have the same amount of—

The Chair: We're unlikely to go to yes or no questions in this forum, Mr. Poilievre. The minister has the floor for an equal amount of time.

Go ahead, Minister.

Hon. Bill Morneau: What we moved forward with was a measure that recognizes the important savings that small business owners might have in their corporations, and we found a way to assure those small business owners that they would be at the small business tax rate, up to the time at which they hit \$1 million, approximately, in savings. Then they would move to the large—

Hon. Pierre Poilievre: Does that grandfather existing savings?

The Chair: Mr. Poilievre, let the minister answer. You have seven minutes and there are two other rounds.

Hon. Bill Morneau: That move to the large business tax rate—still a tax advantage rate progressively up to about \$3 million in savings—not only enables small business owners to have money to invest in their businesses, but to the extent that, for some of them, they were using it for a retirement vehicle, it protects them in that regard.

Hon. Pierre Poilievre: Mr. Chair, forgive me, but the minister is using my time. He already had a chance to give a speech.

He promised that his proposed changes "would only apply on a go-forward basis—not to existing savings, nor to investment income from those savings". This is a simple question: Did the minister keep that promise, yes or no?

Hon. Bill Morneau: As I mentioned, the measures that were introduced are of course on a go-forward basis, and they—

Hon. Pierre Poilievre: Do they apply to the investment income from pre-existing savings?

The Chair: Mr. Poilievre, look, we have a lot of time. We can go through this without interruptions. The minister has the floor. You'll both get equal time. I'm watching the time.

Minister, go ahead.

Hon. Bill Morneau: What we will do as we enact this is make sure that those savings are protected. As people move past that \$1 million of savings in their private vehicle, up to the \$3 million, they will be gradually moved into the larger business tax rate, a continuing preferential tax rate.

Hon. Pierre Poilievre: Okay. You have a factual error in your answer, used multiple times. The number that's in the legislation you introduced is not \$1 million; it's \$50,000. I'd urge you to read your own legislation.

Second, you said that income from pre-existing savings would be grandfathered, that it would not count towards this new tax penalty. I'm simply asking you whether or not you kept that promise. Is it grandfathered, yes or no?

Hon. Bill Morneau: The proxy of using the amount of investment, of course, is to use a shorthand that would require a little bit of math. In using the math, you're correct that the \$50,000 intended to show a 5% rate of return on \$1 million, and \$150,000 would be intended to show the rate of return on \$3 million.

Hon. Pierre Poilievre: Right.

Hon. Bill Morneau: Really, what we're trying to do is make sure that preferential small business tax rate is available for businesses to reinvest in their businesses. Should they require leaving money in their business, up to \$1 million that money can be left in at the small business preferential tax rate—

Hon. Pierre Poilievre: Again, sorry, Chair—

Hon. Bill Morneau: —and above that amount—

The Chair: Let him finish his answer.

Hon. Bill Morneau: —up to roughly the \$3-million amount, there will be a movement from the small business tax rate to the large business tax rate, an approach that we think allows people to continue to invest at a very low tax rate—of course, the small business tax rate is the lowest among G7 countries—

Hon. Pierre Poilievre: It's a simple question, Minister.

Hon. Bill Morneau: —and continue to invest as a larger business at a preferential tax rate.

Hon. Pierre Poilievre: It's a simple question. Are existing savings and the income from those savings excluded from the changes that you brought in to the small business tax rate, yes or no?

Hon. Bill Morneau: Again, I think it's important to remind ourselves that we have in Canada a highly preferential small business tax rate. We've done this for a good reason, so that small businesses can reinvest in their business. We've enabled people to continue to park money in those companies in case they need to make those investments in the future, or in the case of people who might need to take time off, whether for maternity leave or other reasons—

Hon. Pierre Poilievre: I asked a very short question.

Mr. Chair, if I could go back, I'll ask it differently. The minister's department posted these words on its website. They remain there.

All I'm asking—

The Chair: I'm going to let the minister finish his answer. He is a little over time, but I don't think we need to interrupt when we have a lot of time. Then you can go to your other question. If you're over your seven minutes, we'll allow it.

Go ahead, Minister.

• (1605)

Hon. Bill Morneau: Again, Mr. Chair, just really for all of us, reminding ourselves that we have a tax system that provides a very favourable situation for small business owners in this country, with the lowest small business rates among G7 countries, significantly lower than other countries.... And we do allow for businesses not to have to immediately reinvest all of their profits but to leave some profits in the business for potential future investments or other reasons. That's why the approach we've taken gives people—

Hon. Pierre Poilievre: I have a point of order, Mr. Chair—

Hon. Bill Morneau:—that \$1 million—

The Chair: Sorry, Minister, there is a point of order.

Hon. Pierre Poilievre: I asked a very short question. I think it was less than 10 seconds. You've now given him a minute of my time.

The Chair: Go ahead.

Hon. Pierre Poilievre: I ask that that time be given back to me.

I'm going to read a quote here: "All past investments and the income earned from those investments will be protected". That's what the finance department website says right now. People have to make decisions and file their taxes based on these rules. That's what your website says.

I quoted earlier what you said to the Chartered Professional Accountants of Canada, who actually have to prepare the taxes. They would expect you to actually know what your own policy is.

This is actually a yes or no question. Either savings that were accumulated before the changes came into effect are grandfathered, and therefore have no impact on the business's access to the small business tax deduction, or they're not. It is a yes or a no. You promised that savings that were previously existing, before your changes came into effect, would be grandfathered. Were they, yes or no?

The Chair: We're well over time. I said I'd give you ample time, and I'll give the minister ample time to answer the question as he sees fit. Then we'll move to Mr. Julian.

Minister, go ahead.

Hon. Bill Morneau: Again, I'm pleased to describe the approach we've taken. Really, we see the importance for businesses to have the ability to maintain income in their corporations—

Hon. Pierre Poilievre: It's a yes or no question.

The Chair: Mr. Poilievre, it'll be—

Hon. Pierre Poilievre: It's a yes or no question.

The Chair: The question will be answered—

Hon. Pierre Poilievre: You said he would have to answer the question. You said, Chair, that he would answer the question.

The Chair: And he is—

Hon. Pierre Poilievre: That was your commitment. He hasn't.

The Chair: You're out of order, Mr. Poilievre.

Hon. Pierre Poilievre: He hasn't answered the question.

The Chair: Minister, you have the floor.

Hon. Pierre Poilievre: He has not answered the question.

The Chair: Shut off his mike.

Hon. Pierre Poilievre: It's a yes or a no.

The Chair: Shut off his mike.

Hon. Pierre Poilievre: It's a yes or a no.

The Chair: Minister, you have the floor.

Hon. Bill Morneau: I think I've made my point.

Thank you, Mr. Chair.

The Chair: Thank you, both.

We have Mr. Julian, for seven minutes.

Mr. Blake Richards (Banff—Airdrie, CPC): I have a point of order, Mr. Chair, before we move to the next round.

The Chair: Yes.

Mr. Blake Richards: I've observed the time during Mr. Poilievre's opportunity to have an intervention here.

I've served as a member of Parliament for 10 years. I've served on a number of committees.

I have great respect for you, Mr. Chair. However, I would ask that you give us a bit more of a clear ruling on this.

It's based on this. On the committees I've sat on in the past, generally what I've seen the chair do is exercise the prerogative of the person with the time—the member—to use that time as they wish. If they feel that they need to move to an answer because a witness is taking too long and those kinds of things, they are able to do just that. I've always seen that. It's been the practice I've seen through 10 years on a number of different committees.

What I would ask, Mr. Chair... I understand from what you've indicated what you believe the ruling should be, but could you please provide us with some documentation from O'Brien and Bosc, or somewhere, that would indicate why that ruling is being done? It certainly differs from the convention I've seen on every other committee I've sat on.

The Chair: On the way we have tended to operate in this committee, we give equal time to the questioner and to the answer, and in the fullness of time I've felt a little leeway sometimes to the questioner and sometimes to the witness to give a little more of an answer so you have the fullness of an answer.

Hon. Pierre Poilievre: On the same point, Mr. Chair—

The Chair: That's the way I've tended to operate.

Hon. Pierre Poilievre: On the same point, you did not give equal time. I asked short, pointed questions, to which the minister responded by giving speeches on unrelated matters, and you allowed him to go on much longer than my question. That is not how these proceedings are supposed to go. We are allowed to ask questions and demand answers from ministers. That's what this place is for.

The Chair: Can we move on, or do you all want to waste time here?

Hon. Pierre Poilievre: You are not the minister's bodyguard.

The Chair: I am not the minister's bodyguard. I have never operated that way and never will.

Hon. Pierre Poilievre: Today you did.

The Chair: Mr. Julian, the floor is yours.

Mr. Peter Julian (New Westminster—Burnaby, NDP): Thank you, Mr. Chair.

Thank you, Minister Morneau.

I just came from a Speaker's ruling in the House of Commons where the Speaker agreed with my contention that this massive omnibus legislation was an omnibus bill and needed to be divided for the purposes of voting.

This really flies in the face of the commitments made by the Prime Minister in the last election campaign when he said that omnibus legislation of this type was undemocratic and didn't allow for proper examination, and he promised to end the practice.

To start, I wanted to make the comment that the idea that omnibus legislation is acceptable is simply wrong. The fact that the Speaker has agreed and is dividing the bill for the purposes of votes indicates that there is far too much dumped in this one piece of legislation for proper scrutiny. We've only had a few hours of parliamentary witnesses, and so far they have indicated grave concerns with the pay equity provisions, which you commented on in your initial statement.

The pay equity provisions are unconstitutional, according to pay equity advocates. They offer less protection for women who are in precarious work situations such as part-time or temporary work. They are advocating for immediate amendment so that the botched job that is the pay equity legislation within this massive budget bill can be addressed.

My question is very simple. Why weren't the pay equity advocates heeded when they raised concerns about this bill? Why has the government refused to incorporate what are deep considerations about the flaws in the bill so that the bill can do what it purports to do?

• (1610)

Hon. Bill Morneau: Thank you for that question.

I guess there were two separate things brought up during the course of that comment and question. In the first instance, we did make a commitment that we would put forth budget implementation acts that only contained measures that were in our budget or in budgets. That approach, which we committed to taking, has been followed. That has been followed, including in this particular example of budget implementation act, no. 2. I recognize the Speaker's decision that this budget implementation act will be split into three from a vote standpoint, and I respect his decision. We look forward to that process.

We will continue to move forward with our ambitious agenda to ensure that we bring our economy to a place that will help middle-class Canadians and prepare us for the future.

With respect to the approach of pay equity, we brought forward this approach after extensive consultations and deliberation. We think it's critically important that we move forward with this legislation, which will, of course, put proactive pay equity legislation in place in the federally regulated sector that will have an impact, as mentioned in my speech, on up to 1.2 million people. We think it's high time to move forward with this, and the approach, we know, will have an important impact on women today and for future generations of women.

Mr. Peter Julian: The point is that we have pay equity advocates who are now saying that this bill, as it is currently worded, provides less protection than what currently exists, and that women will have to go back to court to fight for their rights again, which means that it's a government betrayal of the commitments made around pay equity.

I think it is important to stress that these are numerous voices in the scant few hours of testimony that we've had so far, and because the government is invoking a bulldozer trying to ram this through, the fact that there are deep flaws in the legislation, I would hope, would give the government pause to step back and not ram through the legislation but actually work with pay equity advocates, with civil society and with opposition members so that we can get it right. I'll come back to that in a moment, because not getting it right means prolonging the crisis that exists in inequality in this country.

Another component of Bill C-86 is the parental leave provisions. We heard this morning that now one third of all families that should most benefit from the benefits that were put into the budget bill will not receive them because the criteria that are set up around the parental leave benefits don't allow them to access them. Are you concerned by the fact that the poorest families can't receive the parental leave benefits in the bill, and will you seek to address that and make changes to the bill so that they can be included?

• (1615)

Hon. Bill Morneau: Both in this measure and on an ongoing basis, our government has been very focused on how we can ensure that all Canadians have access to the programs we put in place. That's critically important for the parental leave benefit. We know it's an approach we've taken that's going to make an enormous difference, and it's especially clear that it will make a difference on long-term workforce participation among women, as a similar measure has had that impact in Quebec.

We've taken other measures that demonstrate our keen interest in ensuring that all Canadians can have access to benefits they should have access to. In this budget implementation act, with respect to the Canada workers benefit, we've made it so that workers automatically get access to that benefit and don't do it on demand. It was presenting a challenge for access to that benefit.

We have demonstrated our continuing focus on this issue. We believe that the parental leave approach we've taken in this budget will have a big positive impact on women and on families, so we're very pleased with where we've gotten to.

Mr. Peter Julian: I haven't heard you address anywhere the flaws in the bill, and a willingness to actually work with other people so that we can address the flaws.

Hon. Bill Morneau: We've gone through extensive deliberations and consultations to get to an approach that we think will have an important and very material impact on workforce participation, and on better outcomes for women.

The Chair: Thank you, both.

Ms. Rudd, we're still on seven-minute rounds.

Ms. Kim Rudd (Northumberland—Peterborough South, Lib.): Thank you.

Thank you for coming, Minister.

I was reading both the budget bill and the BIA. As I was looking through it, I recognized a number of things there that I had brought to your attention, and I know other members had as well, which we had heard from our constituents about recommendations to address some of their challenges. I appreciate that we were listened to, and that the suggestions were implemented as a recognition of the reality of our constituents in our ridings.

I want to talk about a particular element within the BIA. Just to give you a little background, my riding of Northumberland—Peterborough South is a rural riding. I know you know where it is. There is an interesting statistic: Over 40% of my constituents are over the age of 55, so things that impact seniors are very relevant to my riding.

We've done a number of things that certainly have been beneficial, such as the increase in the guaranteed income supplement for the most vulnerable single seniors, and programs such as new horizons. While those programs aren't huge amounts of money, in rural ridings particularly, they make a big difference. They have made a big difference in my riding.

One of the other things in the BIA that I want to talk about particularly is the strengthening and creation of a more robust banking consumer protection framework under the auspices of FCAC, the Financial Consumer Agency of Canada. This is important for all Canadians, but particularly Canadian seniors as well.

Could you talk a bit about what measures have been undertaken so far, and where you see them having an impact, particularly for seniors, but certainly for Canadians writ large?

Hon. Bill Morneau: First of all, thank you for the question.

I think what you're identifying for seniors and for all citizens in your riding—and, for that matter, across the country—is the importance of having appropriate consumer protections, especially in the banking sector, given that for many people that is a difficult system to navigate. People, especially people who are not familiar with it, can find themselves vulnerable.

For that reason, we wanted to increase the protections from the Financial Consumer Agency of Canada and have been working on this, as you know, for a while. As part of it, we were clear that we wanted to recognize that we weren't asserting federal primacy in this area and that there were other jurisdictional issues we needed to respect, but that it was critically important for us to get at this in a way that has a long-term impact.

We do think, again, specifically for seniors, that this is an issue we need to stay on top of. I have asked Ava if she might go over some of the specifics around what we have in that part of our bill.

• (1620)

Ms. Ava Yaskiel (Associate Deputy Minister, Department of Finance): The idea behind the amendments to the Bank Act and the Financial Consumer Agency of Canada Act is to advance consumers' rights and interests when dealing with their banks. In that vein, there are a number of very specific amendments to make sure the banks take greater responsibility for their interactions with consumers.

It advances a naming and shaming concept, where you amend the act to require that names be made public. This was not the case in the past, over many years. It has substantially increased the fine levels, from up to \$500,000 to up to \$10 million.

When banks are closed in small areas, there is a detailed notification procedure that must be followed, including six months' notice where there are no other branches within 10 kilometres, and notice to various parties.

There is also the important concept of whistle-blower protection. We have to report to proper authorities, who must keep employees' identities confidential, and there must be systems put in place at the banks to take care of this.

Then, of course, there is dealing with sales tactics. The bank must implement a policy and procedures to ensure that the products and services it sells are appropriate for the consumers it is serving. The employee compensation at the bank should also be set so that it does not interfere with such an approach. One other thing is that the bank can't provide products or services without the consent of the customers. They can't just impose.

Those are a number of the amendments that are being made.

Ms. Kim Rudd: You mentioned the Canada workers benefit, which I believe currently benefits around 1.4 million low-income working Canadians. In 2019 it will be enhanced by \$500 million. Through the process, you're working with provinces and territories to ensure there is harmonization with their programs, so low-income Canadians are always assured they are getting as much as they are entitled to.

There's also the auto-enrolment you mentioned a moment ago, which is extremely important. We saw that with seniors. When the enrolment became automatic, significantly more of them started getting a benefit to which they had been entitled but which they had not been receiving.

Could you quickly speak to these enhancements in what is a critical program for Canadians, and on your thoughts behind why this enhancement is so crucial to many low-income working Canadians?

Hon. Bill Morneau: We see this as a really important benefit, one that was already in place in some measure before we came into office but that we felt needed to be enhanced.

Effectively, what does it do? It helps people move from social assistance into work. It provides the bridge to prevent the situation where there's no benefit to going to work because they're not earning more on an after-tax basis than they would have prior to their new job. We have added some funds to this to enable people to start at a lower income level, so they can get more money through this program and are better off as they make their transition into work. This is going to help a significantly larger number of low-income people to get off social assistance and into some form of work.

That was a critical part of what we did. However, as you mentioned, there were many people—especially those who might not be filing their taxes electronically—who might not have known they were eligible for this benefit. The idea is to ensure that if people qualify, CRA has the ability to automatically give them the Canada workers benefit, which means we have more people in that situation, triggering a much more successful transition from being out of work to being employed. We're allowing people who should make use of that benefit in order to bridge into full-time work to actually get it.

• (1625)

The Chair: Thank you, Minister. We'll have to leave it there.

Mr. Poilievre is next, and we're on five-minute rounds.

Hon. Pierre Poilievre: You spent \$4.5 billion of our money to buy a \$2-billion pipeline under the promise that it would accelerate the expansion of that pipeline. On what date will the construction of the pipeline expansion begin?

Hon. Bill Morneau: It was clear that we needed to move forward in a way with the Trans Mountain pipeline expansion to ensure the pipeline would get done. That was the conclusion we got to in purchasing that pipeline. We are working through a process to make sure this moves forward in the right way. As we have more detailed dates, we will certainly be providing them to Canadians.

Ms. Kim Rudd: On a point of order, Mr. Chair, I'm just not sure where I saw that in the budget implementation bill or the main estimates. I think we're off topic here.

The Chair: When we go into the estimates, it opens it up.

I provided leeway the first time. The first series of questions were on BIA 1, but I think you can fall back on the estimates, so we'll allow some general questions as a result.

Ms. Kim Rudd: Okay.

The Chair: Mr. Poilievre, go ahead.

Hon. Pierre Poilievre: On what day will construction begin?

Hon. Bill Morneau: As you may know from sitting in the House, we're going through a National Energy Board process and we seek to have meaningful consultations with indigenous peoples. The notion of having meaningful engagement and going through that process means—

Hon. Pierre Poilievre: The question was about the date. Do you know the date?

Hon. Bill Morneau: I'm happy to respond to the question in a reasonable way, if you'd like to hear the answer.

Hon. Pierre Poilievre: Again, I had a five-second question that required a one-second answer. You still haven't answered it.

The question is, on what date will construction begin on the project?

Hon. Bill Morneau: If you're not interested in knowing, then that's okay.

Hon. Pierre Poilievre: I am.

Hon. Bill Morneau: We're going through a National Energy Board process in order to ensure we deal with the issues brought forth by the Federal Court of Appeal. Specifically, there were issues around whether the consideration of the west coast...issues around the Species at Risk Act—

Hon. Pierre Poilievre: All right. The minister doesn't appear to have an answer to that question—

Hon. Bill Morneau: —was dealt with.

Hon. Pierre Poilievre: Mr. Chair, he's now spoken for much longer than my question was.

I'll move on to my next question, then.

The Chair: I'm going to say here, Mr. Poilievre, that we can get down to five-second questions and so on, but I see the purpose of a hearing being to get the best legitimate answers you can get. Let's try to proceed in that way.

Hon. Pierre Poilievre: That's what I'm doing.

We're not getting any answers so far.

The Chair: The floor is yours. Go ahead.

Hon. Pierre Poilievre: This minister promised the construction would start in time for the last construction season. We're almost into winter now, and there's still no construction.

For the last time, when will construction begin on this project? On what date?

Hon. Bill Morneau: I was walking through the process that we were going through with the National Energy Board and was then going to talk about the importance of having meaningful engagement with indigenous peoples—both things that the Federal Court of Appeal asked us to do.

We're working on those, and we are aiming to have those processes proceed in a way that will ensure we meet up to the court's direction. At that stage we'll have more information.

Hon. Pierre Poilievre: You have indicated that we're going to have to spend more tax dollars to build the expansion. How much more will the expansion cost taxpayers?

Hon. Bill Morneau: The current process, of course, is the enabling process to get to the expansion. As we get there, we'll have more information on the exact numbers.

Hon. Pierre Poilievre: You don't know?

Hon. Bill Morneau: We did an extensive review—

Hon. Pierre Poilievre: Do you know?

The Chair: The minister is answering the question.

Hon. Pierre Poilievre: It doesn't look like it to me, but go ahead.

The Chair: Go ahead.

Hon. Bill Morneau: We did an extensive review of both the operating costs and the costs for building the pipeline expansion in order to get to the appropriate purchase price.

Hon. Pierre Poilievre: Okay, so you did an extensive review. Thank you for sharing that.

What did that review show the construction would cost?

Hon. Bill Morneau: The review showed, of course, that the construction costs that had been previously outlined by the pipeline proponent were entirely reasonable from the standpoint of any price that we would pay.

● (1630)

Hon. Pierre Poilievre: How much?

Hon. Bill Morneau: This was an economic project from a Canadian taxpayer standpoint.

Hon. Pierre Poilievre: You put \$4.5 billion on the line to nationalize a pipeline, and you can't even tell us how many more Canadian tax dollars are going to have to be poured into this project. I would think you would have calculated this number before putting this amount of Canadian tax money on the line.

I'm going to give you one more chance to reassure Canadians, whose money is at stake here, that you actually did your math before you put their money on the line.

How much will the expansion cost Canadian taxpayers?

The Chair: Minister, the floor is yours.

Hon. Bill Morneau: Thank you for the question.

In deciding to go forward with this project, we recognized that it was not only economically good for our country by allowing us to get our resources to international markets, but also the project itself was economically feasible.

We took a look at the current economic pipeline dynamics and economics, of course, to get to the price and also the projected cost of the pipeline development. As we move through the process and get to the next iteration of the development costs, we'll be transparent about those with Canadians.

The Chair: Thank you, both.

Mr. Sorbara, you have five minutes.

Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.): Thank you, Mr. Chair.

Welcome, Minister.

Minister, I've had the privilege of serving on this committee since we were first elected as a government, and during that time, the results that we've achieved as a government have been very impressive for our economy. You went through those results at the beginning, so I'm not going to repeat that.

One of the things we achieved under your leadership was enhancing the CPP by coming to an agreement with all the provinces. Subsequent to that, you also came to an agreement with the provinces in December 2017 on corporate beneficial ownership and made some strides there.

With that, to reassure Canadians that tax fairness is a paramount pillar of our government in the BIA legislation, there are a number of actions that are listed with regard to tax fairness. I want to get some colour from you on which ones you feel are the most important and the strides we have achieved for tax fairness so Canadians can be assured that all Canadian organizations and high-net worth individuals are paying their fair share.

Hon. Bill Morneau: Thank you for that question.

I think our efforts in ensuring that our tax system is working are important within Canada as we govern how Canadian organizations and individuals potentially invest abroad.

Maybe I'll take that second part first.

Two very important measures that we've worked on together with the international community have been what's called the base erosion and profit shifting project, the BEPS project, and the common reporting standard. They're both quite important.

The common reporting standard allows us to get access to know what bank accounts are held in other jurisdictions so we can get a good understanding of whether any organizations are moving money into other jurisdictions. The base erosion and profit shifting is really working together with other countries to make sure that companies don't move profits to places where taxes are low and move expenses to places where taxes are high, obviously eroding the tax base. That's important internationally.

Nationally, as we heard earlier in this hearing today, we've been focused on making sure our tax system works to benefit all Canadians. First and foremost, we lowered taxes on middle-class Canadians, so we took the tax bracket between \$45,000 and \$90,000 and moved it from a 22% tax bracket to a 20.5% tax bracket, reducing taxes in that bracket by 7%. What that did was lower taxes not only for people in that tax bracket, but right up to and including everybody up to roughly \$200,000 or so, when they get into the new

tax bracket that we introduced that was eligible for only the wealthiest of Canadians.

As you heard, we also then looked at small business taxes, lowered them, but at the same time put in measures to make sure that people are reinvesting in their business.

Mr. Francesco Sorbara: Thank you, Minister.

I know we could probably list another 15 items or so that we have done to the benefit of millions of Canadians, including those who live in my riding of Vaughan—Woodbridge.

Earlier this year, this committee undertook a study of bank sales practices. The FCAC came out with a report. We followed up with some measures in the BIA here with regard to Canadians feeling safe and feeling that, when they walk into a bank or a financial institution, their best interests will always be served, if I can use just very simple terms.

I wonder what you would like to say to the Canadians sitting at home watching this committee on TV about what we have done to ensure that, when they walk into a bank, they know their best interests are being served.

• (1635)

Hon. Bill Morneau: I think we can't emphasize this issue enough. There are, of course, Canadians who feel vulnerable in their dealing with large institutions because there is an information asymmetry. That's why we wanted to make sure that the Financial Consumer Agency of Canada has the ability to properly regulate and ensure that banks are following practices that protect individuals.

I know that my associate deputy minister, Ava, went through some of those in the last few minutes.

What I want people to know, though, is that we will continue to ensure that products and services delivered by banks are done so in a way that gives full disclosure to consumers.

Our banking sector is strong. There are concerns, but we always need to be vigilant to make sure that people are protected.

The Chair: Sorry, Mr. Sorbara, you ran down the clock.

We have Mr. Poilievre first for five minutes. On my list, I then have Mr. Fragiskatos, Mr. Julian and Mr. Fergus. We'll get everybody on.

Go ahead.

Hon. Pierre Poilievre: Will the HST apply on carbon tax?

Hon. Bill Morneau: We have a couple of really important ways of looking at the new pollution pricing. First, and most importantly, we said that all of the revenues from pollution pricing will be returned to the provinces, and 90% of it will go to individuals. Our estimation is that there will be no material change in GST receipts for the federal government.

Hon. Pierre Poilievre: How much will the average family pay in HST on the carbon tax itself?

Hon. Bill Morneau: To be clear, we have said that, for those people in the backstop provinces—Ontario, Saskatchewan, Manitoba and New Brunswick—we are giving a climate action incentive, a rebate to families to actually compensate.

Hon. Pierre Poilievre: I'm trying to find out where that will actually leave families, because there's the tax itself, which you admit will cost almost \$600 for an Ontario family. Does that roughly \$600 include HST on the tax?

Hon. Bill Morneau: To be clear, your numbers are incorrect.

Hon. Pierre Poilievre: They're your numbers, not mine.

Hon. Bill Morneau: Those aren't my numbers—

Hon. Pierre Poilievre: They are.

Hon. Bill Morneau: There are different numbers in each province. In each one of the four backstop provinces, there are different numbers because the impact is different by province, and we've committed to giving the revenues received back to provinces. Of course, our expenditures on environmental initiatives are significantly greater than that, because of course on top of that we've put in place the low-carbon economy fund—

Hon. Pierre Poilievre: The question was whether the HST would apply on the carbon tax. You didn't answer that. Then I asked what the average family would pay in HST on the tax, and you have still not answered that. You're talking about some unrelated government spending program.

How much will the average family in, say, Ontario spend in HST on the carbon tax? How much?

The Chair: Go on with your previous answer there, Minister.

Hon. Bill Morneau: Your question, of course, is a hypothetical, so what we can identify is that we will be putting a price on pollution—

Hon. Pierre Poilievre: Is the carbon tax hypothetical now? Are you not going ahead with it?

The Chair: Mr. Poilievre, allow the minister his time.

Hon. Bill Morneau: We will be putting a price on pollution, and the decision by each individual family and what they're going to do with their rebate is their individual decision. Our expectation, based on our modelling, is that businesses that have input tax credits will not have any net increase in GST/HST; and of course, families may decide to use that money to save. They may decide to put the money we're giving them on basic goods like groceries, which have no GST/HST.

It's a hypothetical, impossible to answer, but on our modelling, first of all, we're going to have more money—

Hon. Pierre Poilievre: Sorry, Mr. Chair, I asked a very simple and very short question and now you're allowing him to restate his speech from the beginning of the committee proceedings.

The question was how much HST people would pay on the carbon tax. Surely your Department of Finance has the capacity to do these kinds of calculations. You've tried to convince people that they'll get as much back as they pay in, but you won't even tell us whether or not your calculations include the HST on the carbon tax itself.

I'm just asking a simple question. How much HST will the average family pay on the carbon tax?

• (1640)

The Chair: The floor is yours, Minister.

Hon. Bill Morneau: As I said, in the four provinces in which the backstop will apply, we've taken a look at the pollution pricing in order to give a rebate back to families, which is, for the overwhelming majority of families, in excess of any pollution pricing. Of course—

Hon. Pierre Poilievre: Does that include the HST on the tax?

Hon. Bill Morneau: Of course, on top of that, there will be the decision on what they will take with their rebates. They could find themselves in an even better situation.

Hon. Pierre Poilievre: Mr. Chair, the reason this is important is that the government is applying a tax that will raise the price of gas and home heating. Indirectly, goods like groceries, furniture and clothing will all go up. They admitted that. They have tables that show the cost to the average family. Now, on the carbon tax itself, people will also pay the HST. I'm simply trying to ascertain how much they will pay in HST on top of the carbon tax to see the impact on family household budgets.

It's a simple question for which you must have the answer. You've been the minister now for three years. You have one of the most advanced finance departments in the world, capable of conducting these calculations. Why not just open up and tell the truth?

How much in HST will the average family pay on the carbon tax itself? What's the tax on the tax?

Hon. Bill Morneau: We did modelling with this, of course, to assure ourselves that in fact we did not see any material increase in GST coming to the federal government.

The Chair: Okay, thank you, both.

Mr. Fragiskatos, go ahead.

Mr. Peter Fragiskatos (London North Centre, Lib.): Thank you, Mr. Chair.

Thank you, Minister, for being here. Thank you for the work you're doing. In the riding of London North Centre, which I represent in the House of Commons, 19,000 children have benefited from the CCB. That is tremendously important in a community that has struggled economically since 2008 but is now pivoting. This very program is putting money into the pockets of hard-working parents so they can go and spend.

We're seeing tremendous growth in London, with the lowest unemployment rate, now under 5%, that we've seen since 2004. Our government isn't completely responsible for that, but when people have greater purchasing power, I think it speaks volumes.

I want to ask you something different, though. I want to shift from the CCB and talk about the environment. On matters of national priority, I don't think there should be room for partisanship. We've heard my friend today engage in a very partisan attack. My interest here is to get down to the facts and to understand issues of national priority from that perspective.

When it comes to the environment.... I want to read a quote here. It comes from Preston Manning, so that's how non-partisan I am being. He said:

“Conservation” and “conservative” come from the same root.... You can't demand more out of natural systems than you are prepared to put into sustaining them. And so I argue with conservatives, let's extend the concept of living within our means financially to living within our means ecologically.... Conservatives profess to believe in markets.... So why don't conservatives major on how to harness markets to the environmental conversation, and make that their signature contribution.

All of that says to me that there is room for a reasonable dialogue among all parties on this issue.

You alluded to this today in your opening remarks, and you've spoken about it before, but can you touch on how our government's move toward putting a price on pollution actually rests on free market principles?

Hon. Bill Morneau: I think it's a really great question for us to consider here. Canadians need to know what it is that we're trying to achieve.

A few weeks ago, William Nordhaus, a leading economist, won the Nobel Prize for economics, based on his work around the need to price pollution, the need for us to put a price on pollution in order to actually use a market-based mechanism to reduce the amount of pollution.

This is not a novel economic concept. This is a broadly accepted economic concept. It's not a partisan concept. People understand that when you put a price on something, you actually have an impact, so we put a price on something that we don't want. Pollution is something that we don't want, and we deal with it in a way that allows people to make their own choices. We give people the money from which they can make their own choices on how to best satisfy their family goals and demands. That is exactly what we're trying to do here.

In my estimation, the people who are arguing about this either don't believe in climate change or don't care. It's one of the two options. We believe in climate change, and we care about climate change. That means we're going to take the most economically efficient way to deal with the long-term impact of climate change, and that's by putting a price on pollution. That's what we're trying to achieve here.

The minor squabbles from people who are trying to serve themselves with political points.... Over the long term, I think what Canadians see is that we're actually trying to make a difference for us today, for our children and for our grandchildren by actually having a material impact on our environment.

● (1645)

Mr. Peter Fragiskatos: When Preston Manning agrees with the rationale of our policy, I think it speaks volumes about our direction, quite frankly.

There's a minute left in my questioning here, so I want to ask you about pay equity. We've been talking about doing something for decades. This is the most meaningful piece of legislation that's come forward.

My friend across talks about constitutionality. You should know, Minister, that this is based on witness testimony from this morning, from one group, which—and I won't speak for my colleagues—I found to be very incoherent. I wasn't sure where the witnesses were going when they talked about the unconstitutionality of the legislation. It's quite constitutional. I don't think my friend has done an analysis in the past few hours to determine whether it is constitutional.

You pointed to this at the outset, but could you talk about pay equity as actually benefiting the economy—not only being the right thing to do in a very abstract sense, but being the right thing to do if we're trying to generate further economic growth?

Hon. Bill Morneau: Let me first just say that I wasn't in the meeting this morning, so I don't have an ability to respond to that.

I do think that having a pay equity approach that's not based on people having to complain but is proactive and gets people to come to these conclusions for the long-term benefit of their organization and for our broader economy is critically important.

The economic benefits seem to me pretty straightforward. If you believe that people take jobs in order to make money, and you believe that people take jobs if they can earn more money more readily, then you believe that the market incentive works. We don't think the idea that women don't earn as much gives them the same incentives to want to be successful in our economy.

It's as simple as that. We want women to be successful. We want our economy to be successful. Having workers paid for work in an appropriate way doesn't even seem to me to be a question that we should be debating in 2018.

The Chair: Thank you, both.

Mr. Julian, go ahead.

Mr. Peter Julian: Thank you, Mr. Chair.

I'm going to take just a few seconds to reply to my colleague across the way. Four groups endorsed the findings of the pay equity coalition this morning. All of them pointed to the fact that eliminating it from human rights legislation meant that women would have to go back to court to challenge the pay equity legislation and have their rights re-established. That is what—

Mr. Peter Fragiskatos: I disagree.

Mr. Peter Julian: That is what testimony came, Mr. Chair. My colleague wants to interrupt me, but when you have four groups—that's one third of all witnesses in the short time we have heard from witnesses—all saying the same thing, it is beholden on the government members to listen to what they are saying.

That being said, I will go back to the minister and start off with the issue of the pipeline. Mr. Poilievre raised it, but he's not the only one asking about this.

You must have a range and the actual cost for what it will cost Canadian taxpayers for the building of the pipeline, particularly in light of all the changed circumstances. What is that range?

Hon. Bill Morneau: The most recent estimates for the building of the pipeline were those done by the proponent. It's an extensive process to redo those pipeline building estimates. In our analysis, we looked at a range of possibilities, but the only number that's been developed was the one developed by the pipeline proponent prior to the purchase.

Mr. Peter Julian: We've heard estimates from \$11 billion to \$15 billion, depending on who is doing the estimate. You have internal estimates that have been developed through the ministry. There's no doubt about that. What do those estimates say?

• (1650)

Hon. Bill Morneau: No, you are incorrect. We have the estimate done by the proponent prior to the purchase. On the estimates you're talking about, I have no idea what you are referring to, because the only ability to go forward and come to a new estimate would be by what is now the organization for the Trans Mountain pipeline, and that work has not been done.

Mr. Peter Julian: I will move on. I note your non-answer, and I find it quite concerning, but I will move on to a number of other questions, because I only have a couple of minutes left.

First, turning to supplementary estimates (A), what is the total cost across all ministries for funding related to government advertising programs?

Perhaps I can give you questions two and three as well, to give you the time. You have your colleagues there from the finance department, so that will give you the opportunity to look.

First is the total value of government advertising in supplementary estimates (A) right across all departments.

Second is the expenses related to the Phoenix pay system, getting the Phoenix pay system to work somewhat adequately. Our public servants are being treated in an abominable way with the Phoenix pay system's malfunctions. How much in the supplementary estimates (A) are the expenses related to the Phoenix pay system and correcting that?

Third, what is the writedown for the G7 summit? We heard that about 600 new automobiles were purchased by this government for the summit. They are now attempting to sell them, and there is some difficulty in selling that many vehicles. The Department of Finance must have an estimate of what the writedown is. Some of these vehicles have travelled 40 kilometres and that's it, so there is a huge writedown to Canadian taxpayers. How much is the value of the writedown for the summit?

Hon. Bill Morneau: First of all, I think all these are from the main estimates and not from the departmental estimates. We would be happy to get back to you with responses on these issues. They aren't from the departmental estimates.

Mr. Peter Julian: You would know about the summit, and you would know about the writedown there, as it's in the public domain.

Hon. Bill Morneau: Again, we're happy to get back to you.

I don't think it's appropriate for me to speak off the cuff on something that requires that level of detail.

Mr. Peter Julian: Thank you.

My final question in the few seconds left to me is around the family debt crisis.

We have Bill C-86, which is deeply flawed. A number of witnesses have pointed to that. As I mentioned, we're seeing increasing inequality in both the parental leave provisions and the pay equity provisions. The family debt crisis in Canada is now the worst among industrialized countries, and certainly it's the worst in Canadian history.

How do you intend to resolve family debt crisis if Bill C-86 can't be fixed appropriately so the pay equity provisions have a positive impact on women and the parental leave provisions benefit all families?

Hon. Bill Morneau: There are a number of things in that comment, and I'm not entirely sure I follow the argument.

I think it's appropriate for me to respond that we are very closely monitoring the level of Canadian indebtedness. We've been focused on this issue from day one as a government. The biggest portion of that family indebtedness, of course, is typically mortgage debt, and we've looked at that very carefully. We've put rules in place to protect current homeowners and protect people from taking decisions that put them in vulnerable positions.

We are starting to see some impact that is reducing some of the significant risk, but it remains a risk. I think you're entirely appropriate to point it out. We need to stay on top of this. The reality is that our economy is doing well. As our economy does well, we're seeing that the Bank of Canada is currently looking at inflation and following through on their mandate. Most recently, they've raised interest rates, and while it's not in my jurisdiction to opine on it, that is not unlikely to happen in the future. We need to help prepare Canadians for that potential eventuality, which is a risk. We are working on that, and we'll continue to do so.

• (1655)

The Chair: Thank you, both.

The last round of questioning is for Mr. Fergus, and then we'll have to adjourn this session.

Go ahead.

[*Translation*]

Mr. Greg Fergus (Hull—Aylmer, Lib.): Thank you very much, Mr. Chair.

Minister, thank you for your testimony.

On May 4, 2015, the Liberal leader unveiled the Canada child benefit while visiting my riding of Hull—Aylmer. While making the announcement, he said, “Our plan is progressive. We can do more for the people who need it by doing less for the people who don’t”. Canadians embraced this policy and this program.

We eliminated the Canada child tax benefit, which was aimed at low-income families, and the universal child care benefit, which had been developed by the Conservatives. That program was available to everyone, even millionaires. It was replaced by the new Canada child benefit, which came in the form of a tax-free monthly cheque. In the opinion of myself, my constituents, and certainly all of the country's top analysts, this is the most important social program to be introduced in the past 50 years.

In Bill C-86, a second act to implement certain provisions of the budget tabled in Parliament on February 27, 2018 and other measures, you proposed certain amendments. Can you tell me why?

Hon. Bill Morneau: Thank you for that very important question.

We decided that this measure was important for Canadian families. The Canada child benefit means more money for families during the toughest years, when their kids are growing up. You're right to say that thanks to our decision, families across the country are doing much better.

This program helps the vast majority of families, but not all of them. The wealthiest families, like my own, for example, don't need help. I had two kids under 18 when I first became an MP. It was important to determine which families needed this benefit, and that's what we did.

Families in your riding of Hull—Aylmer are unquestionably much better off. There are now 9,742 families receiving an average of \$6,700 each, and 17,660 children have been helped by this benefit. That makes a huge difference for families. Families are clearly better off than before.

This decision was also important for the economy as a whole. When families have more money, they can make investments while contributing to our economy. It's a win-win situation for families and for the economy.

Mr. Greg Fergus: I couldn't agree with you more.

Minister, I often go door to door in my riding, especially in areas where residents are working hard to join the middle class. These measures are life-changing for them and their families. This measure has lifted many people out of poverty. It's making a big difference.

My second question is about another social program, the Canada workers benefit, which you announced last year in your fall economic statement. In the budget implementation act, you propose amendments to simplify the process in order to make sure people in need get this benefit.

Could you explain how this will work? Why is it so important to help these workers?

● (1700)

Hon. Bill Morneau: Thank you for your question.

The Canada workers benefit is vital for very low income workers. It enables them to be part of the workforce, which is incredibly

important. We've improved this program to make life easier for people in vulnerable situations. We've also taken into account the challenges faced by people who don't automatically have access to this benefit. We decided that it was important to make sure the Canada Revenue Agency could offer eligible workers automatic access to this benefit. This is a major change, because it will help more people receive this benefit.

As we did with the Canada child benefit, we need to think about how programs can be improved every year and consider whether our approach is causing difficulties or problems. For instance, last year, we indexed the Canada child benefit. We're going to keep thinking of ways we can help middle-class families and people in more vulnerable situations.

[*English*]

The Chair: Minister, thank you very much for your 90 minutes on these issues.

Committee members, thank you again.

Mr. Marsland and Ms. Yaskiel, thank you as well.

For committee members, there are bells at 5:53, so we are going to have to change our schedule. We do have to hear as yet from Employment and Social Development Canada on part 4, division 16 of BIA 2, and then we need to hear from departmental officials on the budget implementation act, too.

We as a committee also have to deal—for 15 minutes, in camera—with the money laundering and terrorism financing report. It went to members at 11 o'clock this morning, and we want to do a quick review to make sure that it is correct.

I'm going to have to kick everybody out of the room except members. Thank you, Minister. I'll ask the witnesses from the department, Ms. Yaskiel and crew, and the people dealing with part 4, division 16 to just wait for 10 minutes and we'll invite them back in.

Thank you, all.

[*Proceedings continue in camera*]

● (1700)

_____ (Pause) _____

● (1725)

[*Public proceedings resume*]

The Chair: We'll reconvene. I call the meeting to order, to go through departmental witnesses on the subject matter of Bill C-86, the budget implementation act.

With us we have the group that we didn't have time to deal with last evening, so thank you for your indulgence.

We're dealing with part 4, division 16, on the wage earner protection program act. We have Ms. Baxter and Mr. Duff.

The floor is yours.

Ms. Brenda Baxter (Director General, Workplace Directorate, Labour Program, Department of Employment and Social Development): Great. Thank you.

I'm just going to turn this over to Alex, the manager of the wage earner protection program, policy and oversight, to give you the overview of the changes to the wage earner protection program.

Mr. Alex Duff (Manager, Wage Earner Protection Program, Policy and Oversight, Labour Program, Department of Employment and Social Development): Thank you, Mr. Chair.

The wage earner protection program is a program that compensates workers when their employer files for bankruptcy or becomes subject to receivership. It can make payments to workers in respect of unpaid wages, unpaid vacation pay, severance pay or termination pay.

As part of the amendment—and I forgot to mention that it's division 16, clauses 626 to 653—the main change is an increase to the maximum payment under the program. The current maximum payment is an amount of \$3,977. The budget implementation act changes would increase that to \$6,960. The maximum amount is pegged to the employment insurance maximum insurable earnings, so it's going from four weeks up to seven weeks. It's important to stress that this is the maximum payment, so it has to be in respect of amounts that workers are owed. It's not a benefit. It's only for wages they are owed. That maximum payment would apply retroactively to February 27, the date of the budget.

In addition to the increase to the maximum payment, there are also amendments to ensure that workers who work past the date of bankruptcy or receivership are still eligible for the wage earner protection program with respect to severance and termination pay.

Eligibility will also be expanded to cover foreign bankruptcies, as well as to make more timely payments when an employer is restructuring under the Companies' Creditors Arrangement Act, or under a proposal under the Bankruptcy and Insolvency Act.

There are also amendments to ensure a greater recovery of amounts paid out by the wage earner protection program, because when a WEPP payment is made, the government is subrogated to those amounts, so we step into the shoes of the worker in the insolvency process and try to recover that money back to the government.

That's an overview of the changes. I'm happy to answer any questions from the members.

The Chair: Okay. Are there any questions for Mr. Duff or Ms. Baxter from committee members?

This doesn't involve pensions, though. It's just the....

Mr. Alex Duff: That's correct.

The Chair: Okay.

There are no questions. Isn't that unbelievable?

Thank you very much. You waited all this time, and you got no questions. Isn't that a wonderful thing?

Thank you very much, Ms. Baxter and Mr. Duff.

● (1730)

Mr. Alex Duff: Thank you.

The Chair: We'll bring up the departmental witnesses for supplementary estimates (A).

We're changing gears a little bit again as a committee. Pursuant to Standing Order 81(5), votes 1a and 10a under the Department of Finance in supplementary estimates (A), 2018-19, were referred to the committee on Wednesday, October 24, 2018.

We have witnesses here from the Department of Finance to deal with those and to answer any questions we may have on supplementary estimates (A). We have Ms. Yaskiel, associate deputy minister; Ms. Bess, chief financial officer; and Ms. Denny, director, financial management and reporting, corporate services branch.

Welcome.

I don't know if you have an opening statement.

Ms. Ava Yaskiel: I have one, which we'll summarize.

The Chair: Okay, that's not a problem at all.

Go ahead.

Ms. Ava Yaskiel: The supplementary estimates (A) reflect a net increase in planned statutory expenditures of \$488.7 million. The items are displayed in the supplementary estimates for information purposes and will not be included in the appropriation bill.

In addition, the estimates include \$3.1 million in voted authorities under vote 1, program expenditures. Given these increases, total proposed authorities to date for the department are \$94.5 billion.

If you'd like, I'll take you through just the major components of the expenditures. There is a \$477.3-million increase for the Canadian Infrastructure Bank for capital and operating requirements identified in its corporate plan. There is an \$11.4-million increase for the Canadian Securities Regulation Regime Transition Office for its operating activities in continuing support of the federal government's work to establish the co-operative capital markets regulatory system.

There is a new funding requirement for vote 1, program expenditures, of a total of \$3.1 million, and that consists of capacity funding for \$2 million for the Tsimshian First Nations in relation to divestiture of Ridley Terminals; a reprofile of \$891,000 to continue work on a co-operative capital markets regulatory system initiative; funding of \$156,000 for the administration of the P3 Canada fund investment portfolio; and finally, \$99,196, which represents the department's portion of budget 2018's funding envelope to address issues in pay administration, the Phoenix surge payment.

I'm happy to take any questions.

The Chair: Okay, we're open to any member who has a question. Are there no questions?

Mr. Julian, go ahead.

Mr. Peter Julian: Sorry, could you repeat the figure for the Phoenix pay system?

Ms. Ava Yaskiel: That's \$99,196.

Mr. Peter Julian: That's \$99,000 for...?

Ms. Ava Yaskiel: That's for our department. It was part of the surge funding to deal with some of the Phoenix issues.

Mr. Peter Julian: Now, across the departmental budgets for supplementary estimates, what is the total cost allocated to Phoenix, given the size—

Ms. Ava Yaskiel: Across all departments...? I don't have that information on hand.

Do you have it?

Ms. Dale Denny (Director, Financial Management and Reporting, Corporate Services Branch, Department of Finance): Budget 2018 provided \$25 million in 2018-19 for Phoenix, for the surge capacity. This was to increase support services to employees with pay issues within the departments and agencies serviced by the public service pay centre. The \$99,000 represents the departmental portion of that \$25 million.

The Chair: You can look at that a little more, Peter, if you want, and I'll go to Mr. McLeod.

Mr. McLeod, go ahead.

Mr. Michael McLeod: I didn't hear clearly. Was it the Tsimshian First Nations you mentioned?

Ms. Ava Yaskiel: It was the Tsimshian First Nations, yes.

Mr. Michael McLeod: I do have a question in this area. It says \$2 million for the first nations for consultations. What is the purpose of the consultations?

• (1735)

Ms. Ava Yaskiel: As was announced recently, the decision was to divest the Ridley Terminals, and this is capacity funding. As part of the consulting process, the \$2 million was provided to the Tsimshian First Nations. I'll just find it...

Ms. Darlene Bess (Chief Financial Officer, Financial Management Directorate, Department of Finance): Can I jump in?

It's just to provide them with funding for financial and legal advice to support their participation in the consultation process for the divestiture of Ridley Terminals.

Mr. Michael McLeod: Are there plans for other consultations? We have a lot of need in my riding where the first nations are looking for money for consultation and for negotiations. Are there plans to do more than—

Ms. Ava Yaskiel: Do you mean in relation to Ridley?

Mr. Michael McLeod: It's along the same lines as this.

Ms. Ava Yaskiel: Is it for that group?

Mr. Michael McLeod: Is my microphone not on?

Ms. Kim Rudd: If you use your earpiece you will hear him.

The Chair: This is a very hard room to hear in, so you pretty well need your earpiece.

Go ahead.

Ms. Darlene Bess: This is just for the supplementary estimates, and this funding is specifically for the Ridley Terminals consultation. As for future funding for consultations on other initiatives, I can't speak to that.

The Chair: There is no money requested for this for other consultations in the supplementary estimates.

Mr. Julian, go ahead.

Mr. Peter Julian: Ridley Terminals consultations go beyond the Tsimshian First Nations. Where is that money found in the estimates?

Ms. Ava Yaskiel: That's not part of these supplementary estimates.

Mr. Peter Julian: I understand, but the consultations go far beyond that, so I'm just wondering where that money would be found in the supplementary estimates. If it's not in the Ministry of Finance, and we know that the federal government is spending beyond consultations with the Tsimshian, then where is that money to be found?

Ms. Ava Yaskiel: Are you saying for other groups that are involved?

Mr. Peter Julian: For other groups, yes.

Ms. Dale Denny: It's probably in other government departments. We could get back to you on that question. I don't know that answer at this moment.

Mr. Peter Julian: Okay. Then I will ask, if the money is spread out throughout a number of different departments, why is the Department of Finance assuming the funding for the Tsimshian First Nations for consultation? I'm trying to understand how that allocation worked. You have a number of departments involved, and money that has been allocated. How is it that the Ministry of Finance is allocating \$2 million for consultations?

I'm not questioning the validity of the consultations. I'm just trying to track the money.

Ms. Ava Yaskiel: We'll get back to you in terms of the tracking.

Mr. Peter Julian: Okay.

The Chair: Peter, in terms of this question, do you want the allocated money for consultations across departments, or just from Finance?

Mr. Peter Julian: I'd like it from across departments, but I am also curious as to why a portion of it is allocated to the Ministry of Finance.

The Chair: It's sometimes a government accounting thing, as I understand it.

Just so we're clear, I think what Mr. Julian is asking is whether you can document the monies for these consultations. There will be some from Indigenous Affairs, and there will be some from other departments. Could you document it fully so Mr. Julian has the final figure? You can send that information to the clerk.

Do you have another question?

Mr. Peter Julian: On funding for the administration of the P3 Canada fund investment portfolio, could you give us some more details about that?

I understand there are allocations in other departments, so again, how is it allocated so that \$156,000 is allocated to Finance?

Ms. Ava Yaskiel: The \$156,000 represents the custodial fees that are paid to CIBC Mellon for safekeeping arrangements and management of the investment portfolio.

You will probably recall that P3 Canada fulfilled its mandate in November 2017, and this is the windup of the P3 Canada portfolio. This is the amount of money left, and it has to be administered.

• (1740)

Mr. Peter Julian: Thank you for that.

There was money allocated to other ministries, though. Is that correct?

Ms. Ava Yaskiel: Again, we'd have to come back to you on that, to see about other departments.

Ms. Dale Denny: I can speak a little bit to that.

On the dissolution, all the investment portfolio was transferred to the Department of Finance. Infrastructure was given a portion of money, as well, to finish their commitments on all the different projects that P3 had entered into prior to its dissolution. In this case, we got the investment portfolio and its infrastructure, providing the additional payments to deliver on all the commitments on P3 Canada.

Mr. Peter Julian: Thank you.

The Chair: Are there any other questions?

Greg, go ahead.

Mr. Greg Fergus: Further to the question from my colleague from the Northwest Territories, Mr. McLeod, I'm just wondering if you could talk a bit more about Ridley Terminals, just to give a bit more detail. I'm not certain I quite caught the purpose of the consultation for that part.

Ms. Ava Yaskiel: As Ridley Terminals is being sold, there has to be a consultation around the sale. The consultation was done—in fact, before the process was launched—with the first nations groups that could be affected in the area to see what the impacts could be.

Mr. Greg Fergus: Thank you.

The Chair: Okay. If there are no further questions, are we ready to go to a vote on the supplementary estimates?

Mr. Julian, go ahead.

Mr. Peter Julian: On division.

The Chair: Well, I'll read them out and then we'll go on division.

We have vote 1a, in the amount of \$103,399,146, and vote 10a, in the amount of \$1.

Ms. Bess, did you have something to add?

Ms. Darlene Bess: Sorry, Mr. Chair, I just want to clarify that the first amount, vote 1a, is just the supplementary estimate. It's \$3,146,796 that you're voting on.

The Chair: Okay. We'll amend that as such. I know you guys wouldn't want to spend any more money than is already in the supplementary estimates.

DEPARTMENT OF FINANCE

Vote 1a—Program Expenditures.....\$3,146,796

Vote 10a—Canadian Securities Regulation Regime Transition Office.....\$1

(Votes 1a and 10a agreed to on division)

The Chair: Shall I report the votes on the supplementary estimates to the House?

Some hon. members: Agreed.

An hon. member: On division.

The Chair: Thank you, folks, for appearing on the supplementary estimates.

With that, we will adjourn ahead of time.

Peter, do you have a question? You look puzzled.

Mr. Peter Julian: No, no. It's just that if we have some time, I have a filibuster I'd like to start.

The Chair: All right, the meeting is adjourned.

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