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Monday, February 1, 2016

—

Speaker: The Honourable Geoff Regan

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HOUSE OF COMMONS

Monday, February 1, 2016

The House met at 11 a.m.

Prayer

GOVERNMENT ORDERS

• (1105)

[*English*]

INCOME TAX ACT

The House resumed from January 29 consideration of the motion that Bill C-2, an act to amend the Income Tax Act be read the second time and referred to a committee, and of the amendment.

Mrs. Salma Zahid (Scarborough Centre, Lib.): Mr. Speaker, I will be sharing my time with the hon. member for Saint Boniface—Saint Vital.

I rise in the House today support of Bill C-2, an act to amend the Income Tax Act, or as I prefer to call it, an act to finally give a helping hand to middle-class families and those hoping to join the middle class.

Our government believes in listening to the people. For years, Canadians have been telling us one thing loud and clear: they need a hand. Middle-class families have increasingly been struggling to make ends meet. Too many families are having to make difficult choices: should they pay the rent or put food on the table; should they save money for their children's education or save for a secure and comfortable retirement; do they buy a new suit for their job interview or a birthday present for their son. These are not easy choices and they are causing stress and hardship for so many families.

I have the privilege of representing the riding of Scarborough Centre. We are a community of middle-class families. Scarborough families are exactly the sort of families that we need to be helping. We need to help families like one I met when knocking on doors in Scarborough last summer. I spoke with a mother outside her door in an apartment tower who told me how her husband was working full time at a warehouse and she worked nights in the service industry. They hardly got to see each other. Still, each cheque did not go quite far enough. She was trying to find a second job so they could keep up with the bills. However, she was worried about who would take care of her two young daughters while she was away. Like so many

families I met, they are struggling with bills that are always going up and income that is not keeping pace.

Middle-class families are the backbone of our country. These are hard-working families willing to put in the long hours and make the sacrifices necessary to build a better life for their children. They value hard work and are instilling those values in the next generation. However, middle-class families have gone without a raise for too long. It is time we take action to help them.

I was honoured to stand with the Prime Minister at a grocery store in the Leaside neighbourhood of Toronto last fall when he promised the first act of a Liberal government would be to lower taxes for middle-class families. I am pleased to say, that promise made is a promise kept. That is Bill C-2.

As of January 1, nine million Canadians will be receiving tax relief. Bill C-2 amends the Income Tax Act to reduce the second personal income tax rate from 22% to 20.5%. It also creates a new personal marginal tax rate of 33% for taxable income in excess of \$200,000. What does that mean? It means that in order to help those who need help the most we are asking the wealthiest to give just a little more.

We are also reversing the previous government's costly and misguided plan to nearly double the annual contribution limit for tax-free savings accounts. Raising the limit would only help the wealthiest Canadians at a cost of several hundred million dollars over the next five years, while doing nothing to help middle-class families. There are not many families in my riding who could afford to make the maximum \$10,000 annual contribution to their TFSA, not when many are more concerned with paying the rent. In fact, in 2013, just 6.7% of eligible Canadians made the maximum TFSA contribution.

Our government was elected to help those who need help the most, and that is exactly what we are going to do.

• (1110)

Our tax changes will benefit over nine million Canadians in 2016. A single person will see an average annual tax savings of \$330, and the average couple will save \$540 every year. That is money that will help families pay the rent and buy groceries, and it will make it a little easier to put some money away for the future. It is a helping hand for those who need it the most.

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Over the holidays I had the opportunity to visit the Scarborough branch of the Salvation Army, and the Dorset Park Community Hub in my great riding of Scarborough Centre. I saw so many young families visiting the food banks. I saw mothers pushing their children in strollers who needed help to put food on the table, and workers and volunteers struggling to keep up with the demand. It makes one's heart break to think those young children would be going hungry.

This is Canada. We can do better, we must do better, and we will do better. Bill C-2 and our middle-class tax cuts are just the beginning. There will be much more to come when the Minister of Finance brings the next budget to this House. A key element will be the new Canada child benefit, which will deliver targeted help to those families who need it the most. When fully implemented, the Canada child benefit will help nine out of 10 Canadian families, and lift hundreds of thousands of children out of poverty. Canada needs a healthy and prosperous middle class. When the middle class succeeds, we all succeed. We are blessed to live in one of the greatest countries in the world. We are blessed with a population that is educated, hard-working, and industrious. If we give them the opportunity to succeed there is nothing they cannot do.

This government was elected on a plan to grow the economy, and we have already started. With the changes to Bill C-2, a fair tax system, which asks the wealthiest among us to pay just a little more while giving help to families who need it the most, is being delivered.

With the upcoming Canada child benefit and our historic investments in transportation and social infrastructure, we are laying the foundation for economic growth and a stronger economy that will allow every Canadian to reach his or her potential to build an even stronger, more prosperous country.

I encourage all hon. members to join me in supporting this important legislation and middle-class families. Let us ensure that Canada's middle class gets the help it deserves.

• (1115)

Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, CPC): Madam Speaker, with the so-called middle-class tax cuts, the extra tax on the wealthiest does not begin to cover what it would cost the nation as a whole. In fact, in the hole is where we would be. That means the government would have to take money from the rest of us, including the middle class, in order to make up the difference.

My question is this. As my colleague is from Ontario, she would know that the \$6.34 increase that this would amount to would not even begin to cover the increase in hydro tax. Could she explain how that \$6.34 after it is taxed back would really make a difference when we would have to pay more because of it?

Mrs. Salma Zahid: Madam Speaker, the tax cuts that we have proposed for Bill C-2 have already started helping nine million Canadians, and together with the Canada child benefit will help nine out of 10 Canadian families.

I am proud to stand with a government that is there to help middle-class families. We are just asking the wealthiest people, 1% of Canadians, to pay a little more.

[*Translation*]

Mr. Matthew Dubé (Beloeil—Chambly, NDP): Madam Speaker, I appreciate my colleague's comments about the people in her community who need this. She keeps going on and on about how the rich will pay more, but despite the Liberals' promises, the people who need it the most—those who earn less than \$45,000 per year—will not see a penny.

During the election campaign, the Liberal Party accused us of dishonesty and said that a federal minimum wage would not help many people. That same Liberal Party promised middle-class tax cuts and more cash in middle-class pockets. The truth is that a vast majority of Canadians identify as middle class and yet will not get a penny because they earn less than \$45,000 per year. The median income is around \$33,000 or \$36,000 per year.

Can my colleague tell me why her party is not supporting the NDP proposal to put a little more cash in those people's pockets, not just the pockets of those who earn between \$90,000 and \$150,000 per year?

[*English*]

Mrs. Salma Zahid: Madam Speaker, I would advise the hon. member that it is important to look at our government's agenda to support middle-class families and grow Canada's economy in its totality.

These tax changes and the coming Canada child benefit will benefit nine out of ten Canadian families. According to the parliamentary budget officer, more than 315,000 children will be lifted out of poverty.

Historic infrastructure benefits are coming. By investing in transit, we will make it easier for families without a car to get to work. Investments in social infrastructure are coming. New senior centres, community centres, and child care facilities will help ensure families can go to work knowing their children and their elderly parents are cared for.

Mr. Kevin Lamoureux (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.): Madam Speaker, I think it is very clear. Never before, at least from my perspective, has a Prime Minister been so committed to assisting the middle class.

Contrary to what the Conservatives and New Democrats might want to talk about, the reality is that the middle class in Canada is a focus of this Liberal government.

The member has already talked about the child benefit program, which will enhance the wealth of the middle class. The tax cut in this legislation will enhance the wealth of the middle class. Would she not agree that the Government of Canada, more so than in the last two decades plus, is actually seeing the middle class as a strong component, and that by enhancing the middle class, we will have a healthier economy in the long run?

Government Orders

• (1120)

Mrs. Salma Zahid: Madam Speaker, yes, I agree. The middle class in this country has been ignored for a very long time. We all have to recognize that the middle class is the backbone of any economy. When people in the middle class have more money in their pockets, they will spend that money to invest and grow the economy.

Mr. Dan Vandal (Saint Boniface—Saint Vital, Lib.): Madam Speaker, it is a pleasure to add my voice to today's discussion on the government's middle-income tax cut, which we introduced in December 2015.

Before I touch on the legislation, I will begin by taking a few moments to extend my congratulations to the Minister of Finance and his parliamentary secretary for pursuing one of the most comprehensive pre-budget consultations in recent history.

The 2016 pre-budget consultations began when the Minister of Finance held a Google hangout with eight Canadian universities on January 6 to get the views of students and faculty on how to best grow the economy. On January 11, the minister and his parliamentary secretary struck out on a six-day tour in an effort to speak to as many Canadians as possible. They hosted upwards of 26 separate meetings and round tables with stakeholders and Canadians across the country, beginning in Halifax.

In addition to these meetings, the minister spoke to full-capacity crowds at the Halifax Chamber of Commerce, the Montreal Council on Foreign Relations, and the Surrey Board of Trade, with a total attendance of well over 1,500 people.

For those Canadians who have not been able to make it out to meet the minister and the parliamentary secretary personally, they can continue to share their ideas and comments through various online channels, such as the Your Money Matters Facebook page and hashtag #pbc16.

Through our pre-budget consultations, we are engaging with Canadians, looking for input on how the federal government can best support the middle class and those working hard to join it, meet infrastructure needs and help grow the economy, protect the environment and meet local needs, as well as ensure that the most vulnerable do not get left behind. It is an ambitious list, to say the least, but one that respects Canadian values of honesty, hard work, and fiscal prudence.

I would like to thank all those who have and will contribute to the pre-budget consultations, whether in person or online. This input will be vital to ensuring that Canadians can direct and focus the decisions that our federal government can make. More importantly, Canadians will be able to see their contributions when the 2016 budget is tabled.

I want to assure Canadians that we are listening and we hope that this renewed interest by Canadians will make a better country for all of us; for our families and for our communities. We are hearing that Canadians want to push forward with our plan to grow the economy, strengthen the middle class, and help the vulnerable.

We have a clear mandate, and expectations are high. First and foremost, we are here to serve Canadians. They expect us to implement our ambitious economic agenda. They want a govern-

ment that is open to the world. They want a more transparent government.

No one will be surprised to hear me say that the economy is going through a very difficult period. However, in the face of this real challenge, there is also real opportunity to put in place the conditions to create long-term growth that will create good jobs and help our middle class—the lifeblood of our economy—prosper. The plan for growth is more important now than ever.

The good news is that we have a plan to grow the economy, and we have already begun to implement the plan: we introduced the middle-class tax cut in December and tabled Bill C-2.

As of January 1, the middle-class tax cut is putting more money in the pockets of nine million Canadians each year. We are focused on smart investments that promote economic growth while maintaining a commitment to fiscal responsibility. We will improve economic prospects for our middle class, which is the backbone of our economy. We simply cannot call ourselves prosperous as a country if our middle class is struggling. This is why Bill C-2 is so important to Canadians.

I will now touch on the specifics.

Our middle-class tax cut and accompanying proposals would help make the tax system fairer by reducing the second personal income tax rate to 20.5% from 22%; introducing a 33% personal income tax rate on individual taxable income in excess of \$200,000; returning the tax-free savings account, TFSA, annual contribution to \$5,500 from \$10,000; and reinstating indexation of the TFSA annual contribution limit.

• (1125)

We expect nine million Canadians will benefit from the reduction of the personal income tax rates, which are to take effect on January 1 of this year. Single individuals would see an annual tax reduction of \$330 per year, and couples would see an average tax reduction of \$540 every year. This measure would put more money in the pockets of Canadians to save, to invest, and to grow the economy.

In addition, the government is introducing a new personal income tax rate of 33% that would apply to individual taxable income in excess of \$200,000. This means that only Canada's top income earners are expected to pay more tax as a result of the government's proposed changes to personal income tax. As with other bracket thresholds, the \$200,000 threshold would be indexed to inflation.

Finally, the government is returning the tax-free savings account annual contribution limit to \$5,500 from \$10,000 effective January 1 of this year. Returning the TFSA annual contribution to \$5,500 is consistent with the government's objective of making the tax system fairer and helping those who need it most. When combined with other registered savings plans, a \$5,500 TFSA annual contribution limit would permit most individuals to meet their ongoing savings needs in a tax-effective manner. Indexation of a TFSA annual contribution limit would be reinstated so that the annual limit maintains real value over time.

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Finally, let me quickly review some of the other measures that are included in today's legislation.

The bill proposes to change the current flat top taxation rules applicable to trusts to use the new 33% tax rate. It proposes to set the tax on split income to the new rate of 33%. It would amend the charitable donation tax credit to allow higher income donors to claim a 33% tax credit on the portion of donations made from income that is subject to the new 33% marginal tax rate. Finally, the bill would increase the special refundable tax and the related refund rate imposed on the investment income of private corporations to reflect the proposed new 33% personal income tax rate.

There has never been a better time to make targeted investments to support economic growth in this country. We are confident that our plan will accomplish this, and that is one reason why I am optimistic about our prospects going forward. Given that, I encourage all members to support this legislation.

Mrs. Cathy McLeod (Kamloops—Thompson—Cariboo, CPC): Madam Speaker, the Liberals ran on a promise that there was going to be a revenue-neutral change. They were going to take from the rich and give to the middle class. It has become clear that this revenue-neutral change is going to be anything but. It shows poor math. We are looking at \$1.4 billion, give or take—quite a few hundred million dollars. This is not temporary stimulus. It is not something that will happen just one time. It would add to the structural deficit of the government.

Does the member believe it is fair for his grandchildren to pay the Liberals' debt, which they will accumulate, for a tax cut that was given based on poor math?

Mr. Dan Vandal: Madam Speaker, that is quite interesting coming from a member of a government that ran seven consecutive operating deficits in a row.

The Liberal government ran on a plan to help our middle class. This is the first step of that plan, a middle-class income tax cut. The plan includes an enhanced, more generous, and tax-free Canada child benefit, which would raise 300,000 children out of poverty, which is excellent. The plan includes a 10% increase to the guaranteed income supplement. This would give one million of our most vulnerable seniors up to \$1,000 more each year. I am very proud of this initiative.

• (1130)

Mr. Gord Johns (Courtenay—Alberni, NDP): Madam Speaker, according to the parliamentary budget officer, it is estimated that 17.9 million Canadians who will file income tax returns in 2016 fall within the first tax bracket of \$45,282 or less. They are going to get nothing out of this tax break.

What do the Liberals define as the average income for the middle class? How do they classify those Canadians earning less than \$45,000? I would like to hear from the hon. member.

Mr. Dan Vandal: Madam Speaker, it is certainly not up to me as an individual to define who is middle class and who is not. However, I can give the member some facts. Canadians who earn between \$45,000 and \$90,000 in 2016 would receive a 7% reduction on the taxes they pay. Their tax rate would fall from 22.5% to 20.5%, a 7%

reduction. That would put \$350 in the pockets of nine million Canadians in 2016.

In addition to that, we would roll out a more generous, targeted, and tax-free Canada child benefit that would raise 300,000 children out of poverty, an initiative that the NDP did not support.

Mr. John Oliver (Oakville, Lib.): Madam Speaker, I want to congratulate the hon. member on his address.

The previous government's plan to nearly double the contribution limit to the tax-free savings accounts would have helped Canada's wealthiest save more, while costing the federal treasury several hundreds of millions of dollars over the next five years—tens of billions of dollars over the longer term—while only 6.7% of eligible Canadians were able to make the maximum contribution in 2013.

Could the member share with us the fairness of the Liberal plan for the tax-free savings account?

Mr. Dan Vandal: Madam Speaker, the member is absolutely right that the range of people who would benefit from the doubling of the TFSA contribution limit was simply not wide enough.

We proposed a plan based on a middle-income tax cut; we proposed a plan based on a more generous, enhanced, and tax-free Canada child benefit; and we proposed a plan that included a 10% increase to the guaranteed income supplement, which would benefit a million older Canadians. On October 19, 2015, Canadians endorsed that plan.

Hon. Kevin Sorenson (Battle River—Crowfoot, CPC): Madam Speaker, it is a pleasure to rise in the House to speak on behalf of my constituents in Battle River—Crowfoot. Battle River—Crowfoot is a new constituency. The boundaries changed in the last election, and I am fortunate enough to represent a new northern section. I want to thank them for their support in the last election. I pledge to work very hard for them in Ottawa.

I also want to thank my election campaign team and long-term supporters. In six elections, they were ready to campaign and help out, not just in my riding but around the country. Obviously I want to thank my family. I want to thank my wife Darlene and our children, Kristen and Ryan, and Kristen's husband Matthew for their love and support over the many years of doing this. I know all members know that without the support of their families and those they love most, they would be unable to do this. Whether it is my immediate family, my parents, or others, I want to thank them.

We are debating the Liberal government's destructive tax plan for all Canadians, including the middle class. It tears down many of the efforts that were developed to help families and workers, to ensure that taxes remained low for all Canadians, that there were balanced budgets, and that jobs were created for Canadians. These measures are affected by part of Bill C-2. The former government ensured that economic growth for Canada's economy was a priority.

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I neglected to inform you, Madam Speaker, that I will be splitting my time with the member for Renfrew—Nipissing—Pembroke.

Since this bill was tabled in December of last year, we are very aware that the numbers of the Liberals simply do not add up. The Liberals' assault on higher income earners will not work. This is a tax hike on those who traditionally create jobs and grow our overall economy. It is a tax increase on professionals and on the educated. It is a tax increase on those who work hard and succeed.

By increasing taxes on job creators, we would be discouraging their success and jobs for Canadians with the passage of this bill. Canada's higher income earners would immediately launch many measures to protect themselves from paying such high taxes. The Liberals will not realize the rise in tax revenue that they are counting on to finance their small increase in benefits to the middle class on which the bill is supposed to deliver.

Not only are the high income earners going to task their accountants with pursuing and implementing measures that will ultimately prevent them from paying higher tax increases, but some of them will abandon their lucrative endeavours in Canada to reduce their incomes so they do not have to pay the increase. They will move their projects, in some cases offshore, Canadians will lose jobs, investors will follow these business leaders to their new locations, and Canada will lose investments.

We have seen this under former Liberal governments. When I ran in the elections in 2000 and 2004 as a new young MP coming in, like many here today, the top issue of the day was what we called the brain drain. We asked ourselves what we would do to bring back Canada's young, to bring back those who had moved to the states or Europe with their potential futures. What would we do to solve the brain drain? Economists are again predicting significant brain drain from Canada as the result of Bill C-2.

The federal government will not have the tax revenues to fund the schemes put forward by Bill C-2. The worst part of Bill C-2 for my constituents is the reduction of the annual contribution limit for the tax-free savings account, from \$10,000 at its previous level to \$5,500 starting January 1 this year.

Right now many families are experiencing the pain of unemployment. Many of my constituents work for companies that service the oil patch, and their lives are being disrupted. Households are being disrupted. Savings are being used in an attempt, in some cases, to save family homes, or to make the next payment.

• (1135)

TFSAs have been a very effective tool for all Canadians, young and old. Tax-free savings accounts are being cashed in by many constituents of mine in Alberta right now. Families are using their tax-free savings accounts to try to reduce their economic vulnerability to the oil price and also, in some cases, to their pending unemployment.

Meanwhile, the Liberal government is refusing to help get our petroleum products to seawater ports so we can export our products to our customers who are waiting and wanting to buy our products. When that happens, unemployment climbs. We are seeing that right now.

Any family that is not suffering significant loss of jobs is looking to save whatever amount of money it can. Families are saving now for the coming hard times they know will happen under the Liberal government.

The Liberals have promised numerous budgetary deficits that will expand our nation's debt and ultimately lead to higher taxes. In other parts of Canada, places not yet suffering from the downturn in the oil patch, some Canadians are still managing to put money into their retirement funds.

Many Canadians are saving as much as they can. Many Canadians are simply trying to park their savings, because they know that the downstream effects of the current downturn in Canada's energy sector will soon hit them in their pocketbooks.

We found out just a couple of days ago that Japan adopted a negative interest rate policy. Now where money is being held in the bank, it is now looking at ways of taxing it. In an uncertain climate there, people are sitting on their savings.

The loss in federal revenue from the oil patch in the coming years is going to affect Canada. Make no mistake, it will affect how the Liberal government will operate. It will affect how the Governor of the Bank of Canada sets rates. It will affect all Canadians, in the rural parts of Canada, in big cities, and in the remote areas of Canada.

Already, after three or four months, Canadians have no faith that the government will help the people in business in Canada's once-prosperous sector. They know about the coming hard times their families will suffer during the failure of the Liberal plans. They know they will see massive amounts of tax dollars that the federal government does not have being spent on misguided efforts, job creation efforts, and token attempts at diversifying local economies. The way the Liberals will deliver on those is yet to be seen. We are still waiting for a budget.

All I know is that Canadians are disappointed with a lack of action from the government. Many Canadians know that the Liberal government is in serious trouble. Based on Finance Canada's estimates, the new Liberal tax plan amounts to an average of \$6.34 per week for those individuals who qualify. Canadians feel betrayed; \$6.34 to the middle class, and yet taxing those who are job creators.

We know this small tax break is not enough to stimulate our economy. Nor will throwing money at the middle class stimulate growth and innovation. It does not help create jobs. We have not seen anything from the government that is going to help with innovation, investing back into companies, or anything that is going to help create jobs.

Our Conservative government reduced taxes more than 140 times. This modification to the income tax rate that the Liberals are bringing forward is not significant tax relief and it comes with a high price tag in deficit financing. The policies of the government will be economically destructive. We know it will be for many decades down the road.

Government Orders

The Minister of Finance has already conceded that this tax plan is not revenue-neutral. In Bill C-2, it will plunge the Government of Canada further into deficits and debt. I guess that is what the Liberals deliver on. This is debt that will eventually put our social programs at risk, a debt that our children and our grandchildren will have to pay off. This bill fails.

Consequently, in representing my constituents, I will be voting against Bill C-2.

• (1140)

Mr. Fayçal El-Khoury (Laval—Les Îles, Lib.): Madam Speaker, I am puzzled. The member says that this government is attacking those who have higher revenue and that this will disrupt the creation of jobs. The opposite is true. He knows very well that our massive investment in green infrastructure, in technology, and in social housing is what will stimulate the economy and create jobs. That is exactly what this government will do.

Hon. Kevin Sorenson: Madam Speaker, we have an oil sector that is reeling under added environmental red tape. We have an oil sector, one of the largest contributors to our economy, struggling under a New Democratic Party in Alberta. We have a sector that is the job creators. The hon. member tells the oil sector that it should not worry about it, that the government will invest in green energy. That is not much solace for the people who are left with house payments and are now on the unemployment line.

That is wonderful. The former government invested in that, as well. However, I guess it is the Liberal way to turn its back on the gas and oil sector, the energy sector, and say, as the member said, that it will invest in green energy and social housing to help people when they are unemployed.

• (1145)

Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP): Madam Speaker, I welcome my friend back. I very much echo his sentiments and words to our families and supporters who enable us to be in this place and to speak on behalf of the good people in our constituencies.

It is somewhat ironic to hear Conservatives criticize and lecture Liberals about running big deficits and debts. The Conservatives left government having run more than \$150 billion in the hole and all we got for it was a loss of half a million manufacturing jobs in Canada. Canadians will continue to pay that bill for a while.

He has some notion or obsession, as the Conservatives did, around the doubling of the TFSA. It was commented on by Joe Oliver, the former finance minister, because we know that doubling balloons the cost to government by multiple billions of dollars within 15 years. When asked, the former finance minister said that it was not for us to worry about, that it was for the prime minister's granddaughter to concern herself with. The former finance minister sometimes struggled with metaphors. The point is that to suggest that we throw the cost down to future generations is a responsible thing for government to do seems the very opposite of the definition of "conservative", that they should only pay as they go. This is coming from a government that broke with its own traditions and ballooned the debt. Maybe its tradition is to balloon the debt as was done under Mulroney and others.

How can the Conservatives possibly attempt to make this the point of the dagger when arguing against the Liberals? Is the projected debt the Liberals are going to run not high enough, or is it—

The Assistant Deputy Speaker (Mrs. Carol Hughes): Order, please. The hon. member for Battle River—Crowfoot.

Hon. Kevin Sorenson: Madam Speaker, from 2006 to 2008, the Conservative Government of Canada paid down the national debt, paid down just under \$40 billion. We lowered the GST. We lowered taxes so investors knew that Canada was the place to do business.

In 2008, the world went into the largest recession since the Great Depression. Around the world governments were investing in infrastructure and stimuli. Our government did the same. With great pride, we invested in infrastructure in our cities and rural areas. Although the member talks about unemployment, 1.1 million net new jobs were created from 2009 to 2015.

It was a massive recession worldwide. It did not start in Canada or begin because of what happened here. However, the government responded.

With respect to the tax-free savings account, we all know, including the finance minister, if we read his book, that the third pillar of pension funds and personal investments for their pension and that is what we need to improve. That was why we brought forward the tax-free savings account. That was why we brought forward the pool registered pension plan. That was why we brought all these measures forward. Through CPP, OAS and GIS, that pillar is strong. We want to ensure—

The Assistant Deputy Speaker (Mrs. Carol Hughes): I want to remind members that if you want to participate, you are to stand up to ask the question and to be respectful when someone else is speaking. I could see that there were many people who wanted to ask questions, so I would remind people to try to keep your questions brief, as well as the answers.

Resuming debate, the hon. member for Renfrew—Nipissing—Pembroke.

Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, CPC): Madam Speaker, it gives me great pleasure to rise on this occasion as the member of Parliament in the 42nd Parliament of Canada. The people of Renfrew—Nipissing—Pembroke have my sincere gratitude for giving me the honour and the privilege of being their representative in this sixth consecutive election.

Now that the election is over, I renew my pledge that I never forget the people who made this possible, the good people of Renfrew—Nipissing—Pembroke. They can be assured that I will continue to fight for the issues that they tell me are important. As always, I am their servant.

There are many individuals to whom I owe a great debt of gratitude for the confidence they have placed in me, for their hard work, and for the long selfless hours they put in to build a winning streak that has become our standard for successful campaigns.

Government Orders

For the many newly elected MPs who are not aware of the history, the Ottawa Valley became the eastern beachhead of democracy in the year 2000. That marked the beginning of meaningful change as Canadians entered the 21st century, and from the period 2006 and on, a period that will be fondly remembered as the good old days of responsible leadership while today's Conservatives take a short break from government.

I extend my heartfelt thanks to our entire campaign team, my spouse Jamie, and the many hundreds of volunteers who demonstrated what a truly grassroots campaign Ottawa Valley style is really all about.

Before I begin my comments regarding Bill C-2, I want to make it fundamentally clear that the Conservative Party I am proudly a member of stands for lower taxes and less government interference in the daily lives of Canadians. The best anti-poverty program is a job. We do not create employment by taxing, borrowing, and spending more than we can afford.

My constituents support lower taxation. They sent me to Ottawa to reduce government and to fight for lower taxes. Bill C-2 is about a misleading campaign promise that was presented to a distracted public as reducing taxes at the expense of raising taxes for others, when in fact all this does is raise taxes for everyone.

In the case of this so-called middle-class tax cut, it was claimed during the last election that taxes would be reduced on the middle class by asking the wealthiest Canadians to pay more. Canadians have since learned that higher taxes for the wealthiest Canadians will not begin to pay for this campaign promise that is the basis of the legislation before us today. The promise was made without even the most superficial analysis. It was made to get elected.

More from the wealthiest does not go far among the rest of the population. The middle class will end up paying for its own tax cut, plus the interest on billions borrowed to cover the tax change, and to cover successive deficits that were promised by the Liberals, a promise they intend to keep, and more, and that should be meant to be broken.

The mark of Liberal generosity is with other people's money. Deficits are just deferred taxes, which is our children's financial inheritance. The irony is that ample evidence shows that government loses revenue when it targets individuals who can afford to pay for avoidance, including by moving their financial affairs to places like Bermuda, which was the tax haven of choice of the last Liberal prime minister before the current occupant.

The legislation before us today, being introduced as the first finance bill in the opening session of a new Parliament, and before the federal budget, when these tax measures could easily have waited to be included in the next federal budget, is intended to fulfill a signature campaign promise. I get that.

● (1150)

It was former Ontario Conservative Premier Mike Harris who set the bar when it comes to keeping one's election promises, so I understand that a political party does not want to be accused of lying to get elected, which is what a government is doing when it breaks its promises. For the Liberal Party, it would seem, then, that there are

two types of campaign promises: those made to get elected and those meant to be broken.

I actually had an individual who worked for a major Canadian chartered bank tell my office that he believed that once elected, the Liberal Party would do what it had always done and break election promises it had made to appeal to those confused between election promises made to get elected and election promises made to be broken. He could not believe that the Liberals would attack the middle class by tampering with TFSA's, which, in his professional estimation, were better than RRSPs as a savings instrument, particularly for seniors, and certainly for young families aspiring to be middle class and saving for their first home.

If the debate about Bill C-2 is actually about helping the middle class, there are many other campaign promises that should be broken.

A measurement of a vibrant middle class in a society is home ownership. A recent study by the Canadian Centre for Economic Analysis has identified those under the age of 45, families with two income earners, who cannot find affordable housing without a long commute as being those most under pressure.

I know a dual-income family in Toronto where both spouses are lawyers, and they are shut out of the housing market, where a starter, fixer-upper home costs \$1 million in the neighbourhood where they rent.

TFSA's are being used by young families to save for their first homes. Housing is a need, just like food or water, and if we need it, there is a greater and greater pressure on us to get it, regardless of the cost.

What is occurring at the moment in places like Toronto and Vancouver is not sustainable. The fear in places like my riding of Renfrew—Nipissing—Pembroke, in eastern Ontario, is that eventually, the dream of home ownership that has died in the big cities will start to die in areas like ours, smaller local areas, and that rising taxes, electricity costs, transportation, and other big-city problems will also contribute to barriers to home ownership locally.

Take away the dream of home ownership in Canada and we take away the middle class. It is no secret in Ontario that this province is struggling because of a misguided energy policy that has caused the exodus of jobs, fleeing some of the highest electricity prices in North America, to U.S. border states. Lower electricity prices will spur economic activity. Lower energy costs are good for consumers and manufacturers.

Where there was once a burgeoning middle class based on blue collar manufacturing jobs, the decision, in the words PMO principal secretary Gerald Butts puts in the mouth of the Prime Minister, to transition away from manufacturing jobs has cost the middle class dearly in Ontario.

Government Orders

I urge members of the Liberal caucus and the rest of Canada to pay attention to Ontario's problems. The same people who ran the corrupt McGuinty provincial government have fled the sinking provincial ship and are now backroom operators in Ottawa, and they promise to take the entire country down the same deficit-spending, tax-the-rich, let-them-eat-cake attitude that is so toxic in Ontario today.

Focus on the one thing that would really improve the economy and help the middle class: create employment. Avoid the incessant talk about the environment. The greed energy act in Ontario, which was brought in under the guise of helping the environment, caused the loss of tens of thousands of jobs, of good-paying jobs, in Ontario's manufacturing sector.

• (1155)

Mr. Vance Badawey (Niagara Centre, Lib.): Madam Speaker, I thank the member for a speech that I am sure we are all going to remember.

The current government will strengthen the middle class. We made ourselves very clear during the campaign and in the comments made today. It will benefit nine million more Canadians, who were abandoned by the previous government.

In tandem with these investments, our government would invest in infrastructure and the economy. It would therefore create jobs and new economies and would sustain this and future generational assets by contributing to municipalities the needed funds, which would offset property taxes and water and sewer rates for the middle class. In tandem with the cuts we are speaking of within the bill, we would also be contributing to the economy with residual benefits for other levels of government to offer those savings to the middle class.

How would the member come up with ideas to contribute to overall middle-class savings and more prosperous times for the nine million middle-class Canadians who were abandoned by her government?

• (1200)

Mrs. Cheryl Gallant: Madam Speaker, our Conservative government left a surplus, and in less than a month, on his very first road trip to the UN, the Prime Minister spent more than double that surplus. What Canadians have seen is a spend-crazy Prime Minister who has spent through the first surplus in his first days of government.

The contortions we hear from the government benches about the deteriorating condition of finance in Canada makes them worthy of the circus this Parliament will become if we do not start having an adult conversation about the economy, minus the selfies.

Ms. Rachel Blaney (North Island—Powell River, NDP): Madam Speaker, across my riding, people are really struggling. We have patchwork employment, families with multiple part-time jobs, and seniors living off small part-time jobs to supplement their tiny pensions. In fact, many seniors are facing challenges of homelessness, which we have never seen before in our area.

The TFSA contribution at \$10,000 is not helping these members of my community. In fact, the increase to the maximum would have deprived the treasury of billions of dollars in the coming years. Do

the Conservatives still believe that our grandchildren should pay for their bad decisions?

Mrs. Cheryl Gallant: Madam Speaker, the fact is, the government putting the people of Canada into successive deficits that lead to structural debt, as the Liberals are trying to put into law, will indeed drive our youth, our future generations, into irreparable debt.

Lower taxes, less government interference in the daily lives of people, and encouraging economic development is how we will lift everyone out of poverty.

Mr. Wayne Long (Saint John—Rothesay, Lib.): Mr. Speaker, I thank the member opposite for her speech. It was certainly full of a lot of passion and a lot of partisan rhetoric. However, let me state for the record that they had eight straight deficits, two recessions, and an economy that is absolutely in the tank.

I wonder if the member would probably blame the snowstorms in Atlantic Canada this weekend on the Liberals also.

Mrs. Cheryl Gallant: Madam Speaker, with reference to the cold, the increase in costs due to such related weather in the future is what is going to drive Canadians even further into the hole. We have not even had the budget yet, and already the Liberals are increasing taxes. What we know is that with the architect of the greed energy act of Ontario now calling the shots here in Ottawa, every last Canadian is going to have to pay more down the greed energy alley and be at an even higher deficit.

Mr. Michael Levitt (York Centre, Lib.): Madam Speaker, before I begin, I would like to mention that I will be splitting my time with the hon. member for Edmonton Centre.

It is my honour to rise in the House today in debate for the first time as the member of Parliament for York Centre. I would like to take this opportunity to thank the residents of my riding for entrusting me with such an important responsibility to speak and vote on their behalf in this chamber. I would also like to thank all the volunteers and supporters, and especially my family, who have been so supportive in sharing the vision that all of us here share for a better, fairer, more prosperous Canada.

I have walked through every neighbourhood and talked to tens of thousands of residents of York Centre. People from all over Canada and around the world call my riding home. What I heard from so many people of all backgrounds was that making ends meet is becoming increasingly difficult. The cost of living is rising faster than incomes. Indeed, middle-class income growth has been and is still stagnant. Middle-class families drive our economy, and right now they are stuck in neutral. That is why I would like to take this time to express my support for the government's middle-class tax cut introduced in December and explain why it would help grow the economy.

As we embark on an agenda of economic growth and long-term prosperity, there is no doubt that we are facing considerable headwinds. Globally, we continue to experience what Christine Lagarde, the International Monetary Fund managing director, famously called the "new mediocre".

Government Orders

In its latest economic outlook in January, the IMF expected global growth to pick up modestly to 3.4% in 2016 and 3.6% in 2017. This is down 0.2 percentage points from both 2016 and 2017 compared to its October 2015 world economic outlook. Although the recent performance of the U.S. economy is encouraging, the European and Chinese economies are still facing challenges.

Global crude oil prices remain less than half of what they were in mid-2014, reflecting softening demand and a global oil surplus. What is happening beyond our borders has real and tangible consequences for all of us. In Canada, our economic performance in the first half of 2015 was poor, mainly due to the collapse in oil prices in 2014.

Last April the government projected that the price of oil per barrel would reach \$71 U.S. by the end of this year. As I speak, oil is trading at less than half that amount. We now know that growth will be lower than was expected in the last budget projections. This, of course, has important implications for our currency and our fiscal situation. The good news is that the IMF, in its latest economic outlook released on January 19, expects growth in Canada to pick up over the next two years relative to 2015. We also maintain an enviable position with a low debt-to-GDP ratio, abundant natural resources, and one of the world's most educated workforces. Keeping our debt-to-GDP ratio on a downward path throughout this government's mandate remains fundamental to our economic vision for Canada, alongside balancing the budget. To achieve this, our policies will strike a balance between fiscal responsibility and controlled investments that result in a smaller debt-to-GDP ratio, which promotes economic growth.

One of the most important components is restoring middle-class economic progress, the backbone of our economy. That is why one of the government's first orders of business was to table a ways and means motion to cut taxes for the middle class. That was the right thing to do and the smart thing to do for our economy.

The proposed middle-class tax cut and accompanying proposals would help make the tax system fairer so that all Canadians would have the opportunity to succeed and prosper.

• (1205)

Specifically, the bill proposes to reduce the second personal income tax rate to 20.5% from 22%, introduce a 33% personal income tax rate on individual taxable income above \$200,000, return the tax-free savings account annual contribution limit to \$5,500, and reinstate indexation of the TFSA and annual contribution limit.

Let me very quickly expand on these three points.

First, the personal income tax rate changes took effect on January 1. It is expected that about nine million Canadians would benefit from this measure in 2016. Individuals would see an average tax reduction of \$330 each year, and couples would see an average tax reduction of \$540 each year.

Second, the government is introducing a new personal income tax rate of 33% that would apply to individual taxable incomes above \$200,000. This means that only Canada's very top income earners are expected to pay more taxes as a result of the proposed changes. As with other thresholds, the \$200,000 tax threshold will be indexed to inflation.

Third, the government will be returning the tax-free savings account annual contribution limit to \$5,500, also effective January 1 of this year. Let me reassure all members of the House that the change is not retroactive. The TFSA annual contribution limit for 2015 would remain at \$10,000. Returning the TFSA annual contribution limit to \$5,500 is consistent with making the tax system fairer and helping those who need it the most. When combined with other registered savings plans, a \$5,500 TFSA annual contribution limit gives most individuals the opportunity to meet their ongoing savings needs in a tax-efficient manner. Indexation of the TFSA annual contribution limit would also be reinstated so that the annual limit remains at its real value over time.

Finally, before I conclude, I would like to highlight some of the other measures that are included in today's legislation.

Today's bill proposes to change the current flat top rate taxation rules applicable to trusts to use the new rate of 33%. The bill proposes to set the tax on split income to the new rate of 33%. It would amend the charitable donation tax credit to allow higher income donors to claim a 33% tax credit on the portion of donations made from income that is subject to the new 33% marginal tax rate, and it would increase the special refundable tax and the related refund rate imposed on investment income of private corporations to reflect the new proposed 33% personal income tax rate.

Going forward, the government will introduce proposals in the budget to create a new Canada child benefit payment, which would begin in July of this year. In addition to replacing the universal child care benefit, which is not tied to income, the proposed Canada child tax benefit would simplify and consolidate existing child benefits. It is also targeted to those who need it the most. By simplifying and consolidating these benefits, people will understand how to access and take advantage of them. That is why the tax credit was introduced initially.

All of these initiatives demonstrate that our sights are clearly set on the future. This legislation would strengthen the middle class by putting more money in the pockets of Canadians to save, invest, and grow our economy. More broadly, it would help grow our economy in the context of a difficult global economic climate so that all Canadians can benefit. Therefore, I encourage all members of the House to support this legislation.

• (1210)

Mr. Mel Arnold (North Okanagan—Shuswap, CPC): Madam Speaker, the increased TFSA amounts that our government introduced encouraged people to save and prepare for their own future and their own retirement. The limits or amounts were realistic for the people who could save. Not everyone is able to save through workplace agreements.

Government Orders

Do the member and his government not realize they can reduce the burden on future governments by providing means and encouragement for savings through the increased TFSA's for those who are able to prepare for their own retirement, or will the government choose to discourage personal savings and make far more people reliant on governments of the future?

• (1215)

Mr. Michael Levitt: Madam Speaker, our government is reducing the TFSA annual contribution limit because we want to make these types of programs more accessible to all Canadians. We believe that as of 2013, only 6.7% of eligible Canadians maximized their TFSA, and that was at the \$5,500 limit. Clearly, increasing the limit to \$10,000 will not increase the number of those contributing.

We want to make sure that more Canadians are given the advantage of having tax-efficient savings for the future, and we believe this is the best way to achieve that.

Ms. Rachel Blaney (North Island—Powell River, NDP): Madam Speaker, in my riding, many of my constituents are increasingly frustrated watching logs barged away from our communities. Forestry, a backbone of our riding, has been hit again and again with no commitment to secondary manufacturing. Those good-paying jobs float away and many of my constituents are working more and making less.

The Liberal plan will assure that those making between \$89,000 to \$200,000 will receive the maximum tax reduction. That will not help most of my constituents. Is this the Liberals' definition of middle class?

Mr. Michael Levitt: Madam Speaker, we have been very clear that this is the first phase of a number of actions that will help those striving to reach the middle class. Our Canada child benefit will help numerous Canadians when it is introduced in July. It will certainly bring over 315,000 children out of poverty.

In addition, with regard to the comment made about jobs, a huge part of our plan is infrastructure spending, which will be happening across Canada and which I am certain will benefit many of those in the hon. member's riding as we seek to bring Canada back to economic stability.

Mr. Raj Saini (Kitchener Centre, Lib.): Madam Speaker, I want to commend the hon. member on an excellent and very thorough analysis of the current economic situation.

Could he enlighten the House why he believes the reduction in the TFSA contribution limit is important?

Mr. Michael Levitt: Madam Speaker, when we look at the number of Canadians who were investing in the TFSA and reflect back to 2013, we see that only 6.7% of eligible Canadians maximized their TFSA. We want to ensure that tax-efficient savings programs are available to benefit all Canadians.

Clearly, raising the limit to \$10,000 will not make it more accessible to Canadians who are not currently participating, when the maximum is only \$5,500. This is something that our government will work on and make sure that all Canadians are getting the benefit of these types of programs.

Mr. Bob Saroya (Markham—Unionville, CPC): Madam Speaker, I hear the term “middle class” repeated about 100,000

times a day. It is “middle class, middle class, middle class”. How do the Liberals define “middle class”? Is it \$40,000, \$50,000, or \$60,000 a year?

Would the member tell all Canadians how the Liberals define middle class and who is considered middle class?

Mr. Michael Levitt: Madam Speaker, both during the campaign and even just this past weekend when I was back in my riding, the residents of York Centre expressed to me that they need help, hope, and leadership from this government, to help them get back on a sound financial footing, a footing that was not left so sound by the previous Conservative government. Our government is committed to that, and that is what we are doing for Canadians.

• (1220)

[*Translation*]

Mr. Randy Boissonnault (Parliamentary Secretary to the Minister of Canadian Heritage, Lib.): Madam Speaker, I have the honour of speaking about the tax cut for the middle class, which will help millions of Canadians. We are determined to strengthen the middle class and help it grow because a strong middle class is key to a healthy economy and gives all Canadians a real and fair chance to succeed.

That is exactly what the bill before the House today will do. This bill reduces the tax rate from 22% to 20.5% for Canadians who earn between \$45,282 and \$90,563 in 2016. What is more, it introduces a new 33% income tax rate on income over \$200,000, in other words, the higher income brackets in Canada.

Effective January 1, the government is making it possible for approximately nine million Canadians to keep more of their income each year. This is the smart thing to do and the measure is fair. Members will have the opportunity to hear more about this from other stakeholders in committee.

We already know that the response to the measures announced in December was favourable. We also know that the tax cut for the second personal income tax bracket will not solve all of the problems Canadians are facing today. That is why the government's commitment to be transparent and consult with Canadians will take on increasing importance. The government is taking this approach because it recognizes that it does not have a monopoly on good ideas.

The minister and the parliamentary secretary recently travelled across the country to talk to Canadians directly about what measures the government could take to help the middle class. They met with indigenous, business and cultural leaders to hear what Canadians had to say and initiate discussions to find practical solutions to the problems they are facing.

Government Orders

In my riding, Edmonton Centre, nine consultations were held on various round table topics in order to gain a clear understanding of what the people of Edmonton are concerned about. National consultations continued online and are still taking place today. The response rate and comments received show that Canadians strongly support the government's efforts. Since the online consultation began, the website has received more than 20,000 visits, and more than 2,500 separate observations have been submitted by individuals and focus groups.

The government also reached out to young Canadians by holding three separate live chat sessions with university students. Those sessions gave the government invaluable insight into the concerns of young Canadians all across the country. A total of 8,000 people participated in the live event on Facebook organized by Dalhousie University, and over 1,000 people have replayed it online.

I am encouraged that young Canadians have found new reasons to become engaged with their government. More than 80,000 people have engaged with us through various live events. That is almost the entire population of Prince George. Throughout the consultation process, Canadians confirmed that they want a government that will strengthen the middle class and help those working hard to join it.

I would love to focus only on the positive things we heard, but that would not reflect all the opinions and comments that were provided. For example, the Canadian Taxpayers Federation shared its concerns over what impact returning the tax-free savings account annual contribution limit to \$5,500 might have on individuals' future savings. It does not like the new income tax bracket.

The government respects the opinion of the Canadian Taxpayers Federation, but does not agree that roughly 18% of the almost 11 million Canadians with a TFSA had made the maximum contribution to their accounts by the end of 2013. What is more, the government is reinstating indexation of the TFSA annual contribution limit so that the annual limit maintains its real value over time.

The measures in this bill will contribute to strengthening the middle class. That is the Government of Canada's priority. It has become increasingly clear through the pre-budget consultations that Canada's economic outlook has changed since the election.

• (1225)

This has only bolstered the government's resolve to accomplish what we were elected to do.

What is even more important is that discussions with fellow Canadians have given us new insights and allowed us to fine-tune measures that will be included in the next federal budget. The government's plan will be realistic, sustainable, prudent and transparent. The plan will also include other information on measures that will steer Canada towards a more prosperous, inclusive and sustainable economic future.

The government's plan includes introducing proposals to create a new Canada child benefit. Our objective is to start benefit payments in July 2016. This proposed benefit will simplify and consolidate current child benefits. It will replace the universal child care benefit, which is not income tested. The new child benefit will better target those who need it the most.

The government's approach to consultation recognizes that co-operation is essential in order to have real change. The government undertook to listen to MPs from all parties, have discussions and collaborate with them, and identify solutions in order to prevent the needless escalation of conflict. It has already shown its willingness to do so.

We have already heard from Canadians and many members of other parties, and therefore I look forward to discussing and debating the best way to serve Canadians.

Before my time runs out, I would like to take a minute to speak to the MPs present and Canadians at home today. This bill's proposed tax cut will help millions of Canadians. This tax cut will give middle-class Canadians more income to spend and invest, which will result in economic growth. I am eager to hold discussions with my colleagues from all parties in order to find solutions to the problems Canadians are facing. I very much hope that they will support this initiative.

[English]

Mr. Guy Lauzon (Stormont—Dundas—South Glengarry, CPC): Madam Speaker, my colleague asked a previous member what he termed a very simple question, and I would like to repeat that question because, to the best of my knowledge, that question was not answered, not even in simple terms.

The previous speaker was asked what amount of salary the average middle-class family earns. My colleague spoke quite eloquently, referring to the middle class many times. I would suggest that he probably has some figure in his mind that he could impart to us on this side of the House to tell us the exact range of numbers. I will even give him a break and ask him to give us a range of numbers that would fit middle-class salaries.

Mr. Randy Boissonnault: Madam Speaker, what we are most proud of as a government when it comes to Bill C-2 is the fact that we are giving a break to the middle class across the country and we are going to allow nine million Canadians to have more money in their pockets at the end of the day.

If I may be more precise, we are taking the tax rate for Canadians making between \$45,282 and \$90,563 from 22% to 20.5%, and we are simply asking Canadians who make more than \$200,000 to pay slightly more in tax. That is a progressive way to make sure all Canadians can make ends meet.

Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP): Madam Speaker, we seem to have picked up on a bit of a theme here today, when time and time again my friends across the way are asked for a simple definition of the middle class. I do not know if cookies are being handed out in the lobby to Liberals who mention the middle class more than anyone else. They like to mention it quite a bit but seem to have some strange difficulty in defining it.

Government Orders

The Prime Minister was asked this question just outside the chamber by the press at one point, and he gave a bit of a ham-fisted answer. He said the definition is those who are able to live on their investments. It was then pointed out to him that people who are retired live on their investments and that might not make them wealthy, so he struggled to find a definition for the middle class. If the entire Liberal budget and this entire bill is somewhat predicated and focused on serving the middle class, in the spirit of openness and transparency, it would do us well for my colleague across the way to simply define it.

I will ask him this as a subsequent question. Once he has defined what the middle class actually is, can he tell us why people earning between \$48,000 a year and \$62,000 a year are going to receive \$50 as a benefit from this Liberal tax scheme, while those earning as much as \$211,000 a year will earn 16 times more from this Liberal tax plan? Is that the middle class that Liberals are aiming at: folks earning north of \$200,000 a year?

• (1230)

Mr. Randy Boissonnault: Madam Speaker, I am glad the member likes cookies, as do I, although in moderation so I can continue to fit into my suits.

What is important for the debate today is to know that nine million Canadians will benefit more from a Liberal government in office making sure we are helping the middle class make ends meet.

When it comes to our work in December, when it comes to the Canada child benefit, we will help 315,000 children out of poverty through our new child care tax benefit. That is the kind of number and the kind of analysis that warrants the attention of this chamber.

[*Translation*]

Mr. Stéphane Lauzon (Parliamentary Secretary for Sport and Persons with Disabilities, Lib.): Madam Speaker, I thank the member for his speech.

When the bill was introduced, my colleague said that we had been clear. We consider the middle class to be people who earn between \$45,000 and \$90,000 a year. My colleagues across the way seem to be quite taken by that.

Can my colleague talk to us about what we are doing for the less fortunate, about our action plan and about what we have already started doing for those in need?

Mr. Randy Boissonnault: Madam Speaker, I thank my esteemed colleague for his question.

Canadians across the country will see us introduce a wide variety of legislation in the House to help the less fortunate. For example, we will increase the guaranteed income supplement for seniors.

[*English*]

Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP): I will split my time with the member for Cowichan—Malahat—Langford.

Madam Speaker, I join this debate with some enthusiasm. I think we have struck upon something here today in the Liberals' centrepiece in their tax promises to Canadians. Bill C-2 attempts to do two things. One is to address the TFSA, the tax-free savings accounts, and bring the limit back down to \$5,500. Two is somewhat regressive changes to the tax code that the Liberals are bringing in.

After so much talk and time spent on their efforts to help the middle class, the best answer we have had from a Liberal today, in an attempt to define the "middle class" is he said that it was not up to him to define it. Then he went on to repeat how much help the Liberals were giving this class of Canadians that Liberals refuse to define.

If anybody else finds that odd and somewhat worrisome, let us look through the tax plan that the Liberals have put forward. Revenue Canada breaks down those filing taxes into five groups: the bottom 20%; second 20%; third 20%; fourth 20%; and up to the very top tier of 20% income earners.

Let us just take the middle group. That is an odd way to define "middle class", to use the middle group. That group, under this Liberal tax plan, gets very little. Perhaps that is why Liberals do not want to actually define the middle class. If they just keep referring to it over and over again, Canadians who are in the middle class, in fact, might think that the Liberals are talking about them when looking at this tax plan.

Let us look at those Canadians who are earning what might seem as middle-class money. Let us take one group that can be defined and get specific. Those earning between \$48,000 and \$62,000 get \$50 under this Liberal tax plan. Perhaps Liberals do not think those are middle-class Canadians, but I am going to walk out on a limb and say they are. They might think that is nice. However, one increase in energy bills in northern British Columbia will take care of that \$50.

Now, those earning quite a bit more, up in the top 20%, let us say, between \$166,000 and \$211,000, will get more than \$800 back, not \$50.

Liberals can stand in the House today and argue that somebody making \$200,000 a year needs the 800 bucks. I know some of my Conservative colleagues used to make the same arguments, but at least they had the effrontery to do it.

What worries me is that the Liberals continue to reference a group of Canadians without ever defining it, hoping that Canadians might be tricked into thinking that they might be talking about them. When they get their tax returns back they will look at \$50 extra and ask what happened to that big middle-class tax help that was meant to come. What happened to that election that we watched week after week where the Prime Minister, who is now being echoed by his MPs here in the House, talked incessantly about the middle class and yet is unwilling, unable to define it? Then, when the proof comes in the pudding, when it is time to actually see what those in the middle-income brackets get out of this, it is little or nothing.

In fact, for 18 million Canadians who will file taxes next year, do members know what they get out of this Liberal tax plan? Nothing. Not a thing.

Liberals say they are helping out so many people. This is actually a trick.

Government Orders

We have to give credit where credit is due. This is something Conservatives used to do. They would throw out a big number and say, “We’re helping eight million, nine million people. Aren’t we wonderful?” They would pull a muscle patting themselves on the back so often. We would say, let us see how that actually proportions out. Is it an equal amount of help across those eight or nine million people? Well, no, of course not. The help sloshes up toward the upper end. It gets better the more you make. That is the way the Canadian tax system works. If the Liberals make the cut that they are proposing to do in Bill C-2, those earning north of \$200,000 would see a benefit of close to \$815. Those who are not fortunate, not able to earn that kind of money, would see something in the order of \$50 or, if they are really unfortunate, nothing.

We have to place this into some context, as some of my Liberal colleagues speaking today have.

The economy is in significant and serious trouble, I would argue, as many have in part, due to previous policies by Conservative and Liberal governments. Over the past decade, we have lost half a million value-added jobs in factories and plants that were good family-supporting jobs. Half a million jobs disappeared over that time and there was not a whisper of worry from the previous government and not much from the Liberals when they sat in opposition. They said this is transition.

●(1235)

I suppose it looked like a cute turn of phrase for the Prime Minister’s speech writers when he was in Davos, suggesting that we are known for our resources, but we will leave that behind and we will be known for our resourcefulness, as if somehow those two things do not go together, that being resourceful with our resources should be the primary role and governing directive of any government in a country as wealthy as Canada with our endowment of such natural resources. Somehow the Prime Minister and his speech writers wanted to contradict those two concepts of our economy, that it is no good to be known for our resources, tut-tut, that is where we get our hands dirty. We will be known for our resourcefulness and our creativity. That is something counterpoised.

I live in a resource-dependent part of this country. I would suggest that the Canadian economy, as is being borne witness every day on the stock exchange, is still somewhat reliant on the natural resource sector. I hope the Prime Minister has walked some of this stuff back. Sometimes these cute phrases work so well in the drafting room, until they are put out and real people actually hear them and say, wait a second, is he talking about me? Is he talking about my job in the forestry sector or the mining sector, in the petroleum and gas sector, in the green energy sector? I am being resourceful with our resources and I would like to continue to be. That was not a lot of help.

Now let us talk about something that is good. It is important to be hopeful and optimistic and see where work hard will get us. The rolling back of the TFSA limit from \$10,000 to \$5,500 is important simply because this exercise that the Conservatives undertook was incredibly expensive to the treasury in a very short period of time. We know that the people who were able to max out at \$5,500 a year, and certainly people who had \$10,000 extra at the end of the year burning a hole in their pocket, were not the middle class, and

certainly were not the lower end of the economy. They were folks of means.

We also know from the finance department’s own research on this that with the introduction of the TFSA in 2009, simply another retirement and savings vehicle, retirement rates did not actually increase. If we bring in a new policy and it does not do what it is meant to do, then it is worth reconsidering. The government should be credited for at least doing that. A price tag of \$13 billion to the treasury in 15 short years is expensive. If it is not helping retirement as so many of my Conservative colleagues said it would, then this is a problem.

Picking up from a government, as the Liberals are now doing, that blew \$150 billion on top of the national debt, lost half a million manufacturing jobs in the process, and left a very fragile and weakened economy, it is very important to define the middle class if we are going to help it. If a doctor cannot actually name the problem, I would be pretty suspicious of any prescription that I got from that doctor. Here we are with Liberal after Liberal getting the term “middle class” in as often as they can, peppering it through their speeches. Yet in very simple direct questioning one after another, the best answer we have had from a Liberal so far is that “it is not my job to define”. Fascinating. I guess it is just a Liberal job to talk about it.

If we are unwilling to define it, that causes a lot of people consternation and here is why.

When we break down and get into the actual details of what the Liberals are proposing, the vast majority of benefit is going to those who need it the least. A vast majority of Canadians, some 18 million tax filers this year, will get nothing from the Liberal government and are only going to be disappointed. Expectations are high. The red team across the way made a lot of promises, cited time and time again how help is on its way. After the many dark years under the previous government, here was a new government coming in that understood the middle class. While the leader did not come from the middle class, he understood what it was to pay electricity bills and pick up the kids from school. They were going to go ahead and bring something in that would actually help Canadians struggling to make ends meet.

●(1240)

When we look at the actual numbers we realize that those at the very top end will get 16 times more benefit out of this Liberal plan than those in the middle, which is an infinite amount more than those at the very bottom.

Mr. Kevin Lamoureux (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.): Madam Speaker, I always appreciate comments from my NDP colleague. Having said that, there is a bit of a stretch in what he is trying to portray here.

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Within the throne speech and this legislation, the Government of Canada is setting the stage for what will see the middle class do quite well. My colleague seems to be focusing on one aspect of the plan and then embellishing on it, much like he talked about with respect to the manufacturing industry. Truth be known, during the last 10 years we saw an excess of 300,000 jobs lost in that industry. When we were in opposition we fought hard for those positions.

Would the member acknowledge that this is just one part of the overall plan that would see the middle class in Canada supported by this government?

Mr. Nathan Cullen: Madam Speaker, I do not know if by fighting hard my friend from Winnipeg North means when the Prime Minister, then in opposition, went down to Southwestern Ontario and said these manufacturing jobs are gone and they are not coming back. Is that what he meant by fighting hard? It was closer to half a million jobs that were lost. Math is important when it comes to those value-added sectors that have been so devastated by government policy or lack of enthusiasm.

My friend says I am over-focusing on the centrepiece of the government's bill. If the Liberals did not want a lot of attention on this so-called tax cut for the middle class, then they should not have talked about it so much. If they were going to come out with a plan that would give \$800 in tax relief to those earning \$200,000 a year and they believe those individuals are the middle class, then they should have said so. If they were going to give \$50 to those earning \$50,000 a year, then say so.

I am only reading what is in the government's bill. If the member does not like the comments in respect to what is in the bill, then the government should not have written this piece of legislation. It should have brought us a better one, a progressive piece of tax legislation.

• (1245)

Mrs. Cathy McLeod (Kamloops—Thompson—Cariboo, CPC): Madam Speaker, it is not very often that I agree with the member for Skeena—Bulkley Valley but he did raise some important points in this debate today.

We have talked clearly about how the Liberals promised that this would be a revenue-neutral plan, that the rich would pay more and the middle class would pay less. I am going to use an example. Using the member's numbers, if a husband and wife were both members of Parliament they would get a \$1,600 tax break. Not only would they be getting a tax break, but it would be going to the debt of our children and grandchildren.

Does the member have some idea as to who is going to ultimately pay this debt that the Liberals will be creating?

Mr. Nathan Cullen: Madam Speaker, the scenario would greatly benefit those earning quite a bit more. The scenario of a member of Parliament and his or her spouse, a husband and wife, a husband and a husband, a wife and a wife, whatever the scenario might be because it is 2016, is one of our concerns. We raised it around income splitting. When we started to look through the analysis of who would benefit more from this, from the parliamentary budget officer on down, basic flaws were found within the policy design.

Instead of doing nothing for 18 million people, the NDP moved a proposal to what the Liberals have brought forward here. If the Liberals are truly open to helping out Canadians, our single amendment would allow 80% of all Canadians to access some benefit from what the Liberals are proposing. We will see how it works out at committee. Jack Layton used to tell us in this place that it is not just good enough to oppose, we have to propose. The proposal would make what is a bit of a ham-fisted approach of trying to help out middle- and lower-income Canadians into something that would be a lot more equitable. It would help out 80% of all tax filers, particularly those at the lower end. We will see what we get when we get to committee.

Mr. Alistair MacGregor (Cowichan—Malahat—Langford, NDP): Madam Speaker, I would like to thank the hon. member for Skeena—Bulkley Valley. He has done an amazing job in the House since 2004 on behalf of his constituents, and I will certainly do my best to follow such an amazing performance.

It is an honour to rise again in the House to speak on behalf of my wonderful constituents in Cowichan—Malahat—Langford and to take part in the debate on Bill C-2, An Act to amend the Income Tax Act. As we all know, this bill would make various changes to the Income Tax Act, but today I will concentrate on two of them: the changes to the income tax brackets and to the contribution limit to the tax-free savings account.

The Liberals were elected on the promise of bringing tax relief to the “middle class”. Indeed, the words from the Liberals' campaign website painted a cozy picture for the average middle-class Canadian. Let me just read some of the words: “We will give middle class Canadians a tax break, by making taxes more fair. When middle class Canadians have more money in their pockets to save, invest, and grow the economy, we all benefit”.

It sounds pretty rosy.

Before I get to the crux of the matter with the tax changes, I want to speak first about the tax-free savings account because this is on something that the NDP can agree on with the Liberal Party.

When the Conservatives were in power, we heard time and again that the TFSA was an excellent tool for helping seniors. I know very well from hearing from seniors across my riding that the TFSA contribution limit would be of little help compared to many of the NDP's proposals. It was a step in the right direction to lower the TFSA contribution limit placed by the Conservatives, because the higher limit yields disproportionate benefits to the richest Canadians. The TFSA contribution limit increase would have cost the treasury billions of dollars in the decades to come. In fact, it is estimated that the combined federal-provincial cost would have been \$132 billion by the year 2080. Where is that money going to be recouped?

We know that the Conservatives' responses included the point that it was not a problem for the previous prime minister's grandchildren. We heard Joe Oliver's comments on that mentioned in the last speech. However, we in the NDP believe in creating a sustainable future where no one is left behind. The problem lies in what we have seen through many Liberal governments in the past. They acted on some small measures but really did nothing to deal with the issues that middle- and working-class Canadians face. Presently, we are dealing with a very difficult economy. There are lay-offs and the power of our dollar has been shrinking by the week. This is making our already-precarious seniors' living and food insecurity even more insecure.

Now I will speak to the matter that I am looking forward to addressing, the so-called middle-class tax cut.

The Liberals have decided not to use their first piece of legislation, Bill C-2, to deal with our ruined economy but to propose lowering taxes in a way that would not benefit 60% of Canadians. In my riding, if someone earns the average income of \$37,000 a year, he or she would receive precisely zero dollars in benefits. We know that the price of vegetables has gone up by 10% in the last year and we have seen a report from the University of Guelph that predicts that food prices will again rise faster than inflation. This price of food disproportionately affects the most vulnerable Canadians and is something that hurts the real middle class in this country. The seniors and indigenous people in my riding are some of the most adversely affected by this drastic price increase. If we get to the people who are lucky enough to get into the middle-class tax bracket, the maximum benefit that many of them would see, as alluded to earlier, is precisely \$50. That figure is negated when we take into account the cost of inflation. In fact, that \$50 would basically be eaten up by five stalks of cauliflower over the year at the supermarket with the way food prices are going.

It is important for us to point out the contrasts here today. I want to show members some of the figures that we have from Statistics Canada: for the average office worker earning \$39,000 a year, the benefit would be zero dollars; for hairstylists earning an average of \$27,000, zero dollars; and even the fish plant worker earning \$26,000 a year, it would be zero dollars. However, I do want every Liberal member of Parliament to understand they are giving themselves a tax break of \$679. Moreover, every parliamentary secretary on the government side is giving themselves a tax break of \$679. They are doing it for lawyers, well-paid bankers, and so on. However, for the average middle-class Canadians, they will get precisely zero dollars under the bill.

• (1250)

We have a constituency week coming up next week when we will all get to travel back to our ridings and meet with our communities, which I am very much looking forward to. However, I would love to see how Liberal members of Parliament will explain to the so-called common folk in their riding, the middle-class Canadians, what the real deal is with their tax break, and how they are giving themselves \$679 in tax breaks, but for the rest of the people in the riding, precisely zero or \$50.

This middle-class tax cut is nothing more than smoke and mirrors. The Liberals have never been able to define precisely what the

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middle class is, and they have never answered the question. The median income, defined as the halfway point between the higher half of a data sample and the lower half, and probably a good place to define the middle class, is \$31,000. However, this group will receive precisely zero dollars.

On the proposal for middle-class tax cuts, the legislation before us would work for families that make between \$166,000 to \$200,000. They fall among the richest 90% to 95% of Canadians. I believe this action seems to suggest that either the Liberals are not here to help the real middle class or they believe the middle class is people earning the 90th percentile of income.

The cost of helping such a small portion of the richest Canadians will exert an incredible amount of pressure on the government's books. In fact, it is estimated that this tax cut overall will cost our revenue stream \$8.9 billion over the next six years. This plan was a piece of election hyperbole that was meant to seem progressive, but is actually detrimental to our middle and working classes.

Liberal governments of the past have been able to flash left and then turn right while they were in power. We in the NDP do not intend to let the Liberals get by without a struggle on that front.

This change is not the way we take care of our most vulnerable population like seniors, let alone the actual middle class. This is not the change that our most vulnerable citizens were looking for.

The NDP is here not just to point out the inconsistencies in the Liberal plan, but to propose alternatives. We will be doing so here and in committee. A progressive opposition will stand for the values of fairness for all instead of an economy rigged for the highest earners. We believe in helping the real middle class, and not just the high-income earners that the Liberals have labelled as the middle class.

We have developed proposals that will fix the Liberal plan, which would make it correspond with their campaign promise to Canadians. We believe that if we lowered the first income tax bracket by 1%, then 83% of taxpayers would benefit from this proposal. This solution would benefit many more Canadians, and the cost difference would be minimal.

We could further minimize the cost to the treasury if Liberals would just agree with the NDP to increase corporate tax rates by just a smidgen more, and ask corporations to pay a little more of their fair share instead of downloading costs onto Canadians.

I will end my speech by quoting a few validators who have studied the bill.

According to the research chair in Taxation and Public Finance at the University of Sherbrooke, couples with a combined income of \$250,000 a year would gain about \$1,100 in tax cuts, while couples with a combined income of \$75,000 a year would get an average of zero to \$4.

Finally, Gordon Pape, certainly no friend of the NDP, wrote the following in *The Globe and Mail*:

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Finally, let's consider low-income earners. There are a lot more of them than those who fall into the middle-income category.... The Liberals didn't offer them any relief so the only break they get is from the indexing of the tax brackets.

Pape continues that they “are the ones that really could have used a tax cut but somehow they got lost in the election hyperbole. Too bad.”

• (1255)

[Translation]

Mr. Matt DeCoursey (Fredericton, Lib.): Madam Speaker, I thank my colleague for his excellent speech this Monday afternoon.

[English]

I was disappointed to hear that the member does not agree with the idea of delivering upwards of hundreds of dollars, on average, to nine million Canadians, but I was pleased to hear that he agreed with our rolling back of the TFSA.

I wonder if the member agrees with our plan to deliver real change to Canadians by lifting hundreds of thousands of children out of poverty through the Canada child benefit; if he agrees with the idea of investing at an historic rate in social, green, and public transit infrastructure, which we know lifts the health of people in communities and increases the quality of life and well-being; if he agrees with our leadership in health care, in helping to lower drug costs for Canadians; if he agrees with our leadership on home care delivery; and if he agrees with our resetting the relationship with indigenous Canadians.

Does the member see those as valuable plans that the government and this Parliament can move forward on?

Mr. Alistair MacGregor: Madam Speaker, of course we in the progressive opposition will always stand and agree with conclusive measures to help those who are most vulnerable, whether it is children, the elderly, or poverty overall.

However, we are debating Bill C-2 today. That is why I am not talking about future plans in the budget. With all of the problems that Canada is facing, Bill C-2 could have been an opportunity to introduce some very worthwhile legislation to tackle problems.

Why did we not have the introduction of legislation to tackle the Employment Insurance Act? Why did we have legislation to reverse some of the harmful legislation of the previous Conservative government?

We could have done something to lift seniors out of poverty. Instead, a tax bill has been introduced that will help wealthy Canadians, not middle-class Canadians.

• (1300)

Mr. Arnold Viersen (Peace River—Westlock, CPC): Madam Speaker, it was great to hear that the member is quite concerned about families and seniors. This is something that I have heard much about at the door.

I have met with seniors groups and have spent time in seniors care facilities. I got to hear a lot about what they had to say. One of the big things they talk about a lot is the availability of doctors. Especially in northern Alberta where I am from, it is difficult to get a family doctor.

The Liberal government has proposed a new tax bracket for the 1% and many of our doctors end up in this 1%. We are concerned about brain drain. Does the member not share my concern that this new tax bracket might cost us these resourceful professionals? Is the member concerned about brain drain, as I am?

Mr. Alistair MacGregor: Madam Speaker, I do know a little about doctors, being the son of one. I know, from speaking to my father and many of his colleagues, that they do earn quite a bit of money and have an important skill set, but every single one of them I spoke to would be happy to pay a little more in taxes if they knew that we had a progressive taxation system that would help the most vulnerable. That is what I would say in answer to the member's question.

Ms. Rachel Blaney (North Island—Powell River, NDP): Madam Speaker, in my riding we have a lot of issues with families struggling with daycare costs and a lack of spaces.

With this tax break, will there be any support for those families?

Mr. Alistair MacGregor: Madam Speaker, the member and I heard that on the doorstep from families looking for child care spots.

This tax break does nothing for them. For a family earning in the neighbourhood of \$75,000 a year, that is a combined income. That means there are two individuals earning \$35,000 to \$38,000. They are not getting anything back.

To touch on the child care issue, we will of course welcome any kind of a benefit for the nation's children. I am a father of three and a half year old twins myself. I understand what it is like to raise kids in this environment.

The issue is the lack of child care spaces, and affordable ones at that.

Mr. Adam Vaughan (Parliamentary Secretary to the Prime Minister (Intergovernmental Affairs), Lib.): Madam Speaker, I will start by focusing on exactly what the bill is about. I have listened to opposition members talk about what is not in the bill. Quite often, what is not in the bill is because that is not what the bill is about. We can talk about daycare, pipelines, the need for doctors in remote communities, and we will get to those issues in time, but this bill deals with some specific issues for a couple of reasons.

First, this is an amendment to the Income Tax Act. In order to have it apply to the year in which we want the tax cut to occur, it required us to come back before the new year to get those measures in place ahead of the calendar year. It is a technicality. One of the reasons why it was such a critical priority and why there was speed involved in getting this to the floor of Parliament and off to committee was so it could take place in the calendar year where the relief was expected.

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What is the proposal? The proposal focuses on two critical issues. One is a tax cut for a very specific set of incomes, between \$45,000 approximately and \$91,000 approximately, to reduce taxes for income earners situated in that category. The other thing is to roll back a boutique tax cut that was presented to us last year by the previous government, a tax that does not deliver significant relief to a broad band of Canadians but rather privileges a very specific few in a very specific situation. In order to give us some resources to try to balance the budget and deliver more a general and a more targeted tax relief to very specific groups that we think need it, that very specific measure is needed.

The tax cut is very simple. It is relief for middle-income earners who are quite clearly, in volatile economic times, experiencing extraordinary stress on the incomes they earn. Does it provide income support for all Canadians and, in particular, the lowest-income Canadians? No. Other measures are on their way to deliver that sort of tax relief, but we committed to this one in the campaign. In order to get it in place in this calendar year in preparation for this year's budget, it needed to be introduced in a timely way.

It is an important measure, though. It starts to make the tax system fair. One of the complaints we have heard about the previous layer upon layer of tax relief presented to us by the previous government, which it skewed toward more affluent and, quite frankly, Canadians who did well, is that it needs to be changed in order to give people the confidence that the taxes they pay are fair. We started to change the tone of the conversation about tax relief and targeted areas and groups of people who did not feel the previous government's tax relief measures were fair.

The TFSA dynamic is the most obvious one. Yes, a lot of people participate in the program. We are not eliminating the program; we are simply not expanding it. The bulk of the people who participate, in particular, lower-income Canadians, do not max out those tax-free savings accounts. The folks who are maxing out the tax-free savings accounts, after all of the year's bills have been paid and all of the taxes and expenses have been addressed, are the ones who have \$10,000 lying around to invest into one of these tax-free savings accounts, the folks who tend to be doing very well.

We are simply saying that rather than benefit those who are doing well, let us drive the support to those who are struggling to deliver services to their families and support their communities, and aim those tax breaks at middle income earners.

Quite clearly, this is not the last thing we will do. If the proposal were to do this and nothing else for the next three and a half years other than simply manage the government's finances and programs as they are currently configured, much of the criticisms I have heard in this debate so far and read in the newspapers would be justified.

However, we have also committed to sustaining some of the other components of our campaign platform. For example, the minister has already committed to a review of EI eligibility and processing times. Members have also heard us talk about the need to re-evaluate that program to ensure that the people who pay into the system get the support they need, especially in times when economic volatility creates surges of unemployment, as we see in the province of Alberta right now with the resource sector.

Members have also heard us talk about the need to ensure that CPP is reformed, in particular, for seniors who suddenly find themselves in a situation, as life rolls through and the demographic changes happen to their families, where suddenly two pensioners in a single house with rent is now one pensioner with the same rent.

● (1305)

We believe it is an appropriate reform to start targeting support for single seniors who face particular problems as a way of alleviating poverty in a very defined group of people. These people will not benefit from this tax cut, but will benefit from other measures that we will see defined in the budget that will be presented.

Most important, for the family that was previously described in a speech, a family with children that earns \$75,000 collectively within its household, this tax measure does not specifically target relief for that circumstance. However, we have promised to double the child tax benefit, not get rid of it. Instead of taxing it as the previous government had done, we will make it tax-free. We made this commitment in the campaign. This specific initiative benefits that group of individuals in a very targeted way and provides the kind of support for lower-income Canadians, especially those with children, in a way that will alleviate poverty in particular for children, perhaps the most vulnerable group in that population. That is one of the ways in which the targeted approach by this government, which will be unveiled in the budget, will be rolled out.

We are also talking about a whole series of other measures which do not necessarily put more dollars directly into the pocket of families, but will start to alleviate some of the significant pressures that low-income Canadians are under, such as housing and transportation costs when taken as a bundle. Where I come from, for low-income Canadians and the income group that has been described in the previous speech, this constitutes about 71% of household costs for a typical working family. When we add housing to transportation, close to 71% of the disposable income for a family is sucked into those two categories. If we do not move the yardsticks on those two issues, if we do not deliver better transit and better housing supports right across the full spectrum of housing needs, we will not address the issue that is motivating the call for income support.

If we can get housing and transit costs down, we do support low-income Canadians in a comprehensive, across-the-board way that is direct and meaningful. However, we also put people back to work to earn the incomes they need to pay those bills. It is not enough to simply cut taxes for people if we do not also provide jobs for them to earn the income to pay the taxes. Therefore, we have to look at these things in a holistic manner, and we have in our program.

However, we cannot start building housing in the first week of the new government. There are agreements to be struck and negotiated with the provinces and housing providers. Programs need to be rekindled. Unfortunately the previous government put all of the eggs in one basket. This time I am not talking about the petroleum industry but rather the housing industry.

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The focus on *chez soi* or on housing first, which simply prioritizes rent supplements over a housing construction program, means we are not starting with a robust housing market that allows us to house lower-income Canadians effectively. We have to rekindle that program and get it moving forward again. That takes a bit more time than simply introducing a tax measure. Therefore, those provisions will come out and will be seen as part of our infrastructure program.

However, members should make no mistake about it. Our commitment to infrastructure is not just about building stronger communities, better cities, and helping provinces get people back to work. It is also about reconstructing the fabric of our country to provide support for low-income Canadians who need housing and transit support in order to access education, work and services, and move forward with a higher quality of life. Income support is part of it, as is direct support through a rethinking of some of the current programs that support low-income Canadians, in particular CPP and EI. Employment programs that deliver the infrastructure to create much stronger urban and infrastructure fabric is part of it. It also delivers the work we need to see Canadians get back to supporting themselves, and moving the whole agenda forward as a complete comprehensive package.

That is the campaign platform, but it is also the agenda of our government. We will not see all of it in the first 10 weeks of a new government. It takes time to bring partnerships together to make those things a reality, in particular in housing and transit. It is not a question of just simply cutting a cheque and seeing a transit program get built overnight. Programs take time. Unfortunately, in many of these instances we are starting from a standstill. Nowhere is that more obvious than in the resettlement of refugees from Syria.

I heard a question last week from a member across the way with respect to why there was no housing available for all refugees. The reason there is no housing available is because the previous government had virtually no housing program.

• (1310)

As a result of that, 25,000 people cannot be housed overnight. It takes time to fund the housing, approve the housing, and then ensure the houses are built in the right places where people will be able to use them. We are moving forward on those programs in a comprehensive, steady way, but it is not the thing that is done first. It is one of the things that is done as part of a comprehensive package that will be contained in the budget.

While members of the House may be frustrated that Liberals are saying many of the answers to the questions lie in the budget, which will be presented in weeks, not months, to the House, as part of a comprehensive strategy toward those issues which are not addressed directly by the current bill in front of us, that is the reality. We have only been governing for about 10 or 11 weeks. That is just short of the length of the campaign. Think about it. The entire election campaign was 78 days and we have only been in power for close to 100 days. A bit of patience, as we move toward our first budget, is in the order.

However, as I said, this bill requires being introduced ahead of the calendar year to ensure it is in place to accommodate the changes to the tax code that are required, and the changes are very specific. The

changes in the bill are designed to support middle-income earners who earn between \$45,000 and \$91,000, approximately, to reduce their tax rate by about 7% and, in doing so, to give some relief to a very critical part of the population struggling right now with inflation, increased housing costs, and other dynamics that are putting pressure on household budgets.

To criticize the bill for what is not in it misses the point. Many of the questions, debates, and speeches need to be more finely attuned to the budget debate than to this one. That needs to be said. As I sit here and listen to all the criticism being thrown at the bill, it is not actually about the substance of the bill. It is hard to answer and say that this bill should do x, y, and z when it is quite clearly designed to one very specific thing.

I have heard criticism that the amount of money being provided. Some members favour much deeper tax cuts. I have heard others in the opposition say that the support is not deep enough. Finding a balance in troubled and volatile economic times is something that we will all have to work very hard to articulate and achieve. We cannot solve the complexity of the problems that have been presented to us with one-size-fits-all, magic bullet solutions.

The complete list of programs which I have just described is forthcoming. They can be seen in the Liberal campaign platform and ministers have talked about them in the House as they have answered questions of the opposition. That is the totality of our approach. That is the holistic in which way we hope to not only grow the middle class but create a stronger economic platform for our country to thrive, and with the investments that we are talking about, not just build back the capacity of the middle class to thrive and move forward, but to ensure our partners in municipal and provincial governments have the capacity to also make investments and do the other things required to strengthen the Canadian economy and diversify it so it does not enter these periods of volatility quite as vulnerably as it has in the past year.

Things like investments in housing, the environment, social infrastructure, and transportation and transit are, again, part of the larger agenda: to strengthen the middle class with job creation, sustain the capacity of the middle class with tax cuts and reforms to programs which sustain their ability to participate in a strong and valued way, but, at the same time, also ensure we keep an eye on poverty.

I appreciate the comments, concerns, and issues that have been raised around poverty, poverty within the aboriginal, first nations, Métis, and Inuit communities, both on and off reserve, in particular, in urban settings, which concerns the riding I represent. I appreciate the focus on seniors who are struggling as private pensions sometimes become fragile and public pensions do not keep pace with some of the cost pressures that are arising. As we move toward demographic changes, we will have many more seniors in vulnerable situations moving forward. I understand there is a need to act there.

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In particular, child poverty was something which the House committed to eliminate, but has not. If members look at the riding that I represent, there are more poor children within an hour of the downtown core of Toronto than there are in all of Atlantic Canada combined. These are serious issues that we have to solve. Will this bill, in and of itself, solve those specific issues immediately? Of course not. One would be crazy to think so. We have to get to those issues as part of the larger budget process and throughout the mandate of this government. However, this is the first step we are taking to provide very specific and targeted tax relief to a very defined group of people in our country.

● (1315)

Rest assured that there is more to come as we start the project of building back the size, capacity, and health of the middle class in our country.

I want to end by talking about how housing fits into this, because it is critical. The debate cannot just begin and end with a simple tax cut. We need to start delivering across the full spectrum of housing needs in the country. This is an issue that will actually define whether or not we succeed in rebuilding the middle class and giving it the strength it needs.

It is not just about affordable housing. It is about housing affordability. There are housing markets in our country where a sudden housing correction, a sudden spike in mortgage payments, or a drop in equity in people's households would create poverty the likes of which our country has not seen for decades. We need to manage the full spectrum of housing needs in the country. We need to ensure a way to get from the street into a shelter, from the shelter into affordable housing, from affordable housing into home ownership, and from there, on a path to the middle class.

The housing strategies that we will hear in the House are, to me, fundamentally the most important conversation we are going to have about alleviating poverty and strengthening the middle class. If we do not get to that conversation, if we get hung up on simply measuring the percentages of tax cuts, the size of the deficit, and the size of the debt as it moves forward, if all we do is focus on the numbers and not focus on the actual living conditions of Canadians right across the housing spectrum in the country, we will never solve these issues. Therefore, in the weeks and months ahead, what we need to focus on, as we build capacity of the middle class, is creating the housing required to accommodate aspirations to middle class in the country. We have to do that. If we fail to do that, this Parliament and this debate will have been for nothing. We can cut taxes all we want, but if the quality of life does not change and the capacity to move forward as an individual or a community does not get shifted, nothing will have been achieved.

Housing lies at the heart of it. Housing is no longer just a wealth transfer, and it cannot be. It is also about protecting middle-class investments. It has to be about making sure low-income Canadians have a place to thrive, and vulnerable Canadians are sheltered and protected properly.

However, we also have to look at it as a tool that solves most of the other challenges we face in the country. It is the tool we need to solve some of our energy crisis and climate change dynamics. It is the tool we need to use to deal with child poverty. It is an important

tool in making sure aboriginal—first nations, Inuit, and Métis—Canadians have access to stable and thriving life opportunities.

Housing is the solution, and that is where we are going to have the most complex debate. That is where many of the issues that are defined are going to have the most impact, because if we can get that piece right—the tax cuts we talked about, the changes to unemployment insurance, the changes to CPP, and the changes to the way we support vulnerable Canadians—if we have the platform for their lives solidified and protected and moved forward as a federal agenda, we are going to achieve great things in this Parliament.

It starts with this tax cut for technical reasons, and perhaps symbolic reasons, but the entire program is what is about to be presented in the next budget. The entire program is what we will be debating over the next three to four years. Many of the questions that have been raised, which are important questions, will be directly addressed in those days to come. However, in the meantime, this is the first step. I look forward to members' support, and I look forward to members' questions.

● (1320)

Mrs. Cathy McLeod (Kamloops—Thompson—Cariboo, CPC): Madam Speaker, the hon. member has said we should focus on the bill. I am going to do just that. I want to focus specifically on what the bill would do. It is going to give him, as a member of Parliament, a so-called middle-class tax break in the range of \$600 to \$800, which he would receive.

This would add to the debt of our country, because the Liberals' math is wrong. They said that the rich paying more—those earning over \$200,000—would result in a revenue-neutral middle-class tax cut. However, that is wrong. It is wrong by \$1.2 billion to \$1.4 billion. He is going to accept another \$600 to \$800 in his pocket at the expense of future generations and his grandchildren.

As someone who regularly stands up in the House and speaks about affordable housing and poverty, how can he stand up and vote for this particular bill?

Mr. Adam Vaughan: Madam Speaker, the bill also proposes a significant increase to people earning over \$200,000 a year, and that is part of the way it is paid for.

All tax cuts benefit some people to the disadvantage of others. That is the way taxes are built. We are trying to shift the tax system back into a fairer structure. People whose income passes through the bracket of \$45,000 to \$91,000 benefit. All of us who are in that situation benefit.

The hope is that, through that, we invest back into the economy by spending, that we generate economic activity, and in doing so we start to lift up the economy, providing jobs and opportunities for others.

Government Orders

As I said, if this was the only measure we took and the only focus we provided in the next four years, the member's criticism would be legitimate. However, this is the first initiative of a basket of initiatives to try to make the tax system fairer and, in making it fairer, to deliver confidence to the Canadian people both that the middle class is being rebuilt and that our other pressing needs, those of lower-income Canadians, are now in a position to be addressed specifically.

Some of us benefit, of course. It is an easy criticism to make. However, at the end of the day, when the totality of all the measures is put in place, what we are going to see is equity returned to the tax system. That is what the bill seeks to do, although as a first step, it does expose itself to that criticism.

Mr. Matthew Dubé (Beloeil—Chambly, NDP): Madam Speaker, considering how much we heard about these tax cuts over the campaign, it is a pretty bad sell when the government is pitching a budget that has not even been presented yet to justify the tax cuts. That is what the member has been doing for the past 20 minutes.

The fact is that the member has asked to hear criticisms of the substance of the bill. That is what the New Democrats have been doing all morning, since the debate started. We have been asking the government why it will not make a simple modification to the change to the tax code to make sure that people earning less than \$45,000 actually get something, and that includes medium-income earners of \$31,000. Right now they are getting nothing at all.

Is the member perhaps embarrassed by that? Is that why he spent all his time talking about a budget that has not even been tabled?

• (1325)

Mr. Adam Vaughan: Madam Speaker, the question as presented by that inquiry is quite a simple one. What is the best way to provide support for the lowest of income earners in this country? Is it tax relief or other programs that deliver resources straight to their pocket?

We believe the changes we are bringing to the child tax credit, the changes we are bringing to EI eligibility, and the changes we are talking about around CPP—the changes we are talking about in totality—are our best approach, and I think it is the best approach and the approach supported by the majority of Canadian voters, the approach to deliver relief to poverty in this country.

I do not disagree with the goal that was stated in the question. What we disagree with is the strategy. I do not believe that cutting taxes for low-income earners is the quickest, best, or most sustainable way to prevent poverty and to build opportunities for people in low incomes to move into stable, middle-class earning capacities.

It is a difference in strategy, but it is not a difference in terms of goals.

[*Translation*]

Mr. Darrell Samson (Sackville—Preston—Chezzetcook, Lib.): Madam Speaker, I am pleased to ask my colleague a question about his presentation. I was very impressed by all the details he provided about our platform. Over the next four years, our platform will certainly allow Canadians to benefit tremendously from the changes that will be made during this time.

The opposition has indicated a number of times that we should raise taxes on small businesses. As we know, and as my colleague explained so well in his speech, the government wants to invest in Canada and Canadians, not raise taxes, as that would slow down the economy. I would like my colleague to say a few words about that.

I would also like my colleague to talk about the importance of raising taxes on the wealthiest Canadians by 5%. Why does my colleague think that we are the only party calling on the rich to help less fortunate Canadians?

[*English*]

Mr. Adam Vaughan: Madam Speaker, I will deal with the question specifically in English, and I apologize.

The move we have made to double the summer employment program is a very interesting one. We could have, perhaps, chosen to raise minimum wages for a very small percentage of federal workers and try to pretend that we are helping young people get work by paying them better even though it is not as broad-based an approach as possible.

However, in doubling the summer employment program and ensuring small businesses are eligible and by not raising their taxes, we would give businesses the capacity to hire. By assisting in the hiring, doubling the grants, and putting more money into the system so more students can be hired, we see it as a comprehensive way to get at one of the groups that have the most difficulty getting employment, one of the groups suffering from low employment, wages, and opportunities: youth.

There are other ways to approach these programs that are contained within our platform, and they are part and parcel with a holistic approach to alleviating poverty, building a strong middle class, and delivering a different approach than perhaps enunciated by some of our members opposite. It is not that raising minimum wages is a bad idea, and I do not think we criticized the idea. The question is this. When we have limited resources and we are in volatile economic times, what is the way we can have the biggest, most direct impact and work with the partners in the economy to deliver results? We would not raise taxes on small businesses or on large corporations; we would leave those dollars in the economy. However, then we would direct activity toward full employment, in particular for young people in this country, as a way of moving this country forward together. It is a different approach, but it is the right approach, and the electors certainly supported it.

• (1330)

Ms. Elizabeth May (Saanich—Gulf Islands, GP): Madam Speaker, I wish we could reframe this debate. Starting during the election campaign, both the New Democrats and the Liberals were in a stampede to embrace the middle class. I am hoping this is really coded language for addressing inequity. I hope it is really about the inequality by which the wealthiest 0.002% of Canadians have more wealth than the bottom 34% of Canadians. I hope we are really talking about, as the parliamentary secretary suggested, a suite of measures.

Government Orders

However, I do not think we can measure it against how well the middle class works. I do not think any economist has a definition of what middle class means. We do know what inequality means, and it means the poorest fall behind and the billionaires make more. That would take a whole lot more than what we see before us in Bill C-2.

Mr. Adam Vaughan: Madam Speaker, I share the analysis, quite frankly. Our language may differ but, again as I said in the speech, our goals are the same.

It is about inequality. It is why there is a proposal for a tax increase on the top 1% of wage earners contained in this bill. It is why it would shift the TFSA. Instead of maximizing the capacity in terms of people's contributions to it, it would sustain it at its current level because we see it as an effective tool, but we do not see it as a one-size-fits-all cure-all for some of the challenges.

Alleviating poverty, getting people in low-income situations on a path to middle-class existence, growing the capacity and the size of the middle class, and creating fairness in our society are the goals of our government. This particular bill addresses one particular strategy: income tax for a very specific group of people who have income. However, in dealing with lower-income Canadians or those on social assistance, a whole different approach is required. Cutting taxes for a single senior on CPP would not deliver opportunities or support. Boosting CPP would, and we will see measures addressed specifically to that group as part of a larger equity agenda as our budget unfolds in the weeks and days ahead.

Hon. Diane Finley (Haldimand—Norfolk, CPC): Madam Speaker, I would like to advise you that I will be sharing my time with the member for Barrie—Springwater—Oro-Medonte, and I would like to take this opportunity to congratulate him on his election to the House.

This is the first time I have had the opportunity to rise to speak in the 42nd Parliament. Therefore, first, I would like to thank the constituents of my beautiful riding of Haldimand—Norfolk for electing me for my fifth term and for trusting me once again to represent them here in Ottawa.

I would like to acknowledge the team of volunteers in my community who worked so very hard each and every day over that 11-week period. Without them, I know that I would not be here today.

I would also like to congratulate my colleagues on all sides of the House for their election, and I look forward to working with them over the coming years.

I am incredibly proud to call the riding Haldimand—Norfolk my home, and I will continue to work hard to be the strong Conservative voice my constituents have asked for in Ottawa. I will fight to make our riding an even more wonderful place in which to live, work, and raise a family.

Haldimand—Norfolk is full of hard-working individuals who know the value of a dollar. Our Conservative government always believed that Canadians' money belonged to them and that they know what is best for themselves and their families.

Canadians in all income groups have seen their take-home incomes rise since 2006. The federal tax burden is at its lowest in

over 50 years, thanks to our then Conservative government and the more than 180 tax cuts we made. These tax reductions gave Canadians the flexibility to make choices that were right for them to help build a solid foundation for their future economic growth and a higher standard of living for themselves and their children.

Canadians at all levels are benefiting from that tax relief, with low- and middle-class Canadian families receiving proportionately greater benefits. More than one million low-income Canadians were removed from the federal tax rolls altogether due to our Conservative government's tax policies. We significantly improved the lives of Canadians, while at the same time, we kept our promise to balance the budget and stay fiscally responsible.

As we all know, the current Liberal government made it clear in its platform that it would be taking the surplus the previous government left it and would be entering into multi-year deficits. One of the problems with that is that there was once a promise to keep the deficit to \$10 billion, which has now ballooned to \$20 billion or possibly even \$30 billion.

Every week we hear more holes in the Liberal costing of their platform. More recently, the parliamentary budget officer contradicted the Liberals' claim of a cost-neutral tax increase to Canadians.

It is clear to Canadians that there is one party that will always look out for hard-working taxpayers, and that, of course, is the Conservative Party.

Among the multitude of tax-relief measures our government introduced, perhaps the most popular was the tax-free savings account, or TFSA. The TFSA is the most important new savings vehicle introduced in Canada since the RRSP was introduced more than 50 years ago.

Available since its introduction by our Conservative government in 2009, the TFSA is a flexible, registered general purpose savings vehicle that allows Canadians age 18 or older to earn tax-free investment income. I should point out that this is a voluntary procedure.

Millions of Canadians have taken advantage of the very popular TFSA. They are an excellent way for Canadians to save tax-free and to have the money available for their own personal needs.

As a matter of fact, according to Revenue Canada, as of the end of 2013, nearly 11 million individuals, that is roughly one in three Canadians, had opened TFSAs, and the value of the total assets held in those TFSAs was nearly \$120 billion.

● (1335)

The TFSA gives Canadians the flexibility to save for purchases like a new home or car, to start a business, or to save for retirement. Many Canadians have maxed out the old \$5,500 limit, and many would contribute more if allowed. Our Conservative government made that possible when we raised the maximum contribution limit to \$10,000, effective 2015 and for subsequent years.

Government Orders

The opposition claims that TFSAs only benefit the rich. That is blatantly false. In fact, at the end of 2013, individuals with annual incomes of less than \$80,000 accounted for more than 80% of all TFSA holders, and about half of TFSA holders had annual incomes of less than \$42,000. About 1.9 million individuals have contributed the maximum amount to their TFSAs. About 46% of these individuals were seniors, and over 70% were aged 55 and older. Roughly 60% of the individuals contributing the maximum amount to their TFSAs had incomes of less than \$60,000.

Many seniors in my beautiful riding of Haldimand—Norfolk have shared their concerns with me about the changes proposed by the new Liberal government. Some retirees on fixed incomes struggle to save for their future, and the TFSA, with its limit increase, was one way to make that easier.

The fact is that Canadians are living longer than ever, which is great news for all of us. Since 2006, seniors have been benefiting from important money-saving measures such as pension income splitting and tax-free savings accounts. As of the end of 2013, close to 2.7 million seniors had TFSAs.

The previous government understood that Canadian society thrives in a low-tax environment. It is a shame that the Liberal government is opposed to the enhancements made to the tax-free savings account. They do not realize the benefits it would bring to Canadians across the country. Unlike the prudent fiscal approach the Conservatives took, the Liberals fundamentally believe in irresponsibly high taxes, recklessly high spending, and what seems to be an aspiration toward structural deficits.

Through Bill C-2, the government would significantly cut back on the amount individuals can contribute to their TFSAs, in spite of the fact that all data shows that those in the middle- and low-income classes are far more likely to use their TFSAs. Meanwhile, the new tax changes the government is trying to bring in would provide absolutely no tax relief to those earning less than \$45,000 a year. Instead, many low-income people who are using TFSAs would now be worse off under this new Liberal government's proposed plan.

Our government fulfilled its commitment of doubling the TFSA contribution limit to \$10,000, something that was helpful to all Canadians, young and old. The Liberal government should be encouraging responsibility in saving, regardless of how irresponsibly it chooses to run the nation's finances.

The Liberals promised Canadians that their plan was revenue-neutral. Since then, the revenue minister has conceded that the plan is not revenue-neutral; it would leave a \$1-billion hole. The Parliamentary Budget Officer released a report estimating that the cost will be closer to \$1.7 billion. This is a broken promise that proves that the Liberal plan has been grossly miscalculated.

Canadians know that the Liberal tax plan will end up costing them, so they deserve to know where the money will come from. It is my hope that the Liberal government will see the impact these changes will have on Canadians and will change direction so that all Canadians may benefit from TFSAs to the max.

• (1340)

Ms. Sheri Benson (Saskatoon West, NDP): Madam Speaker, I agree with my colleague's comments about the Liberal tax plan

providing the maximum benefit to wealthy Canadians while nearly 60% of the population will receive nothing. In my riding of Saskatoon West, the largest occupational group is people who work in the retail and service sector. That group will receive little to no tax benefit from this plan.

Would the hon. member join with me and the NDP to propose an amendment to the bill to see the tax benefit actually benefit more lower-income Canadians? During the Conservative government, many in my riding did not benefit at all.

Hon. Diane Finley: Madam Speaker, we believe that it is important that there be equity, that everyone be allowed to continue to benefit from TFSAs. As I mentioned in my remarks, 60% of those with TFSAs earn less than \$60,000. The Liberal government has said that TFSAs disproportionately benefit the wealthy. However, \$60,000 a year is not a wealthy income. For 60% of people who have TFSAs, that is what their income is, or less.

We believe that the Liberals should pull back this legislation so that everyone continues to benefit, regardless of their income, because that is good for Canadians and for their families.

Mr. Wayne Long (Saint John—Rothesay, Lib.): Madam Speaker, I thank the member opposite on her passionate speech about TFSAs.

Let me quote:

Doubling the annual maximum does nothing for the 93.3 per cent of Canadians who cannot max out their TFSA contributions at the existing limit of \$5500/year...

Following a detailed review of this program last winter, the Parliamentary Budget Officer (PBO) said: "TFSA benefits, currently balanced across wealth groups, will become increasingly skewed toward high-wealth households over time."

After the recent budget, would the member not agree that the TFSA, and especially the increase in TFSAs, was to pander to the Conservative base?

Hon. Diane Finley: Madam Speaker, in fact, TFSAs were introduced to benefit all Canadians. Right now, 11 million Canadians have opened TFSA accounts. If we think about our population of around 33 million to 35 million people, that is one-third of all Canadians, and they must be 18 years of age or older.

This is a very popular program right across the financial spectrum. The wealthy are included in it, but one-third of the population is not in that bracket.

This is a program that appeals to all Canadians. Over 60% of those who have opened them have incomes of less than \$60,000 a year. We believe that they should continue to benefit from this program. If they do not contribute to it to the max, then it should not affect the finances. However, they should be given the opportunity.

Government Orders

• (1345)

Mrs. Cathy McLeod (Kamloops—Thompson—Cariboo, CPC): Madam Speaker, I note that the member talks about the TFSAs. I think there are different circumstances in people's lives. It is not about the rich. There could be a 30-some-year-old who has been barely making ends meet who has not started to save for his or her retirement but who has a bit of a windfall gain in terms of an inheritance. There could be seniors who are converting their income retirement plans.

Could my colleague talk a bit further about the enormous opportunities TFSAs had for Canadians and how they really were not just a tool? I know it seems like a lot of money every year, but that balance carried forward for years when people had extraordinary circumstances.

Hon. Diane Finley: Madam Speaker, my colleague raises a very good point. At different points in our lives, different circumstances exist. Often someone receives an inheritance or a windfall or perhaps makes a bit of money on the lottery, or any other number of circumstances. Perhaps there is a separation, which is an unfortunate circumstance, but if they find a job quickly thereafter, they would have extra funding that they would need to invest and invest wisely.

I think it behooves the Canadian government to support those individuals and help them protect their earnings going forward so that they can save for a stronger future, which makes a stronger future for us all.

Mr. Alexander Nuttall (Barrie—Springwater—Oro-Medonte, CPC): Madam Speaker, thank you for the opportunity to speak to Bill C-2, an act to amend the Income Tax Act. The proposed changes to the act are the following: first, the reduction of room in the tax-free savings account for hard-working Canadians; and second, a reduction in taxes that have been marketed to Canadians as helping the middle class.

To preface any comments regarding these changes, I would like to begin by stating on the record that prior to my election as the representative for Barrie—Springwater—Oro-Medonte, my career was in finance. From personal, to small business, to commercial finance, I have had experience in planning finances and investment portfolios, with the exception of securities, and reviewing financial statements to understand the solvency of both individuals and businesses.

My remarks today are focused on four clear results of this tax-and-spend Liberal ideology we are seeing. One, the reduction of the tax-free savings account hurts seniors and young people more than anyone else. Two, it discourages Canadians from saving their money for the future. Three, the apparent Liberal tax reduction for the middle class in fact benefits the top 10% of income earners in this country more than anyone else, while doing absolutely nothing to benefit those earning \$45,000 per year or less. Four, a proposal that the Prime Minister, the Minister of Finance, and Liberal government have touted as revenue neutral will single-handedly be responsible for \$8.9 billion worth of deficit over the next six years.

One of the most innovative tools ever delivered to Canadians, specifically seniors, is the tax-free savings account. While I understand that the government is looking at these changes from a theoretical perspective, my goal is to properly communicate what the

practical advantages of these changes are. In my opinion, the Liberal government is reducing benefits to seniors and to all Canadians, benefits that were introduced and changed by the previous Conservative government.

For example, a widowed senior is required by the Canadian tax code to transition their life savings from a registered retirement savings plan, known as an RRSP, to a registered retirement income fund known as a RRIF. Upon transition to the retirement income fund, this senior must start withdrawing a minimum amount, which they are then taxed on. A withholding tax of up to 30% is then levied against withdrawals exceeding the withdrawal limits. Since retirement savings plans and retirement income funds are not truly liquid assets, a person may want to transition their savings into a more liquid vehicle, which is where the tax-free savings account comes in. The hitch is that, as stated, this person is being taxed as much as 30%. The idea that his or her life savings can be placed in a vehicle that can grow without tax in the future is ideal in most situations.

However, the government has reduced the annual amount a person can place in a tax-free savings account, which results in one of two things happening for seniors. First, the person is not able to remove as much of their life savings from their registered income fund in any given year. Second, the person is taxed based on a higher amount and then taxed again on the growth they attain in their senior years. I do not support separating seniors from their hard-earned money, which is likely being used to secure independent living, a healthy lifestyle, and to live out the remainder of their days as they see fit. I do not support under any circumstances raising taxes on seniors in our society.

Likewise, I do not support tax increases on young people looking to make the most incredible investment of their lifetime, in their first home. The CBC has stated the following:

With the TFSA, young people and home buyers have another option....

By contrast, withdrawals to the TFSA can be repaid to the plan at any time, following the year of withdrawal. "And unlike HBP [the home-buyers plan], failure to repay amounts withdrawn from a TFSA never result in tax on funds not repaid"....

• (1350)

The Liberal government has made it more difficult for young people to save for their first home. These young people in the GTA, Vancouver, and other hot markets throughout the country are being mandated now to save up to 10% for the down payment. At the same time, the Liberal government is clawing back one of the most effective tools to save that 10%. The government's action forces young people either to be taxed on the growth of their savings or use the home buyers' plan and pay back the money to the plan over the ensuing 10 years. Repayment, in these circumstances, can be difficult, as moving into home ownership is a life-changing situation and new homeowners often find these times challenging. What the Liberal government will do, therefore, is make it more difficult for young people to save and more difficult to purchase their first home.

Statements by Members

While the Liberal finance minister travels around talking about shrinking household debt and increasing down payments on homes valued over \$500,000, his government's policies are actually discouraging Canadians from saving for that same home. Therefore, why does the Liberal government say one thing and do another? The government believes that these tax hikes for seniors and young people trying to save for their first home are necessary. They are necessary in order to pay for its apparent middle-class tax cut.

Following the introduction of this apparent middle-class tax cut, economists stated that it would actually help those earning \$190,000 a year, that is, those earning more than anyone else. In other words, no one would receive more help than those sitting in the top 10% of income earners in the country. How could the Liberal government, Liberal Prime Minister, Liberal Minister of Finance, and the Liberal MPs promote cutting taxes for those earning \$190,000 a year on the backs of seniors in retirement and young people starting out their lives, or like the family I grew up in? We fought for years, like many Canadian families, to get and gain in home ownership.

I wish I could stop here. I wish this was where, to quote the member for Papineau, the “nonsensical” behaviour of this government ended, but it is not. Not only did the government raise taxes on seniors and young people, reduce incentives for saving, provide lower taxes to the top 10% of society, but when it did it, it also threw the government into deficit.

It was reported last week that the former Conservative government had left a \$400 million surplus in November. In December, the finance minister announced that the Liberals would run a \$3.5 billion deficit this year. This means the government has projected to spend \$4.1 billion between November and March more than it takes in. One might ask how. It is because the revenue neutral middle-class tax cut is not revenue neutral and results in the 2016 fiscal year coming with a \$1.7 billion shortfall, according to the Parliamentary Budget Officer. Furthermore, it will result in a total \$8.9 billion shortfall over the next six years.

When Canadians elected this government they did so believing that the middle class would be the great benefactor, that young people would be given greater opportunity, and that seniors would be given a new way to live out the remainder of their days. Based on the promises the government has made, it has shown that it will say just about anything to anyone to get elected. Canadians will hold the Liberals to account for the actions they take, for the actions they fail to take, and in what order they do so.

The government's priorities are transparent as a result of the actions it has taken first. As it stands today, the government has not prioritized seniors, young people, lower- and middle-class Canadians, and our children by its leaving a greater deficit year after year. The government has prioritized tax cuts for the top 10% of income earners in Canada. This what the government will be judged on. This is what it will be known for. This is why, as a Conservative, I cannot support Bill C-2.

• (1355)

Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP): Madam Speaker, I welcome my friend to the House. I have a brief question for him. All day now we have been asking my Liberal friends across the way for a simple or working definition of what the middle class

is. They like to use the term *ad nauseam*, but when asked what the term actually means in the real world, they spin back with their spin.

The reason we ask the question is that when we look at their tax scheme, those Canadians earning between \$48,000 and \$62,000 a year would be getting a grand total of \$50 in tax cuts from this plan. Meanwhile, people earning north of \$200,000 a year would get 16 times more in tax cuts from the Liberals.

Perhaps the Liberals would like to define the middle class as \$200,000 and above. I would like my friend to illuminate me, the House, and perhaps some Liberals as well as to what the middle class might actually mean.

Mr. Alexander Nuttall: Madam Speaker, we certainly heard this narrative throughout the election, talking about the middle class. The member is right that we were not told by the Liberals what the middle class is defined as. They have defined it, though, through the tax measure they have brought in. They said they were going to concentrate on middle-class Canadians. They have concentrated on delivering tax relief to the top 10% of income earners in this country. By definition, what I and I think Canadians see is that the Liberal government and my Liberals colleagues across the aisle believe that the Canadian middle class is composed of those earning \$190,000 or more.

STATEMENTS BY MEMBERS

[English]

LOUISE ARBOUR SECONDARY SCHOOL

Ms. Ruby Sahota (Brampton North, Lib.): Madam Speaker, I rise before this House to recognize a high school in my riding of Brampton North and the great social activism undertaken by its grade 10 students. Louise Arbour Secondary School is named after a distinguished Canadian who was recognized for her contributions to the Canadian justice system and for her dedication to advancing human rights throughout the world.

All grade 10 students at Louise Arbour Secondary School are tasked with completing a social action project. I had the great privilege to meet and hear from the following dynamic students: Arman Bhangoo, Ishdeep Binopal, Gurveer Gill, and Jaspreet Heer. These students have begun to take action on issues that they have found to be of vital concern to Brampton and Canada as a whole, issues such as domestic violence, air pollution, gun crime, animal abuse, and school violence, just to name a few.

As their representative in this House, I want to recognize them for their dedication and passion, and encourage them to stay engaged in their—

Statements by Members

●(1400)

The Speaker: Order please. The hon. member for Haldimand—Norfolk.

* * *

HALDIMAND—NORFOLK

Hon. Diane Finley (Haldimand—Norfolk, CPC): Mr. Speaker, I would like to take this opportunity thank all the residents of my beautiful riding of Haldimand—Norfolk who came out to vote on October 19, and a particular thanks to all those who voted to allow me to serve for a fifth term as their member of Parliament.

It is a real privilege and a pleasure to be able to serve such a remarkable riding and its people for a further four years. I will continue to work hard to be the strong Conservative voice that my constituents have asked for in Ottawa. I will continue to fight to make our riding an even more wonderful place in which to live, work, and raise a family.

From Long Point to Lowbanks, from Caledonia to Kelvin and Courtland, once again, I would like to thank folks for their support.

* * *

HAMILTON

Ms. Filomena Tassi (Hamilton West—Ancaster—Dundas, Lib.): Mr. Speaker, I would like to start by thanking the wonderful people of Hamilton West—Ancaster—Dundas who put their trust and confidence in me. I will work every day, tirelessly, for Hamilton.

Today, I wish to speak briefly about my father, Phil Tassi. He was a proud steelworker. He believed in people and worked hard to have people believe in themselves. His example inspires and guides me every day. His approach to life represents Hamilton to me. We are a city of achievement and hard work. We are Canada's biggest steel manufacturer. Now, we are innovators in health, advanced manufacturing, and the creative industries. Hamilton was recently named Canada's top-ranked investment city.

People have called Hamilton many things: the Hammer, the Steel City. We are these things, but we are much more. Through our care and support for each other, we chase our dreams with compassion and stubborn belief. I am proud to represent Hamilton, the Ambitious City.

* * *

BLACK HISTORY MONTH

Mr. David Christopherson (Hamilton Centre, NDP): Mr. Speaker, today marks the beginning of Black History Month, and I am honoured to rise in this House to celebrate the many contributions that Canadians of African and Caribbean descent have made to our great country.

In my home town of Hamilton, the history of these distinguished Canadians runs deep. The Reverend John C. Holland, the son of runaway slaves, was one of Hamilton's most important leaders and the pastor of Stewart Memorial Church, which has its own significant history as part of the Underground Railway.

The Hon. Lincoln Alexander was Canada's first black member of Parliament, first black cabinet minister, and first black lieutenant-governor of Ontario.

The legacy of these two outstanding Hamiltonians continues today through the work of people like Evelyn Myrie, a driving force in building inclusivity in Hamilton, and Matthew Green, who became Hamilton's first black city councillor in 2014.

I encourage everyone to take the time to learn the stories of the many people in Hamilton and all across Canada who played an important role in our history and continue to work to create a more inclusive and a more equal Canada.

* * *

YUKON

Hon. Larry Bagnell (Yukon, Lib.): Mr. Speaker, I am sure it is an unchallenged truth that the Yukon is the most beautiful riding in the country, with the tallest mountains in Canada, the biggest icefields outside the polar caps, the largest gold rush, world heritage national parks, and a thousand-mile sled dog race.

There are tremendous mining, tourism, IT, and arts and culture industries, and very successful Yukon first nations development corporations.

The most important resource of the Yukon is its wonderful people. There are 14 distinct first nations, and large francophone and Filipino communities.

Members get a chance to meet them all today, not only here, but at the Premier's reception for Yukon Days. Members can meet the presidents of the chambers of commerce, the mining executives, the Grand Chief, five chiefs and deputy chiefs, the Mayor of Whitehorse, the Premier and his ministers, and a delegation of over 50, all working together for the best future of the Yukon people.

It all happens this evening from 5 p.m. to 7 p.m. at the Château Laurier. I invite members to come one, come all, and enjoy true Yukon hospitality.

* * *

●(1405)

ENERGY POLICY

Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, CPC): Mr. Speaker, in 2015, it cost Ontario electricity users almost \$1.8 billion to send 22.6 million megawatts of electricity south to light the skyscrapers of New York, rather than keeping that power to save taxpayers' dollars and give a break to 2.4 million average Ontario households that consume that amount of power.

Electricity bills have increased over 68% since the greed energy act was inflicted on Ontarians. The greed energy act is making a lot of Liberals and their multinational friends wealthy at the expense of seniors and others on fixed incomes who are forced to sit in their winter coats in the dark as they cannot afford to turn on the heat and lights.

Statements by Members

Energy-policy madness has returned to Ottawa, with Liberal policy that prefers that Canadians buy foreign oil shipped by tanker from Venezuela over environmentally safer methods like Canadian-controlled pipelines. It is 2016, and thanks to Liberal energy policy, for 570,000 households in Ontario—

The Speaker: Order, please. The hon. member for Avignon—La Mitis—Matane—Matapédia.

* * *

[Translation]

PROMOTING THE REGIONS

Mr. Rémi Massé (Avignon—La Mitis—Matane—Matapédia, Lib.): Mr. Speaker, I want to honour the outstanding contribution of a dedicated journalist from my riding, Pierre Morel, who kept people in my region informed over this course of his nearly 40-year career.

Like other journalists from my region, Pierre is a stalwart of the regional news scene. Unfortunately, regional issues get overlooked in media coverage. According to Influence Communication's latest report, the Gaspé region's share of media attention was 0.1%, which is a direct result of reduced media presence in the regions. Our regions are bursting with talent, resources, dedicated business owners, and creators. Back home, we are so lucky to have documentary film producers, animated film producers, video game creators, and producers of creations that promote culture in Canada.

During the election campaign, we promised to reinvest in CBC/Radio-Canada and in the Canada Council for the Arts, and that is what we are going to do. If we are able to promote our regions, our people, and our culture across Canada and around the world, we can attract new investments, foster economic development, and create many jobs.

* * *

[English]

CANADIAN SCHOOL COUNSELLING WEEK

Mrs. Bernadette Jordan (South Shore—St. Margarets, Lib.): Mr. Speaker, it is my pleasure to recognize the week of February 1 to 5 as Canadian School Counselling Week. School counsellors are employed in public and private schools to help students reach their full potential. We all know school counsellors are actively committed to helping students explore their abilities, strengths, interests, and talents as these traits relate to their career awareness and development.

School counsellors help parents focus on ways to further the educational, personal, and social growth of their children. School counsellors seek to identify and utilize community resources that can enhance and complement comprehensive school counselling programs and help students become productive members of society.

I wish to thank all of our dedicated counsellors for all they do for our children and communities, and wish them all a happy Canadian School Counselling Week.

[Translation]

BERNARD BÉLANGER

Mr. Bernard Généreux (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, CPC): Mr. Speaker, today I am proud to recognize the tremendous work of an entrepreneur whose expertise has been influential far beyond the limits of my riding. He employs over 3,500 workers around the world and humbly helps improve services available to our community.

Bernard Bélanger, chair of the Premier Tech board of directors, whose global headquarters are in Rivière-du-Loup, has just disproven the saying that a prophet is without honour in his own country. The President of the French Republic, François Hollande, awarded him the National Order of the Legion of Honour in 2014. Now it is Mr. Bélanger's own country's turn to honour his exceptional achievements by making him a member of the Order of Canada. This is one of Canada's most prestigious civilian honours. Mr. Bélanger embodies the virtues of tenacity, professionalism and caring. His accomplishments, particularly in the area of turf production, are so noteworthy that he has put our whole region—indeed, all of Canada—on the map.

Congratulations, Mr. Bélanger.

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ROYAL CANADIAN MOUNTED POLICE

Mr. Michel Picard (Montarville, Lib.): Mr. Speaker, today marks the 96th anniversary of the founding of the Royal Canadian Mounted Police. Since Commissioner Aylesworth Bowen Perry's term of office and the first patrol by RCMP marine officers aboard the schooner *St. Roch* in 1932, the RCMP has kept pace with the changing nature of Canada.

Under Commissioner Maurice Jean Nadon, the first class of female officers graduated from the RCMP training academy in Regina in 1975. Then, in 1990, Baltej Singh Dhillon, a Sikh officer, won the right to wear a turban in RCMP colours. I personally had the privilege of working on the RCMP Integrated Market Enforcement Team. Since February 1, 1920, "Defending the law" has been the motto of those who risk their lives to keep us safe and protect our values. We wish them a happy anniversary.

* * *

● (1410)

[English]

BEACHES—EAST YORK VOLUNTEER

Mr. Nathaniel Erskine-Smith (Beaches—East York, Lib.): Mr. Speaker, every year almost half of Canadians over the age of 15 perform volunteer work, which is a collective contribution of over two billion hours. Today, I would like to recognize one individual specifically, Olive Dodds.

Olive is 105 years old and still makes time to volunteer at Toronto East General, now known as Michael Garron Hospital. She credits the hospital for having saved her life, and amazingly she has volunteered for the hospital for the last 30 years.

A former nurse, Olive is particularly known for her knitting as she continues to knit dolls for sale to raise funds for the hospital, as well as hats and clothes for newborns.

As the member of Parliament for Beaches—East York, I thank Olive Dodds for her service, her kindness, and her commitment to volunteerism.

* * *

THE ECONOMY

Mr. Ron Liepert (Calgary Signal Hill, CPC): Mr. Speaker, generally a member of Parliament is pleased to stand in his or her place in this House and say positive things about his or her riding, but unfortunately, today is not that day.

In the past year, more than 100,000 Albertans have lost their jobs and much of their pride with it, and many in my constituency. Many more job losses are expected in 2016.

We all recognize that many of these job losses are due to the significant drop in world oil prices, but there are things the government could do to mitigate some of these job losses. Government infrastructure money or a \$250-million special equalization payment will not put these folks back to work. What is really needed is for the Liberal government to show some leadership and come out publicly in support of pipeline construction projects. Members of the government could do that tonight by voting for our motion, which was debated last Thursday.

Several pipeline proposals that would move more than one million barrels of oil safely to market are in the hearing process. However, instead of showing support, the current government has introduced more red tape and extended the timeline for making decisions.

I challenge—

The Speaker: Order please. The hon. member for Hull—Aylmer.

* * *

[Translation]

BLACK HISTORY MONTH

Mr. Greg Fergus (Hull—Aylmer, Lib.): Mr. Speaker, I am honoured to rise today to acknowledge the start of Black History Month.

Twenty years ago, the House unanimously adopted a motion moved by the hon. Jean Augustine to recognize the month of February as Black History Month. In 1993, Jean Augustine became the first black woman elected to Canada's Parliament.

I want to point out that the 2015 election produced an historic number of black MPs. Some 20 years on, Black History Month continues to be an important opportunity for Canadians to learn more about the long history of blacks in this country, beginning with Mathieu Da Costa, who, in 1603, served as a translator between the Mi'kmaq and the French under Samuel de Champlain.

I encourage all Canadians to take part in the events organized across the country during Black History Month in order to become better acquainted with black Canadians' historical and ongoing contribution to Canada.

Statements by Members

[English]

GREAT BEAR RAINFOREST CONTRACT

Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP): Mr. Speaker, I rise today to honour the signing of the final agreement of the Great Bear rainforest contract. After 20 years of struggle and conflict, first nations leaders, environmental advocates, businesses, labour, and municipalities have crafted an agreement that protects forever 85% of British Columbia's central and north coast. They have shown Canada and the world the way forward toward true resolution and true reconciliation.

For those unfamiliar with this stunning part of the world, the Great Bear covers almost 6.5 million hectares of coastline from the north coast of Vancouver Island to the Alaskan panhandle.

The agreement is a testament to the power of people overcoming historical differences. It is a model upon which to build trust between people long divided, to protect what must be protected. Today we all honour them.

* * *

● (1415)

ENERGY EAST PIPELINE

Mr. Tom Lukiwski (Moose Jaw—Lake Centre—Lanigan, CPC): Mr. Speaker, do you remember the 1993 film, *Free Willy*?

The movie begins with a pod of orcas swimming near the coastline of the Pacific northwest. The pod is tracked by a group of whalers and one of the whales, Willy, is snared in their nets and taken away to a local amusement park to perform tricks.

Is that what has happened to Saskatchewan's only representative in the Liberal cabinet, the Minister of Public Safety? The trappings of power have snared him, and he is unwilling to stand up for the people of Saskatchewan.

During the election, the Liberals promised free votes. Saskatchewan residents will be watching closely tonight to see if the minister votes in favour of tonight's opposition motion calling on the government to stand up and support energy east. However, will he still be shackled by a Prime Minister whose real agenda is to promote and stop pipelines from being built?

In 1993, they freed Willy; in 2016, I say, "Free Ralph".

The Speaker: The member for Moose Jaw—Lake Centre—Lanigan has a sense of humour. However, he is an experienced member and he well knows that we do not use members' names here; we use their riding name, or their department if they are ministers. I know I can count on him not to do that anymore.

*Oral Questions**[Translation]***BLACK HISTORY MONTH**

Mrs. Celina Caesar-Chavannes (Whitby, Lib.): Mr. Speaker, I rise today on February 1 to recognize the beginning of Black History Month.

[English]

Throughout the month, Canadians across the country will have opportunities to recognize and commemorate many and varied contributions and experiences of black Canadians.

Too often we regard history as ancient, with little to no connection to our current lives. I strongly urge each member in this House to reflect on their own personal story and how it is impacted by black history.

My own parents, Ray and O'Dessa Caesar, came to this country from Grenada with \$100 in their pockets. I have heard about the racism they endured and overcame.

It is important to recognize at this time how far we have come as a country and how far we still have to go. It is also an opportunity to recommit ourselves to ensuring equity and justice are realities for all Canadians, regardless of the colour of their skin.

ORAL QUESTIONS*[Translation]***NATURAL RESOURCES**

Hon. Rona Ambrose (Leader of the Opposition, CPC): Mr. Speaker, workers and families in Canada's resource sector feel abandoned by their Prime Minister. Thousands of intelligent, hard-working and talented Canadians are unemployed.

The Prime Minister can give them hope by voting in favour of our motion that supports the energy east project. Will he do the right thing and show his support for workers?

[English]

Hon. Jim Carr (Minister of Natural Resources, Lib.): Mr. Speaker, every member of the House knows that there are Canadians who are suffering from job losses because of low commodity prices. They are suffering in Alberta, Saskatchewan, Newfoundland and Labrador, and New Brunswick. We need to establish a credible process that will have the confidence of Canadians.

The previous government, from 2011, built no pipelines because the process was not credible. We are in a better position today than we were a week ago.

Hon. Rona Ambrose (Leader of the Opposition, CPC): Mr. Speaker, what is concerning is the Prime Minister's track record so far on these issues. Northern gateway, of course, was approved with over 200 conditions and the proponent was working to meet those conditions, but the Prime Minister killed it by unilaterally announcing a transportation ban off the west coast. Why? It is because he does not actually value these jobs.

If energy east and other projects do manage to get approved through this new process, how can he be trusted? He will politically interfere again and unilaterally kill more jobs?

● (1420)

Hon. Jim Carr (Minister of Natural Resources, Lib.): Mr. Speaker, I am glad that the hon. member brought up the matter of trust. It was a lack of trust in the regulatory process under the Conservatives' regime that resulted in no pipelines built to tidewater from 2011. We have consulted widely across the country, across sectors, and across regions, and we believe that today we have a better chance of instilling confidence among Canadians than we had when they were running the show.

Hon. Rona Ambrose (Leader of the Opposition, CPC): Mr. Speaker, workers and families in Canada's resource sector are feeling completely abandoned by the minister and the Prime Minister. Tens of thousands of smart, hard-working, and yes, resourceful Canadians are out of work. The Prime Minister has a chance to offer those people some hope tonight. He can vote in favour of the Conservatives' motion to support energy east.

Will he do the right thing and show these people that he has their backs?

Hon. Jim Carr (Minister of Natural Resources, Lib.): Mr. Speaker, there will be hope when Canadians are faced with a regulatory regime that has their confidence, and that will only be done if we meaningfully consult with indigenous communities, with industry, with environmental groups, and across regions of the country. With good process and good regulatory controls, we have a much better chance of being where all members of the House want to be: moving our resources to tidewater sustainably.

* * *

*[Translation]***FINANCE**

Hon. Maxime Bernier (Beauce, CPC): Mr. Speaker, it is now obvious that the Minister of Finance lives in a fantasy world, because he believes that more spending will create wealth. Canadians know that this is not true and that the budget must be balanced.

Will the Minister of Finance come to his senses and convince his Prime Minister to change course and take a tough and responsible approach to the budget, rather than creating structural deficits that will burden future generations with debt?

[English]

Hon. Bill Morneau (Minister of Finance, Lib.): Mr. Speaker, we committed to Canadians that we would put in place an approach to fiscal management that would be prudent and that would be responsible. We have told Canadians that we will reduce the net debt-to-GDP ratio over the course of our mandate. We have told them that we will work toward a balanced budget during the course of our mandate. What we will do is make investments that will enhance the long-term productivity of our country, to enhance Canada for all Canadians.

*Oral Questions**[Translation]*

Hon. Maxime Bernier (Beauce, CPC): Mr. Speaker, Canadians know that only entrepreneurs invest and create wealth. The government is spending money that it does not have. That is what the Minister of Finance is doing.

Will the Minister of Finance stop trying to make Canadians believe that he inherited a deficit? Last Friday, his officials clearly told him that he inherited a surplus of more than \$400 million in November. Will he be honest with Canadians once and for all and confirm that he inherited a budget surplus?

[English]

Hon. Bill Morneau (Minister of Finance, Lib.): Mr. Speaker, we released an economic and fiscal update in December, which gave Canadians a transparent and clear understanding of where we stand. It showed that the 2015-2016 budget year looks to have about a \$3 billion deficit as opposed to the surplus that our predecessor government claimed might be in existence.

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*[Translation]***MANUFACTURING INDUSTRY**

Ms. Marjolaine Boutin-Sweet (Hochelaga, NDP): Mr. Speaker, in an interview that was broadcast yesterday, an unemployed worker asked the Prime Minister what his plan was for the manufacturing sector. The Prime Minister did not provide a clear answer.

In the past 10 years, over 400,000 good jobs have been lost in Canada's manufacturing industry. Workers, families, and communities are directly affected by the government's improvisation.

Will the Prime Minister tell us whether he has, or does not have, a plan to support the manufacturing industry?

[English]

Hon. Navdeep Bains (Minister of Innovation, Science and Economic Development, Lib.): Mr. Speaker, I can tell the member opposite that we will never ever turn our back on the manufacturing sector. It represents 1.7 million jobs. It represents 10% of our economy. We will be putting forward a comprehensive innovation agenda that will really help to create jobs in the manufacturing sector because it is an important part of our economy and an important part of our growth agenda.

• (1425)

[Translation]

Ms. Marjolaine Boutin-Sweet (Hochelaga, NDP): Mr. Speaker, workers like Neil, who participated in the interview yesterday, want practical measures and a plan. They want to know where we are headed.

How is it that the Prime Minister has nothing meaningful to say? The manufacturing industry is a pillar of our economy.

Other industries are having a difficult time too. Last week, jobs were lost at Transcontinental and Jean Coutu. It is time for the Prime Minister to listen to workers and do something for them.

Where is the government's plan for good jobs?

[English]

Hon. Navdeep Bains (Minister of Innovation, Science and Economic Development, Lib.): Mr. Speaker, I would like to remind the member opposite that we do have a plan. It is a plan that is focused on growth. It is a plan about which I had the opportunity, for example, when it came to the automotive sector, to speak to the global heads in the OEM in Detroit. We talked about how great this country is, the workforce we have, the diversity we have, and the investments we are making.

We have a plan on infrastructure, on helping the middle class, on innovation. These are important investments that will help grow the economy and create jobs from coast to coast to coast.

Ms. Irene Mathyssen (London—Fanshawe, NDP): Mr. Speaker, Neil from London asked the Prime Minister what he planned to do to bring back good jobs to our city. Like far too many, Neil lost his manufacturing job when the plant closed. It was a serious and important question.

People are looking for help, but the Prime Minister had nothing but empty platitudes and no real plan to revive manufacturing jobs. That is simply not good enough. What will the government do to rebuild manufacturing jobs and help people like Neil?

Hon. Navdeep Bains (Minister of Innovation, Science and Economic Development, Lib.): Mr. Speaker, we understand the plight and the challenges and the concerns Canadians are facing. That is why I am very fortunate to work with great organizations like FedDev that have made commitments and investments in southern Ontario, investments that will help create jobs. I made an announcement with the Prime Minister to show leadership in clean technology, and when it comes to health care, we will continue to make these investments that will create good, meaningful jobs here in Canada for today and for tomorrow.

Ms. Irene Mathyssen (London—Fanshawe, NDP): Mr. Speaker, a year ago, the Prime Minister told Londoners to give up on manufacturing. It seems he has learned very little since.

Neil had a good job and a pension, before his plant closed. However, as he nears 65, he has no savings and he is worried he will lose his home. He is not alone. Millions of Canadians do not have enough to retire in dignity.

While the Liberals are rushing to give billions in tax cuts to the wealthy, why are they delaying help for workers like Neil who need it the most?

Oral Questions

Hon. Navdeep Bains (Minister of Innovation, Science and Economic Development, Lib.): Mr. Speaker, again, the member opposite should know that we have made very important investments through the regional development agencies to create jobs today and for tomorrow. These investments will help people like Neil and others who are transitioning; but more importantly we have a plan to grow the economy. We do not run on austerity; we run on growth, and that is very important. The infrastructure investment we are making, the Canada child benefit investment we are making, and the tax cut for the middle class are all important measures to help grow the middle class and those who are wanting to join it.

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NATURAL RESOURCES

Hon. Candice Bergen (Portage—Lisgar, CPC): Mr. Speaker, here is a quote, “Let me very clear on Energy East...[I am] pro-pipeline...[I am] pro-Energy East...I am going to be an advocate for Saint John, I am going to move forward whatever is best for our riding.” Who said that? It was not the Prime Minister. In fact, it was the Liberal member for Saint John—Rothesay.

If the Liberal government will not support our motion tonight and stand up for jobs and the economy, will it at least allow its members to have a free vote, like the member for New Brunswick to stand up and keep his word to his constituents?

Hon. Jim Carr (Minister of Natural Resources, Lib.): Mr. Speaker, there is no one in the House who speaks more clearly, more loudly, more passionately for the people of Saint John than the member does. We hear it all the time. There is no political party in the House that has a monopoly on compassion.

I can assure the House and the member that there are members of this caucus who understand that the best way that we will deliver to market is—

• (1430)

The Speaker: The hon. member for Portage—Lisgar.

Hon. Candice Bergen (Portage—Lisgar, CPC): I will take that as a no, Mr. Speaker.

In addition, the new government is putting its roadblocks in the way of an already rigorous process under the National Energy Board. We have learned it is the minister's office itself that will be creating this new report. Decisions on pipelines will be based on who makes the most noise and who has the most influence in cabinet.

How can Canadians have any faith in this new process when the biggest consideration will be political influence with the Liberals?

Hon. Jim Carr (Minister of Natural Resources, Lib.): Mr. Speaker, we are determined to modernize the National Energy Board. We will be asking Canadians from coast to coast to offer constructive opinions about how that could best be done. Those Canadians include members opposite, who one would think would have more of an interest than anybody else in a credible regulatory process.

Mrs. Shannon Stubbs (Lakeland, CPC): Mr. Speaker, the Liberal government is all about political interference on pipelines.

Canadians need a real leader and a government that represents all of us. Creating jobs and growth is not the priority when the

government fails to support energy east and Canada's world-leading energy development. It is certainly not the priority of its Alberta MPs.

Will the Liberals stop undermining the energy sector and start supporting Canadian oil and Canadian jobs?

Hon. Jim Carr (Minister of Natural Resources, Lib.): Mr. Speaker, 20% of the national economy is dependent on natural resources. This is the way it has been in Canada for a very long time, and it will continue to be.

It is the aim of this government, and I am sure every member of the House, to move our resources to market sustainably. We need a process to do it. We have announced that process. We have a better chance of achieving that common goal today than we did last week.

Mrs. Shannon Stubbs (Lakeland, CPC): Mr. Speaker, as members of the House, our chief responsibility is to represent our constituents first and foremost. Yet, as Alberta loses tens of thousands of jobs, Alberta Liberal MPs remain silent on a shovel-ready, job-creating infrastructure project.

The regulatory changes the government plans will only add red tape, time and cost, and delay critical infrastructure.

Will at least one Alberta Liberal MP join me today and vote for energy east?

Hon. Jim Carr (Minister of Natural Resources, Lib.): Mr. Speaker, the delay under the former Conservative government was a permanent delay because there were no pipelines built between 2011 and October 19, 2015. The reason is because the process was not credible. These projects will not go forward unless it is credible.

We are doing what we think is responsible by talking to Canadians about the ways in which they will have more public confidence in a system that did not work under the former government.

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THE ENVIRONMENT

Hon. Ed Fast (Abbotsford, CPC): Mr. Speaker, Canadians are becoming very frustrated as they wait for the Liberal government to tell them what its climate change plan looks like and how much it will cost Canadian consumers and taxpayers.

Last Friday, the minister met with her provincial and territorial counterparts in secret and then announced nothing, simply that they had all met. There was no plan, no strategy, no economic assessment, not even a substantive progress report.

Where is the plan? What happened to transparency?

Oral Questions

Hon. Catherine McKenna (Minister of Environment and Climate Change, Lib.): Mr. Speaker, I was very proud to meet with the ministers of environment from the provinces and territories. In fact, this was the first time in over a decade that we actually had met to talk about the challenges of climate change.

In fact, in showing transparency, we put out where our mission profiles were. We are now working very hard to develop a pan-Canadian plan so we can tackle climate change and grow our economy.

Hon. Ed Fast (Abbotsford, CPC): Mr. Speaker, the minister is quite incorrect. The ministers actually met in June 2015.

In the lead-up to the Paris climate-change conference, the Prime Minister dropped a bombshell on Canadians. He announced, without warning and without a climate change plan, that he would spend almost \$3 billion of taxpayer money on his own vanity projects, not here at home but in foreign countries. In fact, last week in the House, the minister had the gall to crow about that.

Why is that money not being invested in Canada, and where is the promised accountability?

• (1435)

Ms. Karina Gould (Parliamentary Secretary to the Minister of International Development, Lib.): Mr. Speaker, I thank the member opposite for our shared concern about this global issue of climate change. As a global issue, it is important that Canada play a leadership role so we can invest in developing countries that share this problem and we can work together so we all have a better future.

* * *

INTERNATIONAL TRADE

Ms. Tracey Ramsey (Essex, NDP): Mr. Speaker, this week the trade minister plans to sign on to the job-killing TPP trade deal, even though the government has admitted it has no economic impact study. Would the minister sign a mortgage without knowing the interest rate?

There are jobs on the line here and Canadians will pay the price. My former co-workers in the auto industry and tens of thousands of others stand to lose their livelihoods under this Conservative negotiated deal. Will the government produce an economic impact study before signing any deal?

Mr. David Lametti (Parliamentary Secretary to the Minister of International Trade, Lib.): Mr. Speaker, the TPP was negotiated in secret by the previous government. The NDP criticized that treaty without even having read it. We promised during the course of the election campaign that we would study it. We are signing the agreement precisely to study it.

We have consulted Canadians already. We will continue to consult through parliamentary processes. That is precisely the point of consulting Canadians.

[Translation]

Ms. Ruth Ellen Brosseau (Berthier—Maskinongé, NDP): Mr. Speaker, the economy is already in bad shape, and now nearly 60,000 good jobs are on the line if the trans-Pacific partnership is signed. Our dairy producers are already in limbo. The government did not do anything to protect our supply management system.

Although the government promised to take action and address the milk protein problem, it still has not done anything.

In light of all this, why is the government planning to go ahead and sign an agreement that jeopardizes jobs and family farms here in Canada?

[English]

Hon. Lawrence MacAulay (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, the Government of Canada fully supports supply management, and the government is engaged with stakeholders on the outcome of the trans-Pacific partnership. We understand the importance of compensation to the supply management sector. This government supports supply management.

* * *

[Translation]

ETHICS

Mr. Gérard Deltell (Louis-Saint-Laurent, CPC): Mr. Speaker, last week, in the infamous story of illegal union financing, the government said that at the very moment that this was brought to its attention, the party followed the law. The problem is that it is leaving out one detail—

The Speaker: Order. The interpretation does not seem to be working. We will take a moment to ensure that it is working. Is it working now? Let us try again.

Mr. Gérard Deltell: Mr. Speaker, interestingly enough, I was saying that last week, the government claimed that at the very moment that it became aware of illegal union financing, the party followed the law. The problem is that the government is leaving out an important part of the story.

In an internal union email that we received, we learned that the Liberal leader's team requested this event and the union identified 25 people to stand near the Liberal leader during the event. The government is leaving out an important part of the story.

Will the minister finally acknowledge that Bill C-4 is the government's way of thanking those who made illegal contributions—

The Speaker: The hon. Minister of Employment, Workforce Development and Labour.

[English]

Hon. MaryAnn Mihychuk (Minister of Employment, Workforce Development and Labour, Lib.): Mr. Speaker, Bill C-4 would reset labour industrial relations to a fair balance, one that did not require an attack from the previous government to make it imbalanced.

We are going to reset a fair balanced network. After that, our economy should see significant improvements.

[Translation]

Mr. Gérard Deltell (Louis-Saint-Laurent, CPC): Mr. Speaker, I cannot wait to see that, because there is no denying the fact that this illegal event took place and that there were others.

The Liberal Party organized events with unions on August 27 in Oakville and on October 8 in Vaughan.

Oral Questions

Can the government assure us that there was no illegal financing in these two cases, as there was at the earlier event?

• (1440)

[English]

Hon. MaryAnn Mihychuk (Minister of Employment, Workforce Development and Labour, Lib.): Mr. Speaker, I want to point out that the case I am familiar with was immediately addressed. We worked with Elections Canada to remedy it.

In terms of Bill C-4, it would re-establish fairness and balance, as the members across the way understand.

Mr. John Barlow (Foothills, CPC): Mr. Speaker, it was immediately addressed because they got caught.

The government House leader said last week, when these illegal donations from big unions first came to light, that the Liberals followed the letter of the law. That is simply not the case.

We have a document from the union itself that states the Prime Minister's own campaign team asked specifically for union members to be props in this Liberal campaign event.

Could the jobs minister finally admit that her bill to put transparency and accountability in a union bill is simply repayment for these illegal campaign contributions?

Hon. Dominic LeBlanc (Leader of the Government in the House of Commons, Lib.): Mr. Speaker, as a number of ministers have said, when we became aware of this problem, we immediately contacted Elections Canada. The money was remitted to the Receiver General, which is required under law, and the union involved signed a compliance agreement.

I hope members might agree with me that it is somewhat ironic for the Conservative Party to be talking about election law compliance. At the end of this event, nobody left in leg irons.

Some hon. members: Oh, oh!

The Speaker: Order, please. Colleagues, we are going to hear things that are provocative. Sometimes it is hard to not react, but I know we can do it. Let us restrain ourselves.

The member for Foothills has the floor.

Mr. John Barlow (Foothills, CPC): Mr. Speaker, they may have paid back the one, but did they pay back the other two? The Liberals did not just hold one campaign event; they held at least three.

On August 27, the Prime Minister held an event with the International Union of Operating Engineers in Oakville. On October 8, he held an event with the Carpenters' District Council in Vaughan.

In return for bringing forward a bill that would cut accountability and transparency in unions, could the jobs minister just say that this is repayment for these illegal campaign contributions?

Hon. MaryAnn Mihychuk (Minister of Employment, Workforce Development and Labour, Lib.): Mr. Speaker, I am pleased to inform the House that this was a campaign promise, that we would look to retract the two punitive political bills that were made to specifically attack trade unions. That is the purpose of the bills. That is what we are following up on.

EMPLOYMENT INSURANCE

Mr. Erin Weir (Regina—Lewvan, NDP): Mr. Speaker, thousands of resource workers have been laid off. The latest Statistics Canada report indicates that the monthly percentage jump in employment insurance claims was far higher in Saskatchewan than in other provinces.

Resource workers and their families need real assistance now. However, after years of Conservative attacks, our employment insurance system is broken.

What concrete changes will the Minister of Employment make to improve the accessibility level and duration of employment insurance benefits?

Hon. MaryAnn Mihychuk (Minister of Employment, Workforce Development and Labour, Lib.): Mr. Speaker, there is no doubt in the House that the employment insurance system needs modernizing. This was a commitment and our election promise. We are in the process of doing so. We will soon see immediate changes to parts of the EI system and longer-term systemic changes in the years coming up.

Ms. Niki Ashton (Churchill—Keewatinook Aski, NDP): Mr. Speaker, Canadians are struggling and just telling unemployed workers to hang in there is not going to cut it.

• (1445)

[Translation]

People who lose their jobs need help now, not in 2017, but the Minister of Employment, Workforce Development and Labour says that some things have to wait. That is unacceptable.

Can the minister confirm that she will immediately restore the 360-hour minimum for employment insurance, yes or no?

[English]

Hon. MaryAnn Mihychuk (Minister of Employment, Workforce Development and Labour, Lib.): Mr. Speaker, there were some measures put in that are extremely punitive, including an enormous amount of hours that are directed for new entrants like young people or immigrants, who can find it very hard to meet those thresholds. It is our intention to move on those provisions extremely quickly.

* * *

FINANCE

Ms. Sonia Sidhu (Brampton South, Lib.): Mr. Speaker, one of this government's stated priorities is to bring greater openness and transparency to government. An important area in need of review and reform is the supply process by which the members are able to scrutinize and review government expenditures and hold the government to account. Yet the present process has some important shortcomings.

Could the President of the Treasury Board please inform the House of his plans to address this problem?

Oral Questions

Hon. Scott Brison (President of the Treasury Board, Lib.): Mr. Speaker, to make Parliament and government more open, transparent, and accountable, it is critically important that we reform and realign the estimates and budget process. We want to empower parliamentarians to once again be able to scrutinize spending and to hold government to account. That is why tonight we invite MPs and senators from all parties to join us for a briefing on the estimates process. We need to have a common understanding of the estimates process today and what it is going to take to fix it and to actually make Parliament work—

The Speaker: The hon. member for Selkirk—Interlake—Eastman.

* * *

NATIONAL DEFENCE

Mr. James Bezan (Selkirk—Interlake—Eastman, CPC): Mr. Speaker, it was bad enough last week when Canada was not invited to the anti-ISIS meeting in Paris. The Liberal government was snubbed because it expects other nations to fight terrorism while it cuts and runs, taking out our CF-18s without a plan. Then late last week, the rookie Minister of National Defence blamed our allies for the spread of terrorism. Instead of condescendingly lecturing our allies, why does the defence minister not finally tell us how he will use our military in the fight against ISIS?

Hon. Harjit S. Sajjan (Minister of National Defence, Lib.): Mr. Speaker, I learned my lessons working with our allies. Indeed, what I said in my speech at Canada 2020 is that when I was actually working with them I learned about the issues that allow radical organizations to take advantage of certain issues and then our having to form coalitions after the fact.

What I want to ask the member opposite is where was his government in looking at those issues? Why did it allow the issues to get so big and not attack ISIL when it was a small organization?

Mr. James Bezan (Selkirk—Interlake—Eastman, CPC): Mr. Speaker, we had a plan, a plan that was respected by our allies. Last week resembled a blast from the past, a time a former Trudeau government would cozy up to communist regimes and chastise our allies. Last week, the Minister of Foreign Affairs indicated that Canada was going to normalize relations with totalitarian regimes like Iran and Russia, and then on Friday, our rookie Minister of National Defence suggested our allies were to blame for all that is wrong in the Middle East and the spread of terrorism.

Why are the Liberals lecturing our allies on how to fight terrorism while at the same time befriend Putin and Iran?

Hon. Harjit S. Sajjan (Minister of National Defence, Lib.): Mr. Speaker, it is about consulting our allies and having a dialogue. These lessons, as I stated, were learned while working with our coalition partners and that is the plan that we will be putting forward, making sure that we get this right so we do not make the mistakes of the previous 10 years.

[*Translation*]

Mr. Pierre Paul-Hus (Charlesbourg—Haute-Saint-Charles, CPC): Mr. Speaker, I just got back from a NATO Parliamentary Assembly meeting in Washington. Contrary to what the government says, members of Congress and the U.S. State Department are very

disappointed that Canadian fighter planes have been withdrawn from Iraq and Syria.

Why is the government bent on ignoring our allies in the fight against the so-called Islamic State?

[*English*]

Hon. Harjit S. Sajjan (Minister of National Defence, Lib.): Mr. Speaker, as the member stated, we are committed to ending the air strikes. However, we have taken the time to make sure that we check out the entire situation. I have visited the region twice. I have spoken with our allies and I have spoken with my counterparts.

When we come out with our plan, it is going to be to ensure that we not only have a positive impact but that it will impact our allies and make a contribution for years to come.

• (1450)

[*Translation*]

Mr. Pierre Paul-Hus (Charlesbourg—Haute-Saint-Charles, CPC): Mr. Speaker, over the weekend, 45 people were killed and 110 more were injured in an attack in Damascus for which ISIS claimed responsibility, but the Minister of National Defence says that his plan is not ready. Seriously?

If the Liberals cannot come up with a plan, why should Canadians trust this government to keep them safe?

[*English*]

Hon. Harjit S. Sajjan (Minister of National Defence, Lib.): Mr. Speaker, we have to make sure that we take our time with this, make sure that we consult our allies, and make sure that we assess what the enemy situation is. I want to make sure that we do not repeat the mistakes of the past, because every single time we make those mistakes as political leaders, we send our men and women into harm's way for no reason. I will not repeat those mistakes.

* * *

[*Translation*]

CBC/RADIO-CANADA

Mr. Pierre Nantel (Longueuil—Saint-Hubert, NDP): Mr. Speaker, in the election, millions of Canadians voted “no” to the Conservatives' plan to dismantle the CBC.

Our public broadcaster was under attack by the Conservatives for 10 years, so it is about time that we breathed some life into the CBC. The Liberals made some promises and they need to keep them. The Minister of Canadian Heritage has so far refused to confirm any specific funding, and yet their election commitment was very clear.

My question is simple. Is the government going to invest \$150 million in the CBC, as promised during the election campaign?

Hon. Mélanie Joly (Minister of Canadian Heritage, Lib.): Mr. Speaker, I want to thank my hon. colleague for his question.

Oral Questions

We were elected on a platform that called for ambitious reinvestment in arts and culture. We received a clear mandate from Canadians: to deliver on that platform.

[English]

Mr. Alistair MacGregor (Cowichan—Malahat—Langford, NDP): Mr. Speaker, that is not an answer. A promise isn't something you can just say to get yourself elected. Canadians expect the current Liberal government to keep its promises. Page 56 of the Liberal platform promises to “reverse [the previous Conservative prime minister's] cuts and invest \$150 million in new annual funding”.

CBC is the cultural spine of this nation, the very essence of Canadian identity. Will the Canadian government keep its promise on the CBC? Just one word, yes or no.

Hon. Mélanie Joly (Minister of Canadian Heritage, Lib.): Mr. Speaker, we strongly believe in the importance of a public broadcaster and a public content creator in this 21st century. This is why we will reinvest in CBC/Radio Canada. That is a platform commitment and we will abide by it.

* * *

THE SENATE

Mr. Blake Richards (Banff—Airdrie, CPC): Mr. Speaker, the Minister of Democratic Institutions seems to be confused about the meaning of the word “public”. While she claims that the new Senate advisory board appointment process is available online, the entire process is conducted behind closed doors, keeping Canadians completely in the dark. The advisory board will meet in secret, provide non-binding lists in secret; then the Prime Minister may or may not choose a senator from that list, again in secret.

I ask the minister, why the secrecy?

Hon. Maryam Monsef (Minister of Democratic Institutions, Lib.): Mr. Speaker, an independent, non-partisan advisory board has been established to assess Canadians against a list of public criteria that would allow us to enhance the overall functioning of the Senate. I invite the hon. member to review our website for upcoming details and news.

* * *

DEMOCRATIC REFORM

Mr. Scott Reid (Lanark—Frontenac—Kingston, CPC): Mr. Speaker, the minister is quoted today in the media as saying that holding a referendum to change the voting system would be doing a “disservice to Canadians”.

In 2007, the Government of Ontario held a referendum on whether to change its voting system to mixed-member proportional. My question for the minister for elections from Ontario is simple. In 2007, did she vote in that referendum, or did she regard the referendum as being such a disservice to Ontarians like her and me that she withheld her vote as a protest against an entire illegitimate process?

The Speaker: I am not sure that how someone voted previously is a matter of the responsibility of the government. We are going to have to go to the next question of the member for Lanark—Frontenac—Kingston.

• (1455)

Mr. Scott Reid (Lanark—Frontenac—Kingston, CPC): I do not know how fair that was to the minister, Mr. Speaker.

Ontario in 2007; P.E.I. in 2005; B.C. in 2005 and 2009; the U.K. in 2011; and New Zealand in 1992 and 1993, when that country voted to adopt a mixed-member proportional system, and then in 2011 when it voted to keep it, the citizens of all of these jurisdictions on all of those dates were given a referendum on whether to change their voting system. Sometimes they voted yes; sometimes they voted no.

How would it be a disservice to Canadians to treat us like adults, too, and submit any new voting system for direct citizen approval?

Hon. Maryam Monsef (Minister of Democratic Institutions, Lib.): Mr. Speaker, I would hope that the member opposite would work on his attention to detail when reviewing articles with the minister.

Last week, we acknowledged that it was not until 100 years ago that some women in Manitoba got the right to vote, a right that would only be extended to indigenous peoples in 1960. It is in that spirit of evolution and inclusion that we will undertake a process to consult with Canadians in a meaningful and thorough discussion about ways to modernize our democratic institutions.

Some hon. members: Oh, oh!

The Speaker: I know we want to have more and more women parliamentarians in the House of Commons and it is important that we have a workplace that is civilized, so let us ensure it is not like a 1950s old boys club in here.

The hon. member for Pierrefonds—Dollard.

* * *

[Translation]

INNOVATION, SCIENCE AND ECONOMIC DEVELOPMENT

Mr. Frank Baylis (Pierrefonds—Dollard, Lib.): Mr. Speaker, falling natural resource prices have had a significant negative impact on Canada's economy. It is at times like these that we understand the importance of having a more diversified economy.

Can the Minister of Innovation, Science and Economic Development inform us of the steps he is taking to promote new industries and diversify Canada's economy?

[English]

Hon. Navdeep Bains (Minister of Innovation, Science and Economic Development, Lib.): Mr. Speaker, I would like to thank the member for the question and his hard work on this file.

The government understands the importance of economic diversification and we have a plan to make it happen. We are committed to a very comprehensive innovation agenda that is focused on start-ups, scale-ups, and making sure we focus on commercialization. Nowhere is this issue more important than in those single resource-based communities that are affected by a changing economy. That is why this government is focused on a growth agenda. That is why this government is focused on an innovation agenda that will create jobs from coast to coast to coast.

* * *

FOREIGN AFFAIRS

Mr. Garnett Genuis (Sherwood Park—Fort Saskatchewan, CPC): Mr. Speaker, this weekend over 80 people were killed by Boko Haram in Nigeria, including a number of children who were burned alive. Canada's Office of Religious Freedom is part of a project in rural Nigeria that created a network of Muslim and Christian leaders, who have been working together to reduce this type of violence.

These projects are needed now more than ever, so why are the Liberals shutting down the Office of Religious Freedom and once again running away from the fight against radicalization and terrorism?

Ms. Pam Goldsmith-Jones (Parliamentary Secretary to the Minister of Foreign Affairs, Lib.): Mr. Speaker, first of all, Canada deplores Boko Haram's latest atrocities against Nigerians, including innocent and defenceless children.

To move to the matter of the Office of Religious Freedom, it is important to understand that the decision has not yet been made. The promotion and protection of human rights, including freedom of religion, of belief, and of conscience, is an integral part of Canada's history and constructive leadership in the world. We are currently examining our options on how best to build on the good work that has been done so far and enhance our efforts to champion peaceful pluralism, respect for diversity, and human rights—

The Speaker: The hon. member for Laurier—Sainte-Marie.

* * *

[Translation]

INTERNATIONAL DEVELOPMENT

Ms. Hélène Laverdière (Laurier—Sainte-Marie, NDP): Mr. Speaker, in 2013, the Conservative government completely cut off Canadian aid to the United Nations Relief and Works Agency for Palestine Refugees in the Near East.

This agency provides humanitarian aid to some of the most vulnerable people in the world. For example, it helps keep thousands of young Palestinians in school.

Will the minister restore Canadian aid to this relief agency or not?

• (1500)

Ms. Karina Gould (Parliamentary Secretary to the Minister of International Development, Lib.): Mr. Speaker, I thank my colleague for her excellent question.

Oral Questions

[English]

Of course, our government shares the concern about the plight of many people around the world who are suffering, and humanitarian crises have increased dramatically over the past decade.

The minister is currently in the region at the moment to look at how we can better assist those who need it, particularly when we are talking about refugees in Syria and Jordan, and we are committed to re-engaging with the region.

As our Prime Minister said, we are back, we are here to help, and we are looking for new opportunities.

* * *

[Translation]

TRANSPORTATION

Ms. Linda Lapointe (Rivière-des-Mille-Îles, Lib.): Mr. Speaker, on Friday, I had the opportunity to visit the Nova Bus facilities in Saint-Eustache. This innovative company is in the public transit sector and is currently working on fully electric transit buses. During the meeting, I saw demonstrations on the benefits and efficiency of using green-energy buses.

At a time when Canada is showing its environmental leadership, what is the government's plan when it comes to electric vehicles for public transit?

Hon. Marc Garneau (Minister of Transport, Lib.): Mr. Speaker, I thank my colleague from Rivière-des-Mille-Îles for her excellent question.

Our government recognizes that using alternative fuels will play a very important role in our transition to a greener economy. Naturally this includes public transit, but also networks of electric vehicle charging stations. This will play a very important role. It is part of the infrastructure. This will help our economy and our environment.

* * *

CANADIAN HERITAGE

Mr. Rhéal Fortin (Rivière-du-Nord, BQ): Mr. Speaker, Ottawa wants to use Canadian Heritage program criteria to dictate the identity of Quebec public affairs programs. BazzoTV is going to pay the price. This public affairs program will disappear because of a new interpretation of the federal tax credit criteria, even though the program's format has not changed in 10 years.

Programs should adapt to Quebec culture; it cannot be the other way around. Our creators should not have to bend over backwards to fit into the department's pigeonholes.

Will the Minister of Canadian Heritage undertake to immediately restore this tax credit?

Hon. Mélanie Joly (Minister of Canadian Heritage, Lib.): Mr. Speaker, I would like to thank my colleague for his very good question.

I am aware of this file. I would like to point out that the certification office put in place tighter criteria in June 2015. I was also informed by the certification office that programs with evidence of productions that are under way or planned will be certified.

*Points of Order***INTERNATIONAL TRADE**

Mr. Simon Marcil (Mirabel, BQ): Mr. Speaker, Canada signed a trade agreement with the European Union 18 months ago, yet our producers have still not seen a penny of the compensation the government promised them to help cover their losses. The Minister of International Trade is preparing to sign the trans-Pacific partnership agreement but insists that doing so does not commit us to anything. However, this agreement will further threaten the survival of the dairy industry in Quebec.

Before signing this agreement, will the minister commit today to providing full compensation to our supply-managed producers?

[*English*]

Hon. Lawrence MacAulay (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, I appreciate my hon. colleague's question.

The fact is, we certainly support supply management, and we are consulting with the sector. That is what we should do, and that is what we are doing. We are signing the deal so that we can continue to consult with the sector, and we do understand the importance of compensation.

* * *

IMMIGRATION, REFUGEES AND CITIZENSHIP

Ms. Elizabeth May (Saanich—Gulf Islands, GP): Mr. Speaker, I want to begin by commending the hon. Minister of Immigration, Refugees and Citizenship for what I think are quite heroic efforts to put in place a system to welcome Syrian refugees. However, that system remains imperfect. At this point, the system is not responsive to specific situations, such as political dissidents within Syria who are personally at risk and who may need fast-tracking to get to safety.

I would ask the minister if his department, and he personally, would consider amending the situation, changing departmental policy, so that specific dissidents can get to Canada and to safety more quickly.

Hon. John McCallum (Minister of Immigration, Refugees and Citizenship, Lib.): Mr. Speaker, I thank my colleague for her strong support on the issue in general.

I would remind the member that we have recently launched a family links program, which seeks to match Canadians wanting to sponsor refugees with Syrian Canadian families whose relatives need help. We are also working on a family reunification program for those still in Syria, but I will look into her specific question of today regarding those who are being threatened and what we can do for them.

* * *

● (1505)

POINTS OF ORDER

ORAL QUESTIONS

Hon. Ed Fast (Abbotsford, CPC): Mr. Speaker, I believe it is customary when a minister of the crown makes comments in the House that are actually incorrect that there is an opportunity for the minister to correct the record.

If I could just quote the Minister of Environment and Climate Change: “this was the first time in over a decade that we actually had met to talk about the challenges of climate change”.

In fact, that is patently false. As I mentioned during question period, there was a meeting that took place last—

The Speaker: Order, please.

My hon. colleagues know we have lots of points in here on which we disagree what the facts are sometimes, and the House has not given the power to the Speaker to decide which are which, and that is probably a good thing.

The hon. parliamentary secretary to the government House leader.

Mr. Kevin Lamoureux (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I rise on a point of order on what I believe was an inappropriate comment made from across the way.

The Minister of National Defence was providing an answer, which was quite clear to individuals who heard the question, yet the member for Calgary Midnapore stated from his seat that we need to have English to English translation.

I am wondering if the member would do the proper thing and apologize, or at the very least, explain his comment.

Hon. Jason Kenney (Calgary Midnapore, CPC): Mr. Speaker, the minister's answer was totally incoherent, so there is nothing to apologize for.

I would encourage the minister to explain why this government—

The Speaker: We are getting into debate again.

Now I trust that the member for Red Deer—Lacombe has a real point of order.

Mr. Blaine Calkins: Surely I do, Mr. Speaker.

Pursuant to Standing Order 36, I will ask for the unanimous consent of the House to table the following document. This is from the assistant training coordinator for UA Local 527, and it goes on to say:

“We have just been notified by [Prime Minister]'s election team that [Prime Minister] will be at UA Local 527 Tuesday morning (Sept 15/15) for a big announcement regarding Skilled Trades. His team has also asked us for approx. 25 people to participate in performing various skills that we do as pipe trade workers, this will be for the National News”.

Is it possible—

The Speaker: The member has identified the document. Now we will see whether there is unanimous consent to table it.

Is there consent to table the document?

Some hon. members: No.

The Speaker: There is no consent. You do not get to read the whole thing when we are referring to a document, as the member knows.

ROUTINE PROCEEDINGS

• (1510)

[English]

COMMITTEES OF THE HOUSE

PROCEDURE AND HOUSE AFFAIRS

Mr. Gordon Brown (Leeds—Grenville—Thousand Islands and Rideau Lakes, CPC): Mr. Speaker, if you seek it, I believe you will find unanimous consent for the following motion. I move:

That the membership of the Standing Committee on Procedure and House Affairs be amended as follows: Mr. Schmale, Haliburton—Kawartha Lakes—Brock, for Mr. Hoback, Prince Albert.

The Speaker: Does the hon. member have the unanimous consent of the House to propose the motion?

Some hon. members: Agreed.

The Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed

(Motion agreed to)

* * *

PETITIONS

REFUGEES

Mr. David Tilson (Dufferin—Caledon, CPC): Mr. Speaker, I have a petition from a number of residents in my riding who are concerned about the arbitrary process of resettling refugees, and they are also concerned about the security of the resettling of refugees.

PHYSICIAN-ASSISTED DYING

Ms. Elizabeth May (Saanich—Gulf Islands, GP): Mr. Speaker, I rise to present two petitions today.

The first is from residents throughout the Gulf Islands, from Salt Spring, Saturna, Galiano, and Mayne Island, all calling on the House to take action to put forward legislation that would respect the will of Canadians to choose physician-assisted death.

The petitioners brought the petition before the Carter decision, and I hope it will be moving on in this House to do just that.

HIV/AIDS

Ms. Elizabeth May (Saanich—Gulf Islands, GP): Mr. Speaker, the second petition calls for a national AIDS strategy, again from members of my constituency.

The petitioners particularly want to recommend to this place the use of a system called treatment as prevention as a very important progressive system to deal with the AIDS crisis.

IMMIGRATION, REFUGEES AND CITIZENSHIP

Mr. Don Davies (Vancouver Kingsway, NDP): Mr. Speaker, I have three petitions to present today. The first one is signed by hundreds of residents of Vancouver, calling on the government to adopt the New Democrat plan to help live-in caregivers in the country.

Routine Proceedings

It calls on the government to permit live-in caregivers to receive permanent residency immediately upon landing or within 24 months, to bring their spouses and children with them at the time of entry, to live outside the employer's home, and to pass only one medical examination for the entire family.

CBC/RADIO-CANADA

Mr. Don Davies (Vancouver Kingsway, NDP): Mr. Speaker, the second petition is signed by many people across the country. It calls on the government to stand up for stable, guaranteed, adequate funding for Canada's national broadcaster, the CBC, to make sure we have strong public broadcasting in Canada for the years ahead.

CHILD CARE

Mr. Don Davies (Vancouver Kingsway, NDP): Mr. Speaker, the third petition calls on the government to adopt a national child care strategy in line with the New Democrats' proposal to make sure every Canadian has the right to access quality, accessible, universal, affordable, \$15-a-day child care.

[Translation]

HOUSING

Ms. Marjolaine Boutin-Sweet (Hochelaga, NDP): Mr. Speaker, in 2015, over 25,000 households, including 5,000 in Quebec alone, lost their housing subsidies. In the next 20 years, 620,000 households are expected to lose their housing subsidies.

That is why I am presenting another petition, signed by 221 Quebeckers, Ontarians, and British Columbians, who are calling on the government to maintain the funding allocated under social housing agreements so that people do not have to choose between putting food on the table and keeping a roof over their heads.

[English]

SISTERS IN SPIRIT

Ms. Irene Mathysen (London—Fanshawe, NDP): Mr. Speaker, I have two petitions. The first is from a number of Canadians who recognize the fact that the work done by the Native Women's Association of Canada, as part of the sisters in spirit campaign, identified 520 missing and murdered aboriginal women. Some cases went back as far as 1970.

This research has compelled Canadians to understand and petition the House of Commons to make efforts to end violence against aboriginal women by ensuring that NWAC receives sufficient funding to continue the important work of protecting women through sisters in spirit initiatives.

Government Orders

• (1515)

IMMIGRATION, REFUGEES AND CITIZENSHIP

Ms. Irene Mathyssen (London—Fanshawe, NDP): Mr. Speaker, my second petition is from a number of Londoners. It comes because of a terrible tragedy in London, Ontario, some time ago. Petitioners want to draw the attention of the House to the fact that for many new Canadians, for people seeking to immigrate to Canada, there are delays, and it is very difficult. It puts stress on the family. Therefore, they call on the government to ensure that Immigration, Refugees and Citizenship Canada is properly staffed in order to make decisions quickly and fairly, and that all officials consider the factors regarding an individual's application for status, including humanitarian and compassionate grounds.

* * *

QUESTIONS ON THE ORDER PAPER

Mr. Kevin Lamoureux (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I ask that all questions be allowed to stand.

The Speaker: Is it agreed?

Some hon. members: Agreed.

GOVERNMENT ORDERS

[English]

INCOME TAX ACT

The House resumed consideration of the motion that Bill C-2, An Act to amend the Income Tax Act, be read the second time and referred to a committee, and of the amendment.

The Speaker: There are three minutes left for questions and comments.

The hon. parliamentary secretary to the government House leader.

Mr. Kevin Lamoureux (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I appreciate individuals who take the time to present on important pieces of legislation. This is a very important piece of legislation because it would help put into place a major part of the Prime Minister's election platform, on which the Liberal Party campaigned very heavily. That was to put in place a tax increase on those who make in excess of \$200,000 and to support the middle class by giving them a tax break. This is really important for Canada's middle class.

My question for the member is this. Would he not acknowledge that there is inequality in income distribution and that the bill would go some way in encouraging more equality in income from a government taxation perspective, and therefore it is a good thing for the middle class in Canada?

Mr. Alexander Nuttall (Barrie—Springwater—Oro-Medonte, CPC): Mr. Speaker, I certainly appreciate the parliamentary secretary trying to put words into our mouths over here. However, with all due respect, this bill exacerbates the issues. It gives tax breaks to those who are earning \$190,000. Through the Speaker, I

would say to the member that this is the Liberal government walking away from its election promise to help the middle class, because those who get the most out of this are in the top 10 percentile of income earners in this country.

Why did the government not help those in the middle class? Why is the government not focusing on those who earn less than \$45,000? Why is the government removing room in the TFSA for Canadian seniors and for young people to be able to purchase their first homes?

Mr. Blaine Calkins (Red Deer—Lacombe, CPC): Mr. Speaker, I would like to quickly ask my hon. colleague this. Most income earners, when they are starting out in their lives, are at their lowest point of income earnings, for example, under \$45,000 if they are single, and they might not be able to save money. It does not make financial sense for them to put money into an RRSP as a tax deferral at that particular time.

Therefore, I would like to ask my colleague this. Does the tax-free savings account allow younger people or people starting out in their careers an opportunity to put money into an account where it is tax sheltered until they get into a high-income earning position where contributing to an RRSP makes more sense because they would get a bigger tax break at that tax bracket? I wonder if my hon. colleague could, through his financial experience, enlighten the Liberal Party across the way on how, if we empower people to look after themselves, it means fewer people the government has to look after.

Mr. Alexander Nuttall: Mr. Speaker, the hon. member is absolutely correct, not just with respect to the flexibility that is given through the tax-free savings account for younger Canadians; but it is ideal to take advantage of it because, the older one gets, usually the greater one's salary—there is an increase in revenue earned—and that point in life is the best opportunity to take advantage of an RRSP. That is 100% correct.

I am not sure why our colleagues across the aisle do not realize this. However, if they do not realize it, I can certainly see where the coffers of the government are going in the future.

Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.): Mr. Speaker, I would like to share my time with the member for Malpeque.

It is with great pleasure that I rise in this House today to talk about real change for Canadians. The middle class has gone too long without a raise, and in challenging economic times, we have taken action to help them.

In the next budget and over the next decade, our government will be making historic investments into infrastructure and supporting families through the Canada child benefit, which would lift hundreds of thousands of children out of poverty, and benefit nine out of 10 Canadian families. Bill C-2 is just one of many concrete actions that our government is undertaking in order to help the middle class. We were elected on a plan to grow the economy and help the middle class, and that is exactly what we did in December when the Minister of Finance introduced Bill C-2 in this place.

We are looking at initiatives to help the largest number of Canadians succeed, and we have already begun by cutting taxes for the middle class. Families work hard to make ends meet, and they need a government that understands their reality. The tax cut for the middle class would benefit many in my riding. This is not only true for my riding but for all Canadians. About nine million Canadians would benefit from this measure in 2016. Single individuals who would benefit would see an average tax reduction of \$330 every year, and couples who would benefit would see an average tax reduction of \$540 every year. The maximum tax reduction would be \$679 per individual and \$1,358 per couple. That is real change—putting more money in the pockets of the families who need it most. When the middle class is strong and prosperous, we create jobs, spur investment, and create a country that works for all Canadians.

● (1520)

[*Translation*]

That is not all. We are asking Canadians who have been fortunate enough to succeed to contribute a little more. That is why we are going to create a new tax bracket for those who earn over \$200,000 a year. The new rate will increase from 29% to 33%. It will affect 1% of Canadians, but benefit most Canadians.

Bill C-2 also reduces the annual contribution limit for tax-free savings accounts from \$10,000 to \$5,500 and reinstates indexation of the TFSA annual contribution limit for 2016 and subsequent taxation years.

My opposition colleagues will say that this measure prevents Canadians from saving. That is completely untrue. Only 6.7% of eligible Canadians were able to make the maximum contribution to a TFSA. Doubling the annual contribution limit does nothing for the 93.3% of Canadians who cannot max out their TFSA contributions at the existing limit of \$5,500 a year. Obviously most Canadians do not have enough money to make the maximum contribution to their TFSA. In fact, in 2013, Canadians had \$592 billion in unused contribution room.

Governing this country calls for a long-term vision. In April 2015—I was not a member of Parliament then, but I was very interested in what the previous government was doing—the former finance minister said that lost revenue due to the higher TFSA limit was a problem for the Prime Minister's grandchildren to deal with. That is not the right way to do things. That is why we brought the limit back down to \$5,500 per year. We want to safeguard the future of the next generation.

I am proud to be part of a government that serves all Canadians. That is why we are focused on implementing concrete measures that will help everyone. That is why we want to implement measures to grow the economy. That is why, when we spend money, we will make sure that every dollar is invested wisely.

For example, in the 2016 budget, we will create a Canada child benefit that will help nine out of 10 Canadian families. For the typical family of four, that means an extra \$2,500 in help, tax-free, every year. The new Canada child benefit will be tax-free and tied to income. It will also provide more help to those who need it most, such as single-parent and low-income families.

Government Orders

Thanks to our plan, 315,000 children will be lifted out of poverty. Those who do not need it will not receive the Canada child benefit. This measure will mean real change.

Passing Bill C-2 is an important step that will help strengthen the middle class by implementing a tax cut that will benefit millions of Canadians every year.

We are asking those who have been lucky enough to succeed to contribute a little more. We will lower the TFSA contribution limit because it is the right thing to do, especially for the next generation. Of course, we believe in this investment tool, but raising the limit does nothing for 93.3% of Canadians.

I am very proud to support this bill because I know that the people of my riding, Glengarry—Prescott—Russell, will benefit a great deal from it. I encourage my colleagues across the aisle to think about the nine million Canadians who will benefit from this tax cut.

We did not close the door to TFSA holders. We simply set a reasonable limit that will allow their children and grandchildren to contribute to a TFSA and benefit from that tool. There are always limits in life. All we have done with TFSAs is set a reasonable limit.

● (1525)

[*English*]

I also urge my colleagues to take a look at the overall picture of what we are trying to accomplish and to take a look beyond Bill C-2.

We will reduce income tax for the middle class, and we will ask those who make \$200,000 and more to contribute a little more. We will introduce a new Canada child benefit, which nine out of 10 families will benefit from.

Recognizing that we are in challenging economic times, we will invest in infrastructure. Of all the mayors that I have spoken to in Glengarry—Prescott—Russell, not one of them has told me that they have sufficient financial capacity to fulfill their infrastructure needs over the next 10 years. I know other mayors across Canada feel the same way.

Now, with the tax measures announced in Bill C-2 and the infrastructure plan that we will be announcing in the next budget, the overall plan to grow the economy makes sense for the middle class. The vision makes sense for our towns and our families. Bill C-2 is a pillar of that vision, and that is why I am supporting it.

I look forward to discussing any issues that I have raised in my speech with my colleagues in the House.

Government Orders

Mr. Guy Lauzon (Stormont—Dundas—South Glengarry, CPC): Mr. Speaker, I want to welcome my colleague and my neighbour from Glengarry—Prescott—Russell to the House. I am not sure if this is his maiden speech, but it was certainly a good speech, and I appreciate that. I welcome him, and I am sure that we will be doing much business together.

As members know, we have been debating Bill C-2 all day. We on this side have been looking for the definition of middle class. It seems like a rather simple question, and we have asked it a number of times to some of my colleagues on that side, but we have not really gotten an answer.

As a good neighbour and hopefully becoming a friend, maybe my colleague opposite could tell me exactly what his party means by “middle class”.

Mr. Francis Drouin: Mr. Speaker, the member for Stormont—Dundas—South Glengarry is a good neighbour, and it seems like today is the day of neighbours. The member for Malpeque is my office neighbour here in Ottawa.

I thank the member for the middle class question. As he understands, it varies from city to city. The cost of living varies and so the impact is different from city to city.

However, what is important in my riding is the fact that nine out of 10 families will benefit from this Canada child benefit. A lot of families in my riding will also benefit from the middle-class income tax cut.

I urge the member and all members across the aisle to support the measures of Bill C-2. For the life of me, I cannot understand how a Conservative member of Parliament can be against a tax cut.

[*Translation*]

Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP): Mr. Speaker, I thank my new colleague from Glengarry—Prescott—Russell. My question is similar and has to do with the definition of the middle class, which is very important. It is the focus for the new government.

Is someone who earns between \$48,000 and \$62,000 part of the middle class? I think so. Under the Liberals' plan, this person will receive just \$50. However, someone who earns more than \$200,000 a year will receive more than \$800. Is this person part of the middle class? I have no clue. Perhaps so in the Liberals' world. However, in the rest of the world, the first example I gave is more representative of the middle class.

My question is simple. The Liberals have not given a definition of the middle class, but we have heard a lot of references to it and a lot of spin. Is this example fair for someone who earns that amount of money?

• (1530)

Mr. Francis Drouin: Mr. Speaker, I thank my colleague for his question.

He mentioned the middle class, and I often hear the New Democratic Party talk about the middle class. I have yet to hear the NDP's definition of the middle class.

As he knows, the cost of living varies quite a bit from city to city. It costs much more to buy a home in Vancouver than here in Ottawa. I hope he understands that reality.

[*English*]

Mr. David Tilson (Dufferin—Caledon, CPC): Mr. Speaker, the government is changing the tax-free savings account and this is discouraging residents of Canada from saving. Is it not a problem when we are discouraging residents from saving by changing the tax-free savings account?

Mr. Francis Drouin: Mr. Speaker, from what I recall we did not cancel TFSA's, we just put a reasonable limit on them so that the children of our children can benefit from them.

The member would understand that the last minister of finance said that because the limit was increased the prime minister's grandchildren would be responsible for the lack of revenue to the federal coffers.

I would caution the member. Does he not want his children or his grandchildren to participate in TFSA accounts?

Hon. Wayne Easter (Malpeque, Lib.): Mr. Speaker, it gives me great pleasure to share my time with the member for Glengarry—Prescott—Russell, who is my new neighbour in our offices in the Valour building.

It is really great to be able to speak on Bill C-2, an act to amend the Income Tax Act, which is really the first plank as we move to implement the commitments upon which we were elected. That plank was outlined in our platform of growth for the middle class. Our key message was real change, a new plan for a strong middle class. That platform specifically stated, as it relates to Bill C-2:

We will give middle class Canadians a tax break, by making taxes more fair. When middle class Canadians have more money in their pockets to save, invest, and grow the economy, we all benefit.

Bill C-2 follows through on that commitment.

However, I will say this. Having listened to the discussion thus far today, it is only one plank among many. It is the first plank, in terms of a package that will assist the middle class and assist prosperity in this country.

As stated in the summary of the bill:

This enactment amends the Income Tax Act to reduce the second personal income tax rate from 22% to 20.5% and to introduce a new personal marginal tax rate of 33% for taxable income in excess of \$200,000. It also amends other provisions of that Act to reflect the new 33% rate.

What does this mean?

What it really means is those with a taxable income of between \$45,282 and \$90,563 will see their current rate of taxation of 22% drop to 20.5%. That is a considerable saving for those individuals. We are targeting that group because they are a part of the middle class.

On the other hand, those with taxable income of over \$200,000 will increase from the current rate of 29% to 33%.

In essence, what it really does is bring better fairness to the taxation system. It tries to lessen the income disparity and the tax advantages and disadvantages throughout the income tax system to bring better balance and ensure that those who are in the wealthiest sector of our society, who have the means, can contribute more to the fiscal coffers in a way that those monies can bring better balance to Canadians throughout society.

The second major part of the bill from the summary is:

In addition, it amends that Act to reduce the annual contribution limit for tax-free savings accounts from \$10,000 to its previous level with indexation (\$5,500 for 2016) starting January 1, 2016.

This is extremely important as it brings greater tax fairness to our taxation system and ensures greater effort is made by those with the economic means to support our economic and social programs as a whole.

I will speak a bit more on that aspect of the bill if I have time.

• (1535)

However, it is important to note that members have already voted in support of a ways and means motion, which allowed these changes to come into effect on January 1. Bill C-2, now before the House, would formalize that motion, and it would give members and the public the opportunity to both criticize and praise the bill, and we have seen some of that here today, and maybe even find ways to further improve the bill, either through this act or through future legislation.

As others have said before me, there will be more legislation coming forward that will continue to build on our commitment to income security for the middle class.

The government, beyond these measures today, will introduce proposals in the budget to create a new Canada child benefit payment system under the new Canada child benefit, which will begin in July 2016. The proposed Canada child benefit will simplify and consolidate existing child benefits, while ensuring that help is better targeted to those who need it most.

It is important because one of the difficulties in this place is we debate one bill at a time. In order to look at our package as a whole, this is just one plank in that package, and the Canada child benefit is an extremely important part of our ability to ensure fairness in the system and ensure those who need most and those with families get the benefits we said during the election campaign that we would provide.

Let me come back to the tax-free savings account because there has been considerable discussion in the House on that point. There is no question that the previous government's plan to nearly double the contribution limit to the TFSA would have helped Canada's wealthiest individuals save more. However, we committed to a fairer tax system. We know that only 6.7% of Canadians eligible for the TFSAs contributed the maximum in 2013. The numbers show that a better policy would be to reduce those tax benefits that really only benefit the wealthy, and use those extra monies for other programs to bring greater fairness throughout the system, whether through the new child benefit or through other measures that we laid out in our platform.

Government Orders

We have to look at the 6.7% of Canadians eligible for TFSAs who contributed the maximum. The fact is that most Canadians cannot even contribute \$5,500, but those with the means can contribute \$10,000, and they are using it more as a tax dodge than anything else. Those monies would be better spent in other ways and bring greater fairness.

There are better ways than the current system of providing income equality for Canadians, and our platform was all about changing that system. This bill gets into two particular areas. It was moved as a ways and means motion in December so the tax changes would be in effect starting this year. This was the intent we talked about during the election. This follows through on that commitment. Again, I emphasize it is one part of our platform among many to make the package complete.

I would encourage members in the House to support the bill and to see it for what it is: a system of tax fairness targeting programs to those who need it most in a way that would help Canada and Canadians gain greater prosperity.

• (1540)

Ms. Sheri Benson (Saskatoon West, NDP): Mr. Speaker, I want to note that Bill C-2 would provide maximum benefits to those wealthier Canadians, those earning between \$89,000 and \$200,000, while six out of ten Canadians would receive nothing. Although I appreciate that this is just one plank within a larger platform, or a first step, I feel it is a first step in the wrong direction.

Would the member comment on why the government does not look at reducing the lowest tax rate so many more Canadians will be helped rather than having a tax rate that helps wealthier Canadians?

Hon. Wayne Easter: Mr. Speaker, I should probably not say this in this place, but I always love to get questions from Saskatoon because it is one of my favourite cities. I had an office there for some 11 years. It is a great community.

We are all about fairness in the taxation system. Those people in the low-income bracket that the member mentioned will be handled in other ways, as the Parliamentary Secretary to the Prime Minister mentioned earlier, through housing programs and other means within our total package. That will target those people in the less than \$45,000 tax bracket.

Let me go through the tax brackets. Those at \$90,563 to \$140,388 would stay at the rate of 26%. Those at \$140,388 to \$200,000 would stay at the tax rate of 29%. The rate for those with an income over \$200,000, as is proposed in the bill, would change from 29% to 33%. We would bring better balance to the tax regime within Canada.

• (1545)

Mr. Bob Saroya (Markham—Unionville, CPC): Mr. Speaker, I asked the same question earlier today and I hope I can get an answer this time.

Government Orders

I have heard the term “middle class” 10,000 times in the last four weeks. What is the definition of middle class? Is it an individual with an income of \$40,000, \$50,000 or \$60,000 a year? What is the simple definition of middle class? Who does the member consider to be middle class?

Hon. Wayne Easter: Mr. Speaker, the income levels of the middle class varies across the country, whether in my province of Prince Edward Island or in the province of B.C.

What the member of the Conservative Party should understand and support is that the Liberal Party is supporting the average Canadian in the middle class. He is a member of a party that in the last four years supported the wealthy in our country. His party put a burden on our children and grandchildren going forward into the future.

I heard some of the questions coming from members of the Conservative Party earlier. They were talking about their government ending up with a surplus, which is just a fictional surplus. All that government had were deficits. The Conservative government had the worst economic record in 80 years, since R.B. Bennett. In the last four years, the Conservative Party added \$150 billion to Canada's debt. You, sir, should be standing up and supporting this government in getting our country back on track.

The Assistant Deputy Speaker (Mr. Anthony Rota): I want to remind members that it is not the Speaker, so when you are talking, you are talking about the hon. member.

The hon. member for Fredericton.

[*Translation*]

Mr. Matt DeCoursey (Fredericton, Lib.): Mr. Speaker, I thank my colleague, who has had a long and distinguished career in the House. I have a great deal of respect and admiration for him.

[*English*]

He spoke about the middle-class tax cut as one plank in an ambitious agenda that would provide economic and social support to Canada's middle class and those in more vulnerable situations struggling to join the middle class. How does this lay the groundwork for the ambitious agenda of this government? How would some of those other pieces fit together to help strengthen Canada from his home province of Prince Edward Island to the other end of the country?

The Assistant Deputy Speaker (Mr. Anthony Rota): The hon. member for Malpeque in 30 seconds or less, please.

Hon. Wayne Easter: Mr. Speaker, it would actually take about 30 minutes to answer that question, but it is all good and it is all leading to the country being more prosperous, with greater benefits going to the middle class.

As was said in my remarks, this is just the first plank. It deals with some of the necessary tax changes. It had to be done in a way that it would come into effect early this year. Following on that will be the new Canada child benefit, which will bring greater benefits to all families that are raising children, regardless of income. From there, we will go to housing programs, and on and on will go the list.

Hon. Erin O'Toole (Durham, CPC): Mr. Speaker, it is a pleasure for me to get up after my friend, the long-serving MP for Malpeque, who never lets the facts interrupt his rhetorical flights in this place.

I enjoyed the fact that he said, mere days after the revenue department confirmed a \$1 billion surplus for November, that he still thinks that is fiction, even though the parliamentary budget officer has confirmed that the previous government certainly left a surplus. It was so good in a tight global economy that despite the Liberals' best efforts, they are still accruing the surpluses in their first few months of government. The facts state that quite clearly.

I am very pleased to rise here today in relation to Bill C-2, an act to amend the Income Tax Act.

It is Bill C-2 for a reason. Probably the majority of members of the House are new members of Parliament. They may now know that the first bill, “an act respecting the administration of oaths of office”, is a formulaic standard bill that starts off a session. Therefore, Bill C-2 represents the top priority of a new government coming to office.

Bill C-2 would codify what the Liberals brought Parliament together for six days after they won the election in October of last year, which was to raise taxes on Canadians. Nothing suggests the priority of the current government better than Bill C-2, which is why I thought I would rise in the House.

What I find most ironic about Bill C-2, an act to amend the Income Tax Act, or an act to raise taxes, is that it confirms the age-old nickname for the Liberal Party in this place. A nickname is a term of endearment. I respect anyone who comes to Canada's Parliament, doing their best for the country, but Conservatives for generations, long before my colleagues or I have been here, have accused the Liberal Party of being the tax-and-spend party. What has happened is that the Liberals' early record in their first few months of government confirms that.

My friend from Malpeque confirmed that. He tried to suggest that it was fiction that the last government, the Conservative government, left Canada in a surplus position, but that is exactly what the Parliamentary Budget Officer confirmed last fall. In fact, the Finance Department confirmed the numbers from November of another surplus month. Therefore, the country was left with a modestly growing economy and a surplus.

The two things the government did in the short period of time it governed in 2015 were to make massive commitments for deficits, well above what the Liberals spoke to Canadians about during the election, and they raised taxes. This is one of those occasions for the pundits who often ask why the Conservatives call the Liberal Party the tax-and-spend party. It is because in the first three months of government, the Liberals are raising taxes and spending out of control. That is just the record that we are debating here today with their first bill coming to the House of Commons.

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Why I think this is important is that it is setting a tone. This is not a bill that debates assistance or investments in a resource sector that needs some help, as well as the families affected by the downturn in resources prices. They desperately need help, and see mortgage payments on the horizon that scare them. It is not a bill about that.

The bill is about taking more from Canadians in the form of creating a new tax bracket in an already fairly complex tax code by taxing Canadians in the highest bracket more for income over \$200,000. It is also a procedure to lower the amount that Canadians can shield from tax through the tax-free savings account by reducing the amount that people can contribute to that very popular device brought in by our previous government and my friend, the late Jim Flaherty, who was finance minister. This vehicle not only allows families of all income levels to save free of tax, but it is also very helpful for people approaching retirement. I heard that and still hear that daily. These are the two measures that are before us in Bill C-2.

● (1550)

Nothing concerns me more, not just as a Conservative but as a member of Parliament who came out of the business community before I was elected to office, than the new government's apparent lack of direction for our economy, even in its first few months.

Many of the members who were elected in October did not get a chance to see their Prime Minister when he was a third party leader. About a year ago, he refused to ever commit to running deficits. In fact, he took a position that was somewhat similar to what the government had adopted, because Conservatives worked hard over the course of many years, following the global recession, to balance Canada's books. Doing that requires decisions by government. Government is not intended to just say yes to everything, increase every budget line, and hire more people in every department. It has to set priorities, make decisions on spending, and look at the tax base to determine if Canadians can afford higher taxes in order to pay for more people in a certain department. These are the decisions of government.

A year ago the Prime Minister, then the third party leader, was committed to running a balanced budget, as was, of course, the Conservative government at the time, and it was not until an election campaign that it changed. For a few years, the fundamental economic position of the Liberal Party was one of fiscal prudence. In the middle of an election, there was a change in direction, a considerable change, perhaps for election advantage, perhaps because of a philosophical change, but it changed to running a \$10-billion deficit. That was the commitment that the party talked about with Canadians. It was a temporary deficit of only \$10 billion so that the government could fulfill some commitments and add some additional infrastructure money on top of the already substantial building Canada plan that the previous government had put in place.

Within the first few weeks of government, before the House was even called back in session and before you had the honour of occupying that chair, Mr. Speaker, that \$10-billion commitment was already \$20 billion. If we read the papers, as many members of the House did, a week or so ago, we now see the finance minister hedging perhaps two years of \$25-billion deficits. Did Canadians vote for that? Did Canadians vote for the first two moves of the new

government to go from a probably improper \$20-billion deficit commitment to a \$50-billion deficit commitment?

The new government's first act in this place was to raise taxes on Canadians, a tax increase that Liberals told Canadians would be revenue neutral. That is yet another promise that appealed people during the election campaign but was not met and has already been abandoned. Ironically, it was the C.D. Howe Institute, a think tank that the finance minister once chaired, that said that these tax increases would not be revenue neutral for a variety of reasons. From a public policy standpoint, those in the higher tax brackets are more mobile, so there could be a risk of driving more people out of Canada, out of our system of taxation.

I was reading just this morning in *The Globe and Mail* the great column by Konrad Yakabuski, who identified this tax increase as a risk to a lot of the tech entrepreneurs and growing sectors, as well as the fact they are going to treat stock options as income, which is another thing. Compounded with the fact that our dollar is going down, the government seems to be set on driving talent out of this country at a time when a lot of people are looking for an economic plan that is far more than a Keynesian tax-and-spend approach, with no strategic direction and at a time when it is actually hampering the increased revenues that are possible if we could get our resources to tidewater with energy east. There was a debate in the House last week when the Prime Minister seemed to be putting in place a system and series of consultations and reviews that would essentially mean that capital leaves Canada because of the uncertainty of our business climate.

● (1555)

It is with sadness that I rise today to say that Bill C-2 confirms the nickname of the Liberals as the tax-and-spenders of Canada. I certainly hope that subsequent bills start showing some real direction for the Canada of the future.

Mr. Arnold Chan (Scarborough—Agincourt, Lib.): Mr. Speaker, I want to thank my friend opposite from Durham for his comments in respect to the legislation before the House. While I take his comments to heart, I do not necessarily agree with his characterization that this side of the House is one of "tax-and-spend", to use his nomenclature.

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As the member was giving a history lesson to this side of the House and although I know that he might not have been here earlier, since he also joined the 41st Parliament like I did in a by-election, I want to ask him how he would characterize, for example, the \$160 billion in debt that was incurred under his previous government and used and justified by that government to deal with the difficult economy in 2008-09.

•(1600)

Hon. Erin O'Toole: Mr. Speaker, I am proud to answer that question from someone who indeed is a friend. We were all very happy to see him get through a difficult personal challenge with his health and return to the last Parliament and then get re-elected. I have a lot of time for the member and, as I said, nicknames are often terms of endearment. It is because we like Liberals that at the end of the day the tax-and-spend nickname is a nickname, but my goodness, with Bill C-2 they are confirming tax-and-spend as their strategy.

When it comes to the global recession of 2008-09, out of which Canada led the G7 in job growth and recovery, certainly we did run deficits. No one has hidden that at all, but we set a course to balance the books by fiscal year 2014-15, which takes decisions. As I said, leadership is not about always saying yes. Tony Blair was famous for saying that leadership is at times about saying no. My father who was a provincial member at Queen's Park coined that phrase long before Tony Blair, that sometimes it means saying no and saying why by setting priorities.

I hope with subsequent bills that come before this place that my friend and my friends will bring forward a plan that is more than just taxing Canadians, more than just reducing their ability to save for retirement. We need a vision that includes resources, that includes new Canadians, that includes a diverse economy to make sure that Canada stays on top.

Mr. Alistair MacGregor (Cowichan—Malahat—Langford, NDP): Mr. Speaker, I would like to point out for the record that all governments tax and spend. I have always hated that term because it is the whole purpose of government. We take resources, pool them, and we spend them for the greater good.

We have figures from the parliamentary budget officer with respect to the tax-free savings accounts that the increase in TFSA contribution limits would have put a glaring hole in future governments' revenues. I know my colleagues across the way like to support our military, which is one of the biggest consumers of the federal budget.

If we are looking at a \$132 billion hole in combined federal and provincial coffers from the Conservatives' increase in the TFSA, how would the member purport to balance the books when we would lose that much revenue?

Hon. Erin O'Toole: Mr. Speaker, I would like to welcome another new friend to this place and thank him for his question. To him as a member of the New Democratic Party, now that we are talking about the tax-and-spend concept, I would say that nothing underscores the difference between the three parties in this place better than this question. He looked at the TFSA changes and our increase causing a hole in revenues.

On this side in this party we do not see that as the government's money. Tax and spend decisions to us should be made in a way that

takes the minimal amount possible from Canadians to give us the opportunity and the great services and quality of life we have here, while recognizing the trust that we are held to spend that wisely and only take what is needed. This is not a hole in our revenue. This is Canadians' money. TFSAs are an example where we are saying, "You have made this money, you can save it and earn some income from investments without our taxing it again". Or in the RRSP option, we defer that taxation.

That is what was so exciting about the TFSA. The fact that we have Bill C-2 and the fact that I have this question about holes in revenue underscores that only the Conservative Party really looks at this as Canadians' money that we were entrusted to spend on priorities and make decisions to make sure that we do not take too much.

•(1605)

Mr. Stephen Fuhr (Kelowna—Lake Country, Lib.): Mr. Speaker, as this is my first opportunity to rise in this House, I would like to thank the good people of Kelowna—Lake Country, British Columbia, for the opportunity to speak on their behalf. I would also like to take this opportunity to thank the large group of volunteers who worked tirelessly to make this possible.

Let me begin today's debate by quoting the Minister of Finance directly when he announced the middle-class tax cut earlier:

On October 19th, Canadians gave us a strong mandate to take a new approach. We promised to strengthen the middle class and put more money in their pockets to save, invest and grow the economy. Fundamental to that plan was greater tax fairness for the people who need it most—the middle class.

I could not agree more.

One of the most important components to this tax cut is restoring middle-class economic progress, which is the backbone of our economy. That is why the government tabled a notice of the ways and means motion to cut taxes for the middle class in December. This was the right thing to do and a smart thing for our economy.

The proposed middle-class tax cut and accompanying proposals would help make the tax system fairer so that all Canadians can have an opportunity to succeed and prosper.

The bill specifically proposes to reduce the second personal income tax rate from 22% to 20.5%, to introduce a 33% personal income tax rate on individual income tax that exceeds \$200,000, and to return the tax-free savings account annual contribution of \$5,500 from \$10,000 and reinstate indexation of the TFSA annual contribution limit.

Let me quickly expand on these three points.

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First, the personal income tax rate changes are proposed to take effect on January 1. It is expected that nine million Canadians would benefit from this measure in 2016. Single individuals would see an average tax reduction of \$330 per year, and couples would see an average reduction of \$540 per year.

Second, the government is proposing to introduce a new personal income tax rate of 33% that would apply to individual taxable income rates in excess of \$200,000. This means that only Canada's top income earners would be expected to pay more as a result of the government's proposed changes to personal income tax rates. As with other bracketed thresholds, the \$200,000 threshold would be indexed to inflation.

Third, the government is proposing to return the tax-free savings account, the TFSA, annual contribution limit to \$5,500 from \$10,000, effective January 1, 2016. Let me reassure this House that the change would not be retroactive. The TFSA annual contribution limit for 2015 would remain at \$10,000. Returning the TFSA annual contribution limit to \$5,500 is consistent with the government's objective of making the tax system fairer and helping those who need it the most. When combined with other registered savings plans, a \$5,500 TFSA annual contribution limit would permit most individuals to meet their ongoing savings needs in a tax-efficient manner. The indexation of the TFSA annual contribution limit would be reinstated so that the annual limit maintains its real value over time.

The previous government's plan to nearly double the contribution limit to the TFSA could have helped Canada's wealthiest save more while costing the federal treasury several hundreds of millions of dollars over the next five years, and some tens of billions of dollars over the long term.

We know that only 6.7% of Canadians eligible for a TFSA contributed the maximum in 2013. Doubling the annual maximum does nothing for the 93.3% of Canadians who do not max out their TFSA contributions at the existing limit of \$5,500 per year. That is the real point here. We have talked about this almost exhaustively all day, that very few Canadians take advantage of this, so raising it makes no sense.

Our government is committed to making the tax system fairer and finding ways to support those who need it most.

Finally, I would like to highlight some of the other measures that are included in today's legislation. Today's bill proposes to change the current flat top rate taxation rules applicable to trusts to use the new rate of 33%.

The bill proposes to set the tax on split incomes at the new rate of 33%.

It would amend the charitable donation tax credit to allow higher-income donors to claim a 33% tax credit on the portion of donations made from income that is subject to the 33% marginal tax rate. It would also increase the special refundable tax and the related refund rate imposed on investment income of private corporations to reflect the proposed new 33% personal income tax rate.

Going forward, the government will introduce proposals in the budget to create a new Canada child benefit. Payments under the new Canada child benefit would begin in July 2016.

• (1610)

In addition to replacing the universal child care benefit under the previous government, which is not tied to income, the proposed Canada child benefit would simplify and consolidate existing child benefits while ensuring that help is better targeted to those who need it the most. Hundreds of thousands of children would be lifted out of poverty and nearly nine out of ten Canadian families would be better off than they were before.

Before I conclude, I would like to very quickly highlight the government's pre-budget consultations, which took place recently and continue.

When we set out to do consultations, we wanted to do a couple of things. The government wanted to involve as many Canadians as possible, and we wanted to do things differently. The numbers really do tell the story. To date, the combined total number of Canadians reached through channels is up to tens of thousands, the highest turnout on record for pre-budget consultations. For example, we opened up the online consultation on January 6. We have already received more than 67,000 web views and more than 3,500 separate submissions from Canadians, individuals, and groups.

The Minister of Finance had three separate live chats with university students, which gave the government valuable insight into the concerns of young Canadians from across Canada. Apparently, in the Dalhousie University Facebook live event alone, the number of people who logged in reached almost 8,000 and since then many more have replayed it online. At the second Facebook live event in Calgary, the government had more than 70,000 people tuning in live. The pre-budget consultation hashtag, #pbc16, is being used widely by Canadians who have great ideas on how to implement our plan to grow the economy and by commentators and MPs from across the political spectrum.

I want to take this opportunity as a member of the government to express many thanks to everyone who has taken the time out of their day to meet with the Minister of Finance and his parliamentary secretary and to share their ideas. It has been a privilege of the government to hear from Canadians directly, and I can assure them it has had a very profound effect.

To conclude, I believe our program of tax cuts for the middle class is an investment that would lead to a more prosperous, inclusive, and sustainable economic future. Economic growth requires giving everyone a real and fair chance to succeed. We will continue to work with Canadians to implement our platform for real change, which includes investing in our economy, our communities, and Canadians themselves. That means transformative investment in infrastructure and a plan for a strong middle class.

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Hon. Michelle Rempel (Calgary Nose Hill, CPC): Mr. Speaker, one of the most important responsibilities we have here is our responsibility to our constituents. My colleague opposite spoke about helping the middle class. I wonder if he can tell me exactly how, in financial terms, his government defines what middle class means—by income bracket—how many of his constituents fall into that bracket, and how many of them would actually be adversely affected by the tax changes contained in this bill.

Mr. Stephen Fuhr: Mr. Speaker, as has been explained several times today, this tax change would be a result of a plenitude of different initiatives and I want to name some of them: obviously, the tax cut that I just discussed; a more generous tax-free child benefit, which was also mentioned; an increase to GIS for single seniors; a substantial investment on social infrastructure; and we are going to work with the provinces to ensure that CPP becomes more meaningful in the future. It is a combination of these things that would kick start our economy and help those who need it the most.

Mr. Wayne Stetski (Kootenay—Columbia, NDP): Mr. Speaker, I thank the hon. member for a very clear explanation of what the bill includes. As part of his speech, though, the hon. member talked about consulting with students, many of whom make less than \$45,000 a year. I would ask the hon. member how this bill would benefit those students who are in the lowest income bracket.

Mr. Stephen Fuhr: Mr. Speaker, the financial packages on the whole would benefit students. These people have a lot of time ahead of them. Obviously, they are going to get to a point in their lives when they will need CPP. If we start working on it now, CPP could be more meaningful for them in the future. It is going to take some time, and once we get this going, it is the people at the back end of income earning who would benefit the most.

Ms. Kate Young (Parliamentary Secretary to the Minister of Transport, Lib.): Mr. Speaker, could the hon. member talk about his own riding and how the bill would help people who need it the most?

• (1615)

Mr. Stephen Fuhr: Mr. Speaker, I have a wide range of financial situations in my riding, from people who struggle with homelessness to people who are fairly well off. The tax break would obviously help a lot of folks who need the help, again combined with the Canadian child benefit, which would be more generous and tax-free. It is a combination of those things that would help people immediately; and then in the long term, looking at things like revamping CPP, which is incredibly important. We know there is not enough meaningful money to get people where they need to go when they get older. It is a combination of all those things that would help.

My riding is no different from any of the other ridings that are struggling right now with homelessness, mental health issues, and a wide variety of things. This money would help us today and also in the future of the plan.

Mr. Tom Lukiwski (Moose Jaw—Lake Centre—Lanigan, CPC): Mr. Speaker, I want to thank my colleague for his speech.

I want to make a couple of comments and then ask a direct question. I think the comments I am going to make are important because we have approximately 200 new members in this place; and it seems there has to be a bit of a primer given to these new members

on what actually occurred in years past, since I heard a bit of revisionist history being bandied about here today.

I know the member opposite is new to this place. I also want to make a comment based upon an exchange between the hon. member for Scarborough—Agincourt and my colleague the member for Durham. That exchange was based upon what happened in the global recession back in 2008. There seemed to be some criticism from the member opposite that we were running deficits. I would point out to all new members in this place that, during the time we were engaged in the debate on whether or not our government at the time should be running deficits, both the Liberals' and the NDP's main complaint was that the deficits were not large enough.

For any member of the opposition NDP and any member of the new Liberal government to complain that our deficit was some of the cause of our financial difficulties today is absolutely ludicrous.

My question is this. Why is it that the Liberals always seem to be wanting higher deficits when the Conservatives are the ones trying to get back to balance?

Mr. Stephen Fuhr: Mr. Speaker, deficit spending can make sense in certain situations when we have economic problems. We have seen it done in the past. Sometimes it is successful and sometimes it is not.

I think the situation coming out of 2008 was a function of how we applied that stimulus and the policies that fell out of it. We did not diversify our economy and really pinned the tail on the donkey to the energy sector, leaving us open to a lack of diversification. Therefore, when the dollar is down and manufacturing has been ignored and oil is down, we suffer across the board, as opposed to those other things coming up when the other commodity comes down.

Deficit spending can be helpful in certain situations. We understand that. It is the plan that—

The Assistant Deputy Speaker (Mr. Anthony Rota) : Order, please.

Resuming debate.

The hon. member for Calgary Nose Hill.

Hon. Michelle Rempel (Calgary Nose Hill, CPC): Mr. Speaker, there has been a lot of talk today in the House on this bill with regard to helping the middle class. I want to talk about the middle class and the overall economy in my riding, and specifically in Alberta.

It is grim right now. I want everyone in the House to understand what it is like in Alberta right now. One cannot walk down a street or go anywhere without talking to someone who has been directly impacted by what is a significant economic issue in this country. I want everyone in the House to realize what is going on right now. It is really serious.

I get so many calls in my office from people who just do not know what to do. These are not just oil sector workers. This is the service industry. This is everything.

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Members have to realize that people's severance pay is running out in the next few months. This is a major issue. While we are here talking academically about the middle class and what is happening, this is where the rubber hits the road. I implore all members, when we are thinking about this type of economic policy, to understand what it means to someone who does not have a job and does not have any sort of prospect for a job.

I have heard in this place that what is happening in Alberta is simply explained away as low commodity prices or a lack of trust in this or a lack of trust in that. The bottom line is that Canada's energy sector, whether members subscribe to it in their political philosophy or not, provides jobs to hundreds of thousands of people in this country. My riding is in the heart of this.

There was an article in *The Globe and Mail* this week that specifically talked about how this downturn affects blue-collar and lower-income workers in Alberta more than anything. What blows my mind is that we are standing here talking about these policies that materially impact hundreds of thousands of people in this country, and we are not talking about exactly what it means. Opposition and government members are probably not going to agree on a lot of things, but I really hope that in their cabinet and caucus meetings, Liberals talk about the impact of what some of these things mean to people who are without jobs in Calgary.

The finance minister talked about raising taxes on stock options. There was a January 10 *Globe and Mail* article that stated:

Small oil and gas firms also say they want the government to reconsider its pledge to cap the amount that employees can claim through stock-option income deductions. They say the change, if implemented, will be another blow to an industry already downtrodden by depressed crude-oil and natural-gas prices.

My colleague from Kelowna—Lake Country said that people do not take advantage of the tax-free savings account. Sixty per cent of Canadians who maxed out their TFSAs in 2013 had less than \$60,000 in income, and we are taking that increase away from them at a time when we should be promoting their investment in this.

During the campaign, Liberals said they wanted to increase CPP contributions. There are people who do not have jobs and do not have prospects for jobs or are small-business owners during a time when the economy is a significant issue, and the signal from the federal government is that it is going to increase premiums. What do members think happens? Fewer people get hired. That is more money off people's paycheques. The same thing goes for EI premiums.

I hear the rhetoric over and over again about income splitting and that it only affects the wealthy. I ask the Liberals what their definition is of wealthy. I ask them that. How do they define wealthy? I would ask them to look at their ridings and tell me that the people who benefit from income splitting are wealthy. I think they would have a hard time doing that.

The same thing goes for the UCCB. When the Liberals cancel what the Conservative government put in place, it will cost \$1,920 per child under six and \$720 for older ages.

Parents have been paying for students in certain situations. The textbook tax credit is a huge amount to someone who is depending on it, such as a low-income student, on an annual basis. The Liberals

are signalling again that perhaps students should be thinking about the fact that their taxes are going to go up because they are going to school.

• (1620)

If this was a manufacturing plant in Ontario, there would be a national outcry about this. There would be all sorts of investment programs. There would be "rah, rah, let us help this sector". However, this just goes without notice. In fact, there will be even more punitive things. The Liberals are talking about eliminating the mineral exploration tax credit, which would further depress the industry in Alberta.

The other thing that blows my mind is that at a time when we need to be telling workers in the energy sector that we want to promote growth in the sector, we are telling them that we are going to make the regulatory environment more uncertain. We will hear the rhetoric on the other side that there is a lack of trust. Well, the Liberals have never quantified that.

Our government put in place a responsible resource development package. It invested in things like the Pipeline Safety Act, which included another \$1 billion to respond to incidents, and we enshrined the polluter pay principle. The main thing that bill did was add certainty to how long a process was going to take. It was not about getting to a yes; it was about getting to a yes or a no in a certain period of time, because that is actually a determinant in investment in the natural resource sector.

My background is in intellectual property management and research administration. To talk about economic diversification and dismiss the problems in Canada's energy sector as simply having to do with commodity prices, or to say that somehow the government can diversify the economy itself, is shortsighted. When we have a thriving industry, we use the receptor capacity created in that industry to see technologies adopted and tested, have venture capital pools created, and have intellectual capital stay in the country.

However, when we increase taxes on small businesses and raise taxes on stock options, the sorts of incentives that help people invest and innovate, it says to people, "Why would they bother investing here?"

It is a very shortsighted philosophy to think that increasing taxes over and over again and increasing the deficit of our country is going to miraculously result in an economic turnaround.

I want people at home, and anyone who is listening in Alberta today, to understand that if they hear the Liberals over and over again say that it is just low commodity prices or it is just this or it is just that, it shows a complete lack of understanding of how the sector works. Everyone in Alberta knows that we need to have regulatory certainty to move forward on major projects.

We also need to ensure that we retain skilled labour so that when the prices do rebound, all the skilled labour has not left. We have not heard once from the government how it is going to keep the remarkable talent we have built in Canada's energy infrastructure or how it is going help them through this. All we hear is that we are going to increase their taxes, because they are wealthy.

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The thing that bothers me most about this is that there is a lack of a plan. We heard in the campaign that the Liberals were going to have a \$10-billion deficit. There are different schools of thought as to whether that is a good or bad thing. However, what I think is very negative is the fact that the government does not even know what that end number is going to be. Will it be \$50 billion, \$100 billion? Who knows? We do not know what that is going to do for the Canadian economy.

Anyone in my riding listening to this and anyone across the country who has a concern about where Canada's economy is going should write to their Liberal MPs and ask them why they are raising their taxes.

I implore my colleagues opposite to really have a think about this. When they are in their caucus meetings, they should ask how these tax increases will affect their constituents. They should ask what that huge increase in the deficit means, not just for their constituents but for their children and their children's children. Hopefully we can see something good come out of this.

•(1625)

[*Translation*]

Mr. Steven MacKinnon (Gatineau, Lib.): Mr. Speaker, I thank my colleague for his speech.

An unemployed Canadian is one unemployed Canadian too many. What the energy sector is going through today is the same situation we have experienced in the forestry in Quebec, the mining industry in New Brunswick, and indeed, the manufacturing sector in Ontario and Quebec during the past 10 years.

[*English*]

Any job that is lost is one job too many. The member opposite watched as oil prices went from \$110 to \$90 to \$70 to \$50 under the previous government, yet we did not hear the kind of speech she gave in the chamber today.

The member opposite was the minister of western economic diversification. What measures did she put in place in the last 10 years that would gird Alberta and our energy sector, which is living through a crisis, during the kind of situation they are going through now?

The Assistant Deputy Speaker (Mr. Anthony Rota): Before we go to the hon. member, I want to remind members in the House, and the member who is about to speak, that they should be speaking through the Chair and not to the other side.

The hon. member for Calgary Nose Hill.

Hon. Michelle Rempel: Mr. Speaker, during my tenure as minister of state for western economic diversification, I completely remodelled the department in five key themed areas. They included skilled labour training and ensuring that there was a better pathway for the commercialization of the research and development that was happening in western Canada. That included a \$100-million fund to see process developments and prototypes commercialized and put into markets. I worked with first nations communities to ensure that first nations and aboriginal communities in western Canada had equal access to the economic opportunities created in western Canada. I worked to ensure that trading investment opportunities

with new markets were opened up to western Canadian trade groups and producers. I also worked with the western Canadian aerospace sector to ensure that small and medium-sized enterprises had access to our supply chain.

However, I also stood up for my constituents day in and day out and said that the argument around Canada's energy sector was not a good versus evil debate; it is a sector we should embrace throughout the country, because it creates jobs. We also saw the lowest federal tax burden in over 50 years, which increased investment.

I think that is a pretty good record and is one I am more than happy to stand on.

•(1630)

Mr. Alistair MacGregor (Cowichan—Malahat—Langford, NDP): Mr. Speaker, I would like to thank the member for Calgary Nose Hill for her speech. She is obviously a passionate person standing up for her riding.

I would like to let all members of the House know that we all are feeling the pain Alberta is going through. On a personal note, I have a brother who resides in the city of Calgary. He lost his job. I am a resident of British Columbia, and many people who live in my riding depended on the oil boom of Alberta for long-term, prosperous work. We all feel the pain Alberta is going through. It affects not just locals in Alberta but many people from across the country who got jobs there.

My question for the member is whether, in this time of economic uncertainty and the hurt Alberta is going through, she thinks the government would have been better to introduce in its first bill some honest measures to help the people who are going through a tough time by reforming our Employment Insurance Act.

Hon. Michelle Rempel: Mr. Speaker, I am happy to again speak to the comments on employment insurance as a whole. My concern is with the government signalling to employers, especially small businesses, that it is going to increase EI premiums at a time when, clearly, we need to be looking at ways to promote economic growth. That is going to have a huge impact not only on small business growth but specifically on employees. For someone who may have taken a pay cut or was laid off, this means additional money right off their paycheque. It is not something I support. I strongly feel that it is going to be detrimental to the economy and that the Liberals will have to answer for that if they should pass it.

[*Translation*]

Mr. François-Philippe Champagne (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, I am pleased to speak today. I want to begin by acknowledging my hon. colleague across the way, who said:

[*English*]

“Does the government have a plan?” I can assure the House that the government has a plan. We first reduced taxes. I cannot believe that the hon. member would be against that. Nine million people will benefit. Although she is leaving the room, I am sure she will understand that.

The Assistant Deputy Speaker (Mr. Anthony Rota): Order, please.

I just want to remind all members that we do not refer to the presence of other members, whether they are leaving or whether they are here.

Mr. François-Philippe Champagne: Mr. Speaker, I am sure my colleagues on the other side will appreciate that we have a plan. We started by reducing taxes in December. We are going to put the Canada child benefit program in place in the next budget, and we are going to make historical investments in our infrastructure. That is the plan we have.

I criss-crossed the country. I am sure hon. members know that. We went from Moncton to Yellowknife to listen to people. I can assure them that what Canadians expect from us is to invest in our economy.

[*Translation*]

This is a turbulent time for the global economy, a time when the Bank of Japan is resorting to negative interest rates, China is facing a slowdown, the collapse of commodity prices is more than just a blip, and mediocre growth is the new norm. That is how Christine Lagarde, the head of the International Monetary Fund, recently spoke about the mediocre growth around the world.

This is a time when Canada needs decisive measures and a firm hand. It requires leadership in order to make smart investments and tax measures to put our economy on track for growth. That is what Canadians expect from us.

Our government is ready to rise to the challenge. After 10 years of slow economic growth, our government was elected to bring in an ambitious economic program to boost our economy. We are taking meaningful action to manage our economy. We are building a more sound economic foundation by providing tax relief to middle-class Canadians and investing in key economic sectors.

That is what people were asking us to do when I was criss-crossing the country during our prebudget consultations. People want us to invest in innovation, productivity, and in our infrastructure. They want us to diversify our economy and promote our exports.

Our government understands that infrastructure can and will go a long way toward solving our problems in the short term and ensuring prosperity in the long term. We know that investing in public infrastructure is the smart thing to do.

In the fall, we finished a very long election campaign during which Canadians voted for real change in Ottawa. They voted for a clear promise to help the middle class and invest in our country to create economic growth and good jobs.

Canadians made their voices heard. They said that it was time to come up with a new plan and a new economic approach. It is time to invest in our communities and in the things that are part of people's everyday lives, such as public transit, roads, clean energy, housing, and child care.

We need to grow our economy's infrastructure to move forward and prosper. As many members know, infrastructure is much more

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than just structures. It is more than concrete, water pipes, roads, bridges, buses, and railroads. As my colleague, the member for Edmonton—Mill Woods—Beaumont, pointed out, infrastructure is really about people. It is about what enables Canadians to connect in their communities and to play an active role in society and the economy.

When we were doing our cross-country pre-budget consultations, people talked to us about infrastructure, but they also talked about digital infrastructure. They talked about Internet and cell phone connectivity. My colleagues across the way talk about Alberta, but I am from a region that has seen major job losses, like in Shawinigan. Today, people are asking us to make smart investments in infrastructure so that they can participate fully in the economy.

Everyone in the House of Commons is well aware of the significant economic benefits that come from investing in public infrastructure in both the short term and the long term. However, we are also well aware of the power that infrastructure has when it comes to building communities and creating places where we want to live, work, and prosper. During the election campaign, we presented an ambitious platform, and that is the platform that Canadians voted for.

• (1635)

We have committed to doubling federal investments in infrastructure over the next decade. We are betting on and investing in Canadians, and specifically the middle class, in order to stimulate and diversify Canada's economy.

We have committed to investing new funds in three sectors, and they are public transit, green infrastructure, and social infrastructure. We are all familiar with the economic challenges we are currently facing, but strategic investment in infrastructure can stimulate the economy and help build strong, sustainable, and inclusive communities.

That is why the government is committed to working closely with its local partners. We have confidence in their expertise when it comes to establishing priorities in their own communities.

In order to build the infrastructure that Canada needs most, cooperation will be crucial to our success. That is why we have taken the time to go out and meet with Canadians across the country. We went from coast to coast to coast. I even went to Yellowknife to hear the voice of every Canadian. We visited more than 20 towns and cities right across the country, precisely to make sure that the programs we are bringing in are good for Canadians.

In this spirit of collaboration, the Minister of Finance and I held the most comprehensive pre-budget consultations in recent history. More than 146,000 Canadians participated in this process, and this number will continue to increase as online consultations are ongoing.

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On January 11, the minister and I went on a six-day tour in order to speak with as many Canadians as possible. We hosted 26 separate meetings and round tables with stakeholders and Canadians all across the country. In addition to these meetings, the minister spoke to capacity crowds at the Halifax Chamber of Commerce, the Montreal Council on Foreign Relations, and the Surrey Board of Trade, with a total attendance of over 1,500 people. Those Canadians who were not able to meet with the minister or myself in person can continue to share their ideas on the Department of Finance website. We have already received more than 3,000 submissions from Canadians. This evening I will be in the riding of Ottawa Centre to hold pre-budget consultations with my colleague, the Minister of Environment .

As part of our pre-budget consultations, we are talking to Canadians to get their input on how the government can best support the middle class, meet infrastructure needs and help grow the economy, protect the environment, and meet local needs, as well as ensure that the most vulnerable members of our society do not get left behind. It is an ambitious list, to say the least, but one that respects Canadian values of honesty, hard work, fiscal prudence, and generosity.

Canadians will be able to see their contributions when the 2016 budget is tabled. I want to assure Canadians that we are listening and we hope that this renewed interest by Canadians will make a better country for all of us, for our families and for our communities.

No one will be surprised to hear me say that the economy is going through a very difficult period. However, in the face of this real challenge, there is also real opportunity to put in place the conditions to create long-term growth. Canadians asked us to make smart choices, and that is exactly what we are going to do. This growth will create good jobs and help our middle class, the lifeblood of our economy, to prosper. We have a plan to grow the economy, and we have already begun to implement it by focusing on investments that promote economic growth while maintaining a commitment to manage the country's economy responsibly.

We will improve economic prospects for our middle class, which is the backbone of our economy.

● (1640)

[English]

Mrs. Cathy McLeod (Kamloops—Thompson—Cariboo, CPC): Mr. Speaker, when my colleague was running for office, I am sure he knocked on many doors and talked at many community forums where he would have indicated some of his party's key platform commitments, one being that there might be a deficit, but it would not be any more than \$10 billion, and that the Liberals would have the rich pay more and the middle class would benefit, but it would be revenue-neutral. We now know that the deficit will be higher than \$10 billion and we know that this revenue-neutral tax actually will be \$1.4 billion.

How will my colleague explain that to residents of his riding? The Liberals will create a structural deficit, so who will pay that debt in the future?

Mr. François-Philippe Champagne: Mr. Speaker, Canadians understand that when interest rates are low, we invest in the economy to grow the economy. My answer for my constituents is simple. I

told them what we would do with the economy, and that is exactly what we are doing. In December we started our plan by reducing taxes for the middle class. We will have the Canada child benefit program, which will be put in place in the next budget. It will lift hundreds of thousands of children out of poverty. It will help 9 out of 10 families, probably 9.9 in my riding. We will invest in a historical fashion in our infrastructure. That is what we said we would do, and that is what we are doing.

Mr. Gord Johns (Courtenay—Alberni, NDP): Mr. Speaker, before I start, I want to quickly wish my eldest daughter a happy 16th birthday today.

In the member's speech, I did not hear a lot about Bill C-2. He talked about consultation with Canadians and going around the country. We know that the bill benefits 40% of Canadians, those who earn over \$45,000. Those who do not earn \$45,000, which is 60% of Canadians, were they consulted about this tax? If they were, I have a hard time believing that they would support this tax break.

The government has talked about setting its priorities and pushing those forward in the first 100 days. When are 60% of the taxpayers going to become a priority of the government?

● (1645)

Mr. François-Philippe Champagne: Mr. Speaker, I wish the member's daughter a happy birthday. This is a place for serious discussion, but also we have families. I am very pleased that he acknowledged his daughter.

It is very simple. Our tax plan is to reduce taxes for nine million Canadians. We went across the country and spoke with people from all walks of life, small business owners, people from the non-profit sector, and people from universities. We consulted in a way which is unprecedented in our country. People understood that cutting taxes for the middle class, investing in our children, investing in a historical way for infrastructure was the way to kick start the economy and provide long-term prosperity for all Canadians.

Mr. Mel Arnold (North Okanagan—Shuswap, CPC): Mr. Speaker, the member for Glengarry—Prescott—Russell earlier today spoke of the differences in home prices in different parts of the country. In some of those places it is very expensive and hard to get into the market.

Since TFSAs are a very effective savings vehicle for people trying to build their savings and get a down payment so they can get into the market, especially in the high-cost areas, areas where it might be difficult for young Canadians to get into the market, does it make sense to restrict one of the most effective savings methods ever introduced? Would it not make sense to allow Canadians to save for the future?

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[*Translation*]

Mr. François-Philippe Champagne: Mr. Speaker, the answer is quite simple.

We have chosen to invest in the middle class. In 2013, just 6.7% of eligible Canadians made the maximum contribution. When the Conservatives doubled the maximum yearly contribution, it did nothing for 93.3% of Canadians.

During the election campaign, we said that we would help the vast majority of Canadians, the middle class, and that is what we have done. That is exactly what our tax cut does: it helps nine million Canadian taxpayers.

Mr. Pierre-Luc Dusseault (Sherbrooke, NDP): Mr. Speaker, I am pleased to rise today in the House, on behalf of the people of Sherbrooke, who put their trust in me for a second time. Since this is my first official speech in the House in 2016, I want to thank them for their renewed trust in me. It is a privilege to represent them here. I am also pleased to speak to Bill C-2, as national revenue critic for the progressive opposition, the NDP. I will provide a brief explanation of how our opposition to the current government is a progressive and constructive one, unlike the other oppositions in the House.

Bill C-2 amends the Income Tax Act, an extremely important and complex piece of legislation. It deserves all the attention we are giving it today. Earlier, I heard some government members talking about topics that are not in Bill C-2. I will try to stick as much as possible to what is in this bill.

I will start off by saying that my colleagues and I will support Bill C-2 because it has some good things in it. It does have some bad things though, and that is what I will focus on in my speech if the government does not mind. I will spend more time talking about the worrisome aspects of this bill.

The two main points I want to talk about are changes to income tax rates—the tax brackets that will be in effect if the bill passes—and changes to the savings plan known as the TFSA, the tax-free savings account. The bill introduces a change to reduce the limit, making it somewhat lower than what the Conservatives brought in last year.

Let me begin with the new income tax rates. Unfortunately, I had high expectations about these changes, and I was hoping to see some help for the middle class, but that is clearly not what we have here. Wealthy Canadians will benefit from the cuts, but 60% of Canadians will get nothing. That is disappointing. Canadian voters expected a lot from the government, as did I with respect to this first bill. The government promised that the middle-class tax cut would be the first item on the agenda right after the election. It is now clear that our definition of the middle class is very different, which is very unfortunate for Canadians who were so hopeful. They put their faith in the Liberals. They expected a lot from them, but unfortunately, it is clear from this bill that things are well below their expectations—and mine, too.

There is one other thing I just have to mention, something we have been hearing for a while and not just in today's debate. Since coming to power, the government keeps talking about the future. It keeps talking about a plan. It keeps saying that it will do something in the

future and that it is going to tackle this problem or that—soon—and that we should not worry, because everything is coming. However, people need action now. I would have preferred to hear the government begin by talking about right now, talking about what it is doing and bringing in right now.

Unfortunately, in many of today's speeches, the Liberals are still talking about the future, about plans, and about what it intends to do in the future, when people have real needs now and they cannot wait until March or later to see these much-anticipated changes take place.

Why is it that we on this side of the House see that the proposed changes to the tax brackets as less than ideal? The Liberals are tossing around huge numbers, just as the Conservatives did. They are saying that nine million Canadians will benefit from this tax cut. That is a nice number. Everyone watching us at home thinks they are part of that nine million. The Liberals are talking about the middle class. They are saying that nine million people will benefit from a tax cut, but if you look at it a little closer, you see that you have to earn more than \$45,000 a year. If you earn \$45,000, you get only a \$50 reduction. It may bring to mind a nice number when they say they are going to put more money in the pockets of nine million people, but some people might be expecting more than \$50.

• (1650)

It is better than nothing, and that is partly why we are supporting this bill. However, many people are disappointed today because those who benefit the most from this measure have the highest tax rates. Accordingly, those who earn the most income have the most to gain.

Luc Godbout, from Université de Sherbrooke in my riding, is a renowned tax expert who often speaks about subjects we are called upon to discuss in the House. To illustrate that those who had the most to gain were those with the most money, he pointed out that with the new changes, a couple with a combined income of \$250,000 would get up to \$1,120 in tax cuts, whereas a couple with a combined income of \$75,000 would on average get between \$0 and \$4 in tax cuts. My colleague mentioned this earlier. The numbers speak for themselves.

I want to be sure to talk about TFSAs because they are another reason we are supporting Bill C-2. I am talking about the change to the contribution ceiling for this somewhat contentious savings vehicle.

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Many people use them for the right reasons. However, there have been documented cases of people using TFSAs as a way to avoid paying taxes. That is unfortunate because the primary objective of the TFSA is a noble one. Various studies have shown that some people are putting money that does not necessarily constitute new savings into their TFSAs. People are not always putting new money for their retirement into those accounts. Instead, they are transferring other assets into their TFSAs. They are simply transferring assets that they already have from one place to another to try to avoid paying taxes. It is unfortunate that some people have been using the TFSA that way. As many members have said today and as is quite obvious to everyone, only a very small number of people make the maximum contribution to a TFSA, and it is usually the wealthiest people who do.

When the Conservative government announced that it was going to raise the limit to \$10,000, I had a hard time accepting it. I thought it was a bad decision. I am pleased to see that the Liberals are reversing that decision, and that at the very least, they are going to minimize the cost for future generations. It is important to mention that future generations would have had to pay exorbitant amounts if the government had kept the limit at \$10,000. The parliamentary budget officer estimated that the fiscal cost could have reached approximately \$130 billion by 2080. When we talk about future generations, I try to include myself in that. I would like to think that I will still be around in 2080. As a result, this increase in the limit really bothered me because it would have had a direct impact on tax revenue for future generations for years.

We must be careful and look at studies that also ask us to carefully consider what will happen with TFSAs, because this is a recent savings vehicle and it could have rather significant consequences for the tax system. Jonathan Kesselman came up with the idea for the TFSA in the early 2000s and together with a colleague whose name escapes me—I apologize for that—studied the possibility of a tax-free savings vehicle. In the article “Tax-Free Savings Accounts: Expanding, Restricting or Refining?”, which appeared in an issue of the *Canadian Tax Journal* in 2015, Mr. Kesselman presented some options to help the government realize the impact the TFSA could have and ensure that it will be a sustainable program for future generations.

•(1655)

[English]

Mr. Kevin Lamoureux (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.): Mr. Speaker, the member indicated that he would be supporting Bill C-2, and I am encouraged to hear that.

One of the things I would look to him to at the very least acknowledge is the fact that, in good part, the legislation addresses the issue of income inequality, which is very real. Many Canadians want us to address that. In doing so we would be affecting the middle class directly. The middle class would, in fact, benefit by the passage of this legislation.

Would the member not agree with that?

[Translation]

Mr. Pierre-Luc Dusseault: Mr. Speaker, I am pleased that my colleague mentioned income inequality, which is a very important issue for me and, I am sure, for my colleagues as well.

In my opinion, Bill C-2 does not do enough on that front. When Bill C-1 was introduced, we proposed a technical amendment, which would have been very easy to adopt. It was rejected. We wanted to reduce the tax rate on the first income bracket from 15% to 14%.

Everyone probably has their own definition of middle class, but it seems that the government has a rather broad definition. In my opinion, reducing the tax on the first taxable income bracket would have been better for the real middle class. In the NDP's plan, the people who would have saved the most tax by year-end would have been those who earn \$45,000 a year.

Therefore, I am very disappointed that our plan was not accepted, because Bill C-2 will not help the middle class, but rather the upper middle class, if I may call it that.

•(1700)

[English]

Mr. Daniel Blaikie (Elmwood—Transcona, NDP): Mr. Speaker, I tend to agree with the member. My own conception of the middle class probably falls somewhat lower than transferring money from the high six-figure earners to the low six-figure earners, which unfortunately is what Bill C-2 would seem to do.

There are many people now who would have been in the middle class, however one would define that a year ago, but have lost their jobs. We have seen a lot of urgency put on Bill C-2, but not the same urgency put on reforms to the employment insurance program.

Could the member speak to how much that might have helped people who are no longer in the middle class because they do not have employment, but a year or two ago would have found themselves there?

[Translation]

Mr. Pierre-Luc Dusseault: Mr. Speaker, I thank my colleague from Elmwood—Transcona for his question.

It is true that many people had high expectations of this government. They were hoping to see a significant tax cut rather quickly.

The government is incorporating the tax cut into Bill C-2 for people who may not need it as much as others. People were expecting something better than this.

Many Canadian voters are probably now disillusioned with what the government is presenting to them, since all the government does is speak in future tense. Some people are still being left out, and it is important to mention these people, who may not have enough income to pay taxes, in the House. We do not talk enough about these people in the House.

Government Orders

I hope that the government will at least address these issues in the future. I know that I was asking the government not to speak in future tense. However, I urge the government to at least think of those who have lost their jobs, who might be receiving employment insurance, who are not as fortunate as others, or who simply cannot pay taxes because they do not have enough income.

[English]

Mr. Kevin Lamoureux (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.):

Mr. Speaker, it is with pleasure that I rise to address what I think is a very important piece of legislation that we have been debating for the last while. It is important in the sense that we are witnessing the implementation of what I believe is a very significant aspect of an election platform that the Prime Minister of Canada campaigned on, not only for a relatively short period of our summer and leading to October 19, but something about which the Liberal Party had talked for many months while in opposition.

We acknowledge and recognize the importance of Canada's middle class. In fact, members will find that when the Prime Minister was first elected leader of the Liberal Party the term "middle class" started to be talked about and mentioned a whole lot more inside the House of Commons, because that is an issue that he brought to the House and, time and again, has reinforced with great success since his capture of the leadership of the Liberal Party. Through that, we have heard members of all political parties talking more about Canada's middle class.

Let us get back to the election platform. The election platform was very clear that we would change tax rates and that those who make in excess of \$200,000 a year would be expected to pay a little more. If we talk to those individuals, I am sure we would find that a good-sized majority of those people understand the need to pay a little more. After all, it is all about fairness.

Then we have those people in a tax bracket on which we have focused a great deal of attention here in the House for well over a year now. It was incorporated into an election platform that there would be a tax break to the middle class. That is what this bill would do. It would deliver on an election promise that was made and will be kept. That is why we see a sense of pride when members of the Liberal caucus stand to speak to address this particular piece of legislation. It is because we are keeping a commitment.

It would even go a little further than that tax break. Again, the last budget doubled the contribution limit to the TFSA. It was roundly criticized when the then Conservative majority government proposed to double the contribution limit. I argued at that point that doubling the limit was not the appropriate tax break to give to Canadians. In terms of percentages, very few Canadians actually take advantage by contributing the maximum amount to the TFSA, which at that time was just over \$5,000.

I represent a riding that is working class in a very real way, and my constituents do not have \$10,000 sitting around to invest in a tax-free savings plan. They are trying to cope with the economic demands facing them today. We made the commitment back then that we would not be supporting the increase that the previous Conservative government was making. There was wide support for our not supporting it. The previous government of Canada did not

have support from the different stakeholders when it implemented that particular tax break. There was no real support. It all came from the Prime Minister's Office back then. The Liberal Party is correcting a wrong. The contribution limit should never have been increased. This is something that is also incorporated into the legislation we have before us.

I know a lot of people talk about what sort of tax breaks we want to provide to Canadians. Let us recall the debate on income splitting. That was another Conservative idea that did not have the support of Jim Flaherty, members will recall. Do they remember the income split? It was a couple of billion dollars annually to Canada's wealthiest individuals. Who was going to foot the bill? Canada's middle class was going to foot that particular bill. Even Jim Flaherty, the former Conservative minister, recognized the flaw of that Conservative policy. We recognized back then that this was not the type of Canada we wanted to see and that there was a need to reinforce the positive.

This is something I believe is a step in the right direction.

● (1705)

I hear a lot of the Conservatives talking about deficits. This is really something to hear, now, being on the government side. When I was in opposition, we raised the issue of deficits. I raised the issue on numerous occasions. In fact, when they brought in the budget, saying that they had a balanced budget, I made it very clear that it was a bogus balanced budget, that they were fudging the numbers. Members can check *Hansard*. They will see it right there, in black and white.

However, I was not alone. They do not have to believe me. Even the Governor of the Bank of Canada indicated that this was going to be a deficit budget, and that was done in the month of July.

There was no surplus budget handed over to the Liberal government on October 19. That is a deception. We inherited a deficit, much as Jean Chrétien inherited a deficit, and he turned that deficit into a multibillion-dollar surplus.

Then what happened? Then the Conservatives got their hands on the purse again and they turned that multibillion-dollar surplus into a multibillion-dollar deficit within two years. That was even prior to Canada getting into the recession.

Ever since they achieved that deficit, every year since then, they have had a deficit, including the 2015 and 2016 budget.

The opposition will have to excuse me, as I suspect most Canadians realize that the Conservatives do not know how to balance the books. The only party that has balanced the books here in Ottawa has been the Liberal Party, and it has demonstrated that time and again.

I would suggest that we listen to what the Prime Minister has very eloquently said to Canadians, that at the end of the day, today, this is doing a lot for the middle class.

Well, there is a lot more that is coming down the pike.

We can talk about the Canada child benefit program that would be lifting, literally, tens of thousands of children out of poverty. That is a very strong positive.

Government Orders

Imagine a government, now, that is going to take a proactive approach at dealing with some of those important social issues that, again, are going to help Canada's middle class and those aspiring to become a part of the middle class—programs such as housing and the impact that housing would make across all regions of our country, coast to coast to coast, not to mention the hundreds of millions of dollars that would be spent on our infrastructure.

This expenditure on infrastructure would create jobs, real jobs.

The infrastructure program that the Conservatives had was nothing more than an empty shell. They would say they were going to spend this kind of money on infrastructure, but it was years down the line, not when the economy needed it, not when the municipalities were calling for it. They had their own political agenda, in terms of the expenditure of public dollars dealing with infrastructure, when the needs are today. That is what they should have been doing, but they did not recognize that.

This government does recognize that. We are seeing more money invested in infrastructure at a time when Canada most needs that money to be spent in the history of our country, or at least in the most modern history, in the last 40 or 50 years. It is because we believe in building Canada's infrastructure. By building our infrastructure, we are helping the local economies throughout the country in many different ways, not only from a social perspective, but also from an economic perspective.

There is a lot of discussion about oil prices. It is interesting watching the Conservatives yap across the aisle on that particular issue. We should remind them what the price of oil was when they were in office. It was \$110. When they left, before October 19, it was at maybe \$30. I might be a little bit off.

Where were all those Alberta members of Parliament? They were nowhere to be seen. I can tell members that the Alberta members of the Liberal caucus are very vocal, as they understand, as all the Liberal caucus understands, the importance of what is taking place in Alberta.

• (1710)

We are going to do for Alberta what we do for other provinces. We are not only going to demonstrate that we care, but we are going to invest. By strengthening Canada's middle class, we will be strengthening the economy, and all of us will benefit by it despite what the Conservative opposition might have to say.

Mrs. Cathy McLeod (Kamloops—Thompson—Cariboo, CPC): Mr. Speaker, the hon. member has never let facts get in the way of his speeches in the House, facts from the parliamentary budget officer and the finance officials' own report as of November, and facts from the Auditor General in terms of the rollout of the stimulus plan.

The member did start off his speech earlier talking about a promise he made to his constituents, talking about the commitment the Liberals are going to keep. Did he also promise them that it was only going to be a \$10-billion deficit? That was also a promise. Is he going to break that promise?

Even though the Liberals have not been able to define middle class yet, did the member tell his constituents that the so-called tax

swap of raising the taxes on the rich and giving the middle class a break was going to cost \$1.4 billion and add to the structural deficit of his government?

Mr. Kevin Lamoureux: Mr. Speaker, I did tell my constituents the truth, the truth being that the Conservative government had a significant deficit for 2015-2016. I also let them know that it was not just me saying that. The Governor of the Bank of Canada, who is an apolitical individual, made it clear back in July that there was a deficit situation, and we are not talking about thousands of dollars but rather about hundreds of millions of dollars.

There is a lot to be learned. I would suggest to the Conservative Party that it reflect on its past behaviour in regard to balancing the books. You never really achieved a balanced book, unless of course we take into consideration the very first budget when you first took office immediately following Paul Martin's defeat. He handed you a multi-billion-dollar surplus. That is the only time you actually had a surplus. Outside of that, it was deficit after deficit. We do not have to take any advice from the Conservatives with regard to financial management.

Under this Liberal government we will achieve a balanced budget at some point.

• (1715)

The Assistant Deputy Speaker (Mr. Anthony Rota): I want to remind the hon. member and all members to speak through the Speaker and not directly across the floor.

The hon. member for Elmwood—Transcona.

Mr. Daniel Blaikie (Elmwood—Transcona, NDP): Mr. Speaker, the hon. member mentioned that many people in his riding do not have \$10,000 a year to contribute to a TFSA, and I am sure he is right about that. He is right about that in part because so many people in his riding do not make the \$45,000 a year that they would need in order to qualify for the Liberal tax cut in Bill C-2.

I am wondering if he could get up and explain to the House why it is that he will not support the NDP proposal to give tax breaks to people who make under \$45,000 a year. Will he admit that he would be doing more for more people in his constituency if he supported our plan over what is presented in Bill C-2?

Mr. Kevin Lamoureux: Mr. Speaker, I acknowledge and I appreciate what appears to be NDP support of this particular piece of legislation. It is a smart thing to do.

The member and I both come from Manitoba. I have been watching and listening to the NDP provincial government for over 15 years now. I have looked at its taxation policies and I have listened to some of the points it has raised with respect to some of the social conditions in the province of Manitoba, such as trying to get children out of poverty. It is not a position of pride, but Manitoba literally has the worst position of any other province in Canada on a per capita basis. That is one of the things that I would caution the member about.

Government Orders

In terms of taxation policy, when NDP members here talk about corporate tax breaks, they might want to reflect on what the Manitoba NDP, which has been in power over 15 years, has done with respect to reducing corporate tax rates. In part, we have the NDP in opposition versus the NDP in government, and certain taxation policies.

I would like to think that the responsible approach that I see at times from New Democrats is what we are seeing in this debate on this legislation, in the sense that they are supporting a good piece of legislation, and I am glad to see that.

Mr. Tom Kmiec (Calgary Shepard, CPC): Mr. Speaker, I am thankful for this opportunity to speak on behalf of my constituents. Like I did last time when I spoke on energy east, I am going to use a Yiddish proverb: the heaviest burden is an empty pocket. Lowering the tax on the middle bracket and hiking taxes on savings would empty the pockets of my constituents.

With this bill, the government would also defer taxation to another generation, because, by its own admission, it will run big deficits well into the future. Why are we punishing savers? The tax cut has the biggest impact on the highest income earners. They get full advantage, whereas others would get pennies on the dollar. Most importantly, the government's economic plan seems to involve sacrificing energy and resource jobs to satisfy and mollify opponents of major energy infrastructure projects. A Canadian without a job pays no income tax, and that is the truth for many of my constituents right now who are out of work. They cannot contribute to the national coffers, but, more importantly, they cannot do anything for their families, their loved ones, to earn income to pay for their daily expenses.

Albertans understand the value of thrift and frugality. I do not see those values on that side of the House. I see an insatiable appetite for deficit spending and debt bingeing. The Bill C-2 tax plan further offends the principle of equal pay for equal work. Let me explain.

Let us take two of my constituents, both welders. Many of my constituents happen to work in the trades. One of them works a standard 40-hour week and opts to forgo overtime to stay home with his family and take up coaching on weekends. The other welder decides to work seven days a week, three weeks on, one week off, and spends 14 or 16 hours per day working. This welder gives up time with his family, his kids do not see him, and it strains his marriage. Why does he do it? He does it because he believes it is worth the sacrifice for the reward. That is not an exception in Alberta.

Many families over the past decade have struggled with this choice between a higher income and the quality of life that it brings and family time at home. There exists no practical scheme of averaging incomes that can do justice to the author or inventor, artist or actor, or tradesman, who either sacrifice a few years with their family or reap the rewards of their craft after decades of effort in a few short years. Their extra effort is taxed more in those years. The income after tax does not purchase as many goods and services for their effort.

The purchasing power of these two welders varies significantly and the effort that each expends for the work should be fairly addressed by our income tax system. The tax scheme proposed in

Bill C-2 punishes them all. Why are we punishing professionals and tradesmen who work extra hours, sacrifice their weekends with their families, and contribute more to our common prosperity? How fair is this? Bill C-2 punishes success and hard work. It says no to extra effort and to greater endurance at work.

Like other members have said, we know from the parliamentary budget office that the tax plan partially set out in Bill C-2 is not revenue neutral. The budget office confirmed what Conservatives have always been saying, and have repeatedly said today, which is that this tax plan, if we can call it a tax plan, would create an \$8.9 billion budget hole by fiscal year 2020-21. The deficit spending of today is simply the deferred taxation of tomorrow. It is a tax hike of tomorrow on our children's futures.

In January 2009, the Conservative government announced a \$63-billion economic stimulus. The opposition then crowed that it was not enough. It took many years of stewarding the economy and careful spending reductions to wrestle that deficit to zero. In fact, the "Fiscal Monitor" published by the Department of Finance showed that the outgoing Conservatives left the Liberals a \$400 million surplus. That was in November. They are welcome.

Members on the other side of the House accused us of running deficits for the stimulus that they were demanding in 2008-09, the stimulus they threatened to bring down the government over. They wanted more spending, a bigger deficit, and more debt. Now they are about to embark on a spending spree with the taxpayers' credit card, totalling \$125 billion over 10 years. This excludes, of course, all the other ill-thought-out promises they made in their platforms. It also excludes any potential emergencies, new policy initiatives, or new operating costs associated with this new public infrastructure that will be built, and on and on.

I am concerned that the government plans to run massive, long-term structural deficits, which would increase the tax burden on future Canadians and leave Canada more vulnerable to economic headwinds or economic shocks. It seems the answer from the other side of the House is that the next generation can pay.

I truly believe the worst part of this bill is the slashing of the TFSA in half. We know that 75% of tax-free savings account holders earned less than \$70,000 in 2013. Nearly 700,000 seniors have a tax-free savings account.

• (1720)

It was the number one issue brought up to me while I was enjoying the Calgary Stampede, serving my constituents in New Brison, Cranston, and Auburn Bay. The number one issue that they brought to my attention was how much they enjoyed using the TFSA to plan for their future.

Government Orders

Past Liberal members of this House in 2008-09 criticized the TFSA when we introduced it for the first time as only for the 1%, but Canadians have proved them wrong. They were wrong then and they are wrong now. In fact, 11 million Canadians took advantage of the TFSA and said that the Liberals were wrong.

It is not just for retirement. It is also an excellent saving tool in general, because when done right, it allows Canadians to save tax-free. The TFSA can be used to save for a post-secondary education, for a new car, to start a small business, or even for a down payment for a home. Here I think we can extend the analogy a little bit to buying a house.

An individual's investment in it is like a TFSA. An individual can pay for their house out of after-tax income, but any gains on the sale of a principal residence are tax-free. If the individual cannot afford a house as an investment vehicle, the TFSA serves that role admirably. It is that intermediary goal between owning a house and something else as a savings tool.

Some Canadians use the TFSA to save for emergencies, and we in Calgary have experience with that. A BMO survey in September 2015 found that 66% of respondents had less than \$10,000 available in an emergency. It is not about maximizing the use of the tax-free savings account. I understand many Canadians cannot reach the maximum, but it is about choice. It is about freedom of choice. It is about flexibility. It is about humility from the government to admit it does not have all the answers, and Canadians know best how to save for themselves.

Canadians understand their own personal needs much better than we do in this House, and some Canadians have chosen RRSPs. On average, 30% set aside money in an RRSP every single year, but 11 million Canadians have chosen a TFSA as their retirement service of choice.

• (1725)

[Translation]

Like many parents, I spend a lot of time trying to teach my kids the fundamentals of the economy so that they will understand the importance of saving their money, their income.

[English]

I will spend decades rewarding good behaviour and reminding them why it matters. We spend a lifetime teaching this to our children, but the government sends the opposite message when it slashes the TFSA. We have spent years promoting financial literacy at the federal level, and we prize financial literacy in our students, yet when it comes to creating and preserving efficient savings vehicles that facilitate savings, we slash them in half.

I wholeheartedly reject the notion that the TFSA has a public cost associated with this, as a cost to the treasury. We are taxing the savings of Canadians. It is not a cost to government. It is an unfair tax on those Canadians who want to save. It is taxing thrift and frugality. It is taxing those who plan for themselves and make choices for their own future. By slashing the TFSA in half, the government is simply moving the cost to private households, and that is wrong.

[Translation]

In closing, I heard someone on this side of the House say that this bill was an election promise, so the government has to go ahead with this ill-advised plan. However, one aspect of leadership is the ability to adapt to changing conditions. Conditions have definitely changed, especially in my province, Alberta. Cutting TFSA contributions is not a show of leadership. Instead, it will hurt Canadians' ability to save. Under a previous Liberal government, led by this Prime Minister's father, Canada's net debt rose from \$18 billion to \$206 billion, from 24% to 43% of GDP.

I encourage all members to vote against this bill. Canadian families are not here to support the government's frivolous spending.

[English]

Mr. Ken Hardie (Fleetwood—Port Kells, Lib.): Mr. Speaker, it is interesting to hear all the concern about future generations. When Joe Oliver was the finance minister and he was challenged on the increase in the TFSA limit and how that would de-fund governments in the future, he said that was up to Stephen Harper's grandkids to worry about. So much for that.

On financial literacy, remember the income splitting where 65%, \$3 billion to \$4 billion a year, would have gone to Canada's wealthiest people? At least some know how to read it. De-funding government over 10 years and yet spending us into the ground is the legacy of those guys.

The deficit the Conservatives claim to have eliminated, as close as they got and they did not get all the way, was done on the backs of veterans, on the basis of a fire sale of GM stocks, a one-time only thing, at a loss. Financial literacy, I do not think so.

Now with things going down the tube in Alberta, Nova Scotia and Saskatchewan, the Conservatives want the Liberal government to help after they have done all they can to weaken the government over the past 10 years. Therefore, which is it? Allow the private people to look after themselves and deprive the government an opportunity to help them when they need it, or—

The Deputy Speaker: Order, please. We just have five minutes for questions and comments, so I will interrupt the hon. member there. I think we have the question and the comment out.

I would remind hon. members that the right hon. member for Calgary Heritage remains a member in the House. I remind hon. members not to use the given or family names of other hon. members, but to use either their title in the case of parliamentary secretaries or ministers, or the riding names in the case of all other members.

The hon. member for Calgary Shepard.

Government Orders

Mr. Tom Kmiec: Mr. Speaker, I would like to reacquaint the member with the facts, and he may want to talk to the Minister of Finance about this. The “Fiscal Monitor” published by the Department of Finance showed that there was indeed a surplus that was left by our government.

We have no excuses to make on this side of the House. We have a very good record. We have left Canadians with the lowest tax burden in 60 years, and 11 million of Canadians take advantage of the TFSA.

My constituents want the government to get out of the way of private business and workers. Energy workers are good at their jobs and proud of their craftsmanship in their trades. They know how to build pipelines. They know how to work on energy projects all across Canada. They do not need the government putting in more red tape that is completely unnecessary at a time like this.

According to the OECD, Canada has a lower than average tax burden than other OECD countries. That cannot be achieved without practising financial literacy in government and we did just that.

• (1730)

[*Translation*]

Hon. Steven Blaney (Bellechasse—Les Etchemins—Lévis, CPC): Mr. Speaker, I thank my colleague from Calgary Shepard for his excellent speech. Two things really stood out for me, and I want to ask him a simple question.

The government is racking up debt and penalizing low-income families with increased spending that is going to create deficits. Its tax cut is going to send us \$8.9 billion into debt and will help only the wealthy.

It is cutting taxes for the rich and, by reducing people's ability to save in the long term, it is depriving them of a tool that helps them meet their own needs in the future.

Is it not troubling to see the Liberal government creating massive debts for future generations by making these bad decisions and taking away a tool for saving, which puts their future at risk?

Mr. Tom Kmiec: Mr. Speaker, I thank the hon. member for his question.

I did skip one little paragraph in my speech because my time was running out. I would also like to say that my constituents work hard for their money. Telling them that their tax-free savings account is going to be eliminated is disrespectful.

The marginal tax rate in Alberta is currently over 50% for some taxpayers, including many professionals and skilled workers, such as doctors and dentists.

[*English*]

They are in the trades and they earn a very strong income because they work extremely long hours on very long shifts. They sacrifice time with their families knowing that at the end of the day they can better the quality of life of their families and grow their prosperity. It is important to remember that this has a real impact 10 to 30 years down the line when they will be thinking about whether they will have enough to retire and enough to share with their children to ensure they will have an education, or to buy a car so they can get to

school or university. It has a real impact on them and that is who I am thinking about.

[*Translation*]

Mr. Xavier Barsalou-Duval (Pierre-Boucher—Les Patriotes—Verchères, BQ): Mr. Speaker, I am pleased to participate in today's debate on Bill C-2, the government's tax bill. I would like to begin by saying that we will vote for this bill.

We will vote for this bill, but not because it is excellent; it is not. It is actually rather insignificant, but it is slightly less bad than the status quo that the Conservatives and the NDP were championing during the recent election campaign.

This bill gives effect to the ways and means notice that was hastily tabled before the holidays as a gift to taxpayers. It implements just one of the tax measures that the government promised, and not necessarily the best one.

Objectively, there is little or nothing to justify separating this tax measure from the other tax measures in the upcoming budget and rushing to introduce it before Christmas, nothing but partisan motives.

The government had to do something, anything, to convince people that it intended to keep its promises. It had to do something, because the Liberals have a long history of failing to make good on promises.

The previous Liberal government promised to abolish the GST. It did not. It promised to tear up NAFTA. It did not. It promised to be the government of honesty and transparency. It gave us the secret national unity fund, the sponsorship scandal, and Alfonso Gagliano as minister in charge of government operations. It promised to be the government of growth. It cut transfers to the provinces so drastically that it practically sent Quebec into bankruptcy.

The government had to do something, anything. That something is Bill C-2, which we are currently discussing.

Taxation should be looked at as a whole. It is only by looking at all the tax measures, tax credits, exemptions, benefits, in fact all tax measures, that we can measure a government's performance when it comes to wealth, the middle class, families, and those who are hurting, struggling to pay their bills and make ends meet.

Here we have a government proposing a measure in isolation that will affect a minority of people. This bill proposes to raise taxes on those who drive a Bentley in order to provide relief to those who drive a BMW.

Above \$200,000 of taxable income, the marginal tax rate jumps to 33%. This increase will affect the richest 1.4% of taxpayers. No one can disagree with that. The wealthiest 1%, in particular the wealthiest 0.1%, continue to hold a growing share of our society's wealth. That is a problem. They are holding an increasingly larger slice of the pie, while the middle class and other classes continue to get poorer.

Government Orders

On the other hand, Bill C-2 would drop the tax rate for incomes between \$45,000 and \$90,000 from 22% to 20.5%. The government claims that this mini-reform will provide relief to the middle class, but the kicker is that this measure does not provide any relief to the middle class. According to figures from Revenu Québec, 74% of Quebec taxpayers earn less than \$50,000. These people are the ones who really need a break, but Bill C-2 will not help them. The bill does nothing for most of the middle class, for most of the people who are represented here. Instead, this bill will help the majority of the people here in this chamber, who will be able to take full advantage. All of us here, in the House, will benefit from this bill.

According to Revenu Québec, only 5.2% of Quebec taxpayers earn more than \$100,000. I find that this government has a rather strange view of the middle class.

Furthermore, the parliamentary budget officer believes that those subject to the tax increase will take steps to avoid it by changing how they report their income. In the end, the government will lose out. We know that without measures to combat tax havens, Bill C-2 will be ineffective for the most part.

As I mentioned, passing this bill will lead to a slight improvement over the status quo. However, it is not this bill, which is nothing more than a public relations exercise, that will determine whether this government really plans on helping the middle class and people of modest means. It will be the next budget.

• (1735)

The next budget will reveal whether the government really supports families by providing its new benefit, collecting enough taxes from those earning more than \$100,000—such as MPs, especially by eliminating certain measures—helping seniors by increasing the guaranteed income supplement or by indexing pensions, and looking after the unemployed by making changes to the employment insurance fund and not plundering it, as has been done over the past 20 years.

There is another problem with taxation. I honestly do not think that the government is going to tackle this problem, and I do not believe that the other parties would tackle it if they were in power. I am referring to the fiscal imbalance. The federal government takes approximately 50% of tax revenue in Canada, but provides virtually no services. Consequently, it needs more money than necessary to assume its responsibilities. There are two consequences.

First, the federal government does not need to manage its money properly because it already has too much. Look at what happens when it starts to manage its services. It costs 150% more to handle an employment insurance claim in Ottawa than it does to deal with a claim for social assistance in Quebec. It costs 100% more to take care of a patient in a Veterans Affairs Canada hospital than it does in a hospital in Quebec. At that rate, we would go bankrupt if Ottawa was responsible for health.

Second, the provinces can barely keep their heads above water. While the federal government is spending \$50 billion to build ships, and is also thinking about buying F-35s, Quebec universities are thinking of cancelling their subscriptions to scientific journals just to save a few pennies.

Nevertheless, I am convinced that if we were to ask the people of Quebec to choose between a good education and an F-35, the choice would be obvious. Unfortunately, they do not have that choice because the system for sharing tax revenue in Canada is broken and because the federal government has enough revenue to poorly manage its own jurisdictions and to stick its nose where it does not belong.

Since Canadians control the joint account, they claim the right to decide how Quebecers will organize their own society even in areas where we are already supposed to be sovereign under the Constitution. That is a serious problem that is only going to get worse.

Since it is Quebec that will have to foot the bill for the aging population, our government, like all other provincial governments, is at risk of crumbling under the weight of the health care system, unless it brings in permanent austerity measures and shrinks the government.

The federal government will not be affected, and it will start raking in an obscene surplus. The parliamentary budget officer and the Council of the Federation have stated that, 20 years from now, Ottawa will have paid back its entire debt accumulated over 150 years, but the provinces will all be virtually bankrupt. It is clear that from a taxation perspective, Canada is not working at all. This is creating tension and pointless quarrels, and it is depriving my people of the freedom they need to grow and flourish.

There is obviously one government too many in this equation. We think the superfluous government is the federal government. We will have to tackle this problem one of these days, and the sooner, the better. We have put off the inevitable long enough. The Bloc Québécois will make sure it happens.

• (1740)

Mr. François-Philippe Champagne (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, I enjoyed listening to my hon. colleague, except for his political manifesto. It is time to set the record straight.

[*English*]

To say it in English, we need to set the record straight.

[*Translation*]

First of all, I applaud my hon. colleague's intervention, since he indicated that the Bloc Québécois plans to support Bill C-2. That is the right thing to do. This bill will help the middle class.

When I heard my colleague use a word like “insignificant” to describe a bill that will lower taxes for nine million Canadians, I found that insulting, especially in this House, to the middle-class people I represent from Saint-Maurice—Champlain, which has one of the lowest per capita disposable income averages in Quebec. When the government shows that it cares about the middle class by proposing a measure that will reduce taxes for nine million Canadians, that is not insignificant.

Furthermore, my hon. colleague must have noticed that the measure set out in Bill C-2, the middle-class tax cut, was merely the first step. The upcoming budget will include the Canada child benefit, which will benefit nine out of 10 families.

Government Orders

While the federal government is taking steps to help the middle class, what would my colleague propose to help the middle class?

Mr. Xavier Barsalou-Duval: Mr. Speaker, I thank my colleague opposite for his comments and question, although the question was hard to understand.

He mentioned two things in his comments that I want to address. The first is that this is the first step toward the upcoming budget. As I said in my speech earlier, we do not understand why, with just two months before the budget, the government did not just include the first step in the upcoming budget. Why the smoke and mirrors and the gifts just before Christmas when it could have simply incorporated these measures in the budget? From where we are standing, this is nothing more than a public relations and marketing scheme.

The second thing is the child tax benefit that will be included in the upcoming budget, as the government announced. It is too bad that the benefit the Conservatives enhanced was not made non-taxable. Instead, families having a hard time making ends meet will be taxed on the benefits they received during the year. We think that makes no sense. The government should have eliminated the tax on that benefit.

• (1745)

Mr. Anthony Housefather (Mount Royal, Lib.): Mr. Speaker, I thank my colleague for his speech. I also thank him for saying that he supports Bill C-2.

I understand that your political party believes that Quebec should be an independent country. In your speech, you said that Quebec did not need the federal government and that our people were trapped in a federation. Twice, in two referendums, our people voted to remain in Canada.

After two referendums and a number of provincial and federal elections in which our people decided to stay in Canada, why do you still believe that the desire and will of the people of Quebec are not respected?

The Deputy Speaker: I remind hon. members to direct their comments through the Chair.

The hon. member for Pierre-Boucher—Les Patriotes—Verchères.

Mr. Xavier Barsalou-Duval: Mr. Speaker, I want to tell my colleague opposite that, with respect to Quebec's independence, not a single Quebec premier has signed the Constitution since it was forced on Quebecers in 1982. No one has accepted the situation that Quebec is in. We are in a kind of no man's land. Ottawa continues to impose things on us that we never agreed to. The best example is the pipeline.

A number of studies, which were swept under the rug, have shown that the federal government went well beyond its allowed spending for the 1980 and 1995 referendums. It cheated and did not follow the rules.

[*English*]

Ms. Yasmin Ratansi (Don Valley East, Lib.): Mr. Speaker, it is my pleasure to rise today to speak in support of Bill C-2, An Act to amend the Income Tax Act. As stated on January 29 by my hon. colleague, the member for Toronto Centre, Bill C-2 would help

strengthen and grow the middle class, as promised in the government's election platform. Bill C-2 would deliver on that promise.

All hon. members of the House have heard about widening income inequality. On January 1, 2016, Canada's highest-paid CEOs had already earned what most Canadians earn in an entire year. With this growing gap between extreme ends of the income scale, the people who are squeezed the most are the people in the middle-income group. They are the Canadians whose real take-home pay packages have been declining, and these are the Canadians who contribute to the economy and pay their taxes and spend money so the economy can keep growing. This is the group that we would like to address with our tax cuts.

My colleagues and I have been conducting town hall meetings for this pre-budget consultation. We have engaged thousands of people and continue to do so. Resoundingly, the people who have attended the town halls have been telling us that the tax cuts we are proposing are a good move. It is the first move toward prosperity for all. However, constituents also know that the rhetoric from the Conservatives is just that. It is filled with fallacy. So they want me to get some facts right.

The Conservatives had the worst job-creation record since 1946, the worst economic growth in G7, and the worst budget deficits, with some eight deficits in a row. According to Mr. Jim Stanford and Jordan Brennan, "it turns out that the economic record of the [previous Conservative] government is actually the worst of any government since World War II—and by a wide margin".

The first order of business this government therefore undertook, as promised in our platform, was to cut taxes for a majority of Canadians. We promised to invest in infrastructure, in physical and social infrastructure as well as green technology. Throughout the debate today, the Conservatives have been talking about job losses and want the Liberal government to clear up the mess the previous Conservative government created over 10 years. We are not magicians; in 10 weeks we cannot do that. However, there is something that we can all do together. As a person who works in the financial field, I always advise my clients to diversify and not to put their eggs in one basket. This is common sense. Unfortunately, the previous Conservative government did not believe in wider diversification.

The resource industry is an important industry, but it also needs investment in research and development to help it diversify. If the previous government had diversified the energy sector, the creative people who are intelligent would have been able to move to different areas of work, like in the clean-technology environment, and we would have maintained our market share of the clean-energy sector, which was at 74%, but we have lost it.

Government Orders

Canadians are intelligent, smart, and resilient. Therefore, we would like to improve economic growth for everyone by working with everyone. I hope the hon. members opposite will support this because it is a move in the right direction. We said that we would cut taxes for 90% of the people, invest in infrastructure, create good jobs, and invest in children.

• (1750)

Bill C-2 helps these Canadians directly by lowering the income tax rate they pay. The passage of Bill C-2 would reduce the income tax rate from 22% to 20%, and this change alone would benefit approximately nine million Canadians whose taxable income is between \$45,000 to \$90,000. I personally know many people in my riding of Don Valley East who would benefit from this well-deserved tax cut.

In my riding, the majority of people do not earn more than \$50,000. That is what we call the “middle income”. They need the help, and with our tax cuts plus the investment in the Canada child benefit, people will move out of poverty and into economic prosperity, which will help them pay taxes and help the economy grow.

Several international organizations, such as the World Bank, the IMF, and the OECD have concluded that growing income inequality is a hindrance to economic growth. In its report entitled “Alternative Federal Budget 2015”, the Canadian Centre for Policy Alternatives found that the top 1% income earners in Canada pay less in income tax than the poorest 10%. That is unfair, which is why we have created a new category for that 1% earning \$200,000 and more.

Our government has taken the bold step of bringing about a progressive taxation system. I have been to many think tanks, and as a tax consultant myself, people have been telling me that the boutique tax cuts that the previous government made deprived the treasury and benefited only a handful of people, and that is totally unfair. It is why we see ourselves in the situation we are in. It is because the previous government lacked common sense or economic sense.

The other aspect of Bill C-2 that I would like to address is income splitting. There has been much misunderstanding on this, and I will set the record straight.

Bill C-2 does not apply to pension income splitting for our senior citizens. The repeal of income splitting will only apply to a small group of families. According to the commentary from the C.D. Howe Institute, only 15% of the population benefits from this, which is why the late Jim Flaherty, the minister of Finance for the Conservatives, did not believe in it.

Bill C-2 contains critical building blocks, which are necessary to restore fairness and progressiveness in our income tax system. It would provide our government with revenues that would otherwise have been hidden from taxes to invest in people and make the economy grow.

• (1755)

Ms. Rachel Blaney (North Island—Powell River, NDP): Mr. Speaker, young families across the riding are waiting for help. The reality is that child care in my area is well over \$700 per child a month, and the lack of spaces leave families struggling.

During my time knocking on doors, I met several women who quit their jobs because they could not find daycare or because they were simply working to pay for the daycare. They shared their concerns with me about saving for a home or saving for their child's education, and they were feeling that they would never get out of poverty. The bill would not help families with concrete child care seats, which is real help.

Will the member share the Liberal plan for real child care seats for Canadian families?

Ms. Yasmin Ratansi: Mr. Speaker, I thank the hon. member for her question, but I believe that she has not been in Parliament long enough to remember that in our budget of 2004-05, we brought in the child care spaces, but that was defeated by the NDP. This would have been progressive, and we would not be facing the problems we are today.

However, we have now tried to make it more equitable by giving the Canada child benefit to those families who deserve it rather than to millionaires who do not deserve it.

Hon. Kevin Sorenson (Battle River—Crowfoot, CPC): Mr. Speaker, I was not going to stand to ask a question today, but the member's last comment troubled me when she said that they were going to give it to the poor or middle class who deserve it and not to the wealthier Canadians who do not deserve it.

That seems to be the Liberal philosophy, that if people have worked hard, if they have succeeded, if they have played by the rules, they do not deserve a tax break.

If we take all the workers in Canada and take the top 50% of workers and the bottom 50% of wage earners in this country, the top 50% of earners pay 96% of all federal, provincial, and territorial taxes. They are working hard. They are succeeding.

I would like the member to comment on why they do not deserve it.

Ms. Yasmin Ratansi: Mr. Speaker, I thank the member for his passion.

We continually hear fallacies from that side. If we look at the income tax returns, the 1% that are the top earners do not pay their fair share of taxes. They do not need a handout from the government. That is exactly what the economic policy of the previous government was: give handouts to its friends and let the poor get poorer.

We want to reverse that situation.

Mr. Kevin Lamoureux (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.): Mr. Speaker, the member speaks very passionately about the issue of income inequality.

Would the member provide her thoughts with respect to how important it is that we get this right? The issue of income inequality is addressed inside this legislation by ensuring that there is a better redistribution through Canada's taxation policy. The middle class will in fact be the beneficiary of this. By voting in favour of this legislation, whether they are on government benches or on the opposition benches, members are saying to Canadians that they support tax reform that gives strength to Canada's middle class.

Government Orders

• (1800)

Ms. Yasmin Ratansi: Mr. Speaker, our tax system at the moment is a confusing one. If one is not a tax expert, one has no idea what is going on.

I think it is important that what we are proposing is a progressive tax system, not a regressive system that benefits only a few. Progressive means that on a gradation, those who earn the least pay the least in taxes.

Mr. Jamie Schmale (Haliburton—Kawartha Lakes—Brock, CPC): Mr. Speaker, I would like to thank the hon. member for Milton for leading Canada's official opposition on this file as our finance critic.

I can say without hesitation that Bill C-2, as it stands now, would have a significant effect on the lives of Canadians. While the Liberal members opposite would argue that the bill would benefit Canadians by lessening taxes on the middle class and increasing taxes on wealthy Canadians, the bill would in fact hurt Canadians more than it would help.

Do not misunderstand me. As a Conservative, I am very much in support of keeping Canadians' hard-earned dollars in their pockets. Our Conservative government endeavoured to do just that. It let Canadians keep more of their hard-earned money. We have a proud legacy of tax fairness and cutting taxes. While in office, our Conservative government reduced taxes more than 140 times. We did so through targeted measures that were responsible and consistent.

However, there is a significant difference. Bill C-2 would end up costing \$8.9 billion over the next six years. Do not just take my word for it. A parliamentary budget officer's report, "The Fiscal and Distributional Impact of Changes to the Federal Personal Income Tax Regime", says the exact same thing. The PBO made it clear that these changes would lower taxes for a significant number of Canadians and increase them for just 1.5% of the population, which would result in a cost of \$8.9 billion to Canadians over six years.

The PBO estimates that the tax changes would cost \$400 million this year and \$1.7 billion in the subsequent years. Since the government inherited a \$400 million surplus, it has squandered the surplus already. I hear jokes already, but it is in the PBO report. This happened in only four short months.

How can the government claim that it is a good idea to commit more money to programs and tax breaks when it is not fiscally responsible to do so? We all know that eventually the money does run out. There is only one taxpayer. I am interested to know what the Liberals have planned at that point. Would they increase taxes on Canadians, or would they cut service levels? Perhaps they would cut some programs altogether. Perhaps they could leave this mess for our next generation to deal with. However, the next time I speak with the students in my riding, whether they be from Lindsay, Kennington, Haliburton, or Millbrook, I guess I should warn them to start saving now since they will be paying not only their bills but ours as well.

Many of my colleagues have gone through the amendments in the bill thoroughly so I will not rehash all of them, except to say that an extra \$6.34 a week for those individuals who qualify is not enough income to grow the economy, nor does throwing money at the

middle class stimulate growth and innovation. I am suggesting that the government should be less worried about the income tax rate and focus more on creating jobs so more people would be paying in. These modifications to the income tax rate hardly qualify as significant tax relief for Canadians, and come with a much larger price tag. The Liberals promised that their tax plan would be revenue neutral, and clearly it is not. This is yet another example of broken Liberal promises.

A tax hike for the wealthy, they say. The new Liberal plan would raise taxes on higher income earners, those who traditionally create jobs and grow our overall economy. By increasing taxes on these job creators, we are discouraging success, while doing nothing for those making less than \$45,000 a year. Many in my riding are in that category.

I will now touch on how the changes to the tax-free savings accounts, or TFSAs, come into play. Tax-free savings accounts allow Canadians to set money aside in eligible investments and watch them grow tax-free. While meeting with my constituents, many of them spoke to me about the value of their tax-free savings account. Whether they used it for saving for a child's tuition fees, a home renovation, opening a small business, or saving for a family vacation, all of these constituents were able to use their tax-free savings account to save their money. Their savings, in turn, stimulate the economy, whether it is paying for the costs associated with university or college, paying a contractor for home renovations, or buying supplies to open up a business.

In my riding, the towns and communities are driven not only by agriculture but also by tourism. Whether it is places like Sir Sam's ski hill near Eagle Lake, Happy Days Houseboat Rentals in Bobcaygeon, or even Emily Provincial Park near Omemee, these and many other small businesses across my riding and across the country could benefit from an increase in tourism.

• (1805)

Giving Canadians a mechanism in which to save money can and will stimulate the economy. I would be remiss not to mention that this bill still leaves \$5,500 in contribution room. However, why put such a low cap on a program that not only helps Canadians and their families, but also benefits the wider community?

The members opposite have argued that TFSAs only benefit the wealthy. However, we all know this is not true. The majority of tax-free savings accounts belong to low and middle-income earners. In fact, two-thirds of tax-free savings accounts are held by people with incomes less than \$60,000. Why is the government trying to limit the choice of Canadians on how they choose to save their money?

Government Orders

Canadians are taking on a significant amount of debt lately. Instead of trying to help, the government is taking away one of those methods in which they can save. Bill C-2 would increase the national debt, penalize those who have worked hard and prospered, while also limiting the amount that Canadians can save, while doing nothing for those earning less than \$45,000 a year.

The Liberal government inherited a \$400 million surplus. We, as the official opposition, will continue to protect the hard-earned money of Canadians from the high-tax, high-spend agenda of the government. We all know we cannot spend our way to growth, and we cannot tax our way to prosperity.

I look forward to questions from my colleagues.

Mr. Mark Holland (Parliamentary Secretary to the Minister of Democratic Institutions, Lib.): Mr. Speaker, I am confused by the zeal with which he talks about never running a deficit, given that the previous government ran so many deficits, including a deficit to run its so-called economic action plan, the efficacy of which could be challenged.

In reviewing the history of where we have come, in 1993, *The Wall Street Journal* called Canada an honorary member of the third world. It said that our economy was a basket case, that we had the worst debt-to-GDP ratio of any country, and that we had the worst job creation record in the G8. In fact, across almost every economic indicator we were at the bottom. When the Liberal government left in 2004, the party opposite inherited a state that was completely the opposite. It was the envy of the world. It was called “the Canadian miracle”, where we ran a consecutive surplus, while paying down the deficit. Then the member's party ran deficits almost entirely during its time in office.

If the member does not agree, was he against the economic action plan that his own government ran? Was he opposed to the deficits that his own government ran to try to stimulate the economy? I am confused by his contradiction.

Mr. Jamie Schmale: Mr. Speaker, my riding includes the township of Brock. It is part of the Durham region. I look forward to working with the member on the issues facing the region of Durham.

We went through some of the most troubled economic times in a lifetime. Do members remember the economic stimulus package? There were \$200 million of infrastructure and permits that went into Haliburton—Kawartha Lakes—Brock in the period since 2008. It created jobs, stimulated the economy, built libraries, and renovated arenas.

A decision was made by all the industrialized countries to stimulate the economy at once. They knew the economy was in trouble, they knew that was the way to do it, and that was the plan they chose. All of the industrialized countries did it. If I remember correctly, the party opposite and the NDP as well were not calling for less spending, but for more spending.

Although we had the building Canada plan, the stimulus package came into effect. The key here was that when the economy started to improve, we turned off the taps and brought things down to the normal infrastructure level, which was the building Canada fund. Governments need to have the ability know when to bring things

down so they are not running that credit card even further. I am proud of our government's record. We had the—

• (1810)

The Deputy Speaker: Questions and comments, the hon. member for Skeena—Bulkley Valley.

Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP): Mr. Speaker, I am curious as to my friend's source of pride, only because his government also left more than \$150 billion in debt for those future generations he now concerns himself with. One would think, having borrowed that much money over the course of the last government, that we would be left with a robust, strong, diversified economy. Lord knows, the Conservatives spent enough to maybe get us there, but so much of it was misspent. There was \$750 million spent on ads. The Conservatives said that was somehow a good use of the public expenditure. That money was all borrowed.

I hope the member also reminds students that the money they will be paying back will also be due to his government's choices when it was in office.

My question is this, though. I represent northwestern British Columbia, primarily resource communities of varied incomes, but a lot of people we would call working-class people, middle-class people, earning somewhere around \$40,000, \$50,000, \$60,000 a year. Under the current Liberal tax plan, those people would receive an average of \$50 in benefits, whereas someone making \$200,000 would receive more than \$800 in benefits.

I am wondering which kind of middle class my friend acknowledges as opposed to the ones the Liberals have actually written into this legislation.

Mr. Jamie Schmale: Mr. Speaker, I congratulate the member from northern British Columbia on his re-election. Before I get to his question, I want to thank him publicly. I thanked him during the election of the Speaker for his very eloquent speech to newly elected MPs. I want to congratulate him for that very good speech. It was very inspiring.

As I go back to the point of my answer before, it was the New Democratic Party that was advocating for even more spending. The key is to know when to turn off the taps and go back to the normal. That is what the Conservatives did. We recognized that we were slowly coming out of the economic downturn. We were on our way up. We were starting to have one of the best job-creation records in the G7, with most jobs being full-time, and private-sector growth in high-wage industries. We were on the way up. We had a surplus in the last fiscal year. We had one up to this quarter, in November.

We are watching the deficit spending on this middle-class income tax cut. It only means further spending cuts down the road. It means higher taxes, and it means that future generations are going to start paying for this. The key is to know when enough is enough.

[Translation]

Mr. Matt DeCoursey (Fredericton, Lib.): Mr. Speaker, it will come as no surprise when I say that Canada is going through tough economic times.

However, along with this real challenge, we also have a real opportunity for establishing the conditions needed for long-term growth, which in turn will create good jobs and contribute to the prosperity of the middle class, the lifeblood of our economy.

[English]

First, I would like to elaborate a moment on our government's ambitious economic agenda that sets Canada on the path for economic growth. Our government believes that all Canadians should have a real and fair chance to succeed. Central to that success is a strong and growing middle class, but in the face of this real challenge, there is a real opportunity to put in place the conditions to create long-term growth.

We were elected on a plan to grow the economy, and we have already started by introducing this tax cut in December. From infrastructure investment to responsible environmental stewardship, we are providing needed leadership. Our priority is to strike a balance between fiscal responsibility and delivering on our commitment to Canadians.

Indeed, we fully intend that our plan for economic growth will benefit all Canadians through targeted investments. Let me reassure the House that the government is not daunted by the challenges before us. We are cognizant of our fiscal reality.

Before turning to the content of Bill C-2, I would like to mention that the government's plan will include introducing proposals to create a new Canada child benefit. This new, tax-free, income-tested benefit would lift hundreds of thousands of children out of poverty. In fact, nine out of 10 Canadian families would be better off under this plan. We aim to have payments under the new Canada child benefit begin in July 2016.

The proposed Canada child benefit would simplify and consolidate existing child benefits. It would replace the universal child care benefit, which is not income tested. As we have committed, this new Canada child benefit would be better targeted to those who need it most.

We also recognize that public investment is needed to create and support economic growth as well as job creation and economic prosperity, which is why we will make significant new investments in public transit, green infrastructure, and social infrastructure. We will work together with both the private sector and our provincial and municipal counterparts to advance our shared priorities across a range of fronts.

Here are some of the areas. We will make targeted investments in public infrastructure that would grow the economy, get Canadians moving, and open up more cost-efficient trade options for our exporters with a focus on public transit, green infrastructure, and social infrastructure.

We will also work together with all of the provinces and territories for a cleaner environment and to fight climate change. Canada has a plan to invest historic amounts each year in green technology producers, so they can tackle Canada's most pressing environmental challenges and create more opportunities for Canadian workers. The government will also invest to support innovation and the use of clean technologies in forestry, fisheries, mining, energy, and the agricultural sector.

Government Orders

We will support our communities and our economy by making significant new investments in green infrastructure and clean technologies. Not only will these strategic investments help us tackle climate change, but they will create jobs. Canadian businesses now have an incredible opportunity to be a part of the solution and to help build a low-carbon economy. The government will prove to Canadians and to the world that a clean environment and a strong economy go hand in hand. In fact, we cannot have one without the other.

Protecting the environment and growing the economy are not incompatible goals, and in fact, our future success demands that we do both.

We are committed to a strong and growing middle class, and we want to ensure that all Canadians have a fair and real chance to succeed. This is why our government has enacted legislation to deliver a tax cut to the middle class. This is the fair thing to do and the smart thing to do for Canada's economy.

• (1815)

[Translation]

That is why Bill C-2 is so important for all Canadians.

I would now like to talk about the specific elements of Bill C-2. Our tax cut for the middle class and the accompanying proposals will make the tax system fairer by reducing the second personal income tax rate from 22% to 20.5%; introducing a personal tax rate of 33% on individual taxable income in excess of \$200,000; decreasing the \$10,000 maximum contribution to a tax-free savings account to its previous level of \$5,500; and reinstating indexation of this ceiling.

• (1820)

[English]

Recently the Minister of Finance, his parliamentary secretary, and MPs across the country fanned out asking Canadians directly what our government could do to better support them. They met with indigenous leaders, business leaders, and cultural leaders, all with the intent of listening to Canadians and engaging in discussions to find practical solutions to the difficulties we know they are facing. These pre-budget consultations continue online. The response rate and comments received have been absolutely tremendous. With over 146,000 Canadians reached to date, this has been the largest pre-budget consultation on record.

Through these consultations, Canadians confirmed that they want a government that will deliver on strengthening the middle class and that will help those working hard to join it. This legislation would help do just that, and that is why it is a priority for the Government of Canada.

Government Orders

During the pre-budget consultations, it also became increasingly clear that Canada's economic outlook has changed since the election. This only reaffirmed the government's commitment to the path we were elected to follow. More importantly, by engaging with Canadians, we have been able to consider new perspectives and refine our plans that will be included in the federal budget.

The government's approach to consultation recognizes that collaboration is essential to delivering real change. The government has committed to, and has already demonstrated, its willingness to listen, engage, and collaborate with members from all parties to identify ways to find solutions and to avoid escalating conflicts unnecessarily.

Given that we have already heard from Canadians and many members of the other parties, I look forward to discussing and debating how best to serve Canadians.

[*Translation*]

There has never been a better time to make targeted investments to support our country's economic growth. We are confident in our plan to achieve that goal. That is the main reason why I am optimistic about our future prospects. I therefore encourage all members to support this bill.

[*English*]

Mr. Garnett Genuis (Sherwood Park—Fort Saskatchewan, CPC): Mr. Speaker, I have a hard time squaring the government's rhetoric on helping the middle class and the reality of how its tax plan would actually work. It would be of absolutely no benefit to people making less than \$45,000 a year.

The government is going to do away with the \$10,000 limit for tax-free savings accounts, when in reality more than half of those who max out their tax-free savings accounts make less than \$60,000 a year.

How does the member compare those realities, in terms of how his government's tax plan would affect ordinary Canadians, with some of the high-minded rhetoric?

Mr. Matt DeCoursey: Mr. Speaker, my colleague across the way must have missed the part in my speech where I mentioned how we are going to lift hundreds of thousands of children out of poverty with the new Canada child benefit that will support nine out of ten Canadian families, giving them more each month than what they currently receive under the former Conservative government's scheme.

The member opposite will know that we have taken action to provide opportunities for students and graduates to secure employment by doubling the allotment in the Canada summer jobs program. This is going to help students with their debt loads and help graduates move into the workforce, something we sorely need in this country, certainly where I am from in New Brunswick. This is a need of students graduating with crushing debt loads from the University of New Brunswick, St. Thomas University, and our New Brunswick Community College.

By helping hard-working teachers, nurses, soldiers, and public servants who contribute so much to our community, this tax break

will be a worthy endeavour and will be just one of the many things we will do to deliver real change right across this country.

Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP): Mr. Speaker, I thank my friend for his speech and welcome him to the House.

One of the tenets of good government is to never over-commit and under-deliver. We looked through this piece of legislation about the upcoming help for the middle class because it was lauded and repeated ad nauseam in the campaign. While middle class was never defined and remains undefined by my Liberal colleagues today, definitions matter when it comes to things like the tax code.

I would like my friend to comment on this. We find that, under this plan, 18 million Canadians who file taxes would see no benefit whatsoever. Further to that, a lot of Canadians watching or listening to us would see people as middle class when they earn between \$48,000 and \$62,000 a year. That sounds kind of middle class to me, and where I live in northern B.C., it would be solidly middle class. Those folks would get a benefit of \$50.

We now look up to the higher end of the tax spectrum, which may include Liberal middle-class people—I am not sure; again, the Liberals remain unwilling or unable to define it. We see that people who earn \$200,000 would receive 16 times more benefit than somebody earning \$50,000. People earning \$200,000 are the middle class that the current Prime Minister and the Liberals were talking about.

However, I wonder if he does not run the risk of raising those expectations and hopes only to dash them upon the rocks of those tax returns that are coming, for all those middle-class Canadians who are wondering where the help is for them when somebody making \$200,000 is getting upward of \$800. That is 16 times more than the average middle-class Canadian would receive.

• (1825)

[*Translation*]

Mr. Matt DeCoursey: Mr. Speaker, I would like to thank my colleague from Skeena—Bulkley Valley.

[*English*]

I think it is okay that expectations are high. After 10 deplorable years, certainly in my region of the country, people made a decision on October 19 that they had had enough. I think the member would agree that he had had enough of those 10 years as well.

What I will say for the member is this. What really matters is action, and this side of the floor is ready to deliver upon the ambitious agenda that we put forward in the campaign, which Canadians put their trust in us to deliver. I look forward to working with everybody here, and in fact all parliamentarians, to help provide more opportunity for those working hard across Canada and those in more vulnerable situations who need a bit more help and attention from their government.

Mr. Nathaniel Erskine-Smith (Beaches—East York, Lib.): Mr. Speaker, we have heard the parliamentary budget officer referred to many times in this House today. I would like to note that, with respect to the TFSA, the PBO reviewed the previous government's doubling of contribution limits to this savings vehicle and noted that it primarily benefited well-off Canadians and made the tax break "much more regressive":

By 2060, gains for high wealth households project to be twice the median and ten times that of low-wealth households.

I would like to ask my friend how this measure would play a role in bringing fairness to our tax system and how this measure could in fact help the middle class.

Mr. Matt DeCoursey: Mr. Speaker, the words just delivered by my friend on this side of the floor speak volumes. I will say that providing the space of \$5,500 is adequate to ensure that average Canadians can save, while also ensuring that we provide support where it is needed most.

Many of the people graduating from university in the next number of years—again, from those fine institutions in my riding—will be looking to secure employment and pay down debt. That is what we need to focus on, while also helping vulnerable Canadians.

* * *

[Translation]

BUSINESS OF SUPPLY

OPPOSITION MOTION—ENERGY EAST PIPELINE

The House resumed from January 28 consideration of the motion.

The Deputy Speaker: It being 6:30 p.m., the House will now proceed to the taking of the deferred recorded division on the motion relating to the business of supply.

Call in the members.

• (1855)

[English]

(The House divided on the motion, which was negated on the following division:)

(Division No. 11)

YEAS

Members

Abouttaif	Albas
Albrecht	Allison
Ambrose	Anderson
Arnold	Barlow
Bergen	Bernier
Berthold	Bezan
Blaney (Bellechasse—Les Etchemins—Lévis)	Boucher
Brassard	Brown
Calkins	Carrie
Chong	Clarke
Clement	Cooper
Deltell	Diotte
Doherty	Dreeshen
Egliniski	Falk
Fast	Finley
Gallant	Généreux
Genuis	Gladu
Godin	Gourde
Harder	Harper
Hilyer	Hoback

Jeneroux
 Kenney
 Kitchen
 Lake
 Leitch
 Lobb
 MacKenzie
 McCauley (Edmonton West)
 McLeod (Kamloops—Thompson—Cariboo)
 Nicholson
 Obhrai
 Paul-Hus
 Rayes
 Rempel
 Ritz
 Scheer
 Shipley
 Stanton
 Stubbs
 Tilson
 Van Loan
 Viersen
 Warawa
 Watts
 Webber
 Yurdiga

Kelly
 Kent
 Kmiec
 Lauzon (Stormont—Dundas—South Glengarry)
 Liepert
 Lukiwski
 Maguire
 McColeman
 Nater
 Nuttall
 O'Toole
 Poilievre
 Reid
 Richards
 Saroya
 Schmale
 Sorenson
 Strahl
 Sweet
 Van Kesteren
 Vecchio
 Wagantall
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 Waugh
 Wong
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 Alleslev
 Anandasangaree
 Arseneault
 Ashton
 Ayoub
 Bagnell
 Barsalou-Duval
 Beech
 Bennett
 Bittle
 Blair
 Boissonnault
 Boudrias
 Boutin-Sweet
 Breton
 Brosseau
 Cannings
 Carr
 Casey (Charlottetown)
 Champagne
 Choquette
 Cormier
 Cuzner
 Damoff
 DeCoursey
 Dhillon
 Donnelly
 Dubé
 Duguid
 Duncan (Edmonton Strathcona)
 Duvall
 Easter
 El-Khoury
 Erskine-Smith
 Eyolfson
 Fillmore
 Fisher
 Foote
 Fragiskatos
 Fraser (Central Nova)
 Fuhr
 Garrison
 Goldsmith-Jones
 Gould
 Grewal
 Hardcastle
 Harvey
 Holland
 Hughes
 Hutchings
 Johns
 Jones

Alghabra
 Amos
 Angus
 Arya
 Aubin
 Badawey
 Bains
 Baylis
 Bélanger
 Benson
 Blaikie
 Blaney (North Island—Powell River)
 Bossio
 Boulterice
 Bratina
 Brison
 Caesar-Chavannes
 Caron
 Casey (Cumberland—Colchester)
 Chagger
 Chan
 Christopherson
 Cullen
 Dabrusin
 Davies
 Dhaliwal
 Di Iorio
 Drouin
 Duclos
 Duncan (Etobicoke North)
 Dusseault
 Dzerowicz
 Ehsassi
 Ellis
 Eyking
 Fergus
 Finnigan
 Fonseca
 Fortin
 Fraser (West Nova)
 Fry
 Garneau
 Gerretsen
 Goodale
 Graham
 Hajdu
 Hardie
 Hehr
 Housefather
 Husson
 Iacono
 Joly
 Jordan

Business of Supply

Jowhari	Julian	Ratansi	Rioux
Kang	Khalid	Robillard	Rodriguez
Khera	Kwan	Romanado	Rota
Lametti	Lamoureux	Rudd	Ruimy
Lapointe	Lauzon (Argenteuil—La Petite-Nation)	Rusnak	Sahota
Laverdière	LeBlanc	Saini	Sajjan
Lebouthillier	Lefebvre	Samson	Sangha
Lemieux	Leslie	Sansoucy	Sarai
Levitt	Lightbound	Scarpaleggia	Schiefke
Lockhart	Long	Schulte	Serré
Longfield	Ludwig	Shanahan	Sheehan
MacAulay (Cardigan)	MacGregor	Sidhu (Mission—Matsqui—Fraser Canyon)	Sidhu (Brampton South)
MacKinnon (Gatineau)	Malcolmson	Sikand	Simms
Maloney	Marcil	Sohi	Sorbara
Massé (Avignon—La Mitis—Matane—Matapédia)		Spengemann	Ste-Marie
Mathysen		Stetski	Stewart
May (Cambridge)	May (Saanich—Gulf Islands)	Tabbara	Tan
McCallum	McCrimmon	Tassi	Thériault
McDonald	McGuinty	Tootoo	Trudel
McKay	McKenna	Vandal	Vandenbeld
McKinnon (Coquitlam—Port Coquitlam)	McLeod (Northwest Territories)	Vaughan	Virani
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Nassif	Nault		
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Oliver	Ouellette		
Paradis	Pescholido		
Peterson	Petitpas Taylor		
Philpott	Picard		
Plamondon	Poissant		
Quach	Qualtrough		
Ramsey	Rankin		

PAIRED

Nil

The Speaker: I declare the motion defeated.

It being 6:57 p.m., the House stands adjourned until tomorrow at 10 a.m. pursuant to Standing Order 24(1).

(The House adjourned at 6:57 p.m.)

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