GREG MCLEAN
MEMBER OF PARLIAMENT
CALGARY CENTRE

Finance Minister Chrystia Freeland's Fall Economic Statement (FES) last week showed this government's continued preference for high taxation and an array of government programs to refund some of that money to Canadians.

The simple answer to the burdens being faced by Canadian families today would be to lower taxes - or at the very least, refrain from raising them further. But Liberals love to grow the size of government. They love to collect your money and dole it back in programs with strings attached that influence your choices. There's plenty of that philosophy in this FES.

Choosing a dance partner like the NDP - ostensibly to act like a majority government until 2025 - is cover for spending more. Neither party has a track record of worrying about the weight of debt on Canadian taxpayers.

Consequently, annual deficits will continue until at least 2027-28 (and that projection assumes no new spending ideas will emerge, which is not a very reliable assumption). It also assumes this year's gusher of new tax money will continue, which is questionable if we head into a recession, as widely expected.

Debt is already at an historic and increasingly unsustainable level - $1.2 trillion - and this government plans to continue adding to it for several more years.

Canadians at all income levels are struggling with household bills including utility costs, food inflation of 11%, and rising interest rates on their mortgages and debt. This government's answer is to pile on with raising taxes, and offer multiple niche programs to target refunds to certain Canadians. **I support helping lower income Canadians, but I think this government could do a better job by simply reducing the taxation burden on everyone and taking steps (such as constrained government spending) to ease inflationary increases.**

That approach will reduce revenues, but there is plenty of waste in the government including unnecessary corporate welfare programs, and too much bureaucracy administering too many complicated and overlapping programs.

Greg McLean

QUICK TAKES ON THE FALL ECONOMIC STATEMENT

Finance Minister Chrystia Freeland tabled her Fall Economic Statement (FES) last Thursday. The biggest takeaway: the government is receiving more revenue from taxes, but spending most of it; and our debt (including the interest payments to service that debt) continues to escalate. A few facts:

Key Points

- The government will take in about **$30 billion in new taxes in this fiscal year**, largely due to inflation, higher income and GST revenues, **and the higher price of resources**
- The government will **spend $13.4 billion of that in new spending initiatives in this fiscal year, with an additional $17 billion going forward**
- That will leave an **overall deficit for 2022-23 of $36.4 billion**, which gets added to our cumulative debt
- The interest on government debt will increase as deficits persist
- This year, the interest payments will be $24.5 billion. **By next year, we will be spending $34.7 billion - comparable to what Ottawa sends to provinces in the Canada Health Transfer. By 2027-28, interest payments will reach $44.8 billion/year.**
- The baseline assumption is that Canada's economy will grow by 3.2% in 2022 (down from April's forecast of 3.9%); and will grow only 0.7% in 2023 (down from April's forecast of 3.1%). However, if inflation is not curtailed, and interest rates remain high, the FES predicts a "mild" recession in 2023.

Previously Announced Measures

- Doubled GST rebate for six months for low income Canadians
- $500 rental supplement to low income renters - about $42/month, for this year only
- Dental care benefit up to $650 for families with incomes below $90,000 (sliding scale) for children under 12 for two years, as a first step toward the more comprehensive dental plan promised to the NDP - and causing a bureaucratic overlap with provincial plans across the country
- “Tax-Free First Home Savings Account” by summer 2023, doubling the first-time home buyers' tax credit, a new multigenerational home renovation tax credit, and a tax meant to punish home flippers
- Canada Growth Fund, $15 billion announced in Budget 2022 to encourage private investment in low carbon technologies, businesses, and supply chains - to be deployed at above-market risk for below-market returns. **This is pure corporate welfare at taxpayers' expense**

- Canada Recovery Dividend - a 15% tax on banks and life insurance companies

New Measures

- Eliminating the federal portion of interest on student and apprenticeship loans, permanently
- Restructuring the Canada Workers Benefit so that those who qualify (about 3 million of the lowest paid workers) receive automatic payments in advance rather than waiting to file tax returns, based on their previous year's tax filing
- Applying a 2% tax on the net value when companies choose to buy back their own shares, effective January 1, 2024
- $250 million over 5 years to create three new bureaucracies to incent "sustainable jobs": a Sustainable Jobs Training Centre to study changing skills requirements, a "sustainable jobs stream" in the Union Training and Innovation Program; and a new "Sustainable Jobs Secretariat" to offer up to date information about job opportunities. **This is more misguided jurisdictional overlap with ill-defined terms and mythical outcomes.**
- A refundable tax credit, equal to 30% of the capital cost of investment, for companies investing in green electricity generation systems, stationary electricity storage system that don't use fossil fuels, low carbon heat equipment, and zero-emission vehicles.
- Funds to target young Canadians seeking sustainable jobs through the Youth Employment and Skills Strategy
- Funds for the National Research Council to modernize scientific infrastructure
- Funds to improve government service delivery at Service Canada, CRA, Veterans Affairs, and CBSA
- One new initiative involves "efforts to reduce credit card transaction charges for small businesses" **Let's recall this was a successful effort from the last Conservative government - and has been largely ignored for the past seven years.**

Conservatives Respond

Conservatives believe that there are simple measures to help ease the impact of inflation and rising interest rates on Canadians:

1. **Abandon tax increases** planned for 2023 including higher payroll deductions for EI and CPP on January 1st, and a 30% increase in the carbon tax on April 1 (from $50/tonne to $65). Reducing taxes is the single best way to help all Canadians manage their budgets. **Canada is the only member of the G7 that is increasing carbon taxes; most others have reduced these inflation-causing policy tools.**

2. That should include **removing the carbon tax on home heating altogether**, a Conservative motion in the House that both the Liberals and NDP voted against. Heat in a Canadian winter is a necessity, not optional.

3. **Pull back on spending.** We recommend identifying $1 of savings for every $1 in new spending. There are ample places to find those savings. We recommend starting with the $35 billion allocated to the Canada Infrastructure Bank, which has yet to complete a single project. There are also numerous other "corporate welfare" programs and incentives that should be reviewed to assess their Return on Investment. Reducing the number of niche programs would also reduce administrative costs, and allow current employees to be transferred to high volume departments, rather than the government's current plan to just hire more.

THE CONSEQUENCES OF HISTORICALLY HIGH DEBT

n a recent survey of Calgary Centre constituents, 71% of you said that you worry about Canada's escalating debt.

The government's response has always been that during COVID, they had to spend big to help people cope with lost revenue.

Except we now know that is an empty excuse, thanks to research from the Parliamentary Budget Officer.

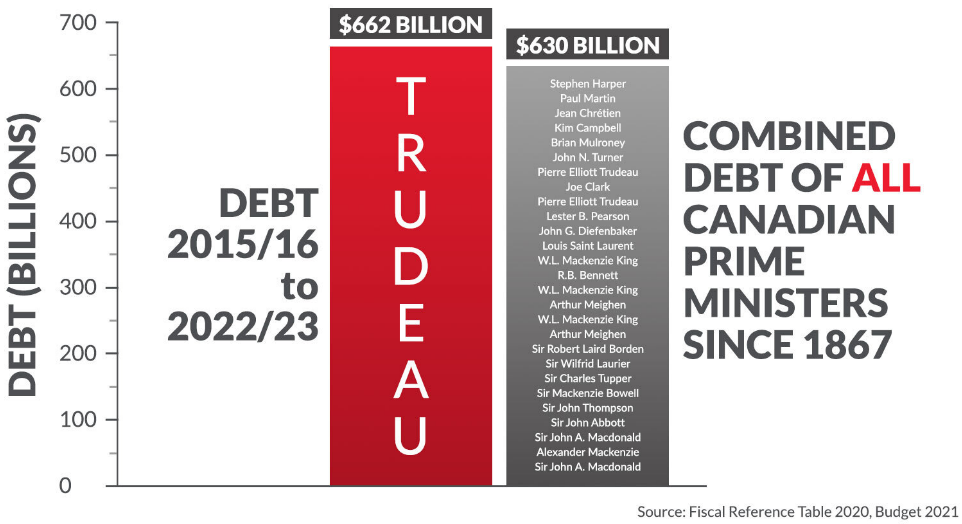
> ***"Since March 2020, the federal government has spent or planned to spend $576 billion in new measures - but more than a third, $204.5 billion, of this spending has nothing to do with the COVID-19 pandemic, according to an analysis by the Parliamentary Budget Officer."***

Canadians need to understand how these funds were spent, and what will be the long-term effect on our fiscal policies, and how we will eventually need to deal with that massive over-spending.

Debt at historic highs

Our debt is now 1.18 trillion dollars. Despite promising in the 2015 election that the deficit would never exceed $10 billion, the Liberals added $100 billion to our debt before anyone had heard of COVID. Then they added $500 billion more. Now they are spending massively to help targeted people cope with inflation - inflation at least in part caused by their own over-spending.

In fact, Prime Minister Trudeau has **added more to the debt than every other Prime Minister since Confederation combined.**



Interest rates cause long term issues

The inevitable result of inflation is rising interest rates as the Bank of Canada attempts to claw inflation back from around 7% to their target range of 2% to 3%.

Rising interest rates are painful for Canadians with debt, but it also increases the amount of money that the government has to spend servicing its own debt: money that is no longer available for higher priority spending or tax relief.

On top of all of that, the government is asking you to pay more with smaller paycheques. On January 1st, deductions for CPP and EI will increase, and on April 1st, the carbon tax will go up another 30%.

And most economists are predicting a recession.

In short, our economy is a mess.

THE PURE PREJUDICE OF WINDFALL PROFITS TAX

The government is floating a "windfall profits tax" on the oil and gas industry. Environment Minister Guilbeault wants companies to spend more on his favourite green projects; and the Fall Economic statement introduced a 2% tax on companies choosing to buy back their own shares instead of spending money elsewhere.

"Windfall profits taxes" are, in fact, exactly how the O&G industry is currently taxed. Canadians own the resource, governments collect scaled royalties - the higher the price of the resource, the more revenues to governments. Royalties can range from 5% when commodity prices are low, up to 40% when prices are high.

Read more in my op ed on windfall taxes

A BETTER WAY TO IMPROVE DENTAL BENEFITS FOR KIDS

I spoke on **Bill C-31**, the "rental-dental" bill.

I support dental care. The issue is that health care delivery, including dental, is a provincial responsibility. All provinces offer lower income dental plans for children. The federal overlay adds massive bureaucracy and confusion.
Why? The Liberals have to deliver on their promises to the NDP to stay in power. No other reason.

The best way to enhance dental care would be to transfer supplementary funds to the provinces. But that wouldn't put a trinket in the window for the NDP.
Watch here.

PRESSING THE CASE FOR CANADIAN LNG EXPORTS

You may have heard the Prime Minister say there is no business case for LNG exports. Actual businesspeople disagree. On October 28 in the House, I pressed the government on when they would get out of the way of LNG exports which would help the world reduce GHG emissions. [The clip] is worth watching if only for the completely nonsense answers from the government (although Minister Guilbeault does proudly state that Canadian energy exports have decreased under his watch).

GIVING CANADIANS THE "RIGHT" TO A HEALTHY ENVIRONMENT

I spoke in the House on **Bill S-5** which would make significant changes to the Canadian Environmental Protection Act (CEPA).

There are some elements of the bill that I can support, but I am concerned about the vague commitment to the "rights" of Canadians to live in a healthy environment, and about moving some infractions from civil law to criminal law.

Watch my remarks here.

VETERANS' WEEK

November 5 to 11 is Veterans' Week, when we honour those who serve and have served Canada. Please buy and wear a poppy this week, or make a **donation to the Legion here**. And if you are able, please consider attending a ceremony and showing your respect in person.
Please view my video.

Filming video at the War Memorial in Ottawa:

Please get in touch if there's anything my office can do for you.

Greg McLean, M.P.
Calgary Centre
403-244-1880
Greg.McLean@parl.gc.ca
GregMcLeanMP.ca