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CANADA

## **Standing Committee on Finance**

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**EVIDENCE**

**Wednesday, October 31, 2012**

—  
**Chair**

**Mr. James Rajotte**



## Standing Committee on Finance

Wednesday, October 31, 2012

• (1550)

[English]

**The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)):** I call this meeting to order. This is the 86th meeting of the Standing Committee on Finance. Our orders of the day are pursuant to the order of reference of Tuesday, October 30, 2012. We are beginning our study of Bill C-45, A second Act to implement certain provisions of the budget tabled in Parliament on March 29, 2012 and other measures.

Go ahead, Madam Glover.

**Mrs. Shelly Glover (Saint Boniface, CPC):** Thank you, Mr. Chair.

I would like to address the committee by moving a motion with regard to Bill C-45, with your permission.

**The Chair:** Yes, you can move that motion now.

Does everyone have a copy of the motion? Yes? Okay.

**Mrs. Shelly Glover:** That, in relation to the Order of Reference of Tuesday, October 30, 2012, respecting Bill C-45, A second Act to implement certain provisions of the budget tabled in Parliament on March 29, 2012 and other measures,

(a) the Chair of the Standing Committee write, as promptly as possible, to the Chairs of the following Standing Committees inviting those Standing Committees to consider the subject-matter of the following provisions of the said Bill:

(i) the Standing Committee on Aboriginal Affairs and Northern Development, clauses 206 to 209,

which is part 4, division 8;

(ii) the Standing Committee on Agriculture and Agri-Food, clauses 351 to 410,

which is part 4, division 19;

(iii) the Standing Committee on Citizenship and Immigration, clauses 308 to 314,

which is part 4, division 16;

(iv) the Standing Committee on the Environment and Sustainable Development, clauses 425 to 432,

which is part 4, division 21;

(v) the Standing Committee on Fisheries and Oceans, clauses 173 to 178,

which is part 4, division 4;

(vi) the Standing Committee on Health, clauses 269 to 298,

which is part 4, division 13;

(vii) the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities, clauses 219 to 232,

that's part 4, division 10;

(viii) the Standing Committee on Justice and Human Rights, clauses 210 to 218,

which is part 4, division 9;

(ix) the Standing Committee on Public Safety and National Security, clauses 264 to 268, and

which is part 4, division 12;

(x) the Standing Committee on Transport, Infrastructure and Communities, clauses 156 to 165, 179 to 184, 316 to 350 and 411 to 424, and schedules 1 and 2;

which make up part 4, divisions 2, 5, 18, and 20;

(b) each of the Standing Committees, listed in paragraph (a), be requested to convey recommendations, including any suggested amendments, in both official languages, in relation to the provisions considered by them, in a letter to the Chair of the Standing Committee on Finance, in both official languages not later than 5 p.m. on Tuesday, November 20, 2012;

(c) any amendments suggested by the other Standing Committees, in the recommendations conveyed pursuant to paragraph (b), shall be deemed to be proposed during the clause-by-clause consideration of Bill C-45, provided that the recommendations are received prior to the relevant clauses being considered, and further provided that the members of the Standing Committee on Finance may propose amendments notwithstanding the recommendations received from the other Standing Committees;

(d) the Committee shall proceed to clause-by-clause consideration of Bill C-45 no later than Wednesday, November 21, 2012, provided that the Chair may limit debate on each clause to a maximum of five minutes per party per clause before the clause is brought to a vote;

(e) amendments to Bill C-45, other than the amendments deemed to be proposed pursuant to paragraph (c), be submitted to the Clerk of the Committee 48 hours prior to clause-by-clause consideration and distributed to members in both official languages; and

(f) if the Committee has not completed the clause-by-clause consideration of Bill C-45 by 11:59 p.m. on Wednesday, November 21, 2012, the Chair shall put, forthwith and successively, without further debate or amendment, each and every question necessary to dispose of clause-by-clause consideration of the Bill, to report the Bill to the House, and to order the Chair to report the Bill to the House on or before Thursday, November 22, 2012.

Thank you, Mr. Chair.

**The Chair:** Thank you, Ms. Glover.

Just to make sure everyone has all the information correctly, parts 1, 2, and 3 obviously would remain with the finance committee if this motion is passed.

Can we go through each division in part 4 and make sure...?

**Mrs. Shelly Glover:** Sure.

**The Chair:** Part 4, division 1, financial institutions, would remain with finance under this motion.

Just for people's reference, I'm working off the table of provisions on the bill. That might help members.

Part 4, division 2, the Canada Shipping Act: if this motion passes, the transport committee would get it.

**Mrs. Shelly Glover:** That's right.

**The Chair:** Division 3, preserving the stability and strength of Canada's financial sector, would stay with finance.

Division 4, the Fisheries Act, would be at the fisheries committee. Division 5, the Bridge To Strengthen Trade Act, would be with transport. Division 6, the Bretton Woods and Related Agreements Act, would be finance.

Division 7, the Canada Pension Plan, would be finance. Division 8, the Indian Act, would be aboriginal affairs. Division 9, the Judges Act, would be justice.

Division 10, the Canada Labour Code, would be the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities.

Division 11, the Merchant Seaman Compensation Act, is with finance. Division 12, the Customs Act, would be with the public safety committee.

Division 13, the Hazardous Materials Information Review Act, would be with the health committee.

Division 14, the Agreement on Internal Trade Implementation Act, would be finance. Division 15, the Employment Insurance Act, would be with finance.

Division 16, the Immigration and Refugee Protection Act, would be with citizenship and immigration.

Division 17, the Canada Mortgage and Housing Corporation Act, would be finance. Division 18, the Navigable Waters Protection Act, would be transport. Division 19, the Canada Grain Act, would be the Standing Committee on Agriculture and Agri-Food. Division 20, the International Interests in Mobile Equipment (Aircraft Equipment) Act, would be the transport committee.

Division 21, the Canadian Environmental Assessment Act, would be with environment and sustainable development.

Division 22, the Canada Employment Insurance Financing Board, would be finance. Division 23, public sector pensions, would be finance. Division 24, the Canada Revenue Agency Act, would be finance.

Finally, schedules 1 and 2 would be transport.

That's all correct?

**A voice:** Yes.

**The Chair:** Okay. I just wanted to make sure I had all of that information.

Is there any discussion on the motion?

Go ahead, Ms. Nash.

•(1555)

**Ms. Peggy Nash (Parkdale—High Park, NDP):** Given that we have just seen this for the first time, I'd request that we delay having the actual vote till the end of the meeting, if we can do that, just to give us time to converse among ourselves and fully understand the implications of the motion. It's a lengthy motion. We're seeing it here for the first time.

**The Chair:** Book time at the end for debate and then have a vote before 5:30—is that what you're recommending?

**Ms. Peggy Nash:** That's what I'm recommending.

**The Chair:** Okay.

I'll go to Mr. Brison.

**Hon. Scott Brison (Kings—Hants, Lib.):** I think it would be helpful to have more time, but I also want to point out a couple of things. For instance, there were some areas where we're not referring parts of the budget implementation act to committee. In (a)(i) of Ms. Glover's motion, we see what's missing there is division 4, fisheries, which redefines aboriginal fisheries. In (a)(vii), for the Standing Committee on Human Resources, Skills and Social Development and Status of Persons with Disabilities, there should be, in addition to clauses 219 to 232, divisions 7, 10, 11, 15, 17, and 22. Those are examples—

**The Chair:** Mr. Brison, let's deal with your first recommendation first.

**Hon. Scott Brison:** Well, the first one is division 4, fisheries, which redefines the aboriginal fisheries. It is not just clauses 206 to 209.

**The Chair:** This motion is recommending part 4, division 4, go to the fisheries committee.

Does that address your concern?

**Hon. Scott Brison:** Where is that? When these things are just dropped on us...

**The Chair:** That would be (a)(v), Standing Committee on Fisheries and Oceans, clauses 173 to 178, part 4, division 4.

**Hon. Scott Brison:** At the end of the committee we can go through this. We have a number of these areas where there's some delta between what the government is proposing and what we believe ought to be referred to, and to which committee. We will need that time.

•(1600)

**The Chair:** Okay.

**Hon. Scott Brison:** In fact, I think there probably would be consensus that we would have this vote at the next committee meeting, when we've actually had an opportunity to....

**The Chair:** As the chair, my only recommendation for dealing with it now is that if we are going to do this, we should let these other committees start as soon as possible. I would recommend we deal with it today. That's my recommendation, but if the committee wants to wait until later in the meeting to deal with it, it's up to committee.

I'll go to Monsieur Mai.

[Translation]

Mr. Mai, the floor is yours.

**Mr. Hoang Mai (Brossard—La Prairie, NDP):** I would like to clarify one point. We are a little surprised, but still pleased to see that there is the will to call on other committees in the context of this study. But I would like to know if there have been discussions with the chairs of the other committees about the possibility of their handling it.

[English]

**The Chair:** Ms. Glover, do you want to address this point, please?

**Mrs. Shelly Glover:** Sure. We all respect that committees are their own masters of what they study; that's why we've included in the motion that the chair of the finance committee write to the chairs of these standing committees as promptly as possible to ask for their consideration.

**The Chair:** Yes, if this motion passes, I would write to those chairs, and then it's up to those committees whether they study it or not. If those committees, for instance, chose not to study those clauses, then obviously this committee would deal with those clauses. There has been a lot of interest in other committees. I think that members of all parties are interested in moving on with something like this process.

Okay. Mr. Hoback, go ahead, please.

**Mr. Randy Hoback (Prince Albert, CPC):** Thank you, Chair.

I think it's important that we deal with this today. In the planning process, if we start delaying the decision, it backlogs everything, not only in our committee but also in the other committees that may be involved. I think it's very important that we deal with this today.

**The Chair:** Okay. Thank you.

Ms. Nash, go ahead, please.

**Ms. Peggy Nash:** If we're dealing with this at the end of the meeting, that would be great. I have a question about going forward, because we have another meeting tomorrow, according to our schedule. My question is whether the minister will be coming to that meeting tomorrow, because we haven't seen a list of witnesses.

**The Chair:** Okay. I'll get Ms. Glover to address that, please.

**Mrs. Shelly Glover:** Unfortunately, the minister wasn't available this week. The minister is being asked to come next week.

**Ms. Peggy Nash:** Okay, he'll be coming, but not until next week. All right.

**The Chair:** Yes, and whether this motion passes or not, my intention would be to start with parts 1, 2, and 3. Whether this motion passes or not, the finance committee will be dealing with those parts.

**Ms. Peggy Nash:** All right. Thank you.

**The Chair:** All right.

Monsieur Mai, go ahead.

[Translation]

**Mr. Hoang Mai:** Thank you again for the motion.

But I would like to clarify something. Will the number and length of the committee meetings remain the same?

[English]

**The Chair:** It's up to the committee if the committee wants to add meetings. With respect to the calendar, though, if this motion is adopted, the calendar would change in the sense that there's one meeting booked. I believe it's after the deadline in the motion. If members wish to discuss.... We may wish to adjust it depending on whether the motion passes or not.

**Mr. Hoang Mai:** I want to understand the implication of this motion in terms of the schedule we have already. You're saying that if we adopt this motion, a meeting we have after that will not be held. Is that...?

**The Chair:** Yes, we pre-booked a meeting for November 29, so if this motion passes, we would have to report back by November 21 at 11:59 p.m. If we don't deal with all the clauses by that time, this motion asks the chair to put all the clauses at that time, November 21, so the meeting on November 29 would not occur if this motion passes.

Now, if members feel that another meeting should be added, that's a possibility. Does that address your question?

• (1605)

**Mr. Hoang Mai:** Yes. We'll talk about it a bit later once we....

**The Chair:** Thank you.

Go ahead, Madam Glover.

**Mrs. Shelly Glover:** I was just going to suggest to the committee that we do have a subcommittee which has been booked, and that perhaps we could discuss the calendar in subcommittee. That might alleviate some concerns.

**The Chair:** Yes, we can certainly do that.

Go ahead, Ms. Nash.

**Ms. Peggy Nash:** I just have one other clarification. This document anticipates potential amendments coming from other committees. What would be the process for those amendments to be recognized and proposed at this committee?

**The Chair:** Do you want to speak to that, Ms. Glover?

**Mrs. Shelly Glover:** Sure. As the motion indicates, they would have to send their potential recommendations—their amendments—to this committee well before consideration of amendments so that we can consider them.

**Ms. Peggy Nash:** Are they just deemed to be proposed then, or to be moved? How would that work? Would the committee chair move the motions?

**The Chair:** No, I would ask a member. For instance, if a member of the official opposition moved an amendment in another committee, and the amendment is here, then I would ask a member of the official opposition to move that particular amendment.

It shall be deemed to be proposed, yes.

**Ms. Peggy Nash:** Okay. That was my question.

**The Chair:** And then, obviously, I would ask the party that proposed it to lead off the debate.

Now we have Mr. Brison.

**Hon. Scott Brison:** Ms. Glover, are you suggesting there would be a period of time before an amendment, a period of notification? How long should that be?

**The Chair:** Go ahead, Ms. Glover.

**Mrs. Shelly Glover:** In the motion, you'll see that sections (c), (d), and (e) deal with amendments put forward and give exact and precise timelines for each of those.

I'll allow the committee members to read the motion. As I say, I think the committee has already said that we're unanimous in discussing this further later, so if you have some time while we're listening to the—

**Hon. Scott Brison:** But just for clarification, Ms. Glover, to ensure that we all understand this, how long a period would this be, in terms of what is reasonable notice for amendments?

**Mrs. Shelly Glover:** I'm not sure what you're asking.

**Hon. Scott Brison:** I'm just asking if you could explain your motion, because I want to understand what a reasonable period of time is, according to this.

**The Chair:** The deadline, as I understand it, is in (b).

**Mrs. Shelly Glover:** It's November 20.

**The Chair:** The deadline is 5:00 p.m. on Tuesday, November 20, 2012.

**Hon. Scott Brison:** So that gives how many days from proposing amendments to when they're actually voted on? What sort of period are we looking at?

**The Chair:** Between the deadline and—

**Mrs. Shelly Glover:** It would be one day.

**The Chair:** Yes, we'd proceed. Section (d) says, "the Committee shall proceed to clause-by-clause consideration of Bill C-45 no later than Wednesday, November 21, 2012..."

**Hon. Scott Brison:** So amendments would have to be in one day before that.

Ms. Glover, you're saying that for our amendments to be considered, it's important to provide one-day notice and to actually provide the wording of our amendments. I would just say that we should apply that to your motion. If, in fact, it's only reasonable that the government be given 24-hour notice of our amendments, opposition members should be given the same period of time for, for instance, this motion that we're being presented with.

We're not being dilatory, to Mr. Hoback's point. In fact, we could have prevented wasting all of this time if we had simply been provided with this motion in advance. Then we would have had an opportunity to go through it constructively and to have arrived at this meeting ready to discuss it in detail.

**The Chair:** Thank you, Mr. Brison.

I have Ms. Nash and Ms. Glover, please.

**Ms. Peggy Nash:** We have agreed that we'll actually vote on this motion later in the meeting.

On the notion of sending the bill to various committees for study, we obviously don't have any problem with that. We think that's a good thing to do. Obviously we would like to see the bill split and then have control of the piece of the bill rather than have everything come back here, but nevertheless, we support the notion of sending the bill to these different committees. We understand and support the idea about recommendations coming back to this committee.

I'm trying to think through sections (d), (e), and (f), which deal with clause-by-clause debate and the timing of that. That seems to me to be something I'd like us to think through a little more. I don't know whether today we could adopt that first part of it, but it's the

end piece that I really want us to think through carefully because, first of all, we'd agreed on a schedule at our subcommittee, and this would amend that schedule without our even having met to discuss it at the subcommittee. We're not doing that until tomorrow morning.

• (1610)

**The Chair:** You're saying you're okay with (a) through (c). You just have questions about (d) through (f). Is that fair?

**Ms. Peggy Nash:** Yes, it's (d), (e), and (f) that I'm—

**The Chair:** It's on (d), (e), and (f) that you have some questions.

**Ms. Peggy Nash:** It's where it comes back here.

**The Chair:** Okay, thank you.

**Mrs. Shelly Glover:** Just for clarification for the other members of the committee, I did include notification in my speech in the House a week ago that there would be a motion coming to finance. This is the first opportunity we've had, because the vote only happened last night, and furthermore, the paragraphs referred to by Ms. Nash are exactly the same as what was adopted in the BIA 1, so there is no real change in procedure.

Finally, when we discussed our calendar in subcommittee, it was made perfectly clear that BIA was coming and that we should allow some booking of time in there, and then come and revisit. That is exactly what the government side is proposing to do now: follow what was intended to be done to begin with.

**The Chair:** Is there any further discussion?

**Mr. Hoang Mai:** For clarification, is there a reason that we have November 22 with regard to the limit, just so that I understand in terms of procedure?

**The Chair:** Do you have any clarification, Ms. Glover, on the dates?

**Mrs. Shelly Glover:** The clarification is basically that we want to see this move back into the House. We also have other agenda items on our calendar that we all discussed before, as a committee and a subcommittee, that we want to see move forward. We're trying to honour those commitments that we made as a committee prior to today.

**The Chair:** Thank you.

Mr. Brison is next, and then Monsieur Caron.

**Hon. Scott Brison:** I understand Ms. Nash's point with regard to some parts of this motion being similar procedurally to those proposed for Bill C-38, but it's the parts that apply specifically to the division of Bill C-45 and some of the very specific divisions of the bill going to which committee and which sections. That's the part that can't obviously be identical to what was done in the previous bill, because it's a different bill. That's where, for this part, it would have been helpful if we had been provided with this motion prior to this meeting.

**The Chair:** Thank you.

[Translation]

**Mr. Guy Caron (Rimouski-Neigette—Témiscouata—Les Basques, NDP):** From the explanations I have heard up to this point, this is a significant change. It seemed clear to us, according to the schedule of committee meetings that had already been established, that we were going to do the clause-by-clause study of this bill on November 29. Pre-budget consultations were already scheduled on November 21.

Here is why Ms. Nash made her suggestion: if we receive amendments from other committees by November 20, we will have the time to analyze the amendments, internally and one by one, and we could be ready for the clause-by-clause study on November 29.

We are not opposed to the idea of sending clauses to some committees, getting them back, studying them and then doing the clause-by-clause study on November 29 as scheduled. That is why I am confused by the desire to finish everything before November 21 and to send it all to the House on November 22.

•(1615)

[English]

**The Chair:** I'll just respond on this.

Ms. McLeod, do you want to go first?

**Mrs. Cathy McLeod (Kamloops—Thompson—Cariboo, CPC):** I was just going to say, Mr. Chair, being at subcommittee and then making our recommendations from subcommittee to committee, we had always indicated we weren't completely sure of the timing and that we would be flexible. Now we have our timing, and tomorrow at subcommittee we'll have the opportunity to look at our workload and adjust within what the timeframes would prepare us for.

**The Chair:** I don't know how many committee members have their schedule, but the first potential bills meeting is obviously today. Potential bills meeting number two is set for tomorrow, which will happen. Meeting number three was set for Monday, which will happen. Meeting four is set for Tuesday, November 6. Then we had set meeting five for November 29, so if this motion passes, that is the one date that would have to be moved.

As I mentioned earlier, if members want to add or subtract meetings, it's up to them, depending on how much time this committee feels it needs to get through the bill.

Just for clarification, this motion would affect one meeting, on November 29, and then there would be any other subtractions or additions the committee would make. Is that clear to members?

Go ahead, Monsieur Caron.

[Translation]

**Mr. Guy Caron:** I would like to make the following amendment to the motion: that parts (d), (e) and (f) be sent to the subcommittee for a decision, given that it involves a change to the previously agreed schedule, and that we vote on the rest of the motion at the end of the meeting.

[English]

**The Chair:** Can I clarify whether the committee wishes to deal with the motion and the vote now, or does it wish to set time at the end of the meeting?

[Translation]

**Mr. Guy Caron:** If you agree to my presenting my amendment at the end of the meeting, it is no problem. We can wait till then.

[English]

**The Chair:** You want to set 20 or 30 minutes at the end of the meeting and deal with the motion. Is that acceptable?

At 30 minutes I'll come back to you, Monsieur Caron, and you can move your amendment.

Go ahead, Mr. Jean.

**Mr. Brian Jean (Fort McMurray—Athabasca, CPC):** Just as a matter of record, when you say "at the end of the meeting", are you talking about the regularly scheduled meeting? We can't have any motions dealt with past 5:30 because of the agreement between the parties.

**The Chair:** Exactly. I would come back to this at 5 p.m., and we'd have to have a vote on any amendments and the motion by 5:30 p.m.

Okay, *d'accord*.

**Mr. Brian Jean:** *D'accord*.

**The Chair:** Seeing no objection, then, at 5:00 p.m. we will return to the motion.

I want to welcome officials from the Department of Finance. Welcome back to the finance committee. It's a pleasure to have you back.

Colleagues, I will proceed, and we will do rounds of questioning as we normally do. I will start with NDP, Conservative, Liberal, Conservative. We'll have five-minute rounds. We'll deal first with part 1, the amendments to the Income Tax Act and related regulations.

I'll ask our officials if they wish to make an opening statement with regard to this part of the bill.

**Mr. Ted Cook (Senior Legislative Chief, Tax Legislation Division, Tax Policy Branch, Department of Finance):** If the committee would like, I can provide a brief overview of all the measures that are contained in part 1 of the bill.

**The Chair:** Okay, a very brief overview would be in order. Thank you.

•(1620)

**Mr. Ted Cook:** Thank you very much for having us here.

My name is Ted Cook. I am senior legislative chief with the tax legislation division of the Department of Finance. I am here this afternoon with Geoff Trueman, director of the business income tax division; Shawn Porter, director of the tax legislation division; and Ian Pomroy, a senior tax policy officer with the personal income tax division.

I'll simply highlight each of the measures in part 1, and then we can turn to your questions.

The first set of five measures relates to registered disability savings plans. The first one is an amendment with respect to the so-called 10-year rule. What the measure in the bill will provide is that when a holder of an RDSP makes a withdrawal, instead of having to pay back the entire assistance holdback amount, which is the Canada disability savings grants and bonds paid into the plan for the last 10 years, the payback would be \$3 for each \$1 withdrawn.

The second measure allows a rollover from RESPs, registered education savings plans, to an RDSP in certain circumstances when the RESP and the RDSP share a common beneficiary.

The third measure relates to the disability tax credit, and it provides that in circumstances in which the beneficiary of the RDSP ceases to be eligible for the disability tax credit, in certain circumstances the RDSP can remain open for up to five years following that event, rather than the current case in which the individual ceases to be eligible for the disability tax credit and the RDSP has to be wound up.

The next measure relates to maximum and minimum withdrawals from an RDSP. This measure has two components.

The first is to take the minimum annual withdrawal requirement, which is currently applicable only to plans that are primarily government-assisted, and extend that to all RDSPs once the beneficiary of the RDSP attains 60 years of age.

The second part of this measure takes the annual maximum withdrawal limit that is currently applicable to plans that are primarily government-assisted and provides that the amount that can be withdrawn in a year is the greater of two amounts, the currently existing amount and up to 10% of the property in the RDSP.

As well, there are a few administrative changes to facilitate and make life easier for issuers of RDSPs, providing that when an RDSP is transferred, more information will be provided by Human Resources and Skills Development Canada from one RDSP issuer to the other, and it will take out a couple of specific date deadlines to provide greater flexibility to issuers.

The next measure has to do with group sickness and accident insurance plans. This measure provides that on a go-forward basis, employer contributions to—

**The Chair:** Please hold on, Mr. Cook.

I'll ask the committee.... We're doing part 1. We've done part 1(a) as explained in the summary. Do you want me, then, to ask for questions on part 1(a) and deal with all the questions, then do part 1 (b)? It might be simpler for members.

**Some voices;** Agreed.

**The Chair:** You've covered part 1(a). Is that right, Mr. Cook?

**Mr. Ted Cook:** Are you referring to your summary background document?

**The Chair:** Yes.

**Mr. Ted Cook:** Okay, that's fine.

**The Chair:** We'll take questions on part 1(a) for the officials.

Go ahead, Ms. Nash.

**Ms. Peggy Nash:** Thank you.

The bill would add a line of definition around "substantially gainful" in a manner to be determined by the Governor in Council.

As I understand it, the CPP administrators now rely on existing jurisprudence with respect to a definition regarding a disability pension. If there is going to be a change in definition based on the term "substantially gainful", what is the intent of that change? Will we be able to get that definition before we complete our examination of this bill, and will there be any impact on the number of people who would be eligible for a disability pension based on a changed definition?

**Mr. Ted Cook:** I'm sorry, Ms. Nash, but could you refer me to the specific clause that you're looking at? I'm not sure that it forms part of the RDSP changes.

•(1625)

**Ms. Peggy Nash:** We have this summary; I don't have the actual bill in front of me. Maybe that's something that I could follow up on with you in writing. Maybe I can quote you the specific location of that within the bill in order to get the answer so that we don't hold up the work of the committee.

**Mr. Ted Cook:** That would be fine. I'm sorry. I'm just not sure.

**The Chair:** Go ahead, Mr. Brison, please.

**Hon. Scott Brison:** I have a question about the disability tax credit. Do you have what the cost would be to the treasury of making that fully refundable?

**Mr. Ted Cook:** In terms of costing out this particular measure, there was no consideration of making the disability tax credit fully refundable.

**Hon. Scott Brison:** Oh.

**Mr. Ted Cook:** This measure doesn't change the criteria for the disability tax credit either. All it does is take the existing system, where if you cease to be eligible for the disability tax credit, you're no longer eligible to keep an RDSP open.... All this measure does is take that existing requirement and say that it recognizes that there may be people who, because of the episodic nature of their illness, may not be eligible for a disability tax credit in any one particular year, but it is certainly foreseeable by a medical practitioner that the individual will again be eligible for it in a future year. It just provides that the RDSP will be able to stay open. It doesn't touch on the disability tax credit as such.

**Hon. Scott Brison:** Okay.

On the 60 years of age aspect, has the age for RRIFs been changed to 71 now? What is it?

**Mr. Ted Cook:** I believe it's 71.

**Hon. Scott Brison:** It's 71, so just for the committee to understand the difference and the rationale....

**Mr. Ted Cook:** Sure. In terms of the difference between the RRIF and the RDSP, I think you have to look at the basic structure of registered disability savings plans. It goes a little bit into the 3:1 proportionate repayment rule.

When the RDSP was originally designed, it conceptualized that there would be three phases. There would be the phase up until the person is 49, when contributions are made to the RDSP. Then there would be a kind of savings phase from 49 to 59. Then, from 59 or 60, to provide for the long-term care of the beneficiary of the RDSP, it would go forward from 60.

That recognition of ages 49 and 59 and the three phases have always been part of the basic design of the RDSP. In fact, that's why there was what they called the "assistance holdback amount", so that if you made a withdrawal from an RDSP, you had to repay all the Canada disability savings grants and Canada disability savings bonds that had been paid into it in the last 10 years.

The expectation is that you accumulated up to 49 and you earned investment income until 59, and then, when you started drawing down on that to support your needs, there would have been no grants or bonds paid in during the prior 10 years.

**Hon. Scott Brison:** I can understand the rationale for greater flexibility to make withdrawals from certain RDSPs, but did you consider the risk to the sustainability of individual RDSP accounts if more people do this? If there's a greater quantum of withdrawal, is there a risk that we may jeopardize the potential strength or sustainability of individual accounts?

**Mr. Ted Cook:** Well, I think the notion was that... The proportional repayment is 3:1, so it was felt that this was a big enough disincentive to prevent a premature reduction of the RDSP assets, but at the same time that the existing rule whereby, if you made a small withdrawal, you would have to repay everything that had been contributed over the last 10 years in terms of grants and bonds, was too harsh.

Certainly I think there was a recognition, but the view was that this change to the rule gives people more flexibility and perhaps prevents, in some cases, overly harsh results.

• (1630)

**The Chair:** Thank you.

Mr. Caron, *s'il vous plaît*.

[Translation]

**Mr. Guy Caron:** My question can apply to parts A, B and C, in order to save time.

Whom have you had the chance to consult in order to come up with amendments about the different insurance schemes?

[English]

**Mr. Ted Cook:** I'll speak first to part 1(a), on the registered disability savings plan.

There was a separate consultation process undertaken by the government. There were quite a number of submissions. There were a number of suggestions. Certainly flexibility around making withdrawals was a particular issue raised by the people who made submissions. I think that was one of the major issues raised.

[Translation]

**Mr. Guy Caron:** You are saying that the department did not do the consulting, it was the government.

[English]

**Mr. Ted Cook:** Oh, sorry. By "government", I mean that the Department of Finance—

[Translation]

**Mr. Guy Caron:** Okay.

[English]

**Mr. Ted Cook:** —did a consultation for the government on RDSPs specifically.

[Translation]

**Mr. Guy Caron:** Are the submissions public? Can we have access to them?

[English]

**Mr. Ted Cook:** I'm afraid that I would have to check to see whether there was some sort of summary that was public. I don't know whether that was the case. Certainly the initial consultation documents soliciting the submissions are available on the Department of Finance website.

[Translation]

**Mr. Guy Caron:** To the best of your knowledge, were the requests for submissions sent to the general public or just to those with specific expertise, such as actuaries or people from insurance companies? Did you go looking for help from experts or for general comments from users?

[English]

**Mr. Ted Cook:** I believe that it was a mix of both.

When the RDSP was set up in 2008, it was indicated that there would be a three-year review. That consultation was an open process. Rather than picking particular parties to consult with, there was simply a consultation document posted on the Department of Finance website. My recollection is that there were many submissions and results. They ran the gamut from advocacy groups for people with disabilities to individuals. There was a mix of submissions.

[Translation]

**Mr. Guy Caron:** I am not sure I understood. Does the answer you are giving me at the moment apply to the amendments in Parts B and C?

[English]

**The Chair:** We're doing part 1(a) first.

**Mr. Guy Caron:** I'm just trying to save time. This is the same question. I just want to know if the answer applies to both parts.

**The Chair:** Okay.

**Mr. Ted Cook:** I'll deal with it quickly.

There wasn't the same consultation process with respect to part 1 (b) and part 1(c).

**The Chair:** Okay. Thank you.

Mr. Cook, can we deal with part 1(b) very quickly then, using the summary?

**Mr. Ted Cook:** Yes.

Part 1(b) deals with group sickness or accident insurance plans. It simply provides that contributions made by employers in respect of insurance plans for the employees will be included in an employee's income, except when the insurance benefits would be wage replacement payments on a periodic basis, because they're already being taxed under the Income Tax Act.

**The Chair:** Thank you.

I have Mr. Mai and then Ms. McLeod.

[Translation]

**Mr. Hoang Mai:** Good afternoon, and thank you for being here today.

Could you tell us about the number and the percentage of Canadians who will be affected by this measure?

[English]

**Mr. Ted Cook:** Our estimates indicate that approximately 6.8 million employed Canadians would be affected by this measure.

•(1635)

[Translation]

**Mr. Hoang Mai:** My colleague raised the following question.

[English]

Who would be the stakeholders for the part 1(b) section?

**Mr. Ted Cook:** This was a measure for which there was no specific public consultation process. This is a result, largely, of our analysis of changes in usage of different types of insurance over a particular time period and a recognition of...

If I could go a little bit into the policy of this, these types of insurance are non-neutral in the sense that these kinds of lump sum payments.... For example, on a group accidental death and dismemberment plan, a lump sum payment rather than a wage replacement is not taxable either when the contribution is made or when the benefits are received by the individual. In comparison, for example, is an insurance plan that pays out wage replacement on a periodic basis. There's an incentive to be moving to this type of insurance, and we've seen that. This is largely to address what we perceive is non-neutrality in the tax system.

[Translation]

**Mr. Hoang Mai:** How much will be received in taxes? Have you calculated or estimated that?

[English]

**Mr. Ted Cook:** The overall calculation, when fully phased in, is approximately \$100 million per year. On an average employee basis, that would be about \$13 per employee per year.

[Translation]

**Mr. Hoang Mai:** Thank you.

[English]

**The Chair:** *Merci*, Monsieur Mai.

We'll go to Mr. Brison, please.

**Hon. Scott Brison:** So 6.8 million Canadians will be affected by this. Have you not calculated the average effect of this change on their tax bill?

**Mr. Ted Cook:** It will add approximately \$13 federally, or approximately \$20 combined federally and provincially.

I would note, in terms of looking at the impact, that this measure is already in place in Quebec. In Quebec, employer contributions are already included in the employee's income.

**The Chair:** Thank you.

We'll move, then, to part 1(c), which is retirement compensation arrangements.

**Mr. Ted Cook:** Retirement compensation arrangements are a form of savings. They're employer-sponsored savings other than registered pension plans, RRSPs, and those types of savings vehicles.

Certainly this is something that, in particular, the CRA has brought to our attention. Over the last number of years, they've noted approximately 120 to 180 new RCAs each year. Most are what we would call closely held RCAs—RCAs that are for the benefit of owner-managers of corporations, that type of thing.

CRA has found that they've been engaged in aggressive tax planning, and this measure is largely to address that. The changes being proposed are similar to the rules that were added with respect to RRSPs in budget 2011.

**The Chair:** Thank you.

Go ahead, Monsieur Mai.

[Translation]

**Mr. Hoang Mai:** I would like to understand that better. Could you give us examples or describe the strategies used in that case? How frequently do you get to see those strategies?

[English]

**Mr. Ted Cook:** I'll explain what is perhaps one of the most common strategies.

One first has to understand that it all hinges on the way RCAs are taxed. An RCA is generally a trust. An employer can make a tax-deductible contribution to the RCA.

An RCA is taxed in its own right; what happens is that 50% of the contributions to the RCA are taxed by the CRA, and 50% of the income earned by an RCA is also taxed; then that tax is refunded when payments are made out to the individual. The 50% tax was to get at the time value of money.

What the CRA has found, for example, is that an individual or an employer can make a \$100 contribution to an RCA and pay their CRA tax of \$50, and then the RCA can make a loan or an investment in essentially a shell corporation controlled by the same individual. Now the money would be outside the RCA and back in the hands of the original contributor.

The trick that occurs is that, since existing rules recognize that investments might lose value, when an investment loses all its value, the RCA can simply apply to the CRA for a refund of the tax, if they turn in all the money they have.

What happens is that this loan is made to a shell company, and that shell company moves the money out. Now the shell company owes money and has no assets, so the value of the RCA's asset is nothing. They get a refund of the RCA tax; they have just taken a circuit out of it.

• (1640)

**Mr. Hoang Mai:** Thank you very much.

**The Chair:** Thank you. *Merci*.

Mr. Brison, do you wish to speak on this point?

**Hon. Scott Brison:** Actually, I want to speak on employee profit-sharing.

**The Chair:** That's the next one.

**Hon. Scott Brison:** Okay. I'm sorry.

**The Chair:** Then we'll move on to employee profit-sharing plans.

Go ahead, Mr. Cook, please.

**Mr. Ted Cook:** Employee profit-sharing is a slightly different variety of tax planning that has been uncovered. As I'm sure everyone is probably aware, employee profit-sharing plans are used largely to align the interests of employees with those of their employers by giving them in some ways a stake in the business.

The way employee profit-sharing plans currently works is that the employer makes a tax-deductible contribution to the trust. Unlike an RCA, every year the trust allocates all the income and all the assets of the trust to the beneficiary of that particular trust, and then it's paid out in accordance with the trust document on a tax-free basis.

What has been observed is that these employee profit-sharing plans are being used to split income. A spouse may be a part-time employee or something of a business; amounts are paid into this employee profit-sharing plan, and effectively it's used to achieve income splitting, to avoid CPP and EI premiums, and to defer income tax, because there is no withholding tax.

To close this planning opportunity, this rule would impose tax at the highest rate once the amount allocated under the employee profit-sharing plan exceeds 20% of the employee's salary otherwise calculated.

**The Chair:** Okay, thank you.

[*Translation*]

Do you have any questions, Mr. Mai?

Mr. Brison is up next.

[*English*]

**Mr. Hoang Mai:** Can you explain to us why the treatment for Quebecers is different from that for the rest of Canada?

As well, has the Government of Quebec been consulted? Has this been discussed in order to have everything in line?

Also, what differences would there be, or what would the impact be, for individual Quebec taxpayers versus individual Canadian taxpayers?

**Mr. Ted Cook:** I think what you're referring to is that the tax is an amalgam of the highest personal federal rate plus the highest rate for

the province in which the person is a resident, and at zero in the case of Quebec. That's because Quebec is a non-agreeing province with respect to the personal income tax; they levy their own tax through a separate system.

In July, Quebec announced that it would be implementing the same tax, so generally Quebec will mirror the changes we've done. However, it can't be done directly in federal legislation; Quebec does it itself. What the effective Quebec rate is will depend upon what they have chosen.

Our approach has been to tax it at the highest personal rate for whatever the province is. I presume that Quebec would likely do the same.

• (1645)

**The Chair:** Mr. Brison is next, please.

**Hon. Scott Brison:** Thank you.

You were saying that typically these are used or, if you will, abused by people when there are family relations. Why wouldn't we simply deal with that, as opposed to...? Is it possible to identify related people within a small business and deal with that, if it's that specific? You were saying that this is the typical form of abuse.

**Mr. Ted Cook:** I'm just going to confirm here....

I believe you're absolutely correct. Our definition is actually of "specified employee", and so this applies to specified employees. Specified employees have a particular relationship, usually a significant interest—more than a 10% interest—in their employer.

I'm just going to confirm that.

**Hon. Scott Brison:** Oh, I see. It's the definition of "specified employee".

**Mr. Ted Cook:** Yes, it doesn't apply to all employees; it just applies to specified employees, cases in which there is a particular relationship between the employee and the employer.

I would note, though, that the 20% threshold is based on what we've observed. It's generally significantly higher than what is observed in arm's-length situations, such as in large corporations in Canada.

**Hon. Scott Brison:** You have said that this is to end the practice of income splitting, effectively.

**Mr. Ted Cook:** Yes.

**Hon. Scott Brison:** Is income splitting bad public policy? I'm just curious.

**The Chair:** I don't think he said that, but is that a general question?

**Hon. Scott Brison:** No, but it seems an interesting position for the government to be taking.

**The Chair:** Go ahead, Mr. Cook.

**Mr. Ted Cook:** Well, I think this is just in recognition that however a particular person earns their employment income, it should be their employment income.

**Hon. Scott Brison:** So it's to stop this income-splitting stuff. I understand.

**The Chair:** I'm not sure whether you may want to clarify that, Mr. Cook.

**Mr. Ted Cook:** There are a few things going on with the employee profit-sharing plan. It was set up as a specific mechanism with respect to the relationship to a particular business. I think the observation is that it hasn't been used with respect to its intended policy purpose.

**Hon. Scott Brison:** Thank you.

In other cases—for instance, in publicly traded companies—stock options are used similarly, or are intended to be used similarly. What are the changes to the taxation of stock options as part of this budget? If you're taking this approach to privately held companies, is there a similar intention with respect to stock options?

**Mr. Ted Cook:** This measure is just in respect of employee profit-sharing plans. It doesn't impact upon the taxation of stock options.

**Hon. Scott Brison:** Thank you.

**The Chair:** Thank you, Mr. Brison.

We shall move on, then, to accelerated capital cost allowance for clean energy generation. Go ahead, Mr. Cook.

**Mr. Ted Cook:** This measure contains a few components. When waste-fueled thermal energy equipment is included in class 43.2, there is currently a requirement that this equipment must be used in an industrial process or a greenhouse. The requirement that it's used for those purposes is taken out by this measure in order to expand the ability to use waste-fueled thermal energy equipment.

Similarly, the definition of what counts as an eligible waste fuel is expanded to include the residue of plants. That includes things like straw, corncobs, and that type of thing. As well, classes 43.1 and 43.2 are expanded to include a district energy system that distributes thermal energy that is primarily generated by waste-fueled thermal energy equipment. The last part of this measure is to provide that this equipment will only be eligible for classes 43.1 and 43.2 treatment if the applicable environmental laws and regulations are complied with at the time the equipment becomes available for use.

• (1650)

**The Chair:** Okay. Thank you.

[*Translation*]

Mr. Mai, do you have any questions?

**Mr. Hoang Mai:** Yes. Thank you. Mr. Chair.

In the briefing session, I recall you mentioning an amount. Could you repeat that information for us? How much do you anticipate that this program will cost?

[*English*]

**Mr. Ted Cook:** Sorry, I'm just checking my notes. I believe it's \$4 million.

[*Translation*]

**Mr. Hoang Mai:** Can you tell us the approximate number of businesses that will benefit from this program?

[*English*]

**Mr. Geoff Trueman (Director, Business Income Tax Division, Tax Policy Branch, Department of Finance):** I don't have an exact

number for you. It would be a relatively small subset. The equipment tends to be fairly specialized.

**Mr. Hoang Mai:** Who are the stakeholders on this one? Who was consulted? Who asked for it?

**Mr. Geoff Trueman:** The department receives a number of submissions every year regarding eligibility for equipment under class 43.2. This would have been a technology that would have come up in submissions from some stakeholders.

**Mr. Hoang Mai:** Thank you very much.

**The Chair:** Okay. Thank you.

Go ahead, Mr. Brison, on this point.

**Hon. Scott Brison:** Just to be clear, it applies to a fairly specific subset of biofuels. Just for us to understand, what are some examples of the type of equipment it would apply to?

**Mr. Geoff Trueman:** One example would be that if you own a commercial building, you could purchase a boiler that would burn wood waste, for example, to heat the property. That would be an example of a qualifying application. Similarly, regarding district energy, heat generated by waste-fueled energy could again be distributed throughout a community or throughout a number of buildings. That type of equipment would also qualify.

**Hon. Scott Brison:** What other area of clean energy investment is covered by this accelerated capital cost amount?

**Mr. Geoff Trueman:** Class 43.2 generally will cover a range of equipment that uses renewable fuels or waste fuels or makes more efficient use of a fossil fuel.

**Hon. Scott Brison:** It doesn't apply to other forms of cleaner energy, such as alternative energy, as an example.

**Mr. Geoff Trueman:** It does include equipment that uses various forms of renewable energy.

**Hon. Scott Brison:** So it would include solar panels.

**Mr. Geoff Trueman:** I would have to check the specific eligibility of a particular item.

**Hon. Scott Brison:** That would be helpful. Thank you. If you are going to check on them, then just give us an idea of what areas of renewable or cleaner energy it would include. Thanks.

**The Chair:** Thank you.

We'll do the next section, the corporate mineral exploration and development tax credit.

**Mr. Ted Cook:** This measure would phase out the corporate tax credit for pre-production mining expenditures. The way the phase-out works is that it is divided into two types of expenditures. One is the pre-production exploration expenditures, which we can think of as the grassroots, actual exploration-type expenditures. The other type of expenditure is the actual development expenditures, such as removing overburden and that kind of thing.

For the exploration expenditures, the 10% rate is reduced to 5% for 2013 and then the credit is not available after that.

For the development expenses, the rate is 7% in 2014, 4% in 2015, and then it won't be available in the years subsequent to that.

•(1655)

[Translation]

**Mr. Hoang Mai:** Could you tell us about the regions of Canada that this measure will affect more?

[English]

**Mr. Geoff Trueman:** The measure is available to mining companies generally, so to the extent that mining activity occurs across Canada, the measure would affect most regions.

[Translation]

**Mr. Hoang Mai:** You have not studied the precise effect of this measure or the current number of applications? Is there a variation between regions?

[English]

**Mr. Geoff Trueman:** When we look at the measure, we would look at the impact on the mining sector overall. We would certainly be cognizant of the fact that mines may be located in remote or rural regions in Canada, but most parts of Canada do boast some mining activity.

**The Chair:** With four minutes left, go ahead, Ms. Nash, please.

**Ms. Peggy Nash:** What has been the cost per year of this tax credit that is being eliminated?

**Mr. Geoff Trueman:** The average of the cost over recent years has been in the range of \$20 million per year.

**Ms. Peggy Nash:** Can you tell me where the decision came from to do this? Was there an industry consultation, or was a study done? I'm wondering how the decision was made to change this.

**Mr. Geoff Trueman:** The tax system is subject to ongoing policy review. As far back as 2006, the government indicated that it wanted to look at ways to make the tax system more neutral across sectors. We've seen certain rationalization measures in recent budgets, such as the phase-out of tax preferences to oil sands producers in budgets 2007 and 2011, and then this measure phasing out a preference for the mining tax sector.

**Ms. Peggy Nash:** Thank you.

**The Chair:** Go ahead, Mr. Brison, please.

**Hon. Scott Brison:** Further to Mr. Mai's question, there has not been an impact analysis of this change in terms of regions, has there?

**Mr. Geoff Trueman:** It's fair to say that we look at the fiscal impact and we take into consideration the economic impact across the mining sector. That would include where the incidents may lie across the country.

**Hon. Scott Brison:** The reason I ask is that this is for fairly early-stage activity. The reality is that this is a challenging time in terms of mining financing in Canada. Over the last five years, 80% of the mining deals in the world have been transacted in Toronto, so we're pretty good at financing mining activities, but this is a challenging time right now, which is why I raise it. I represent a rural riding, and one of the opportunities we have is in early-stage mining activities.

Was there any analysis done of the multiplier effect, and...?

How much will this save the government, based on take-up of this in the past?

**Mr. Geoff Trueman:** The fiscal impact is in the budget. I believe the numbers are, for the mineral exploration tax credit, starting at \$10 million in 2013-14 and ramping up over the next two fiscal years to \$25 million per year and then \$30 million per year.

Certainly in terms of mining financing and incentives, I would note that budget 2012 did extend the mineral exploration tax credit. That's the incentive that goes to investors in flow-through shares. That's certainly one of the key mechanisms that underpins the exploration spending in Canada.

•(1700)

**Hon. Scott Brison:** It certainly is an important one. I agree with that.

Thank you.

**The Chair:** Thank you, Mr. Brison.

Mr. Trueman, could I get you to explain something? I'm sure that members of this committee are aware, but just for the record, because some members who are not on the finance committee are saying, "I thought the government extended this one, but it's different", could you briefly explain the difference?

**Mr. Geoff Trueman:** Sure.

The measure I just referred to, the mineral exploration tax credit, is an incentive that goes to the investors who purchase the flow-through shares of mining companies. The corporate mineral exploration and development tax credit is the measure that is being eliminated. That is a tax credit that goes to the corporation itself, not to the investors in the shares of the corporation, so one is directed on the corporate side and one goes to the purchasers of flow-through shares.

**The Chair:** Thank you very much for clarifying that.

We'll go back to Mr. Brison, please.

**Hon. Scott Brison:** Thank you.

Mr. Trueman, you said you've studied the impact on the industry, so you have the information on that. Could you share that with the committee?

**Mr. Geoff Trueman:** The measure applies equally across Canada to mining activities, so there's no differentiation in terms of the region or the type of mining activity that's affected.

**Hon. Scott Brison:** But it would probably have, for instance, a lesser effect on Scarborough, as an example, than it might have on a riding in northern Quebec or in Labrador. It would be helpful to have.... You have some of that information in terms of regional breakdown.

**Mr. Geoff Trueman:** We don't do a specific analysis that allocates a dollar amount to a particular region. We examine the measure overall, and certainly the mining industry, as you say, is in most parts of Canada. It's important to remember that. Of course, as you say, the financing activity does take place in large urban centres, but mining is an integrated industry. It will have an impact across the country.

**The Chair:** Thank you, Mr. Brison.

As per our agreement earlier, I will move back to the motion presented by Ms. Glover.

With the committee's consent, I think I'll excuse our officials. I thank them very much for being with us here today. We'll obviously continue tomorrow from where we left off. Thank you for being with us. We will see you tomorrow.

Colleagues, returning to the motion, I believe Mr. Caron had an amendment with respect to this motion.

[*Translation*]

**Mr. Guy Caron:** Yes.

Since the schedule that the subcommittee established says that the fifth meeting to deal with the other bills, including Bill C-45, would be held on November 29, but that Ms. Glover's motion mentions November 21, and since November 21 will be the day after the deadline set for receiving amendments from the various committees, I propose:

“that paragraphs (d), (e) and (f) of the motion be sent to the Subcommittee on Agenda and Procedure for study at its meeting of Wednesday, November 1, 2012”.

That is so that the subcommittee can decide the schedule of meetings and discuss the dates on which the clause-by-clause study of the bill can take place.

We will then be able to vote on the rest and make a decision about the other committees.

[*English*]

**The Chair:** So your amendment would be to....

**Mr. Guy Caron:** It would be to refer (d), (e), and (f) to the subcommittee.

**The Chair:** Do you mean tomorrow morning?

**Mr. Guy Caron:** Yes.

**The Chair:** Okay.

Then we'll have debate on the amendment.

I have Mr. Brison and Madam Glover on the amendment.

**Hon. Scott Brison:** It was actually on the specific referrals to committee.

• (1705)

**The Chair:** Do you want me to leave you on the list and come back to you?

**Hon. Scott Brison:** That's fine. There are motions before these various committees currently to study parts of this legislation, and there's a delta between those motions and what we're proposing to send to those committees, so I was just proposing that we could perhaps....

**The Chair:** We always look for deltas at this committee.

**Hon. Scott Brison:** Or omegas, where possible.

**Some hon. members:** Oh, oh!

**The Chair:** Thank you.

We'll go to Madam Glover, please.

[*Translation*]

**Mrs. Shelly Glover:** Thank you, Mr. Chair.

On the subject of Mr. Caron's motion, I feel that he is seeing the subcommittee's responsibilities backwards. It is really the subcommittee that studies the proposals, with a view to reducing the time over which the committee has to discuss those matters. That is why questions are referred to the subcommittee. Thereafter, the committee makes a decision on the proposals that the subcommittee has discussed.

Basically, because we are in committee, we should make the decisions here. The subcommittee will just be able to bring it back here to the committee. We have the motion in front of us and everyone is here. I move that the committee vote on the motion instead of doing things backwards in terms of the reason why we have a subcommittee.

Thank you.

**The Chair:** Okay.

Thank you, Ms. Glover.

Mr. Caron, the floor is yours.

**Mr. Guy Caron:** Actually, I do not think I am suggesting operating backwards, quite the opposite. The committee is not the body that establishes the schedule of our meetings and agrees on the topics we are going to discuss. The subcommittee prepares the schedule that then comes to us. We have not had a meeting in order to discuss the dates on which we are going to study various things. We do not deal with that at the committee. It is dealt with first and foremost by the subcommittee, which then provides us with a recommendation.

Unless I am mistaken, what was decided was that we were going to have a meeting in order to study the bill clause by clause. That is also going to be quite a long meeting, since there are more than 450 clauses to study. It was also scheduled to be done on the 29<sup>th</sup>, well after the last meeting, so that we can have the time to come to grips with these matters.

With a November 20 deadline for committees to come back to us with amendments, we will need time to look at the ones the various committees send. We do not see doing it the next day as reasonable.

We could spend half an hour on the matter. But the subcommittee would be in a position to see the implications on the rest of our work calendar and also on our ability to analyze and examine quite a massive bill in a proper way and in an appropriate time.

**The Chair:** Okay, thank you.

[*English*]

We'll go to Ms. McLeod, please.

**Mrs. Cathy McLeod:** Thank you, Chair.

I think the subcommittee, then ratified by the committee, did a quite remarkable job with our schedule in terms of just having one meeting. I think it's important to point out, when we are looking at the budget implementation act, that we knew it was coming. We managed to book in a number of dates. It is also important to recognize that within this motion we are looking at having 10 other committees do substantial work, so we're in a much better position than we might have been.

Again, we will speak against the amendment. It is time to move forward and have our conversations with officials and with witnesses.

Thank you.

**The Chair:** Thank you.

I have four speakers. I have Madam Glover, Mr. Hoback, Monsieur Caron, and Ms. Nash.

Go ahead, Madam Glover.

**Mrs. Shelly Glover:** Thank you, Mr. Chair.

With regard to sections (d), (e), and (f), the reason they need to be voted on today is that we have a very tight timeline.

I disagree wholeheartedly with Mr. Caron, and if the clerk would like to clarify the reason we have a subcommittee, it is not so that they make all decisions outside of the committee. We try to streamline so that it can come back to committee. Mr. Caron is absolutely right that we don't always come back and put it to a vote, because there is an indication from all parties that there is consensus and we take that legitimately when we can. However, it is the committee as a whole that decides things, not the subcommittee. If they're doing so, it's by consensus, in my understanding. Again, it would be back and forth.

Nevertheless, with regard to sections (d), (e), and (f), if we do not provide the bill in the timeline that is proposed, it will not have time to go back to the House and then into the Senate and be completed by the time that we rise around the Christmas break. That's why it's particularly important that we get this done as quickly as possible.

•(1710)

**Mr. Randy Hoback:** The comment I have here, Chair, is about the impression that the finance committee needs to restudy things that we assigned to committees to do.

You made a comment that there are recommendations that come back to this committee and that you need more time to analyze those recommendations. I disagree with that. You have NDP members on all of those committees who will be involved in all of those recommendations. It's not as if you need to reinvent the wheel and restudy what your colleagues have already studied.

**The Chair:** Please go through the chair.

**Mr. Randy Hoback:** Of course. I am going through the chair.

I don't buy your argument that you need more time. You don't need more time.

**The Chair:** That's their argument.

Monsieur Caron is next.

**Mr. Guy Caron:** What Ms. McLeod is saying, basically, is that we all knew this was coming.

We just learned at 3:30 this afternoon, through the motion that was served, that we would not be doing the clause-by-clause study on November 29; we would be doing it on November 21, which is one day after the deadline for amendments, which we also only learned about this afternoon.

Basically, you're asking us to vote on a timeline that was never discussed and to replace a timeline that was discussed and agreed upon by everybody. This is why I'm saying that we should take that part and discuss it. That's why I'm suggesting that the subcommittee could meet tomorrow. The subcommittee can actually bring its recommendation tomorrow. There's not much time lost. I don't know why that would be a problem. We can move the rest.

It's a bit unfair to say—well, it's very unfair—that we all knew this was coming. We just got the timeline suggested by the government this afternoon at 3:30. This is the part we have a problem with. We'd like to have a bit more time to discuss it. As for the rest, we can actually vote on it right away. I can assure you that the rest can be discussed and adopted by tomorrow, so there won't be much time lost. We're talking about something that's going to happen three weeks from now.

**Ms. Peggy Nash:** I think that proposal's very reasonable, given that we just saw this motion now and saw the dates we had previously agreed to. We had other meetings scheduled for November 20 and 21. What happens with those? Do we continue with the meeting on the 20th? We don't know.

I also have a question about the timing of these committees wrapping up one day and then getting any report, recommendation, or amendments the very next day. If I remember, with Bill C-38, we were meeting very long hours as a finance committee, and some other committees were meeting simultaneously. Then we went immediately into clause-by-clause examination of the bill. Frankly, there was no time to get a report. There was no time to get any proposed recommendations. It was a very bad way to examine a bill.

Unless this is just window dressing, if we're going to go through the trouble of having these other committees examine the bill, then at a minimum we would want to get together with all the people from our team that have been part of these discussions and get their feedback and input. Frankly, with one day, we're not able to do that.

These are arguments I can make at the subcommittee. I don't think it's reasonable to throw this at us today. I have here the original schedule that we all agreed to; I don't think it's fair to throw that out the window without going back to the subcommittee.

**The Chair:** Thank you.

Go ahead, Mr. Jean, please.

**Mr. Brian Jean:** Mr. Chair, I would like to see this go to a vote tonight, and I would like to see it as soon as possible.

What I don't understand in all of this is that this is exactly what the opposition has been asking for. This is what they asked for in the House. This is what they asked for in the media. This is what they asked for in committee. Can you not take yes for an answer? Let's deal with the matter now. We've opened up a lot of this in most of the committees, which is obviously a show of good faith on our behalf.

Certainly we have a majority here, but we're showing that we can cooperate and work towards the opposition's agenda to study the bill more thoroughly. As a result of that, I think they should take this position of the government with open arms, thank them, and get on with it.

• (1715)

**The Chair:** Thank you, Mr. Jean.

We'll have Mr. Mai and then Mr. Brison.

**Mr. Hoang Mai:** There were two points that were raised. One was by Mr. Hoback, regarding the fact that we want to send it to committee and that we should trust people in the other committees. I agree, and if we trust them, we should also allow them to vote on it. I mean, maybe that's—

**An hon. member:** It's our vote.

**Mr. Hoang Mai:** If we send it to other committees to study it, make amendments, and actually vote on it, then why have it coming back? If we have to vote on it here and we have to look at what other parties....

Through the chair, yesterday you were talking about knowing what our party has done. That's fine, but what other amendments have been put forward by any party? We have to look at that since we have to vote on it. I don't think it's fair to say that on one day we get all the amendments and on the day after we're supposed to understand all the implications of those amendments.

Also, regarding the schedule, Ms. Glover mentioned that the idea of November 22 was because we wanted to follow the schedule that we have. I think the schedule was done well, in the sense that without changing all the dates, we can still stick to November 29 and have clause-by-clause consideration on the 29th. On the rest of it, we're not really changing the schedule in terms of the other studies that we're doing.

Let's not forget that there's also a week in the ridings. If we look at November 29, we can see that there's one week in the ridings, so there is a lot of time that is being lost by the other committees in regard to actually looking at the implications of Bill C-45. There's a whole week when we're not sitting and not actually looking at all these issues.

Hopefully, the members opposite will accept that we should take the time to look at it. A subcommittee looked at the fact that with the 29th we had enough time to send it to the Senate and everything. I think we should stick to that at least.

Thank you.

**Hon. Scott Brison:** To Mr. Jean's point, I know that what our party was calling for—and I believe the NDP was as well—is actually dividing up the bill, not just for study at committee but ultimately for other relevant committees to do a clause-by-clause

study and vote on it, as we believe it ought to be. I just wanted to clarify that it's not that we're not taking “yes” for an answer; this is actually far less than what we were seeking in terms of parliamentary scrutiny.

**Ms. Peggy Nash:** I have two quick points.

I agree with Mr. Brison about the fact that what we have been pushing for is to divide the bill and give committees the power to take ownership, to take responsibility for the bill, and to make decisions about their own part of the bill, which would be normal. It is the very structure of an omnibus bill that we were objecting to. I just want to clarify that for Mr. Jean.

I have also a very specific recommendation. We've just gone through all the parts of the bill being proposed to go to the different committees. With a friendly amendment, I would like to recommend that division 18, on navigable waters, which is slotted to go to the fisheries committee—

**The Chair:** Ms. Nash, can we address Mr. Caron's motion first?

**Ms. Peggy Nash:** Sure.

**The Chair:** Then we'll come back to that.

**Ms. Peggy Nash:** Okay.

**The Chair:** Go ahead, Mr. Jean, quickly.

**Mr. Brian Jean:** We have 11 minutes left—

**The Chair:** Yes.

**Mr. Brian Jean:** —before we can't deal with this anymore, and I'm wondering if the opposition is filibustering the gift that we've given them today.

What's the scoop?

**The Chair:** My understanding was that I was going to deal with all the amendments to the motion by 5:30 today, so....

Are we okay? Then we'll vote on Monsieur Caron's motion. All in favour? I see four. I see five. All opposed? Six.

(Amendment negated [See *Minutes of Proceedings*])

**The Chair:** That amendment is defeated. I'm going to go to Ms. Nash for her amendment, quickly.

• (1720)

**Ms. Peggy Nash:** My amendment is on clauses 316 to 350, division 18, on navigable waters. Those clauses are scheduled to go to the transport committee. I just said the fisheries committee, but what I meant was the transport committee.

**The Chair:** That's correct.

**Ms. Peggy Nash:** What I am proposing is that they also be studied at the environment committee; division 18 would stay with transport, but I am proposing that it also go to the environment committee.

**The Chair:** Your amendment would be to add the Standing Committee on the Environment and Sustainable Development for clauses....

**Ms. Peggy Nash:** Clauses 316 to 350.

**The Chair:** It would be clauses 316 to 350 and clauses 425 to 432.

Is there any discussion on the amendment?

**Mrs. Shelly Glover:** Discussion on the amendment is as follows: that it is not the practice of committees to set up a situation of having two committees studying the same bill. It's not efficient. It's frankly not advisable. It would cause nothing but problems and actually delay the good work that is done by parliamentarians. It is the practice of the House not to have two committees studying the very same thing at the same time. I don't know why we would change that in this case and make it more cumbersome.

For those reasons, as well as the fact that we're trying to make this as easy, transparent, and open as possible without complicating it more, we'll be voting against that amendment.

**The Chair:** Okay, thank you.

(Amendment negated [See *Minutes of Proceedings*])

We'll move back to the main motion.

Mr. Brison, I had you on the main motion.

**Hon. Scott Brison:** No, I have an amendment.

**The Chair:** Oh, you have an amendment.

Go ahead, Mr. Brison, please.

**Hon. Scott Brison:** I would move that the following sections be studied: first of all, in paragraph (a)(i), that the aboriginal affairs committee should also be invited to study clause 175; in (a)(vii), that the human resources committee should be invited to study division 7, clauses 193 to 205; division 2, clauses 234 to 263; division 15, clause 307; division 17, clause 315; and division 22, clauses 433 to 463.

Also, we would ask that the industry committee be invited to study part 1, the clauses dealing with the SR and ED program. Those would be 9, 27, and 28, and 62 to 64, as well as division 14, clauses 299 to 306. We'd also, as part of this motion, ask that the government operations committee study division 23, clauses 464 to 514.

**The Chair:** Okay. Thank you, Mr. Brison.

Is there discussion on the amendment?

(Amendment negated [See *Minutes of Proceedings*])

Now we are on the main motion.

Go ahead, Mr. Mai.

**Mr. Hoang Mai:** I've got another amendment for the motion.

**The Chair:** Another amendment? Please be very quick.

**Mr. Hoang Mai:** I think we had agreement in terms of the schedule before and on the fact that we want to move this forward, but since we have a week in the ridings, if we could stick to the previous schedule—

**The Chair:** We could always meet here during our break week.

**Mr. Hoang Mai:** We could, but still I'm wondering about... I know we have a very nice chair who makes us work as much as we want to, but I'm not sure about the other committees. As for this committee, I think what we should do is report to the House on the 30th and actually have our last meeting, which was already scheduled, on the 29th.

From what I understand from this amendment, we're losing one very important week when we could look at all the amendments and work on them. Therefore, in section (f), I would change the date from November 21 to November 29, so it would be on Thursday, and then report to the House on or before Friday, November 30.

• (1725)

**The Chair:** Okay. Is there any discussion on the amendment?

(Amendment negated [See *Minutes of Proceedings*])

**The Chair:** All those in favour of the main motion of Ms. Glover?

(Motion agreed to)

**The Chair:** Thank you, ladies and gentlemen. We will see you tomorrow afternoon.

The meeting is adjourned.





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