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## Standing Committee on Industry, Science and Technology

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### EVIDENCE

**Tuesday, March 21, 2017**

—  
**Chair**

**Mr. Dan Ruimy**



## Standing Committee on Industry, Science and Technology

Tuesday, March 21, 2017

● (0845)

[English]

**The Chair (Mr. Dan Ruimy (Pitt Meadows—Maple Ridge, Lib.)):** We have quorum, so we're going to move forward.

I hope everybody had a great week. We're back to the grind and making things happen.

We're going to pick up where we left off, on amendment CPC-2 and a subamendment by Brian Masse to change the three years to two years.

Earl.

**Mr. Earl Dreessen (Red Deer—Mountain View, CPC):** If that was the subamendment, I believe that at the time I was trying to explain the rationale for the three years.

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

**Mr. Earl Dreessen:** I'm not sure if that's necessary to review, but I will just take a moment. Again, as we had heard, with the length of time it takes to get a regulation through—and some people mentioned that it could take up to a year and a half—it really would only give you about six months to see whether anything was happening, and it's very difficult to determine that in the cycle of any director. That was the rationale we had for three years. Plus, it did put it into a new Parliament for discussion. So there's really not much sense in trying to force a Parliament to try to do something like that at the end of its mandate when this would probably have to be reviewed at any point.

That was my rationale for proposing to move it from the two years up to three years. I believe we had some potential accord with Brian at that time.

**The Chair:** Right.

Is there any further debate on the subamendment moving it from three years to two years? I agree with what I heard.

If there's no debate, then we should just vote on the subamendment.

(Subamendment negated)

**The Chair:** Now we come back to the amendment. Is there any further debate on the amendment?

Seeing no further debate, we'll go to a vote. All those in favour of amendment CPC-2?

**Mr. Earl Dreessen:** I'd like a recorded vote, please.

**The Chair:** Okay.

(Amendment negated: nays 5; yeas 4)

**The Chair:** Clauses 25 to 58 have no amendments. If it's the will of the committee, we could vote on them as a block.

(Clauses 25 to 58 inclusive agreed to on division)

(On clause 59)

● (0850)

**The Chair:** We're going to go now to amendment NDP-15.

Mr. Christopherson. Welcome to our committee, by the way.

**Mr. David Christopherson (Hamilton Centre, NDP):** Thank you very much, Chair.

Being a fill-in, I hope I don't slow things down too much. Thanks for the opportunity.

What exactly would you like from me now?

**The Chair:** We're on amendment NDP-15, if you wanted to speak to that.

**Mr. David Christopherson:** Sure.

Again, I'm sure Brian has gone through this in great detail and everybody's familiar with our position and why we think that way. Again, it's speaking to shareholder proxies, who do not currently have the same voting rights as shareholders who attend AGMs in person. They can only vote for one set of nominees, a slate, and not a combination. This is to equalize that and make it fair to everyone whether they're there or not.

**The Chair:** Okay.

The ruling of the chair is it's inadmissible, as the amendment goes beyond the scope of the bill.

**Mr. David Christopherson:** I'm shocked. Thank you, Chair.

**The Chair:** We're moving on to LIB-5.

**Mr. David Christopherson:** It's easy to lose.

**The Chair:** Who's going to speak to LIB-5?

Terry.

**Mr. Terry Sheehan (Sault Ste. Marie, Lib.):** This is a housekeeping change that would provide clarity in the legislation. The amendment would make clear that a person who is nominated as a director in a non-contested election but failed to be elected due to a lack of majority support is prohibited from appointment except in prescribed circumstances.

It's rather innocuous.

**The Chair:** Okay. Any debate on LIB-5?

I see no debate.

**Mr. Earl Dreessen:** On division.

(Amendment agreed to on division)

**The Chair:** Shall clause 59 carry?

All those in favour? All those opposed? All those who aren't voting?

(Clause 59 agreed to on division)

(On clause 60)

**The Chair:** We now have LIB-6.

Terry.

**Mr. Terry Sheehan:** Again, this is a very small housekeeping change. The proposed amendment simply aligns the terms that a director serves on co-operatives with the date of the annual meetings. This language is already present in the Canada Business Corporation Act, subsections 106(3) and 13(1).

**The Chair:** Do we have any debate?

Seeing no debate, we shall vote.

All those in favour of LIB-6? On division?

(Amendment agreed to on division)

We're now moving to NDP-16.

You're up, Mr. Christopherson.

**Mr. David Christopherson:** Thank you very much, Chair.

This deals with term limits on boards of directors of co-operatives and the intent is to free up spaces to give more opportunities, particularly to women.

**The Chair:** Is there any debate?

Seeing no debate, we shall vote.

All those in favour of NDP-16?

**Mr. David Christopherson:** I would like a recorded vote, Chair.

**The Chair:** (Amendment negated: nays 7; yeas 2)

(Clause 60 agreed to on division)

**The Chair:** We'll move to clauses 61 to 107.

We can vote on them as a block.

All those in favour?

Yes?

• (0855)

**Mr. David Christopherson:** Chair, I apologize for slowing things down. Is this LIB-7?

**The Chair:** No, we just did LIB-6 and NDP-16.

**Mr. David Christopherson:** Okay.

**The Chair:** On clauses 61 to 107, all those in favour? All those opposed?

On division.

(Clauses 61 to 107 agreed to on division)

**Mr. Earl Dreessen:** On division might be easier for you.

**The Chair:** Make it easy for me. That's the way I like it.

Now we're moving on to new clause 107.1 and LIB-7.

Majid, it's yours.

**Mr. Majid Jowhari (Richmond Hill, Lib.):** It is mine.

Mr. Chair, as most of us discussed, we've identified periodic review as a need. We're proposing a five-year review to close one of the gaps that have been identified. We are also looking at a committee of Senate or the House of Commons or both to do the review and to generate a report and table it within a reasonable time.

**The Chair:** Okay.

Earl.

**Mr. Earl Dreessen:** I just want to speak a little bit about some of the reasons—and I thought we had described some of them before—why it should be three years rather than five years. It hasn't been that long since we found out that Canada has slid down five places in the last couple of years and so on. So if you're not really paying attention to it then you have no reason to make any changes, or to prepare for any changes. This was the reason that we wanted to see what would happen after three years. It meant that it would be the start of a new mandate and a government would be able to refocus on what the legislation had done or accomplished.

Now that has been rejected, so I'm not going to continue to go over it. Obviously, they must believe that a five-year analysis would be adequate, but I just want to make sure that I have, once again, perhaps pointed out the folly in a five-year review. With such legislation, which is so sensitive at the present time as you're really trying to accomplish something, if all we're going to do is to punt it down the road, I don't think it's going to do what we want.

I'll leave it at that.

**The Chair:** Mr. Christopherson.

**Mr. David Christopherson:** At the appropriate time, Chair, I'd like to move an amendment.

**The Chair:** You can do that, yes.

**Mr. David Christopherson:** We would move, consistent with where Mr. Dreessen just was, that we change "On the fifth anniversary of the day on which," to "On the second anniversary of the day on which."

I think I got at least one vote.

Don't I, Earl?

**The Chair:** You think?

**Mr. Earl Dreessen:** If you had said, "third."

**Mr. David Christopherson:** So it's got to be your number?

**The Chair:** Do you want to change that to the "third," or do you want to just leave it to the "second?"

**Mr. David Christopherson:** Will I get your vote?

**Mr. Earl Dreessen:** Yes.

**Mr. David Christopherson:** Three. I'll go down with at least help.

**The Chair:** Okay.

**Mr. David Christopherson:** Not lonely.

**The Chair:** We have a subamendment to change the "fifth anniversary" to the "third anniversary".

Is there any debate?

We'll vote on the subamendment first.

All those in favour of changing the "fifth anniversary" to the "third anniversary"?

**Mr. Earl Dreessen:** Let's have a recorded division.

**The Chair:** A "recorded division"; that's a new one.

**Mr. Earl Dreessen:** No, a recorded vote. It's too early in the morning. Sorry.

(Subamendment negated: nays 5; yeas 4)

**The Chair:** Okay, we're back to the main clause.

Is there any further debate on the main clause?

Seeing no further debate we'll go to vote. On division.

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

**The Chair:** We are now going to go to NDP-17.

Mr. Christopherson.

•(0900)

**Mr. David Christopherson:** Thank you very much, Chair.

This amendment is, again, Brian's continuing attempt to have better and further accountability and a timely review. A lot of these initiatives have been tried before and apparently have gone down in a blaze of glory, but it's here again.

I'll just leave it at that, Chair. It's an advisory panel. I know everybody understands the arguments.

**The Chair:** Okay.

It's open for debate.

Earl.

**Mr. Earl Dreessen:** I'd like to propose a subamendment that we take "two years" to "three years."

**The Chair:** Okay.

Seeing no debate, all those in favour of the subamendment? All those opposed?

**Mr. David Christopherson:** We're gaining momentum here; we've got another one.

(Subamendment negated)

**The Chair:** Is there any further debate on the main clause?

Seeing no further debate, all those in favour of NDP-17? Opposed?

(Amendment negated on division)

(On clause 108)

**The Chair:** We're on LIB-8.

Is this the new one?

**A voice:** Yes.

**The Chair:** Chandra.

**Mr. Chandra Arya (Nepean, Lib.):** This is a housekeeping amendment. I move that Bill C-25 in clause 108 be amended by replacing line 28 on page 34 with the following:

Order in council (4)

(4) Sections 17, 19, 22, 37, 63, 71 and 88 come into force

The only change that we are adding here is section 17. The proposed amendment to clause 17 of the bill amends section 150 of the Canada Business Corporation Act to create a new regulatory authority to prescribe the manner of proxy circulars. This will facilitate the corporation's pursuing the notice and access system without requiring an exemption from the director of Corporations Canada. This will come in only because we had altered LIB-3. So, unless clause 108 is amended to bring clause 17 into the force on the date to be fixed by the Governor in Council, this section will come into force upon royal assent. This will create a gap in the law, as the law would refer to regulations on sending the proxy circulars that do not exist. This amendment is required to bring this action into force when regulations will also come into force.

**The Chair:** Is there any debate on LIB-8?

Hearing no debate, all those in favour of LIB-8?

(Amendment agreed to on division)

(Clause 108 agreed to on division)

**The Chair:** We have new clause 108.1, NDP-18.

Mr. Christopherson, it's all yours.

**Mr. David Christopherson:** Thank you very much, Mr. Chair.

Unlike everything else where I'm just kind of dropped in and do my best with the notes I have—we've all been in that position, and if you haven't, you will be—on this one, I do want to take just a second because I do actually know a little bit about it. In fact, we recently had a delegation sponsored by the Treasury Board go to London, England, where we did three things. One of the things we did on the last day was attend the first-ever Global Tax Transparency Summit. This issue that you see here in NDP-18—beneficial ownership—is a major issue that's gaining more and more traction around the world as we see those who can, take every chance they can get to hide money. It's being recognized internationally that until we all work together to ensure this transparency in each of our countries, we have no real sense of where the profits of these corporations are.

I'll take just a moment here, because this will be the only one that I go any length of time about, Mr. Chair.

The Public Accounts Committee in England at Westminster recently hauled in Google executives and demanded to know why it made so much money in the U.K. and paid so little tax. For those of us involved with the public accounts, it's an important arena to get involved in. The U.K. Public Accounts Committee has pushed the envelope in a way that no other public accounts committee has done before, and they're providing the leadership.

I'll tell you, Chair, that we were very impressed with the work that was done there. I was there, along with the parliamentary secretary, as well as another government member, Alexandra—and Chandra knows about what I'm talking about here. We came away so impressed with the work done there and with the importance of this very issue that's right in front of us. At some point, we're going to need to play our role. We need to step up to the plate to show our part in transparency. We came away so impressed that we offered to look into hosting, as part of our 150th celebrations, the second Global Tax Transparency Summit.

Again, it would certainly look good on us if we do hold that summit later this year and we step up to the plate ourselves and play our role internationally. Now I have a hunch that this may not necessarily fly through here today, but I do want to leave colleagues with the idea in the back of their minds that this is a growing issue. Revenue is as important as expenditures for those who care about these things. Hiding money and not paying your fair share of taxes is not on, and it doesn't matter whether you're a New Democrat, a Conservative, a Green, or a Liberal: none of us wants to see anybody get away without paying their fair share.

Mr. Chair, you can appreciate that it's difficult making this attempt of mine, as I sense it's not going to carry here despite the fact we're one of the most progressive countries in the world. This struggle is going on in the leading Commonwealth nations, in particular, and I think we'll be there eventually. It would be nice if we were one of the leaders. I have no doubt that at some point this committee will be sitting here, will be seized of this, and will actually adopt it as part of its international role to ensure that large corporations can't hide profits and avoid paying the taxes they owe just like everybody who gets up every day, schleps off to work, and has taxes deducted from their paycheque. It's important for us as law makers to ensure that the structures, international or domestic, reflect that same premise that if you earn a profit, you owe a certain part of that in taxes. We need to make sure that we as national governments have the ability to impose that. But at the end of the day, if we don't know who owns the corporate entity, how can we do that? Right now, they're playing one country against another because as long as they can show that profit in an offshore company right now, they can avoid paying taxes where they should be. If everybody exposed it, if everybody said, "Hey, here in our country, here's what they're doing: here's the

ownership, and here are the finances as we know them," that would be a huge step in cutting off billions of dollars in taxpayer money staying in the pockets of people who otherwise don't deserve it.

I'm good. Thanks, Mr. Chair.

• (0905)

**The Chair:** Thank you.

Unfortunately, I will have to rule this inadmissible, as the amendment—

**Mr. David Christopherson:** But it was such a great speech too, you know.

**Mr. Earl Dreessen:** It was.

**Some hon. members:** Hear, hear!

**Mr. David Christopherson:** There, see, I had momentum, Chair.

**Mr. Earl Dreessen:** I was going to go to five to give the Liberals a chance to respond.

**The Chair:** The amendment infringes on the financial prerogative of the crown.

We're going to move to clauses 109 to 124, which have no amendments.

(Clauses 109 to 124 inclusive agreed to on division)

**The Chair: The Chair:** Shall the title carry?

**Some hon. members:** On division.

**The Chair:** Shall the bill as amended carry?

**Some hon. members:** On division.

**The Chair:** Shall the chair report the bill as amended to the House?

**Some hon. members:** Agreed.

**The Chair:** Shall the committee order a reprint of the bill as amended for use by the House at report stage?

**Some hon. members:** On division.

**The Chair:** Thank you very much for working together to get this thing done. We have some committee business. We can talk about travel. We can talk about what's going to happen on Thursday. We're going to go in camera to talk about the travel budget.

Mr. Schaan, thank you very much.

[Proceedings continue in camera]

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