



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

# **Standing Committee on Industry, Science and Technology**

---

INDU • NUMBER 073 • 1st SESSION • 42nd PARLIAMENT

---

**EVIDENCE**

**Thursday, September 28, 2017**

—  
**Chair**

**Mr. Dan Ruimy**



## Standing Committee on Industry, Science and Technology

Thursday, September 28, 2017

• (1100)

[*English*]

**The Chair (Mr. Dan Ruimy (Pitt Meadows—Maple Ridge, Lib.)):** Welcome, everybody, to the Standing Committee on Industry, Science and Technology, meeting 73.

Before we go into committee business, we will give Monsieur Bernier the opportunity to present his motion.

I give you the floor, sir.

We have 15 minutes, maximum.

• (1105)

[*Translation*]

**Hon. Maxime Bernier (Beauce, CPC):** Thank you very much.

I am pleased to present this notice of motion, which reads as follows:

That the Committee immediately undertake a study on the government's consultations titled "Tax Planning Using Private Corporations" as publicly released on July 18, 2017;

That the Committee hear from witnesses on this topic for 5 meetings;

That the hearings consider the impact of the changes, including how they apply to small, local businesses, but not large, multi-national and/or publicly traded companies;

That the findings be reported to the House; and

That the government provide a response to the recommendations made by the Committee.

Let me now explain why it is important for the committee to consider this matter.

Tax reform will have major repercussions for small and medium-sized businesses. A number of stakeholders have said this is a major, unprecedented reform of the tax system. Moreover, the consultation period will be very short, just a few weeks.

I am aware that the Standing Committee on Finance has allocated time to study part of this reform. It is unfortunate, however, that there are only a few witnesses. We could work as a team, together or individually with the Standing Committee on Finance, in order to hear from more witnesses.

As MPs, we are receiving many calls from constituents about this reform. I am sure it is the same thing for my colleagues in the NDP and the Liberal Party. Chambers of commerce are worried.

It is true that the Minister of Finance is open to making certain changes following the consultation. We could help him in his reflections by hearing from witnesses about the changes that could make the tax system fairer for all taxpayers, as the minister has said himself.

Beauce is an entrepreneurial region and I am very proud to be their Member of Parliament. It is also a region with a lot of farmers, as they pointed out to me in the recent leadership race. That said, I have met with dairy farmers recently. They are worried about passing on their business to their family and the tax implications that will have for their own business.

The dairy farmers of Beauce are very happy that my party is protecting supply management and they want their MP to defend them vigorously on this issue. That is what I intend to do, while also defending the other businesses that could be affected.

My motion is fully consistent with the committee's mission with regard to this reform, and I would like for us to debate it. I hope I have convinced my colleagues of the usefulness of this reform. If I have failed to do that, we should express our point of view by voting on this motion. I am certain that my colleagues will have things to say and perhaps we can come to an agreement. That is my hope.

[*English*]

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

**Mr. Lloyd Longfield (Guelph, Lib.):** Thank you to my honourable colleague across the way.

I fondly remember going to Saint-Georges and Sainte-Foy in the Beauce region, a beautiful region. Whenever you say that, I think of the maple syrup at the side of the road. It's a beautiful area of the country. I spent a lot of time there.

**Hon. Maxime Bernier:** And nice people....

**Mr. Lloyd Longfield:** As you said, they are very entrepreneurial. There are some of Canada's most successful companies down there making buses, and trailers, and there's maple processing.

Regarding the discussion this morning around picking up this motion, in the first place, we're in a consultation period where we are getting input from chambers of commerce. The finance minister has been working across the country. As MPs, we have been holding round tables and town halls.

There's a hypothetical right now. We don't know what the consultation period will come up with, so we're waiting for that to come forward. We also know that the finance committee is studying this and have been doing some work. I hope to see the results of that work soon as well.

Therefore, to ask the same people to come here and do the same work, I think holding more meetings at this committee is duplicating what's out there. Being a hypothetical period, I'd rather see what comes forward. There will be discussions in the House. I won't be supporting the motion, yet I know the intent is to support business and we're here to support business, but right now, I think we have to wait to see what we have to work on.

**The Chair:** Thank you.

Go ahead, Mr. Jeneroux.

**Mr. Matt Jeneroux (Edmonton Riverbend, CPC):** Thank you, Mr. Chair, and thank you for your comments, Mr. Longfield.

With all due respect, there are a couple of things we'd like to make sure that we're clear on. The finance committee is only undertaking this review for a total of two meetings with stakeholders, which is six hours in total, and none of the witnesses before them have an industry point of view, particularly when it comes to small businesses, so I think it's pertinent to our committee to make sure that those voices are heard.

As we've heard in my riding at length, there are a number of small businesses that have reached out and just said how devastating this will be. In particular, there's a mechanic in my riding who said that this tax change will mean that he will have to lay off five of his employees. Five of those employees now will have trouble making their mortgage payments, and perhaps will not have that second car that they're able to fill up with gas, and they will not be eating at the local restaurants. This really has that trickle-down effect, which I think is worth exploring here at our committee on the small business side, but also to be able to look at the significant impact the proposed changes would have on professional corporations.

Then to the other point that Mr. Longfield made that we're in the consultation period, granted, we're in the consultation period, but I believe it's for maybe three more days, so it's quickly coming to an end. A lot of the consultation period was during the summer, when people were busy on their holidays. I believe the announcement was made on July 17, so most people were away on holidays and kids were out of school. It was a busy time, so I think being able to extend some of that to our committee would be very worthwhile.

In addition to that, in my opinion, the finance minister has been very clear about where he plans to take this. It hasn't been very well received, and I'm sure my colleagues on the other side of the table, and also on this side of the table, have heard from a number of their constituents on this.

Even though we're in that consultation period, I believe that it's pertinent now for our committee to make sure that we start scheduling these meetings. There are five meetings and we can bring in as many of the small businesses and stakeholders as we can to make that a well thought-out.... We even encourage the other side to bring in witnesses as well. This isn't just a Conservative initiative. As you know, across the country we're hearing from everybody. We're

hearing from people in Liberal-held ridings in Edmonton. They're contacting us, saying, "Please convince the finance minister and the government to at least extend this consultation period." This would be a good-faith consultation.

This is my last point, Mr. Chair, before I cede my time.

I understand that we're going to be voting on this and I'd just like to request that we make it a recorded vote.

Thank you.

● (1110)

**The Chair:** Mr. Eglinski, go ahead.

**Mr. Jim Eglinski (Yellowhead, CPC):** Thank you.

I am not going to dwell.... In my riding, just as in my colleagues' ridings, I am hearing from farmers. I have a diverse group of contractors in our area who are very concerned about how these tax implications would affect them. But, you know, I would like to see a debate, because you're talking about consultation. We already know that the finance committee is doing only a few meetings, and I think we need to do due diligence. I need to stand up for the businesses in my community, but I also want to stand up for the future of Canada.

This morning, I attended the Bacon and Eggheads breakfast, where one of the world's leading scientists was talking about artificial intelligence. He said that Canada is leading the world, and we probably have some of the brightest minds in the Montreal area, dealing with artificial intelligence. What were his words? His words were that artificial intelligence will grow astronomically with small companies being developed. Then, some of us were talking at our table, and the tax thing came up. Will these small companies form? We have the potential to see Canada lead the world in artificial intelligence. We see Canada being able to develop new, inspiring companies, as he said, the new Googles of the world. Some of these companies will grow to be the largest in the world. I think that we need to consider them.

This is why I would like to ask my colleagues across the way to look differently at this, and look at how we can help protect the future of Canada.

Thank you.

**The Chair:** Mr. Donnelly, go ahead.

**Mr. Fin Donnelly (Port Moody—Coquitlam, NDP):** Thank you, Mr. Chair.

**The Chair:** You weren't here, but the time allocated is about 15 minutes.

**Mr. Fin Donnelly:** I'll keep my remarks very brief, then. I appreciate that, Mr. Chair.

I do appreciate the spirit and intent of the motion. I believe it's responding to a 64-page white paper that was released in July. I agree that the timing of the release and of the consultation period in the summer was absolutely poorly planned.

This has been one of the biggest responses from the affected communities that I have heard in my eight years as a member of Parliament. Certainly, it's an important issue. I met with doctors in my riding. I met with a veterinarian. I visited a window covering manufacturer in my riding. I've heard from others who feel they would be impacted. I've asked them what they think are the specifics of the proposed changes. Some they can answer and some they can't.

My concern with proposing this motion now is that it's premature. We don't know what the government is going to propose. We are going to hear loud and clear from affected SMEs, but I think we need to know what the government is proposing before we actually start to comment on it and dedicate study time to hear from witnesses, so I can't support the motion.

• (1115)

**The Chair:** Thank you very much.

Mr. Jeneroux, go ahead.

**Mr. Matt Jeneroux:** I just have a quick rebuttal of that comment, if I may, Mr. Chair.

I think time is of the essence right now. The consultation period is ending. However, once the bill is drafted, we most likely won't be

able to change the minister's mind on this. I believe now is the opportunity that we have in front of us to engage on this issue and to hear from the small businesses.

I would think our colleague from the NDP would support bringing in a number of small businesses to have this discussion. Hopefully, this rebuttal would help change his mind. I'm hoping that we've already convinced the Liberal side and they are going to support this, so with that, I am anticipating unanimous support in the vote here, Mr. Chairman.

Thank you.

**The Chair:** Seeing no further debate, we will go to a recorded vote as requested.

(Motion negatived: nays 6; yeas 3)

**The Chair:** The motion has been defeated.

Thank you very much.

We are now going to suspend to go in camera.

*[Proceedings continue in camera]*

---





Published under the authority of the Speaker of  
the House of Commons

---

### SPEAKER'S PERMISSION

---

The proceedings of the House of Commons and its Committees are hereby made available to provide greater public access. The parliamentary privilege of the House of Commons to control the publication and broadcast of the proceedings of the House of Commons and its Committees is nonetheless reserved. All copyrights therein are also reserved.

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

---

Also available on the House of Commons website at the following address: <http://www.ourcommons.ca>

Publié en conformité de l'autorité  
du Président de la Chambre des communes

---

### PERMISSION DU PRÉSIDENT

---

Les délibérations de la Chambre des communes et de ses comités sont mises à la disposition du public pour mieux le renseigner. La Chambre conserve néanmoins son privilège parlementaire de contrôler la publication et la diffusion des délibérations et elle possède tous les droits d'auteur sur celles-ci.

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la *Loi sur le droit d'auteur*. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la *Loi sur le droit d'auteur*.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

---

Aussi disponible sur le site Web de la Chambre des communes à l'adresse suivante : <http://www.noscommunes.ca>