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# Standing Committee on Finance

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Chair: Mr. Peter Fonseca





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• (1620)

[English]

**The Chair (Mr. Peter Fonseca (Mississauga East—Cooksville, Lib.)):** I call this meeting to order.

I see Monsieur Ste-Marie's hand up.

Monsieur Ste-Marie, I will recognize you after my opening remarks.

Welcome to meeting number 52 of the House of Commons Standing Committee on Finance. Pursuant to the order of reference of May 10, 2022, the committee is meeting on Bill C-19, an act to implement certain provisions of the budget tabled in Parliament on April 7, 2022, and other measures.

Today's meeting is taking place in a hybrid format pursuant to the House order of November 25, 2021. Members are attending in person in the room and remotely using the Zoom application. Per the directive of the Board of Internal Economy on March 10, 2022, all those attending the meeting in person must wear a mask except for members who are in their place during proceedings.

I would like to make a few comments for the benefit of witnesses and members. Please wait until I recognize you by name before speaking. For those participating by video conference, click on the microphone icon to activate your mike, and please mute yourself when you are not speaking. Interpretation for those on Zoom is available for this meeting. You have the choice, at the bottom of your screen, of the floor, English or French. For those in the room, you can use the earpiece and select the desired channel.

This is a reminder that all comments should be addressed through the chair. For members in the room, if you wish to speak, please raise your hand. For members on Zoom, please use the "raise hand" function. The clerk and I will manage the speaking order as best we can. We appreciate your patience and understanding in this regard.

Pursuant to the motion adopted in committee on Monday, May 9, the committee will proceed today with the clause-by-clause consideration of Bill C-19. We have witnesses from various departments here with us who will be able to answer questions as we move through the clauses of the bill.

I'm recognizing Monsieur Ste-Marie, who has his hand up.

[Translation]

**Mr. Gabriel Ste-Marie (Joliette, BQ):** Thank you, Mr. Chair.

My point of order is twofold.

First, you all received notice of the motion I wanted to propose at the start of today's meeting. The Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities unanimously supported the recommendation to examine division 32 of part 5 of Bill C-19 separately.

After speaking with Mr. Beech, I want to let everyone know that I will be proposing that motion at a later meeting, not today's.

Second, you also received an amendment that would replace Bloc Québécois amendment 4, BQ-4. When we get to the amendment, which deals with clause 131, I will propose the new BQ-4, which you all received.

[English]

**The Chair:** Has everybody received it? Terrific.

Pursuant to Standing Order 75(1), consideration of clause 1, the short title, is postponed.

We will now go to clause 2. Is there any debate?

(Clauses 2 to 5 inclusive agreed to on division)

(On clause 6)

**The Chair:** There is an amendment from the Conservatives, CPC-1. You will find it on page 1 of the amendments. If CPC-1 is adopted or defeated, NDP-1 cannot be moved as they are identical.

MP Stewart, please go ahead.

• (1625)

**Mr. Jake Stewart (Miramichi—Grand Lake, CPC):** Yes, this amendment is important. It would basically have individuals with type 1 diabetes automatically qualify for the disability tax credit by removing the 14 hours a week for life-sustaining therapy. This is a no-brainer. This reduces the administrative burden on Canadians and allows their doctors to focus on their treatment, rather than completing confusing and arbitrary forms. This amendment is endorsed by both Diabetes Canada and the Juvenile Diabetes Research Foundation.

Further, the intent for the amendment is based on a recommendation by Canada Revenue Agency's own disability advisory committee, which the government rejected.

By moving this amendment, we ensure fairness not only for Canadians with type 1 diabetes in my province of New Brunswick, but from coast to coast to coast. This is a rare opportunity for us in this committee to immediately improve the lives of 300,000 Canadians on a bipartisan basis.

Colleagues, it is the right thing to do, and I welcome your support.

I also wanted to read something. I had support from the JDRF, as well as Diabetes Canada. I'll quote from Diabetes Canada and Mr. Andrew Jones, executive director, government affairs, policy and advocacy. He said:

We find that the process for eligibility is full of administrative burdens. Patients are required to fill out lengthy, lengthy forms and communicate with their health care professional. Our major concern is around the [14-hour threshold] per week. [That's arbitrary] what counts towards this 14-hour threshold... As I said in my opening statement, we maintain that individuals who are on insulin therapy—life-saving insulin therapy—ought to just simply qualify for the disability tax credit.

I have another quote here from JDRF Canada. We were fortunate enough to have them appear before the committee on two occasions. Dr. Alanna Weisman, endocrinologist, speaking about those suffering with type 1 diabetes, had this to say:

...If they were to not administer insulin, after a very short period of time they would be at risk of having dangerously high blood sugars, potentially leading to avoidable hospitalizations, coma or even death.

Our standard of care is to deliver insulin, as we call it, "intensively", which means either through multiple injections per day with each of those injections needing to be thought about and calculated, or through an insulin pump, which again is still being delivered on a 24-hour basis, still with multiple calculations and adjustments that need to be made each day. Insulin is absolutely a 24-hour, life-sustaining therapy.

Also note that in type 1 diabetes, there are no other medications approved for treatment. We have one medication, and that is insulin.

I move this amendment in clause-by-clause, and I hope that all members of the committee will support it.

**The Chair:** Thank you, MP Stewart.

I do have a speaking order here. I have PS Beech, then MP Blaikie and then MP Albas after that.

Go ahead, PS Beech.

**Mr. Terry Beech (Burnaby North—Seymour, Lib.):** Thank you, Mr. Chair.

Hello, colleagues. I wanted to wish everybody a happy Monday. Thanks for all the work the members and their teams have done over the weekend after receiving the amendments on Friday. I'm looking forward to a thorough, thoughtful analysis of the BIA by all parties, and I would also like to start my initial remarks on this particular amendment by saying I really appreciated what Jake just had to say.

I would also like to salute the advocacy of Mr. Blaikie on this issue, as well as other opposition members, and especially many of my Liberal caucus colleagues, both on this committee and in caucus generally, who have been passionately supporting this type of

amendment on behalf of the diabetes community. I have had meetings over the years with children and their families affected by type 1 diabetes, but we have to make sure that we follow the proper processes and not just good intentions, so I want to ask the legislative clerk and the officials present for clarification on this with regard to a procedural matter.

I understand that the proposed amendment would be to the eligibility criteria for a non-refundable tax credit, but I'm also concerned that it would have the direct effect of automatically increasing spending on certain spending measures that base their eligibility on the criteria established for the disability tax credit. Programs such as the Canada workers benefit disability supplement and Canada disability savings grants and bonds pay into registered disability savings plans, which would create a new draw on the consolidated revenue fund that Parliament has not approved. I believe in light of this, NDP-1 and CPC-1—this amendment—require a royal recommendation.

Could we ask officials to confirm if my understanding is correct? Could they provide their analysis on the admissibility of the amendment as it is currently drafted and presented?

• (1630)

**The Chair:** Thank you, PS Beech.

We will hear from officials and then I do have a speaking order. It's MP Blaikie, MP Albas and MP Stewart.

Officials, please go ahead.

**Ms. Lesley Taylor (Senior Director, Social Tax Policy, Department of Finance):** I'm uncertain if this would be something for us to speak to.

I see my colleague, Trevor, from the legislative branch is here.

Just to confirm, PS Beech, your understanding is the same as ours, having consulted with counsel. This would require a royal recommendation, given the flow-through effects on direct government spending that would be entailed by a change to the disability tax credit criteria.

Trevor, do you have anything additional you want to say on that?

**Mr. Trevor McGowan (Director General, Tax Legislation Division, Tax Policy Branch, Department of Finance):** No, thank you. Actually, that's perfect. It's my understanding as well that the effect of the measure would be to eliminate a requirement currently in the rules, which would naturally tend to increase amounts drawn from the CRF, consolidated revenue fund. That would be tantamount to additional government spending.

Those are the factual underpinnings of the comment that it would require a royal recommendation. Of course, that's not for officials to decide.

**The Chair:** Thank you, Ms. Taylor and Mr. McGowan.

We're going to hear from the members. Members may have a number of questions.

We have MP Blaikie up next.

**Mr. Daniel Blaikie (Elmwood—Transcona, NDP):** I do want to speak to the substance of the amendment, but I'm intrigued a little bit by some of the procedural questions.

Currently, the chair hasn't ruled that this is out of order, so I'm just wondering about the appropriateness of having a debate on the substance of a motion if its validity has been called into question and we don't have a ruling on whether it is, in fact, in order.

I could be wrong, but my understanding is that advice on whether a royal recommendation is required would normally come from House of Commons officials, not departmental officials. Until we hear it from House of Commons officials and there is... I'm happy to get the opinion of a departmental official on the weather, too, but I don't think that what departmental officials think is really germane to our procedural conversations, as the House of Commons, with all due respect to them. I think they have indicated as much.

I'm looking for a little direction from you, Mr. Chair, as to whether a ruling is pending or if you haven't ruled because you're satisfied it's in order and we can move on to the substantive debate.

• (1635)

**The Chair:** Thank you, MP Blaikie.

As we go through the process, we're hearing from officials. We did hear from PS Beech. I have been conferring with the legislative clerk.

Before making my ruling, I will hear from all the members. Then I will go back to the legislative clerk, and I will be able to inform the members if it is admissible or not admissible.

**Mr. Daniel Blaikie:** Thank you.

I might take the opportunity, then, to speak to the substance of the amendment and await your ruling on whether it'll be in order or not.

I do think it's an important amendment that has surfaced in a couple of different ways so far. When I had inquired about a similar intent, the legislative drafters produced an identical amendment. It's something I'm very happy to support here at this table. It's something that I think is worth doing, and I think it is a down payment on some larger reform to the disability tax credit eligibility, which has by no means been a problem for only people with type 1 diabetes. It has been problematic in a number of different ways. As Mr. Beech has highlighted, it matters for all sorts of reasons, including people's eligibility for other programs.

On the question of whether it's in order or not, I think it's important to note that if legislators can't have input on the eligibility criteria for a program, then I really don't know what we can do or what purpose we serve. It seems to me that it makes a lot of sense that legislators would be able to weigh in on the program criteria or the eligibility criteria for something like a disability tax credit.

I also note that, typically, private members are only prevented from being able to have a direct spend or a direct appropriation of funds. I think this is one step removed from something that we wouldn't be able to touch.

Here you have the disability tax credit—its own program. It operates by actually forgoing taxes. As a private member, I can't impose a new tax. I can't try to appropriate specific funding, but I should be able to weigh in on the eligibility for a tax deduction, and that's really what we're talking about.

If other programs choose to tie their eligibility to this eligibility, then that's a decision that's been made either by legislators or by government itself, and is incidental to the subject matter we're dealing with now, which is what you have to do in order to get access to the disability tax credit.

Those other programs have said that whatever the eligibility criteria are, that's what we're hitching our wagon to. I don't think the fact that government has decided elsewhere to proxy in eligibility for the disability tax credit should mean that legislators no longer have any right to weigh in on the eligibility for the disability tax credit. I think that would be a strange and perverse outcome that governments could certainly abuse in order to lock in eligibility criteria for all sorts of things.

There's a private member's motion that has actually been incorporated in this bill to establish a new tax credit for tradespeople who are moving around for work. You could argue in a similar way, as has been argued here today, that it's a government expenditure in the sense that the government will now be forgoing tax revenue, but in fact, those kinds of expenditures—tax expenditures—are something that private members are clearly able to establish. All you have to do is survey the private member bill landscape over the last number of Parliaments to see how many members of Parliament bring forward tax deduction schemes as part of their private member's business.

There isn't usually a ruling that says that those would require a royal recommendation, so the fact of government having tied access to other programs to this, I don't think should stand as an argument for legislators not to be able to weigh in on the eligibility for the program overall.

That's what I have to say on the procedural matter, but on the substance of the matter, I don't think there's any doubt. There has been a lot of good work from members across party lines, and my impression, anyway, is that certainly at some tables.... I believe HUMA had this discussion, and there was support from all parties to try to do this.

I've heard positive expressions of support from members of all parties at various times for this proposal, I believe, at this committee. If I'm misspeaking, anyone can jump in to correct me that this isn't something they support. I've seen what I would call an emerging consensus on this, so I think it would be unfortunate if a procedural ruling, which I'm not sure holds up, were to interfere with a cross-party emerging consensus that this is something that's important to do, that would be, as I say—and members can agree or disagree with this part of it—a down payment on larger DTC reforms that are very much needed in a case where it's very clear that people have a condition that requires time, energy and resources to monitor it. That should, in my view, obviously be part of the disability tax credit universe.

Let's please allow us to proceed with making this change, both on the procedural side and on the substantive side.

• (1640)

Thank you.

**The Chair:** Thank you, MP Blaikie.

I have MP Albas, MP Stewart and then MP Ste-Marie.

**Mr. Dan Albas (Central Okanagan—Similkameen—Nicola, CPC):** Thank you, Mr. Chair.

I'll separate my argument into two fronts, again procedural, and then to the substance of the motion itself that my colleague MP Stewart has put forward.

First of all, on the process, when a member connects with the law clerk, it's been my experience that if there are any conditions about inadmissibility, usually the law clerk flags that to the member. The member then takes the risk of presenting to you, Mr. Chair, through the clerk, but then that is usually ruled inadmissible right off the bat, before there can be any discussion.

I understand that you are on the fence on this one, but usually those things get flagged first and then, to be fair, members should be able to put forward motions and hear from their colleagues as to whether they are inadmissible or not. It does highlight the issue, and it is something that I would fight for any member of any party, or an independent, to have, because it is our job to be able to present ideas to other members and to have them at least discussed at that point. If they are ruled inadmissible, then, Mr. Chair, it would be ruled out of order, and then someone could challenge the chair if they so chose.

I really hope we don't take that particular option, Mr. Chair, but I would simply say that this subject came up a number of years ago. Mr. McGowan gave a very similar...when it came to CPP pension changes that we had suggested, despite there being no taxpayer money involved. I'm not picking on him. He's an honourable public servant. CPP, as you know, Mr. Chair, is administered at arm's length and comes from contributions from employers and employees. It isn't tax dollars.

This is a bit of a different matter, but quite honestly I wonder why the government would need to have Parliament if parliamentarians can't say, "These are the terms and conditions for being able to apply, the eligibility for a program." This is the reason we have Parliament.

Sometimes this government believes, somehow, that it is the decision-maker and that we simply approve everything. We are the ones who represent our constituents. We are the ones, as Parliament, together, the government is tethered to and has to continue to maintain the confidence of.

I would strongly suggest that you allow the amendment to come forward. It is clearly admissible. It should be debated. I find it unfortunate that the government seeks \$750 million in this budget bill to give to municipalities on transit before the Province of Quebec goes to an election. I think it's kind of shocking that they say, "It's okay for us to give them very little eligibility criteria for who can apply for that," and now when we're saying, "Help children with type 1 diabetes to be able to get the disability tax credit," it's.... I'm a bit aghast.

I will leave it to my colleague MP Stewart to get deeper in on the process, because it is his amendment and he is more than prepared to do that. However, on the motion itself, Mr. Chair, I will say something similar to what MP Blaikie suggested.

We've all talked to young people, through Juvenile Diabetes Research Foundation and Diabetes Canada. We've heard from people who are suffering from it, the families, and how they deal with it. I just want people to be mindful that CRA has, in the past, held up the admissibility of eligibility for someone when they receive the disability tax credit as a minor. They turn 18, and suddenly they aren't eligible anymore.

I've heard from my constituents, for example, the Findlater family in West Kelowna. Their daughter has diabetes. It is indicated to me that they want their parliamentarians to work together because, Mr. Chair, across this country.... There are a lot of great things in this country, but different provinces have different programs when it comes to assisting people with diabetes. Some are more generous, and some are, frankly, less than generous.

One of the most frustrating parts is when you see good people from provinces that do not get the same level of support from their provincial government. It appears to be unfair to many of these children who say, "Do you know what? It shouldn't matter." Wherever someone is, they should be able to receive the same kind of support.

• (1645)

What we're debating here today, Mr. Chair, is to make a program, a federal program, that applies to everyone who is eligible for it and to make that process fair and accessible with some constraints. The 14 hours, it's been pointed out, has some challenges for people. What we're trying to do is make it easier at the federal level. Someone gave me some wise advice. They said, "Dan, you can't always make life easy, but you can always try to make things easier." This is a small, tangible way.

Lastly, Mr. Chair, I'm going to remind members that the disability tax credit is one thing. As my colleague said, it's a non-refundable tax credit, but what is also so vital about this program is that it is the gateway to a disability retirement savings plan. It allows for children and adults to put money away and to have that money grow tax-free until they grow old. Oftentimes they may not get the same opportunities to work and to save for their own pension, and they can then supplement their income in their old age.

The challenge we have is that many young people with diabetes are eligible for the DTC until they turn 18. Then under this rule the CRA rules them as being inadmissible. The problem with that is that the disability retirement savings plan that was set up in their name now becomes forfeited. They have to close the account, the government takes the moneys that were put into it as grants, and then they have to pay tax on any interest earned on the investment or savings in that.

Mr. Chair, I'm pointing out that this is not just about saving more of people's money. This gives Canadians, especially those young people, the ability to save for their retirement. They are ineligible for that retirement savings plan if they do not have access to the DTC.

To all honourable members, we may not be able to make everything easy for people who have type 1 diabetes, but across this country, with this amendment, we can start to make it a little bit easier and allow people to focus on their health and on saving for their retirement.

Thank you.

**The Chair:** Thank you, MP Albas.

Members, we've heard some great discussion here. What I'm going to do is suspend for a couple of minutes to confer with the legislative clerk, and then I'll come back to members.

• (1645)

(Pause)

• (1650)

**The Chair:** Members, I have conferred with the clerk. I still had some others on the speaking list. I had MP Stewart and MP Ste-Marie.

Just before I bring my ruling, we have MP Stewart.

**Mr. Jake Stewart:** Thank you, Mr. Chair.

Obviously this is a very important amendment to a lot of Canadian citizens that have type 1 diabetes. As parliamentarians we come here and a lot of the time we debate finances and money. This is actually something we can do that's really good and will help a

large group of people across the nation. I think that goes without saying, and this is the type of amendment that should have all-party support.

I want to talk a little bit about the fact that I submitted this 12 days ago. Constitutional lawyers were sought in the preparation for it. As national revenue shadow critic, I had to get support from my party. I achieved that as well as the members of the committee—

**A voice:** I don't have anything to say on the policy side of things, I just wanted—

**Mr. Jake Stewart:** What is this?

**A voice:** He doesn't know he is on. It was an accident.

**Mr. Jake Stewart:** Mr. Chair, I'm going to read to you a couple of really important facts about the fact that this went in 12 days ago. It went through the shadow ministers' channels, the opposition channels—with my party, of course—with the members of the finance committee, with the clerk's office, with the lawyers who are already on hand and, as I mentioned earlier, constitutional lawyers who were acquired to draft this. Now I'm going to read you some very important points that will cover all of the questions we've been hearing.

Number one, the disability tax credit is a non-refundable tax credit. It does not require either a royal recommendation under section 54 of the Constitution Act, 1867, which authorizes new spending. That's a very important fact right there.

Number two, because the disability tax credit lowers taxes payable to persons with disabilities, it does not infringe on a financial initiative of the Crown and does not require a ways and means motion to authorize the imposition of new taxes.

Number three, although there may be certain programs that use the disability tax credit for their eligibility, this is a separate matter that is covered by a different royal recommendation.

If this amendment were even remotely inadmissible or somehow out of order, with all of the expertise we have in the House of Commons and with the members of the committee and everyone that's employed on this Hill, it would not take 12 days to tell me that. Believe me. We have a lot of highly intelligent people around here, and we want to keep that good name for the people of this country who are watching at home and expect the business of government to run in a proficient and intellectual manner.

We know that I've answered every question that was asked beforehand. We need to support this to help people with type 1 diabetes.

Thank you.

• (1655)

**The Chair:** Thank you, MP Stewart, and thank you for your passion, your hard work and what you've done to bring us here.

I'm just going to go to MP Ste-Marie before I give my ruling, because he's had his hand up for quite a while.

MP Ste-Marie.

[Translation]

**Mr. Gabriel Ste-Marie:** Thank you, Mr. Chair.

I was convinced of the importance of Mr. Stewart's amendment when we heard from the witnesses on the matter. I was particularly moved by the stories we heard, so I will be voting for the amendment.

I also want to tip my hat to Mr. Stewart for all his hard work before putting forward this amendment. It's the sort of measure we must propose, as members of the Standing Committee on Finance, in order to improve budget implementation bills.

I also want to recognize Mr. Blaikie, who put forward the same amendment, so this is not just Mr. Stewart's amendment, but also Mr. Blaikie's.

I will be supporting the amendment, and I really can't see any reason why you would consider it inadmissible, Mr. Chair. I am appealing to your good judgment.

[English]

**The Chair:** Thank you, MP Ste-Marie.

Again, we also want to thank MP Blaikie, MP Stewart and really all MPs that have come before this committee to speak to this very important measure and how the disease affects so many people, especially our young people with type 1 diabetes.

Members, after my discussions with the legislative clerk, I'm ready to give my ruling on the procedural admissibility of amendment CPC-1. As *House of Commons Procedure and Practice*, third edition, states on page 772:

Since an amendment may not infringe upon the financial initiative of the Crown, it is inadmissible if it imposes a charge on the public treasury, or if it extends the objects or purposes or relaxes the conditions and qualifications specified in the royal recommendation.

Based on the information provided by the officials, the chair is of the opinion that the amendment could impose a change on the public treasury. Therefore, I rule the amendment inadmissible.

Amendment NDP-1 is also inadmissible since it is identical.

**Mr. Jake Stewart:** On a point of order, I wish to challenge the ruling of the chair.

**The Clerk of the Committee (Mr. Alexandre Roger):** Shall the decision of the chair be sustained?

If you are in agreement with the chair's ruling, you vote yes. If you are against the chair's ruling, you vote no.

(Ruling of the chair overturned: nays 6; yeas 5)

**The Chair:** The decision has been overturned, and the amendment is open for debate by members.

We shall proceed to vote.

Shall—

**Mr. Terry Beech:** We have hands virtually.

**The Chair:** I am sorry. I did not see those hands. I apologize for not looking at the screen.

I have MP Beech, MP Baker and then MP MacDonald.

**Mr. Terry Beech:** I would just like to take this opportunity to thank Jake for bringing this motion forward, as well as Mr. Blaikie, and for all members of Parliament. I look forward to supporting this amendment.

**The Chair:** Okay.

MP Baker.

**Mr. Yvan Baker (Etobicoke Centre, Lib.):** Yes, I wanted to echo that.

I had a chance to meet with folks who are advocating for this cause from JDRC. I think it's important that we provide support to people who are struggling with diabetes. We have to make note of the fact that this is something that affects people, in many cases from a very young age and throughout their lives.

Thank you for all the advocacy. I do want to note that, in addition to the members of the committee who've been mentioned, a number of members of the government caucus have been actively advocating on this issue. I think, as Mr. Beech alluded to earlier on, it's good to see MPs on all sides advocating. I look forward to supporting it.

• (1700)

**The Chair:** Thank you.

I have MP MacDonald and then MP Albas.

**Mr. Heath MacDonald (Malpeque, Lib.):** Thank you, Chair.



I just want to echo those words as well. I think everybody around this table is extremely pleased and gives much credit to Mr. Blaikie and Mr. Stewart for the work that they've done. I know that in my previous life it was always an issue. We have about a thousand Islanders that have type 1 diabetes. I have two representatives, one in my riding who works for Diabetes Canada and another young man, Brooks Roche, who actually has type 1 diabetes and has been a strong advocate on Prince Edward Island.

I think we're all in this business to do better. I think we find a way to ensure that this amendment passes and we move forward. We know that there have been some relevant investments from this government, such as \$35 million in the 2021 budget for research and the framework for diabetes. I think there's more that needs to be done. This is certainly an amendment that I can support and will support. I appreciate all the work that you've done Mr. Stewart and Mr. Blaikie.

**The Chair:** Thank you, MP MacDonald.

MP Albas.

**Mr. Dan Albas:** Thank you, Mr. Chair.

I would like to thank all members who have espoused their support for this amendment. I particularly would like to thank MP Stewart for championing. He has done a tremendous job in listening to many of the organizations, both here at committee and also off-line. I know his constituents are well served by that. I also want to thank members who spoke up for the need for members of Parliament to assert themselves.

Do you know what? Our system is dedicated to the fact that we come from our ridings and we can make decisions. If members of Parliament want to see changes in this place, we have to stand in our place and say no to the government, or sometimes tell them that we want yes. To those members who stood up today to not necessarily agree with the government and to assert our rights as members of Parliament, I thank you.

**The Chair:** Thank you, MP Albas.

I think that's it for the speakers.

We will move to the vote on CPC-1.

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

**The Chair:** That will also capture amendment NDP-1.

(Clause 6 as amended agreed to on division)

**The Chair:** Members, there are no amendments submitted for any of clauses 7 to 15 in part I of the bill. Would members give unanimous consent to grouping clauses 7 to 15?

**Some hon. members:** Agreed.

(Clauses 7 to 15 agreed to on division)

(On clause 16)

**The Chair:** On clause 16, there is a Conservative amendment. Members should note that if CPC-2 is adopted, Bloc-1 and NDP-2 cannot be moved as they amend the same line.

MP Lawrence.

**Mr. Philip Lawrence (Northumberland—Peterborough South, CPC):** Thank you very much, Mr. Chair.

I have spent extensive time consulting with stakeholders with respect to the charitable sector, and they have incredible frustration with the current status of the law respecting the contributions of charities to non-qualified entities such as NGOs. This situation creates both international and domestic challenges.

When they heard the budget was going to take place in the spirit of Senator Omidvar's private member's bill S-216, they were excited. However, their excitement was quickly dashed by the overly prescriptive nature, and that's what our amendment to clause 16 seeks to fix.

It takes the prescriptive nature of the BIA and turns it into a more reasonable set of circumstances that put the onus on the charities to conduct their business within their charitable scope and also to do so in accountable and transparent ways. What it doesn't do is create overly prescriptive rules that will create a legal fiction or will just stop charitable work altogether.

In short, Mr. Chair, this amendment will allow more good people to do more good work.

• (1705)

**The Chair:** Thank you, MP Lawrence.

I do have a speaking order here. I have MP Ste-Marie and then MP Beech.

[*Translation*]

**Mr. Gabriel Ste-Marie:** Thank you, Mr. Chair.

Right now, we are talking about CPC-2, but BQ-1 and NDP-2 pertain to the same thing.

Personally, I agree with all three amendments. Obviously, I have a preference for my amendment, which would delete the two lines in subparagraph (iii)—the triple i or the “i-i-i”, as Mr. d'Entremont would say in the House. The disbursement would still be subject to the conditions in subparagraphs (i) and (ii). That would be the easiest thing to do, in my view.

If, however, my fellow members prefer CPC-2, I would obviously be willing to support that amendment.

[*English*]

**The Chair:** Thank you, MP Ste-Marie.

Members may or may not know that the order is based on when amendments are received. As the clerk receives those amendments, they are kept in whatever order they come in.

I have MP Beech and MP Blaikie.

**Mr. Terry Beech:** Thank you, Mr. Chair.

As I had the opportunity to articulate earlier in the House, the government is supportive of the spirit of Bill S-216. I've had the opportunity to work with the senator personally and I thank, actually, all members around the table from all parties for their work to try to make sure we get this right. There is a balance between allowing greater freedom to do better work with less administration and protecting Canada's very generous tax receiving program.

My preference is for NDP-2. Amendment CPC-2 would prevent that, as the chair stated when introducing it, so that would actually have me oppose amendments CPC-2, CPC-3, Bloc-1 and Bloc-2 but support NDP-2. If we got that far, amendments Bloc-3, CPC-4 and NDP-3 are essentially the same and I would support that as well. I believe that strategy is the right way to go. I believe it has the general support of those individuals who have been involved in bringing this to the government's attention in the first place. I believe it respects the spirit of the bill, and that's the way I'll be voting. Thank you.

**The Chair:** Thank you, MP Beech.

Now we will hear from MP Blaikie and then MP Lawrence.

**Mr. Daniel Blaikie:** Thank you very much.

I think we have a number of amendments before us, not just for this clause but also for a few clauses coming up, that will deal with the subject matter of what is currently Bill S-216. My preference is for NDP-2 and I'm confident, given the parliamentary secretary's remarks, that it will pass.

My intention is to vote against the other amendments in the package with the exception of CPC-4, which I take to be a complementary amendment not just to Mr. Lawrence's own amendment here but also to my own. That's how I intend to vote on these items. I think that in doing so we can create or provide a substantial solution to what was clearly a problem with the way the budget implementation act was worded.

I want the committee to know that's how I intend to proceed.

• (1710)

**The Chair:** Thank you, MP Blaikie.

Now we have MP Lawrence.

**Mr. Philip Lawrence:** Thank you very much, Mr. Chair.

I would like to thank all members for their constructive comments.

We have had a number of lawyers, experts and constitutional lawyers review this amendment, and they are of the firm belief that this actually instills sufficient controls, transparency and accountability, and actually enhances the ability of the CRA to take corrective action where necessary. Also, it outlines a number of key important issues.

Since the parties—I think rightfully so—have brought up the other related amendments.... I'll just use ours for ease of numbering. We basically have three amendments here—CPC-2, CPC-3 and CPC-4—and I think the numbers for the NDP amendments are similar. Parliamentary Secretary Beech said that he couldn't take CPC-3 if he didn't accept CPC-2. I don't think that's necessarily true because CPC-3 is completely unrelated to CPC-2. If he were to

look positively on CPC-3, perhaps we could get some agreement on CPC-2 as well.

I would just put it over to Parliamentary Secretary Beech to see if he would be willing to comment on that. This CPC-3 is absolutely critical as well, Mr. Chair, because it allows for directed giving. Right now, the way the legislation is drafted, you could potentially be offside if you went to the United Way and said to the United Way—or the United Way said to you—we want to give this to the Ukraine fund within the United Way.

If we do not accept amendment CPC-3, we will have significant issues for the charitable sector. There's no partisan angle to this whatsoever. It's just legislation that makes sense, so we would very much like agreement to.... I understand we would all agree to amendment CPC-4, but if we agreed to CPC-3 as well, perhaps we could make a move on the second amendment.

**The Chair:** Thank you, MP Lawrence.

I see that MP Beech's hand is up.

**Mr. Terry Beech:** Yes. It's just to respectfully respond to my colleague.

My initial comment was with regard to CPC-2 and NDP-2, not necessarily CPC-3, although I did comment on that in my remarks as well.

Of course, we're going to get to that after the vote on this, but I hear what you're saying. I think my position's the same, though.

**The Chair:** Thank you.

Is there any further debate?

Go ahead, MP Albas.

**Mr. Dan Albas:** Thank you, Mr. Chair.

I think one of the big challenges we have here is that, again, the government has moved first with its own bill without properly consulting on and trying to really capture the spirit of the senator's bill. That's the challenge here.

The government is again trying to look like it is doing something in alignment with a very popular initiative, and the reason why it's popular is that charities want to do good work. They want to be able to deliver services in a more efficient and accountable manner, but the problem is that, if you're spending all your time dealing with red tape and doing it in a prescriptive approach, you aren't able to help people who are in need, when they need it.

I would encourage all members to support this particular change. MP Lawrence, to his credit, has met with the charitable sector multiple times outside of the committee and did an admirable job of raising some of the concerns of the charitable sector in regard to the original drafting of Bill C-19. It did not capture the spirit of the senator's bill.

I'd suggest that rather than playing catch-up, we instead just deliver exactly what the charitable sector is wanting, which is the senator's bill in this BIA.

**The Chair:** Thank you, MP Albas.

Members, shall CPC-2 carry?

**Mr. Dan Albas:** I'd like a recorded vote.

(Amendment negatived: nays 6; yeas 5 [*See Minutes of Proceedings*])

**The Chair:** Members, we're moving to the next amendment.

I'm looking for hands on this. Is there any discussion?

Shall Bloc-1 carry?

• (1715)

[*Translation*]

**Mr. Gabriel Ste-Marie:** I, too, would ask that the vote be called.

**The Chair:** Thank you.

[*English*]

If Bloc-1 is adopted, NDP-2 cannot be moved, as they amend the same line.

(Amendment negatived: nays 6; yeas 5 [*See Minutes of Proceedings*])

**The Chair:** Now we're going to NDP-2 and MP Blaikie.

**Mr. Daniel Blaikie:** Thank you very much.

It's very much in the spirit of what's already been said. I think we have some language here that we've likewise run by folks in the industry and by the senator who's sponsoring Bill S-216, Senator Omidvar. I'd like to put that language to the committee now in the hopes that we may be able to pass some wording that I do think strikes a good balance between the need for accountability on the one hand and the need for more flexibility than the charitable sector has enjoyed in the past.

It's in that spirit that I present this amendment, and I look forward to the vote.

Thank you, Mr. Chair.

**The Chair:** Thank you, MP Blaikie.

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

(Clause 16 as amended agreed to on division)

**The Chair:** There are no amendments, members, submitted to clauses 17 to 20. Clauses 17 to 20 are all in part 1 of the bill.

Do we have unanimous consent to group those together?

**An hon. member:** Yes, but only on division.

**Mr. Terry Beech:** On a point of order, Mr. Chair, for my own clarification, we voted on amendment NDP-2. Did everybody just agree to accept either CPC-4 or one of the other clauses? I missed it because I wasn't in the room.

**Mr. Daniel Blaikie:** You're in the wrong clause, Terry. We're coming to that still.

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

**Mr. Terry Beech:** I apologize. Thank you, Daniel.

**The Chair:** We voted on NDP-2. We voted on clause 16 as amended. It was carried.

Now, members, what I was bringing forward, as I said, was that there were no amendments submitted to clauses 17 to 20.

(Clauses 17 to 20 inclusive agreed to on division)

(On clause 21)

**The Chair:** There was an amendment by the Conservatives. I note here, members, that if CPC-3 is adopted, Bloc-2 cannot be moved as they are identical.

MP Lawrence, would you like to speak to and/or move your amendment?

• (1720)

**Mr. Philip Lawrence:** Thank you, Mr. Chair. I would like to move my amendment.

By way of explanation, this will ensure that the Income Tax Act does not prohibit donors from giving to support programs of registered charities where the registered charity satisfies the "own activity" test or makes a qualifying disbursement. In other words, where a gift is made within a subset of charitable activities, that won't be prohibited by the BIA.

As I said earlier, this could cause substantial issues and challenges for individuals and charities that want to give money within a charitable purpose. With this legislation, you couldn't direct it to non-charitable purposes, so it will stay within the mandate. But, for example, as I said, if in fact you wanted to donate to, within a subset, say, something benefiting Ukrainian orphans, this legislation could arguably put that offside, which would create challenges. It's a relatively simple, minor amendment that will clarify the legislation and make life easier for charities.

Thank you.

**The Chair:** Thank you, MP Lawrence.

I see MP Ste-Marie's hand up. Again, I'll make the note that if CPC-3 is adopted or defeated, Bloc-2 cannot be moved as they are identical.

MP Ste-Marie.

[*Translation*]

**Mr. Gabriel Ste-Marie:** Thank you, Mr. Chair.

The second Bloc Québécois amendment, BQ-2, is identical to this one, so I will obviously be voting in favour of CPC-3. Mr. Lawrence did a good job of explaining why it's important to support the amendment.

As you said, Mr. Chair, CPC-3 was received first, so it takes precedence.

I have to admit, Mr. Lawrence is much quicker on the draw than I am. He could be Buzz Lightyear.

**The Chair:** Thank you, Mr. Ste-Marie.

[*English*]

I have MP Beech.

**Mr. Terry Beech:** Thank you, Mr. Chair.

My apologies to the members for getting lost in the clauses earlier. I thought the chair was rushing ahead.

I'm standing by my previous comments on this and my concerns around technical issues. I'll be voting against CPC-3, but I am looking forward to CPC-4.

**The Chair:** Thank you, MP Beech.

No, I was not looking to move quickly. I know members like to move quickly on their amendments, but they're in the order in which they come in. I was not trying to do that.

**Mr. Dan Albas:** Mr. Chair, I just want to defend your honour here. You were running a tight ship, and unfortunately the parliamentary secretary must have been distracted on Twitter.

**The Chair:** All right. Thank you.

Shall amendment CPC-3 carry?

**Mr. Yvan Baker:** I'd like a recorded vote.

(Amendment negatived: nays 6; yeas 5 [*See Minutes of Proceedings*])

(Clause 21 agreed to on division)

**The Chair:** Members, there are no amendments submitted to clauses 22 to 39. These clauses are all in part 1 of the bill. Again, do we have unanimous consent to group them for a vote?

(Clauses 22 to 39 inclusive agreed to on division)

(On clause 40)

**The Chair:** Now we are at clause 40, and there is an amendment from the Conservatives. Members, if CPC-4 is adopted or defeated, Bloc-3 and NDP-3 cannot be moved, as they are identical.

I have MP Lawrence. Do you wish to move the amendment?

• (1725)

**Mr. Philip Lawrence:** I do, Mr. Chair.

Thank you for your excellent chairmanship.

This is complementary to the amendment already made by MP Blaikie and also my earlier one.

The critical part about this is that, instead of codifying things in tight prescriptive regulations, it gives CRA the autonomy to release guidance. As anyone with any experience in the charitable sector knows, of course, it is a very broad, very wide swath, so by locking charities into a particular codification of tight prescriptive regulations, you will create a very challenging set of circumstances for the sector. That is why we brought this, to remove those tight, over-

ly prescriptive regulations and instead give CRA the autonomy to provide guidance and support to the charitable sector instead of providing prescriptive regulations that will create nothing but challenges for the charitable sector.

Thank you.

**The Chair:** Thank you, MP Lawrence.

I don't see any other members wanting to speak to this.

Shall CPC-4 carry?

**Mr. Yvan Baker:** A recorded vote, please.

(Amendment agreed to: yeas 11; nays 0 [*See Minutes of Proceedings*])

(Clause 40 as amended agreed to on division)

**The Chair:** Members, there are no amendments submitted for clauses 41 to 51. Clauses 41 to 51 are all in part 1 of the bill. Again, do we have unanimous consent to group them for a vote?

(Clauses 41 to 51 inclusive agreed to on division)

**The Chair:** Members, there are no amendments submitted to clauses 52 and 53. Clauses 52 and 53 are the only two clauses in part 2 of the bill. Do we have unanimous consent to group them for a vote?

(Clauses 52 and 53 agreed to on division)

**The Chair:** Members, there are no amendments submitted to clauses 54 to 130. Clauses 54 to 130 are all in part 3 of the bill. Do we have unanimous consent to group them for a vote?

(Clauses 54 to 130 inclusive agreed to on division)

(On clause 131)

**The Chair:** This brings us to clause 131. There is an amendment from the Bloc. We have Bloc-4.

I see that Monsieur Ste-Marie's hand is up.

Go ahead, Monsieur Ste-Marie.

[*Translation*]

**Mr. Gabriel Ste-Marie:** Thank you, Mr. Chair.

As I mentioned at the top of the meeting when I was speaking to my point of order, instead of moving BQ-4 as originally written, I will be proposing a modified version. The new amendment was sent out earlier today.

I will take a few moments to read it, and then, I will say a few words about both the form and the substance of the amendment.

I move that Bill C-19, in clause 131, be amended by replacing lines 15 to 19 on page 106 with the following:

(3) Subsection (1) does not apply to wine

(a) that is produced by an individual for their personal use and that is consumed in the course of that use; or

(b) that is produced from honey, apples or any other prescribed agricultural or plant product.

(2) Subsection (1) applies after June 29, 2022.

Clearly, this provision could change given the amendments that may follow.

Australia took legal action against Canada regarding the excise tax on wine, wine made from grapes, to be precise. The dispute did not relate to mead or cider.

The committee heard from industry representatives about their high production costs. They said that the excise tax could limit the growth and development of their fledgling industry in the country.

The least we can do is adopt this amendment, which is in line with the settlement regarding the dispute between Canadian and Australian wine producers. It only makes sense.

As for whether the amendment is admissible, I would say that this does not create a new tax. This does not broaden the legislation's reach. It simply amends an existing measure, so I am asking the committee members to support this amendment.

Mead producers and cider makers explained to the committee the impact this legislation could have on their industry.

The problem lies in the fact that the federal government is conflating wine, cider and mead, and this amendment would fix that. As I see it, the amendment is entirely admissible.

Once again, I urge my fellow members to vote in favour of this amendment to support our cider and mead producers.

• (1730)

**The Chair:** Thank you, Mr. Ste-Marie.

[*English*]

I have PS Beech up next and then MP Albas.

Go ahead, PS Beech.

**Mr. Terry Beech:** Thank you, Mr. Chair.

Thank you, Gabriel, for this amended version of BQ-4.

The language itself is very similar to the language of the previously circulated Bloc-4 amendment, which I understand would have required a royal recommendation, as it would have infringed on the Crown's prerogative on taxation revenues. A similar concern was discussed previously, as members know. I would also like to point out that it's our belief that the motion would bring Canada in contravention of a previous WTO ruling.

Given that the amendment is very similar to Bloc-4, I'd like to ask the officials and the legislative clerk if this new version re-

quires a royal recommendation and for a rationale, whichever way that is decided.

**The Chair:** Do any officials have information that they can impart?

**Mr. Darren D'Sa (Adviser, Tax Policy, Department of Finance):** I can speak for the officials.

**The Chair:** Go ahead, Mr. D'Sa.

**Mr. Darren D'Sa:** Our view is that a royal recommendation is not likely required, but that's for the House of Commons and the clerk.

**The Chair:** Are there any other officials? No. Okay.

MP Beech, from conferring with the legislative clerk, it would be admissible.

Now I have MP Albas.

**Mr. Dan Albas:** Thank you, Mr. Chair.

I appreciate your giving clarity on that. I would hate to have gone through a procedural rabbit hole to discuss the admissibility rather than actually talking about the substance of the motion.

I'd like to thank MP Ste-Marie for bringing this forward.

Look, I'm no fan of how the government absolutely botched the WTO challenge and capitulated to Australia, but they did. The only thing is that they didn't properly look at the law, and now it's the members of Parliament who have to hear from witnesses on the cider industry. The association for Canada, the provincial one for Quebec, the honey mead producers—all of them came in and said they are stuck under the same banner as wine.

I will tell you, Mr. Chair, that the economics of the cider industry and the mead industry, as was put out by those associations, are incredibly different. Unfortunately, by lumping them into the same regime as wine, the government has set up those respective industries for failure, much as they have with the Canadian wine sector. The wine sector has challenges with it. They understand what the government gave up. They are still hoping that the government will be good on its word to make it whole. It's something that is yet to be seen.

Let's stop damaging our growing industries. The cider industry utilizes local product. The same goes for the mead producers. Let's allow them to grow. Those mead producers, as you might remember—we had the mead association from Quebec—said they are not at the same scale as a brewery or a winery. They are very small-scale productions. Costs are high. Adding excise would be extremely damaging. Ditto for the cider industry, one that has been showing some promise. Again, I would just hate to see us starting to rely on American product to make up for the fact that the Canadian tax regime, the excise tax increases here, would force them to use cheaper products that often are not from this country.

If we really want to support farmers, if we really want to support the value-added sector, whether it be mead or ciders, let's support this amendment. Let's try to undo some of the potential damage that could and most likely will happen if this amendment does not pass. I would ask all honourable members to just vote in favour of this. It's not going to be a tremendous amount on the government. When that industry is maybe a little bit bigger, the government should probably start paying attention to them, but at this point, let's just do no harm.

• (1735)

**The Chair:** Thank you, MP Albas.

I see that MP Ste-Marie's hand is up.

[*Translation*]

**Mr. Gabriel Ste-Marie:** Thank you, Mr. Chair.

Regarding the World Trade Organization, or WTO, challenge, I would note that the dispute between Australia and Canada over wine actually pertained to wine made from grapes. In fact, the Quebec government pointed out to the Australian government the distinction between wine made from grapes and cider or mead. An agreement with Quebec was reached, and the legislation reflects that distinction. We are calling on Ottawa to do the same thing Quebec did, in other words, not to lump cider and mead in the same category as wine, which is made from grapes.

There was no dispute between Australia and Canada over cider or mead. What we are asking the government to do is, number one, draw the distinction between cider or mead and wine, which is made from grapes and which was the focus of a dispute, and number two, support two very important industries, as Mr. Albas highlighted.

Supporting this amendment, and by extension cider and mead producers, does not give rise to any issues whatsoever. It would not go against the WTO decision because Australia already came to an agreement with Quebec on the very same thing.

If the committee votes against this amendment, it will be forcing cider and mead producers to pay a tax because we are cutting corners and not doing our duty. We must support them; that is our job.

[*English*]

**The Chair:** Thank you, MP Ste-Marie.

I believe MP Albas has a final comment on this.

**Mr. Dan Albas:** No, but I just wanted to note that in attendance here in the room we have MP Ben Lobb, from Huron—Bruce, who has championed excise reduction for spirits. I'm glad he's here, because he knows so much about this particular role, and I do hope that MP Lobb—I'm lobbying him—will support this as well.

**The Chair:** Thank you, MP Albas.

Welcome, MP Lobb.

I see that MP Blaikie has his hand up.

Go ahead, MP Blaikie.

• (1740)

[*Translation*]

**Mr. Daniel Blaikie:** I just wanted to thank Mr. Ste-Marie for his amendment and his explanation regarding the WTO decisions and the dispute with Australia over wine made from grapes.

I agree that it makes no sense to treat cider and other such products like wine, particularly if it's going to hinder a very promising industry here, in Canada. That said, I am happy to support the member's amendment.

[*English*]

**The Chair:** Thank you, MP Blaikie.

I don't see any more hands up.

Shall amendment BQ-4 carry?

**Mr. Yvan Baker:** May I have a recorded vote, please?

(Amendment agreed to: yeas 6; nays 5 [*See Minutes of Proceedings*])

(Clause 131 as amended agreed to on division)

(Clause 132 agreed to on division)

(On clause 133)

**The Chair:** Clause 133 has an amendment from the Conservatives.

MP Albas, do you wish to move that amendment and speak to it?

**Mr. Dan Albas:** Thank you, Mr. Chair.

I would like to move CPC-5. This particular amendment is to delay the implementation of the excise regime for wine, for example, to push it back until January 1, 2023.

As we know, COVID-19 has been extremely difficult for many businesses, but imagine you are a vintner. You have waited five years for your grapes to grow. You have been able to cultivate them, to bottle them, to do all the labelling and market the product, and then you find out that your most profitable area, your cellar door, has been slammed shut because of COVID.

Many small and medium-sized wineries have taken such tremendous damage because tourism, as you know, Mr. Chair, has dried up, and many people were loath to go out even if wineries were able to be open.

This is a sector that has also been hit especially hard by supply shortages. The supply chain, particularly for bottles, has been a huge challenge.

The government in capitulating to the Australians would say, "We said we would have it done by July 1." Well, COVID has happened. The supply chains have happened, and if you don't bottle by the end of June, essentially you have to pay excise on the existing inventory in your wine barrels. Because it's not bottled, they will have to pay, and they will take a major hit.

The government is already reining in all sorts of revenue due to higher oil prices and higher inflation. Its user fees, which are also linked to inflation, are bringing in more revenue than they ever have. Quite honestly, I know that some Liberals might say, "Wait a second. We agreed to do this." Well, you agreed to do this first of all without talking to the industry. You made the decision. Second of all, the Australians challenged the WTO because they were standing up for their industry.

Now this is the opportunity for us all to stand up for ours, to give them a little more time so that they can get their bottles and bottle their wine. This is not a huge ask. If members want to say that it's all about following through with our word, do you know what? I would simply suggest that if you say to the Australians that we are deferring this to give the industry a little bit of breathing room, they would understand.

Why? Let me explain one thing, just so members can understand. There is one vintage of one particular company in Australia the scale of which is larger than the entire wine industry put together, big and small—one vintage from Australia. They are major international players.

When Bill Morneau, the former finance minister, came to this committee, and I asked him if he had done any economic assessment on the excise escalator, he said no. When we asked about the trade implications, he said they hadn't considered them.

All of this has stemmed from the government continuing to mismanage this file. All we are asking for here in this amendment is simply to give a little breathing room to the industry to allow them to bottle so that these small and medium-sized wineries are not hit with a CRA excise bill, something that many of them have never had to pay in their existence. While the government gives them that time, it can also then introduce its replacement program, which it has been talking about for two years and has yet to unveil to industry.

This is a win-win for our industry. The Australians will just be satisfied because they are ultimately getting what they want. Canadian premium product is on the same level playing field as Australians'. I was actually fighting to say that because the Australians have huge support, as do the Americans, as do the French, as do the Spanish, for their wine industry, which pales in comparison to what we do for the Canadian wine industry.

That's what my intervention is. While I have the floor, Mr. Chair, I would like to ask the officials a question pertaining to this section if that's all right.

• (1745)

**The Chair:** MP Albas, yes, it's your right.

**Mr. Dan Albas:** Thank you very much, Mr. Chair.

For the officials, in 2017, as I mentioned, the federal government introduced legislation basically to automatically increase beer, wine and spirits excise duty rates on April 1 of every year. Obviously, that was with an index to the CPI.

Now, with monthly CPI inflation exceeding 6%, these same brewers, wineries and distilleries are looking at an excise duty rate increase next April that could be in the 6% to 7% range at a time

when production costs are already soaring. That obviously is leading to higher prices, which means less pickup.

My question for the officials is this. Are you rethinking the automatic CPI approach to taxation given that the environment has completely changed? If so, will you be recommending to the finance minister's office for next year's increase to be deferred to provide Canadian consumers and also our beverage and alcohol producers some much-needed relief from these annual increases?

**The Chair:** Thank you, MP Albas.

I believe we will have one of the officials now.

We have Mr. Darren D'Sa.

**Mr. Darren D'Sa:** I think I can say at this time that we have not been looking into changing the inflation adjustment measures.

I can also say that probably, just as a question or a point about the proposed amendment, it might be attempting to amend the wrong section. The proposed amendment that we have looks to amend clause 133, but I think MP Albas is trying to amend clause 132.

**Mr. Dan Albas:** Okay.

Mr. Chair, if you could give us just two minutes so we can confirm that, I would appreciate it. It would be a simple amendment. I just want to make sure that we have this correct.

**The Chair:** Okay.

Are you certain about that, Mr. D'Sa?

**Mr. Darren D'Sa:** At least what we received showed that the amendment was for clause 133, which is the relief for the non-alcoholic beer, but it is clause 132 that is the wine measure.

**The Chair:** All right.

Members, we're going to suspend for just a minute.

• (1745)

(Pause)

• (1750)

**The Chair:** We're back, members.

Just before you have the floor, MP Albas, in conferring with the legislative clerk, we have already voted on clause 132. If we went back, we would require unanimous consent.

**Mr. Dan Albas:** I would ask for unanimous consent to at least have it tabled, and then we can let the debate go.

Thank you.

**The Chair:** Okay.

Members...?

**Mr. Yvan Baker:** No.

**The Chair:** No, we can't go back.

**Mr. Dan Albas:** Okay.

**The Chair:** I'm going to again confer with the legislative clerk.

We still have CPC-5 before us, so the committee does have to look to....

Before we go to the vote on CPC-5, is MP Albas is looking to withdraw CPC-5?

**Mr. Dan Albas:** If there's no support for it to move forward, is there a possibility that we could just simply amend it or are we just done? I think the committee has expressed its views.

**The Chair:** You could look to have a subamendment to your amendment CPC-5.

**Mr. Dan Albas:** Yes, so I would move to change it from clause 133 to clause 132.

**The Chair:** Again, MP Albas, you would need unanimous consent.

**Mr. Dan Albas:** Okay. Yes, I know how this movie works, Mr. Chair.

I'll just simply say that I think it's really unfortunate that rather than voting down a motion the government clearly doesn't support, they're continuing to try to use other means, but do you know what? I'm a big boy. I respect that other members of Parliament have the right to intervene and to deny unanimous consent. That's something we can do on a regular basis if necessary.

**The Chair:** Thank you, MP Albas. For clarity, were you withdrawing CPC-5?

**Mr. Dan Albas:** Yes.

**The Chair:** We would also need unanimous consent to withdraw CPC-5.

Do we have unanimous consent for the withdrawal of CPC-5?

I see some members' hands up.

Is it on this, MP Ste-Marie?

[*Translation*]

**Mr. Gabriel Ste-Marie:** My comment ties in with what Mr. Albas said, Mr. Chair.

We are studying a mammoth bill that is more than 400 pages long. We have to vote on 502 clauses, on top of the schedules. The fact that procedure prevents us from discussing an amendment that we should be able to debate all because it mistakenly refers to the wrong clause is truly appalling.

As far as the committee is concerned, this is really creating a negative work atmosphere. Members can support the amendment or vote against it. That's not the problem. They should at the very least have the opportunity to debate it. All because the amendment is one clause off, we won't ever be able to discuss it. This will have serious consequences for small wine producers.

I repeat, this is truly appalling, and I want you and my fellow members to know that, Mr. Chair. I am really not happy with what's happening right now.

**The Chair:** Thank you, Mr. Ste-Marie.

[*English*]

I see Mr. D'Sa's hand up.

Go ahead, Mr. D'Sa.

**Mr. Darren D'Sa:** I'm sorry. We weren't sure whether it was okay for officials to jump in with this earlier.

It relates to BQ-4. We think that may have also amended the wrong section. BQ-4 appears to amend the "taken for use" provisions of the Canadian wine exemption, but we think it intended to amend both clause 131 and clause 132 for it to work as intended.

It's actually the package provisions in clause 132—section 135 of the Excise Act, 2001—that apply to the consumer market. As passed, BQ-4 would apply only to "taken for use" cider and mead. That's cider and mead consumed on site by the producer or something like that and not packaged for the consumer market.

• (1755)

**The Chair:** Thank you, Mr. D'Sa.

After conferring again with the legislative clerk, I'll let you know, members, that we would require unanimous consent if we were to go back to BQ-4 and open that back up.

**Mr. Dan Albas:** Sure.

**Mrs. Sophie Chatel (Pontiac, Lib.):** May I ask for clarification?

**The Chair:** Yes, MP Chatel.

**Mrs. Sophie Chatel:** You're asking for unanimous consent on a correction of a proposal by...?

**Mr. Yvan Baker:** Chair, could I request a short suspension so that we can discuss?

**Mrs. Sophie Chatel:** Thank you.

**The Chair:** I think that's a good idea.

Let's suspend for a couple of minutes.

• (1755)

(Pause)

• (1800)

**The Chair:** We are back.

MP Beech, I see your hand up.

**Mr. Terry Beech:** Thank you, Mr. Chair.

I believe I have a solution for the impasse, but I'll require another two minutes. If I could ask for the committee's ability to suspend for another two minutes, I have an outstanding text message that I need to respond to. If you could give us two minutes, I think I have a resolution that will get us past this.

**The Chair:** Okay.



We will suspend for a couple more minutes.

**Mr. Terry Beech:** Thank you, Chair.

**The Chair:** We don't have too much time. We're here until 6:20, members.

**Mr. Terry Beech:** That's understood.

• (1800) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1805)

**The Chair:** We are back.

Go ahead, MP Beech.

**Mr. Terry Beech:** Thank you, Mr. Chair.

There was a barrage of text messages exchanged between different members. Obviously, we're in a position where—full cards on the table—we're not necessarily in favour of either of these going through. That being said, I am inclined to ensure that there is procedural fairness, given what the will of the committee is and given how important I think it is for constructive work to continue at this committee.

I would seek unanimous consent to allow both the Bloc-4 amendment and the CPC amendment to correct the dates to stand, that the results of the Bloc-4 motion stand as voted on, with Liberal members voting against, and then we continue debate on CPC-5.

**The Chair:** Thank you, MP Beech.

MP Beech, Bloc-4 was adopted, six to five.

**Mr. Terry Beech:** Right, but wasn't there an issue around its being drafted incorrectly?

**The Chair:** There was. We came to learn that it should have been in clause 130, based on what the officials have to say.

Is that correct?

Go ahead, Mr. D'Sa.

**Mr. Darren D'Sa:** I've been further advised by colleagues at Justice that both motions are also incomplete.

BQ-4 is trying to amend clause 131, but it should actually amend both clause 131 and clause 132.

It's the same thing with CPC-5. It is trying to amend clause 133, but it actually means to amend clause 131 and clause 132.

I don't know procedurally what it means if the motion is incomplete on the committee's end, but this is what I've been advised.

**The Chair:** Members, we have 10 minutes left. The legislative clerk has informed me that we would need a corrected written version to be able to inform the members of the committee before we could move forward.

**Mr. Terry Beech:** If I may, Mr. Chair, given that there are I think 12 minutes left now, I think we've had a very productive day. There will have to be some work done on this specifically, so perhaps we can leave this where it is now and come back tomorrow to pick it up. That will give members from various parties time to talk. If we need to draft something, we can work on that as well.

**The Chair:** MP Beech, are you putting forward a motion that the committee now adjourn?

**Mr. Terry Beech:** I am.

**The Chair:** There will be no debate, then.

Members, shall the committee adjourn?

**Some hon. members:** Agreed.

**The Chair:** The meeting is adjourned.





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