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Chair

The Honourable Wayne Easter

Standing Committee on Finance

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● (1540)

[*English*]

The Chair (Hon. Wayne Easter (Malpeque, Lib.)): We'll call the meeting to order. As I think all members certainly know, we're dealing with clause-by-clause consideration of Bill C-74.

Before I start into the bill, would anyone have any problems if we stood part 4 and part 5 and started with them at 3:30 tomorrow? Are we okay with that? We'll deal today with parts 1, 2, and 3, and then part 6, divisions 1, 2, and 3, and so on. We'll hold part 4 and part 5 until 3:30 tomorrow. There are no officials on part 4 for today because they have to come from Charlottetown.

Are we okay with that? Okay. Then we'll start.

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

There are no amendments on clauses 2 to 12. Do you want to group those, with clauses 2 to 12 carried on division?

(Clauses 2 to 12 inclusive agreed to on division)

(On clause 13)

The Chair: The first amendment up is CPC-1, by Mr. Kmiec.

The floor is yours, Tom.

Mr. Tom Kmiec (Calgary Shepard, CPC): Mr. Chair, this is based on some conversations I had and some things I've read about a marriage penalty. I'm going to refer to the submission of the Joint Committee on Taxation of The Canadian Bar Association and Chartered Professional Accountants of Canada. In their appendix, they say that the "relationship breakdown exclusion is too narrow", according to them, and they go into the details. I'm not a tax lawyer, and I'm not a tax accountant, but this is a friendly amendment to make this work better.

I'm just trying to get at the situation where there would be a breakdown in a couple's relationship, whether it's a marriage or a common-law relationship. I'm going to read a portion of this appendix. They say:

> In many cases where a couple involved in a family business separates, one of the spouses or common-law partners will receive assets in his or her holding corporation through a paragraph 55(3)(a) spin-off transaction. In such arrangements, because the transfer of assets occurs between the operating corporation and the holding corporation, the spouse or common-law partner will not have received property personally in a manner described in subsection 160(4). As a result, that spouse or common-law partner will be unable to take advantage of paragraph (b) of the definition of "excluded amount", even though the economic substance of the arrangement is similar to a property transfer to the spouse or—

The Chair: Would you slow down a bit as the booth is going to wonder where you're at.

Mr. Tom Kmiec: Pardon me. My apologies to the interpreters.

There is a description that continues on in terms of what the problem is. They also go into situations where the "inherited property exclusion" in the subparagraph won't apply, limiting parent-child, and say as well that "[a]rm's length borrowings with no personal guarantee should be arm's length capital". It goes on.

I thought that this amendment as structured would avoid some of the issues and would be closer to what the joint committee of these two large organizations, the Bar Association and the CPAs, have said would be a means of making it fairer in situations where there is a spousal breakdown, and ensuring that the agreement they reach, and that the judge agrees to, would then be the way that they would be taxed.

Again, if there's a clean, friendly amendment to make this more effective, I just think this gets at a fairness provision in making sure that an outcome is fair in situation where.... Right now, as the rules are, they won't apply, and some people might get into a situation where they're taxed too much or taxed in a way that would be inappropriate. This would just be an easier way to plan the property settlement agreement through the court system. That's the overview.

The Chair: I wonder if the officials might have something to add. I neglected to invite the officials to the table. I believe Mr. McGowan, Ms. Lavoie, and Mr. Leblanc are here to participate in clauses 2 to 46.

My apologies, folks.

I'm not sure, Mr. McGowan, if you or the others heard Mr. Kmiec's points. If you have anything you want to add here, or if there are any questions around the table, go ahead. The floor is open.

Mr. McGowan.

Mr. Trevor McGowan (Director General, Tax Legislation Division, Tax Policy Branch, Department of Finance): Thank you, Mr. Chair.

The proposals in clause 13 of the bill operate within the general scheme of the act relating to property transfers on the dissolution of a marriage, the breakdown of a marriage.

In particular, there is already a provision in the “excluded amount” definition that relates to property transferred as a result of the dissolution of a marriage. It refers simply to subsection 160(4) of the act, which is a general rule that applies in respect to property transferred on the dissolution of a marriage. It has within it certain restrictions, and those are consistent with the rules in the general scheme of the act relating to transfers of property on a marriage breakdown.

This amendment would seem to apply where property is acquired directly or indirectly by an individual. Also, it seems to remove the requirement that they be living separate and apart at the end of the taxation year, which is in subsection 160(4).

The general rules in the act are designed to provide flexibility in the appropriate tax consequences on the dissolution of a marriage. There's a scheme, a coherent set of rules, that operates under very similar conditions so that things work well and appropriately together. The proposals in the excluded amount definition are designed to fit within that framework. That's why they specifically reference the general rule in subsection 160(4) on transfers as a result of the dissolution of a marriage, or of a common-law partnership—it's not just marriage.

In addition, another rule was added in response to comments by the joint committee and others relating to the dissolution of a marriage or common-law partnership. Where at the end of the year the two partners are living separate and apart, they would not be considered to be related for the purposes of the tax on split income. That was added after the December 2017 release and before the inclusion of the proposals in this bill. That's another circumstance to ensure that couples who have split are treated appropriately under the split-income rule. If you're not related to somebody, you won't be in a position to split income with them, and then you're appropriately cut under the rules.

There are rules currently in the proposals dealing with the dissolution of a marriage or common-law partnership. They exist within and, in the case of the deemed not-related status, go a bit beyond the current regime and the current set of rules that apply. They were considered to be appropriate to fit within how these events are taxed generally for income tax purposes.

● (1545)

The Chair: Dan.

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

In regard to the other provisions that you said relate to tenancy, if they are considered as still living together, they are then considered part of that same relationship that still exists. Is that correct?

Mr. Trevor McGowan: I'm sorry. Under this proposed amendment—

Mr. Dan Albas: No. I'm talking about the other part of the act and where you said that it refers to the dissolution of a common-law...or marriage and that it has to do with tenancy: that they are living together under occupancy, I believe.

Mr. Trevor McGowan: I believe that one of the conditions for the application of subsection 160(4), which is the provision referenced in the proposal in the excluded amount definition, has the requirement that the couple be living separate and apart at the end of the year in order to qualify.

Mr. Dan Albas: I'll just state to my colleagues who are here that I'm sure many of you have come across your own cases of this. I know of individuals who are living separately but within the same household and have structured their affairs differently. I would simply say that if the marriage was dissolved by a court order but they were still living in the same house, so to speak, whether they would be separated by a renovation or whatnot, to me, if a court was able to say that they are not living common-law or whatnot, I think this would give that. They would have to convince a court of law for that.

The second part is that we also know from my interventions both here and in the chamber that there are single parents who will have a spouse or ex-spouse who will continue to file their taxes as their last place of residence, and then...usually, it's a single mother who can't get her child benefit. I think what Mr. Kmiec is suggesting is that if someone has a court order that says they are living...that says they've dissolved that relationship, I think that would be at least worthy of inclusion in this new arrangement.

● (1550)

The Chair: Tom, did you want to add more to that? I have Jennifer next.

Mr. Tom Kmiec: I'll just close with this. There are a lot of situations where separation is inevitable, and it will happen, but there might be one, two, or three tax years before it's resolved. I think this is just a way to ensure that the financial assets that the couple had are broken down in a way that will ensure that they are at least financially whole. If a judge agrees to it by decree, or a “competent tribunal” does, as said in the amendment, it would be a means of ensuring at least financially speaking that they would be made whole.

The definition in subsection 160(4) is too narrow, according to that joint committee. In an equalization arrangement, a spouse would receive a significant dividend, potentially, on the share the spouse already owns. That dividend will also now be protected by paragraph (b.1).

It's too narrow in scope. If you broaden it a bit and allow the court to say yea or nay on this, it would allow that space for individual situations that may vary. If you run a bakery and have a holding company or an operating company—I understand what the rule changes are—and there's a marriage breakdown, on that particular one you're not talking about a lot of money. You're maybe talking about the business itself, or maybe a mortgage. It's just allowing a judge to have that latitude to determine what will be taxed and what wouldn't be and under what conditions. I think it's a way to ensure some fairness. That's the point of this.

The Chair: Ms. O'Connell.

Ms. Jennifer O'Connell (Pickering—Uxbridge, Lib.): Mr. Chair, while I appreciate the intention of amendment, I think the issue is that you're actually creating another stream of exemption or an exclusion to spouses and common-law partners who live apart. In the scenarios that were just presented, you will eventually get there through court proceedings, but what you would do with this amendment is create exemptions for spouses or common-law partners who continue to live together, and I think it would raise tax integrity issues in the larger system. As Mr. McGowan pointed out, relating to marriage breakdown, this is a general principle that is used throughout the Income Tax Act.

Again, while I understand and appreciate the intention, I think you're actually creating bigger issues by exempting spouses and common-law partners who still live together, and you're not keeping it consistent with the act. I won't be supporting this amendment.

The Chair: Mr. Albas.

Mr. Dan Albas: Mr. Chair, I would just say that a court of law or a tribunal would hear the evidence. There are reasons that people will stay together in the same home, particularly if they renovate it. Many people cannot afford, thanks to a stress test or because of high rates for house prices, to simply separate. In some families, it's done to provide stability for the children over the long term while a separation happens.

Again, having a court of law differentiate who should be able to receive which asset I think is actually quite helpful, because it removes the arbitrariness of CRA or the uncertainty that a tax planner or an accountant would have to give to their clients. I would hope that other members would support it.

The Chair: Okay, we'll vote on CPC-1.

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

The Chair: Next we have CPC-2, with Mr. Kmiec.

Mr. Tom Kmiec: Mr. Chair, this amendment was the more difficult one to draft, I found, so I want to thank the legislative counsel people. They were very understanding. I'll explain the scenario I'm trying to avoid.

If these new TOSI rules apply, the specified individual will pay the top marginal personal rate applicable to that income with no personal tax credits available. For example, let's assume it's a husband and wife who own shares in an operating company. Let's further assume that any dividends paid to the husband would attract TOSI. Both husband and wife are not in the top marginal rates of income, even if such dividends were received by the wife. If the husband receives dividends from this operating company, he will pay the top marginal personal tax rate on those dividends as a result of the application of the TOSI rules, even though, had the wife received those dividends on top of her actual dividends—in this scenario the same person is receiving all of it, with the husband not getting anything—she would still not have to pay the top marginal rates. I think that's unfair.

The scenario I have in my head is that maybe they have a successful micro-business. It's a family business. Maybe they earn $100,000 a year. Just to make the math simple, let's say they have $20,000 of operating costs they set aside. This is a year when they want to pay themselves out and pay themselves some money. The wife pays herself $60,000. The husband attracts the TOSI rules. She wants to pay him $20,000. In that scenario, he's paying the highest marginal rate on the $20,000, but if she took the $80,000, the whole amount to herself, she'd have a lower rate. The combined taxes are actually higher in this scenario. It just winds up in an unusual way.

I talked to Kenneth Keung and Kim Moody at Moodys Gartner about exactly how this would work. This amendment would at least get at that fairness concept, where both spouses may be working in the business but one spouse is not active enough to avoid the new TOSI rules. You would have a situation where you could overtax a spouse who is critical to the business because they're supporting the other one. The business is not successful enough to make a huge amount of money—the real target, I guess, of these TOSI rules would be the top 1%—and these people are just getting by. As I said, $100,000 a year in revenue is a pretty reasonable example, but paying out one of the spouses at a smaller rate would then attract this new marginal effective tax rate, the highest bracket they'd be paying on those dividends.

I'm trying to avoid the unfairness that I see here. Again, there may be a friendly amendment that would make this work better. This was a very difficult one to draft. I was told that if I had drafted it in the original format, it would have been very long and almost an entire rewrite of that portion of the Income Tax Act. I'm just looking for a way to avoid those types of scenarios where we unfairly overtax one person in a spousal relationship who is contributing to the business but not sufficiently to avoid the TOSI rules in a scenario where you're overtaxing them. I want to avoid that type of situation.

● (1555)

The Chair: Mr. McGowan, do you want in here?

Mr. Trevor McGowan: Mr. Chair, I'd be happy to go through the proposed amendment from a technical perspective.

The charging provision for the tax on split income is in subsection 120.4(2). As was noted, it currently applies the tax on split income at the highest marginal rate. That's defined in subsection 248(1) of the act as just the highest personal income tax, or the “highest percentage” in subsection 117(2), which is where you have the different marginal tax rates. It would make the tax on split income apply at the lower of the highest individual percentage and what's called the “appropriate percentage”. The appropriate percentage is defined in subsection 248(1). As well, looking back to the different marginal tax rates, it's defined as the “lowest percentage” that's listed in subsection 117(2), so the lowest of all personal income tax rates. The highest is 33% and the lowest is currently 15%. Of course, the lesser of 33% and 15% will always be 15%.

This would have the effect of applying the tax on split income at the lowest personal income tax rate, which would create an incentive to split income insofar as it would ensure that any income you're able to divert would be taxed at the lowest marginal rate, regardless of the tax rate of the actual income earner.

The Chair: Would this get to what Mr. Kmiec called a “fairness concept”?

Mr. Trevor McGowan: Setting aside a subjective and normative evaluation of what's fair, what it would do is ensure that to the extent you're able to split income, you'll be taxed at the lowest personal income tax rate. To give you a different example, let's say two married lawyers were each earning $800,000 a year but working at different firms. If they engaged in planning to cross-pay dividends to each other so that they'd be considered split income, they'd cap their federal tax rate at 15% instead of the normal marginal rates that you'd expect to apply.

The fairness concern that was raised was something that we had considered in developing the amendments. I think the concept would be to apply it at the top marginal rate, but that's not, unfortunately, what this amendment would do. In the example—I forget the exact numbers, but I think the higher income earner had $60,000—instead of looking at the rate applicable to their marginal income, it would simply apply the tax on split income at the lowest 15% rate.

● (1600)

The Chair: I believe Mr. Fergus was next.

Mr. Greg Fergus (Hull—Aylmer, Lib.): Actually, Mr. Chair, the witness took the words out of my mouth in terms of what I wanted to explain.

I understand what Mr. Kmiec is trying to achieve, but I'm afraid that all the amendment would end up doing, frankly, would be to make sure that the TOSI, the appropriate rate, would always be taxed on that lower possible rate, which is not the intention of it.

For that reason, I wouldn't be able to support this, but it might be something we could consider working on afterwards.

The Chair: Mr. Kmiec.

Mr. Tom Kmiec: Mr. Chair, while we have the experts here, perhaps I could ask them a question.

Is there a way, then, to amend this to get at this example—the easy one, just because the math is simple—of $100,000 a couple, 60:20? In that scenario, it just doesn't seem fair to me that if you're trying to pay out your spouse, just because they're supporting you, and you're being helpful, and for whatever reason....

I understand you can just pay yourself $80,000 and just plan as a family, but is there a way to amend either this amendment or the act itself—perhaps you could point me in that direction for future use—that would get at the unfairness that I see? I know it's a normative statement, but I think it is unfair in a situation where you have a micro-business, you're successful, and you want to be able to pay out your spouse for the contributions they make to it.

Mr. Trevor McGowan: In general terms, if there's a policy decision that's taken by a government, it can get complex, I think, but it's always possible to draft your way there. In this case, the government decided to maintain the tax on split income level at 33% to maintain the disincentive to splitting income.

To answer what I think you'd also asked about, ways to avoid the tax on split income, it's worth keeping in mind that the simplest way to avoid the rules is that if you have family members involved in the business, pay them salary instead of dividends. In that case, you're not even in the realm of the tax on split income, you're just under the general rules for salary. Many business owners, in particular when they have minors or people under the age of 18 involved in the business, will simply pay a salary.

The Chair: Okay. We're ready for the question.

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

The Chair: We'll move to amendment NDP-1 on the same clause.

[*Translation*]

Mr. Pierre-Luc Dusseault (Sherbrooke, NDP): Thank you, Mr. Chair.

I am going to present my amendment, which would amend clause 13 of the bill by replacing lines 21 and 22 on page 18. As you will see, it's quite simple. Its goal is to change the date the rules on the distribution of revenue would come into effect. The bill proposes that the rules apply in 2018 and subsequent taxation years. As the Minister of Finance announced last December, new rules on the distribution of revenue will apply retroactively. We are voting on a bill that will implement rules retroactively.

The purpose of my amendment is to give enterprises or individuals affected by these new rules time to adjust. Its purpose is to change the year 2018 to 2019, so that all of those concerned may have time to adjust.

We are discussing amendments to the Income Tax Act that will apply retroactively. In other words, since January 2018, enterprises and individuals should already have adjusted to a law that has not yet been adopted but which was announced in December 2017.

This concerns the fairness of the application of the Income Tax Act. Ideally, we do not adopt rules retroactively. The new rules should only come into effect in 2019.

● (1605)

[*English*]

The Chair: Mr. Fergus.

[*Translation*]

Mr. Greg Fergus: Thank you very much, Mr. Chair.

I don't want to challenge the concerns raised by my honourable colleague head on. However, I wish to point out that in Budget 2017, the Minister of Finance announced that these rules would apply as of 2018. In the document published in July 2017, he indicated once again that these rules would come into effect on January 1, 2018, and that all claims for that year would come into force on December 31, 2018. That is indeed what the minister announced and he was very clear on that. It was written black on white at least twice that these adjustments would come into effect in the 2018 taxation year.

[*English*]

The Chair: Mr. Poilievre.

Hon. Pierre Poilievre (Carleton, CPC): Mr. Chair, this is a very reasonable amendment.

We're already almost in June, we haven't even passed the rules, and the government wants them to apply as of January 1 of this year. In other words, people are going to know exactly what the rules are probably in early July, and they will have to retroactively adjust their plans back to the beginning of January.

That's not how good policy is done. Typically, you implement a tax change, particularly in the case of an increase, before it actually takes effect. In this case, we're making people live by laws that were not even in place when they took effect. I think that at the very least the government could push implementation back to the beginning of next year to give family businesses the ability to plan ahead.

Thank you.

The Chair: Is there further discussion on NDP-1?

Mr. Albas.

Mr. Dan Albas: Mr. Chair, I would like to follow up on what Mr. Poilievre has just said, in that many small business owners, if they don't have access to proper tax planning or an accountant on an ongoing basis, will not know how these changes will affect their income tax. To be switching it halfway through the year—this legislation still has to go through the other place—is not fair.

Witnesses have come forward and have said that CRA will need to have solid evidence if it's going to be able to face a challenge in the Tax Court on these things. Entrepreneurs should have been given notice of these rules so that they could talk with their accountants, with their tax planners, and arrange their affairs in a way that's tax efficient and fair, and in a way such that they could show that their spouse or children have been working in the business on an active basis and they can prove it.

As we know, there are many small family operations right across this great country. In British Columbia, 90% plus are small businesses, and I'll tell you what: many of them trust family members, because they do infrequent tasks and may not necessarily record their hours. I do think that the government has not been overly generous.

In fact, to now be saying to people this late into the process that these are the rules that they have to apply as of January 1.... I think it would be better policy to give a bit of a reprieve. I give my colleague from the NDP a nod. I disagree with these policy changes in general. I think this is going to make it.... There are so many rules, and many small business owners who do not have access to an accountant that can give them clear-cut answers will simply not split income, so we'll see less investment in our small family businesses.

I'll be supporting this motion, although I have to say that I do not support a new regime, just because I think the government did all of this in haste and did not consider the many impacts on Canadian small businesses.

● (1610)

The Chair: Mr. Dusseault.

[*Translation*]

Mr. Pierre-Luc Dusseault: Thank you, Mr. Chair.

I thank my colleagues who supported my concept of reasonable public policy.

With all due respect to my colleague, I must say that there is a difference between the fact of announcing measures, consultations or a draft bill, and the adoption of these measures by Parliament, which brings laws into effect. There is an enormous difference.

In addition, I'm afraid that my colleague, Mr. Fergus, lives in the Ottawa bubble a little too much. Entrepreneurs in my area or elsewhere in Canada who do not read the pronouncements of the Minister of Finance on a daily basis may not even be aware of these changes.

This amendment simply aims to give people more leeway so as to ensure that those who are affected by the new law, that is to say the bill which is about to be adopted, will be well aware of the changes. I am thinking particularly about the measures that ask entrepreneurs to prove through time sheets the number of hours during which they or their children or a member of their family worked in the business. In this way, the Canada Revenue Agency would be convinced of their participation in the business.

According to the bill, people must have begun as of January 1, 2018, to fill out these time sheets in order to prove the participation of employees in the business. It would be reasonable to postpone that to next year to allow everyone to adjust. By doing that, the law would apply in an effective and efficient manner, because as many people as possible would be aware of the new rules.

[*English*]

The Chair: Mr. Fergus, please, and then Mr. Poilievre.

[*Translation*]

Mr. Greg Fergus: I think my honourable colleague knows very well that my riding is located on the other side of the river. The Ottawa bubble certainly includes the national capital region, which includes Hull-Aylmer.

All kidding aside, I think that if there is one thing many business owners followed regarding the minister's announcements, that was certainly the changes he presented last July. This was the topic of several discussions, and there was a real national discussion. In my opinion, people are well aware of the measures the minister presented. As we said on several occasions, and the minister clarified this several times, the measures are to come into effect in 2018.

[*English*]

The Chair: Mr. Poilievre.

Hon. Pierre Poilievre: Mr. Chair, for the government to implement in January tax changes that are legislated in July is worse than changing the rules in the middle of the game. It is actually like changing the rules in the middle of the game and then applying those new changed rules back to the beginning of the game. You can imagine a hockey game where, halfway through the second period the ref comes on the ice and says, “Oh, the rules have all changed, but we're just going to have to freeze the game for a moment and watch the first period and a half to apply those rules backwards to all the plays that have already happened.” That's what they're doing here.

Families that have arranged their businesses according to the rules as they are written in law today are then going to have to go backwards to the beginning of the year and apply these highly complicated rules that two top justices of the Tax Court say are going to be the subject of a “battle”—and I quote—in the courts. We're going to take this cobweb of complicated rules and apply it to people retroactively.

The least we can do is just move it forward to next year, let people adapt, and hopefully mitigate the damage that it will cause to the family business.

● (1615)

The Chair: Okay, all arguments are in, so we'll vote on NDP-1.

Mr. Pierre-Luc Dusseault: Could we have a recorded vote?

(Amendment negatived: nays 5; yeas 4 [See *Minutes of Proceedings*])

(Clause 13 agreed to on division)

(On clause 14)

The Chair: We're on amendment NDP-2, by Mr. Julian.

Go ahead, Mr. Dusseault.

Mr. Pierre-Luc Dusseault: Mr. Chair, I won't move it. I would like to withdraw it, after careful consideration.

The Chair: Okay, amendment NDP-2 is withdrawn.

There are no amendments proposed on clauses 14 to 18.

(Clauses 14 to 18 inclusive agreed to on division)

(On clause 19)

The Chair: For amendment PV-1, the mover isn't here, but it is inadmissible in any event because it requires a royal recommendation, as I understand the English. I should perhaps read into the record why.

Bill C-74 introduces the Canada workers benefit. The amendment attempts to amend the definition of "adjusted net income" to remove some income that would otherwise be included in the adjusted net income. As a result, the income would be lower and therefore allow an individual to obtain more benefits.

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.

Ms. May, this is in relation to your amendment PV-1. In the opinion of the chair, the amendment could impose a higher charge on the public treasury than the one envisioned in the bill. Therefore, I rule the amendment inadmissible.

With that ruling, shall clause 19—

Ms. Elizabeth May (Saanich—Gulf Islands, GP): May I speak to the process before the committee for a brief moment, Mr. Chair?

The Chair: Okay, for just a brief moment.

Ms. Elizabeth May: Mr. Chair, I was required to be here due to a motion passed by this committee. Many members may have forgotten about that. Identical motions were passed in every committee. I had a moment to explain to the chair that, whereas in the normal parliamentary rules I would have the right to present amendments that were substantive at report stage, this committee passed a motion which says I can't do that because I have an opportunity to present the motions and amendments at clause-by-clause consideration in every committee.

While report stage can only happen once a day for any particular bill, clause-by-clause can happen simultaneously in many places. Today, I find myself called before the committees to deal with Bill C-68 in the fisheries committee, Bill C-69 in the environment committee, as well as Bill C-74 in the finance committee, all at the same time, all in the same day, so I have to apologize that I've been in and out.

I need to plead with individual members to consider that if you're asked to pass a similar motion—for those of us who are re-elected in the next election—this motion imposes an extremely arduous and unfair process on members of smaller parties. While I would have liked to speak to this to support the evidence of the Canadian Labour Congress that the way the bill is functioning will unfairly reduce the Canadian worker benefit entitlement, I accept the chair's ruling that it's out of order for the reasons the chair has stated.

I did want to put on the record that I may not be here for one of my subsequent amendments because of the pressures of clause-by-clause in a simultaneous committee.

I hope this process of putting members through this through the motions passed by every committee will be reconsidered, because it's extremely unfair.

Thank you.

The Chair: Thank you, Ms. May.

(Clause 19 agreed to on division)

(Clauses 20 to 68 inclusive agreed to on division)

(On clause 69)

The Chair: Part 2 is amendments to the excise tax, tobacco taxation, and related legislation. We have Mr. Coulombe and Mr. Mercille from Finance in case there are questions or clarifications. Thank you, officials, for coming.

The first amendment proposed is from the NDP.

Just for clarification, the vote on NDP-3 applies to NDP-4, as they are consequential.

On NDP-3, the floor is yours, Mr. Dusseault.

● (1620)

[*Translation*]

Mr. Pierre-Luc Dusseault: Thank you, Mr. Chair.

I was just going to mention that this amendment is the first of a series of two related amendments. This is a topic we have heard about repeatedly at this committee: the taxation or the levying of excise fees on cannabis used for medical purposes.

I know that the committee received many letters about this. I don't know the latest figures, but I believe that over 4,000 Canadians wrote to MPs or to the committee to oppose this new excise tax regime on medical cannabis. Many witnesses mentioned the disastrous consequences this could have on the current users of medical cannabis. It should be said that there is already a medical cannabis regime, and that it is a legal regime. There are many users: according to the testimony we heard at this committee, there are more than 260,000. People criticized this new tax on medication vehemently. This is indeed what it is, strictly speaking. In this case, in this part of the bill, we are talking about imposing an excise duty on the production of cannabis, including cannabis used for medical purposes.

My amendment consists in adding a definition, among the others that the bill adds, to section 2 of the Excise Tax Act, 2001.

In its current form the bill proposes to add a definition of "prescription cannabis drug". It is quite a limited definition of what would be considered cannabis used for medical purposes.

There are two conditions to meet for a product to be considered a prescription cannabis drug.

First of all, the bill refers to "a drug or mixture of drugs that may, under the Food and Drugs Act or the Controlled Drugs and Substances Act, be sold to a consumer, as defined in subsection 123 (1) of the Excise Tax Act, without a prescription". This means that it would be considered a medication. In several places, the bill refers to prescription cannabis that must be prescribed by a physician.

There is another point that is mentioned in a few places in the bill, and I will get back to it later: you have to obtain a DIN, that is to say a drug identification number. It is quite complicated to obtain: you have to be able to confirm or prove the effectiveness of a drug in order to obtain a drug identification number from Health Canada, which is not currently done for any cannabis product used for medical purposes, and this may not happen for several years. It's not impossible; some witnesses told us that they were working on it.

That being said, my amendment would add a new definition. The point is not to remove those that already exist, but to add the following definition of "medical cannabis":

> Cannabis that is intended to be sold for medical purposes under a licence or a permit issued under the Cannabis Act [...]

This would broaden the definition of medical cannabis regarding the imposition of an excise tax on cannabis.

In addition, producers testified before us and stated that it is possible for them to divide their production or to differentiate between cannabis for medical purposes and recreational cannabis. It's extremely important to know that producers are ready to make the distinction in their own production facilities. If that were the case, cannabis destined for the medical market could be exempted from the excise tax since it would be used as a medication. Later I will present an amendment on that topic. Who, around this table, wants to tax medication? I am anxious to hear the position of my colleagues here regarding such a tax.

We are discussing imposing a tax on vice, as this is often known. It is true that there are currently excise taxes on tobacco and alcohol. Now, we propose to extend those excise taxes to cannabis. It's okay to tax recreational cannabis, but it's a whole other matter to tax medical cannabis.

● (1625)

It goes without saying that the committee agrees with the experts and the many statements we heard from the members of civil society who demanded this amendment. Many of the fellow citizens of all my colleagues around this table also wish to be able, in this case, to continue to use tax-free and excise tax-free medication.

I hope all of my colleagues will support me.

[*English*]

The Chair: Ms. O'Connell and then Mr. Kmiec.

Ms. Jennifer O'Connell: Thank you, Mr. Chair.

Thank you to my colleague for the amendment. I think at the end of the day, though, the excise duty does not apply to products, as pointed out, that have drug identification numbers, DINs, or that are prescribed by a physician. I think that's an important clarification. For example, under the current system, doctors provide authorization, not a prescription, for medical cannabis.

Moving forward, I think accessing a DIN, or going through the rigorous process and the trials to receive a DIN, is an important step in this country toward ensuring that when prescriptions and products receive DINs, it's done so in a process that I think all Canadians come to expect with these types of products. There is an avenue. I do think we'll get there one day. Cannabis producers for medical purposes will go through that process, and I think they should. Once they have the drug identification number, then it is already built into the legislation that they have the excise duty exemption.

I think we're creating a system that is fair. I don't think we want to go down the road where people start arguing about why certain products shouldn't have to go through the drug identification number process. I'm perfectly comfortable that there is an avenue to be exempt for medical cannabis as long as they go through the process that I think other products have to go through as well. Moving forward, a doctor can then prescribe it in the same manner.

I'm happy that there's a path to get there. As I said, I think we will eventually get there, but it's up to those cannabis producers to go through the rigorous testing that I think all Canadians would expect. That would then automatically kick into the existing legislation. So I won't support the amendment, because I think that's an important step that should be taken in order to have this exemption.

The Chair: Mr. Kmiec.

Mr. Tom Kmiec: To the officials, what will happen if this amendment is not done? Without this amendment, will there be a situation where persons who require cannabis for medicinal purposes prescribed by their doctor will then have to pay GST on it? I understand the whole drug identification number from Health Canada, but until such time as it's done, will veterans, for example, with a prescription for medicinal cannabis be charged GST in the interim?

● (1630)

The Chair: Mr. Mercille.

Mr. Pierre Mercille (Director General (Legislation), Sales Tax Division, Tax Policy Branch, Department of Finance): The amendment we're discussing right now doesn't touch the GST at all. There are amendments to the Excise Act, 2001 that imposed the excise duty on cannabis.

Mr. Tom Kmiec: If this amendment passes, will they be covered?

Mr. Pierre Mercille: Whether this amendment passes or not has no effect on the GST.

Mr. Tom Kmiec: It has no effect on it whatsoever.

Mr. Pierre Mercille: On the GST, no.

The Chair: Just for clarification, there's nothing in consequential amendment NDP-4 that covers off this point either, is there, Pierre?

[*Translation*]

Mr. Pierre-Luc Dusseault: Here, we are really talking about excise taxes under the Excise Tax Act, 2001. Amendments NDP-5, NDP-6 and NDP-7 would help to improve the current situation with regard to cannabis. As we speak, cannabis is taxed throughout Canada, either by means of the GST, the HST or the QST. This amendment only concerns the excise tax. The situation would be similar to the situation for alcohol producers. As soon as they produce a drop of alcohol, they are subject to the excise tax. The same system would apply to cannabis, because it would be the same law. Just as is the case for alcohol and tobacco products, we would tax cannabis at the production level, and not at the retail sales point.

[*English*]

The Chair: Mr. Albas.

Mr. Dan Albas: I think the purpose of the amendment is to create a definition in law so that there can be an exemption down the road. I think that's the pith and substance of it, so I'll take it as that.

I just want to correct the good member from the NDP. When I go to many Okanagan wineries, many of the people there will tell me that they are sampling the wines for their heart, for good health reasons.

I just don't like you lumping alcohol in as being a sin tax.

The Chair: That's a very good point.

Mr. Dan Albas: I knew I'd get a laugh out of at least one of you.

The Chair: That's just red wine, isn't it?

Mr. Dan Albas: Yes. Well....

The Chair: It's a good job we're not the health committee.

We'll vote on NDP-3.

Mr. Pierre-Luc Dusseault: I would like a recorded vote.

(Amendment negatived: nays 5; yeas 4 [See *Minutes of Proceedings*])

The Chair: NDP-3 has been defeated. As a result, we will not be dealing with NDP-4.

We'll turn now to PV-2.

Ms. May.

Ms. Elizabeth May: Mr. Chair, our Green Party amendment PV-2 attempts to do the same thing the NDP amendment attempted to do. It's at least in the same ballpark, I think. My amendment recasts, or tweaks, if you will, the definition of "prescription cannabis drug". What I'm attempting to do here, and I hope it will be effective, is to ensure that medical use of cannabis is not exposed to a GST/HST charge.

I appreciate the support down this whole side of the table. It's nice to be working with Dan Albas again. We worked on "free the grapes". Maybe we can help people who need medical cannabis at the same time and get everybody on board.

What I've done with this amendment is to say the following:

> prescription cannabis drug means a cannabis product that is intended to be sold for medical purposes in accordance with the Controlled Drugs and Substances Act or the Cannabis Act or a cannabis product

This will get us out of the requirement for a DIN. We do know, according to testimony before this committee, that 269,000 Canadians are using cannabis for medical purposes on the authorization of their health care providers, but very, very few of those products actually currently have a DIN. Many of them may not be able to get through all the hoops to do so. This broadens the definition of "prescription cannabis drug" to a real-life example of how such drugs are used right now.

● (1635)

The Chair: Ms. O'Connell.

Ms. Jennifer O'Connell: Mr. Chair, my comments will be very similar to those in the last round. At the end of the day, if these cannabis products go through the process of testing and get a DIN, then they would be exempt from the excise tax, similar to other pharmaceutical or prescription drugs. I think it's not too much to ask that if you would like this exemption, then that work, that testing, needs to be put in place.

Again, I think it's important that there is a path toward this. I don't deny that there is a significant use and purpose for medical cannabis, but I think it has to go through that process just like any other prescription drug does.

(Amendment negatived)

(Clause 69 agreed to on division)

(Clauses 70 to 72 inclusive agreed to on division)

(On clause 73)

The Chair: NDP-4 has been set aside due to the defeat of NDP-3.

We'll go to NDP-5.

Mr. Dusseault.

[*Translation*]

Mr. Pierre-Luc Dusseault: The idea is somewhat similar.

These are two amendments to clause 73, on pages 60 and 61 of the bill.

The first part of the amendment refers to the new section entitled “Imposition and Payment of Duty on Cannabis”. The wording reads as follows: “Duty is imposed on cannabis products produced in Canada...[...]”. The purpose of the amendment is to specify once again that that duty applies to products “other than prescription cannabis drugs”. In fact, this refers to the bill's original definition, which has just been adopted by the members of the committee. The amended wording would thus read: “Duty is imposed on cannabis products produced in Canada, other than prescription cannabis drugs, at the time they are packaged in the [...]”.

The other part of the amendment aims to introduce a similar change, by replacing line 27 on page 61, in the part entitled “Duty on imported cannabis”. The amendment would add “other than prescription cannabis drugs”, regarding the imposition of duty on cannabis.

So this is similar to what was discussed earlier. The purpose is to exempt prescription cannabis from duty imposed on cannabis.

[*English*]

The Chair: Ms. O'Connell.

Ms. Jennifer O'Connell: Mr. Chair, I don't know if it's a translation issue, but based on what the amendment says, it's not about all medical cannabis; it's specifically about prescription cannabis. A duty imposed on a prescription cannabis drug would not be payable under proposed subparagraph 158.3(a)(vii) of the amended Excise Act, 2001. Therefore, these amendments are not needed.

With all due respect to the chair, if your proposed amendment is meant to be all about medical cannabis, that's not how the amendment is drafted, based on the reading. As has been explained in the previous amendments, if it were by prescription, it would have a DIN and would not be subject to the duty. I'm not going to support this amendment because it's redundant, and I think it does not really represent what was meant to be drafted. As it's written, it seems redundant, because it would be covered already. That's my understanding, anyway.

The Chair: Mr. Kmiec.

Mr. Tom Kmiec: Mr. Chair, I want to hear from the officials. Could they comment on the impact of this amendment? With respect to the point being made on the government caucus side, is this redundant?

● (1640)

[*Translation*]

Mr. Gervais Coulombe (Director, Sales Tax Division, Tax Policy Branch, Department of Finance): I will answer simply, as did member of Parliament Ms. O'Connell. Indeed, the duty imposed on cannabis does not apply to prescription cannabis products, pursuant to subparagraph 158.3(a)(vii) which is to be found in the legislative provisions before you. The amendments requested are thus not necessary to achieve that purpose.

[*English*]

The Chair: You got your comment in, Mr. Coulombe.

We'll vote on amendment NDP-5.

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

(Clause 73 agreed to on division)

(Clauses 74 to 94 inclusive agreed to on division)

(On clause 95)

The Chair: We're on amendment NDP-6.

Mr. Dusseault.

[*Translation*]

Mr. Pierre-Luc Dusseault: Thank you, Mr. Chair.

So we are at this time discussing the Excise Tax Act. We mentioned the GST. It is somewhat different from excise taxes, as I was saying earlier. This amendment intends to broaden the definition or to ensure that prescription cannabis will not be subject to the GST or other sales taxes in Canada.

What was particularly denounced by the groups that came to testify before the committee was the fact that sales taxes currently apply to cannabis. Although the bill is attempting to solve that issue, it repeats the definition that is found in the Excise Tax Act, 2001, which is too restrictive, according to witnesses, and to me as well.

According to the wording of the bill, the only type of cannabis that will be exempted from the GST and other sales taxes will be prescription cannabis, that is to say cannabis for which a drug identification number has been obtained. Medication is not taxed in Canada, of course. However, some people who are currently using cannabis for medical purposes would see sales taxes added to the cost of the product. If we adopt the bill in its current form, the cost of medical cannabis would be higher than it is now.

That is why I am submitting this amendment to clause 95 of the bill at line 13 on page 78. I hope my colleagues will support me.

[*English*]

The Chair: Ms. O'Connell.

Ms. Jennifer O'Connell: Mr. Chair, again, to Mr. Dusseault, I think this is going to be similar to my earlier comments on the previous amendment. I think the wording around “prescription cannabis” in the amendment makes this redundant, because if cannabis is prescribed, it would have a number, a DIN, and would then be exempt. Under the current GST/HST rules, prescription drugs would be exempt from excise tax and the GST/HST.

The key once again is that if medical cannabis is prescribed, these amendments are not needed. It's redundant. That prescription that is required.... In order to get a prescription, the product itself has to have a DIN. Under the current regime, there aren't prescriptions for medical cannabis. They are.... What's the wording? I used it earlier. They are basically exemptions allowed through medical practitioners or doctors under the Criminal Code, but moving forward under this regime, a prescription would then come with the fact that the product itself has a DIN, and then all those tax exemptions kick in.

Again, this amendment is redundant based on the wording of “prescription cannabis”, because it would already be covered under both acts.

● (1645)

The Chair: Mr. Dusseault.

[*Translation*]

Mr. Pierre-Luc Dusseault: I would like to remind my colleague, very respectfully, that I know that medication is not taxed in Canada and that if a cannabis product had a drug identification number, of course, it would be tax-free.

The problem today is that an extremely small number of cannabis products have a drug identification number. This means that when the bill is passed, the current problem will not have been solved at all, that is to say that people who have a physician's prescription and go to obtain cannabis for medical purposes will still pay a sales tax. In light of the very small number of cannabis products that have a drug identification number, the situation will be the same after the bill is passed. The bill does not solve the problem in any way.

That is why we must broaden the definition to include all of the cannabis products consumed for medical reasons.

[*English*]

The Chair: Ms. O'Connell.

Ms. Jennifer O'Connell: Just on that point, I can understand, Mr. Chair, if that is the objective of the intention of this amendment, but that's not actually what the amendment says. The amendment says “and cannabis products, other than prescription cannabis”.

You're actually not saying “all cannabis products”. You're saying that prescription cannabis is the item that really should be exempt.

I understand the intention, but that's not the text of the amendment. The amendment is specific to prescription cannabis, and prescriptions are exempt. That's the difference. If the intention is for something else, this amendment does not reflect that intention of “all cannabis products”. I have to go on what's in front of me, and what's in front of me is redundant, because it's only prescription cannabis.

The Chair: Okay, all in and all done?

On amendment NDP-6, do you want a recorded vote?

Mr. Pierre-Luc Dusseault: Yes, please.

(Amendment negatived: nays 5; yeas 4 [See *Minutes of Proceedings*])

(Clause 95 agreed to on division)

(Clause 96 agreed to on division)

(On clause 97)

The Chair: We have amendment NDP-7.

[*Translation*]

Mr. Pierre-Luc Dusseault: The objective is the same. It is only a few lines after the ones targeted by the previous amendment. This concerns Part III of Schedule VI of the Excise Tax Act and the definitions of cannabis products. The objective is the same and I won't belabour the point, but I will say that the cannabis that patients consume for medical purposes should not be taxed.

[*English*]

The Chair: Ms. O'Connell.

Ms. Jennifer O'Connell: Mr. Chair, I understand that this has the same intention, but unfortunately, it's written in the same way, which specifies “prescription cannabis”. That again is redundant, because any prescription for cannabis would already be exempt from the GST/HST. Perhaps it's just in the drafting that it doesn't meet the intent, but it's the same language that makes it redundant.

● (1650)

The Chair: We'll have a recorded vote.

(Amendment NDP-7 negatived: nays 5; yeas 4 [See *Minutes of Proceedings*])

(Clause 97 agreed to on division)

(Clauses 98 to 119 inclusive agreed to on division)

The Chair: Then we set aside clauses 120 to 198, I believe, just to be sure, until tomorrow at 3:30 p.m.

(Clauses 120 to 198 allowed to stand)

The Chair: We'll start with part 6, division 1, clause 199.

There are no amendments to clauses 199 to 403.

I'm double-checking here to make sure we don't make a mistake, folks. There are no amendments to part 4. I'll just go through them.

To part 4, division 1, there are no amendments.

To part 6, division 1, there are no amendments.

To division 2, the Canada Deposit Insurance Corporation Act, there are no amendments.

To division 3, the Federal-Provincial Fiscal Arrangements Act, there are no amendments.

To division 4, securities issued or guaranteed by foreign governments, there are no amendments.

To division 5, the Exchange Fund Account, there are no amendments.

To division 6, on bank notes, there are no amendments.

To division 7, the Payment Clearing and Settlement Act, there are no amendments.

To division 8, the Canadian International Trade Tribunal Act, there are no amendments.

To division 9, the Canadian High Arctic Research Station and applications of an order in Nunavut, there are no amendments.

To division 10, the Canadian Institutes of Health Research Act, there are no amendments.

To division 11, the Red Tape Reduction Act, there are no amendments.

To division 12, the Communications Security Establishment, there are no amendments.

To division 13, the Department of Employment and Social Development Act, there are no amendments.

To division 14, the Employment Insurance Act, there are no amendments.

To division 15, the Judges Act, there are no amendments.

To division 16, the financial sector legislative renewal, there are no amendments.

To division 17, the Western Economic Diversification Act, there are no amendments.

To division 18, the Parliament of Canada Act, there are no amendments.

To division 19, the Canada Pension Plan, there are no amendments.

That takes us to clause 402.

I will put the question on clauses 199 to 403.

● (1655)

(Clauses 199 to 402 inclusive agreed to on division)

The Chair: Now we're on part 6, division 20.

I see no amendments to clause 403. Shall clause 403 carry on division?

Some hon. members: Agreed.

(Clause 403 carried on division)

(On clause 404)

The Chair: There's a proposed amendment. Copies are being made.

Mr. Fergus.

Mr. Greg Fergus: Mr. Chair, I'd like to propose a simple amendment to clause 404, in part 6, division 20, specifically referring to paragraphs 715.36(1)(a) and (b). I would like to amend it by replacing lines 1 to 11 with the following:

> After an organization has accepted the offer to negotiate according to the terms of the notice referred to in section 715.33, the prosecutor must take reasonable steps to inform any victim, or any third party that is acting on the victim's behalf, that a remediation agreement may be entered into.

It's to provide as much flexibility as possible to allow them to figure out whether that is an option that they want to pursue, or whether they want to continue along with the original prosecution. That idea is to make sure that third parties acting on the victim's behalf or the victim is informed that the prosecution is entering into these kinds of negotiations.

● (1700)

The Chair: Mr. Albas.

Mr. Dan Albas: Mr. Chair, I certainly appreciate the spirit in which Mr. Fergus is trying to improve upon this. Obviously, I'm from a party where we want to put victims at the heart of the justice system.

The unfortunate part about today's amendment actually further elaborates the concern I have with this government deciding that it would make large-scale changes through an omnibus bill. I have no problem with some of the compensation for justices or some of the other portions of the bill, Mr. Chair, but you've heard me say this before, that we did not have substantive evidence from witnesses on division 20. Many of us rose and expressed concerns, Mr. Fergus included, about the whole process of including a large section [*Technical difficulty—Editor]* a departure from the Criminal Code, and putting it in front of this committee when we could not study it.

I know we have some lawyers who are currently practising or have formerly practised, but again the justice committee would be the better venue, considering that the government has Bill C-75, as well as other pieces of omnibus legislation that it could have included to have a proper study done. The justice committee could have brought forward victims' groups, academics, and other groups, whether they be from the legal side or otherwise, to basically argue whether or not this legislation is good or not.

I take issue that the government put a small section in their budget bill that applies more to restitution and how we process criminal proceedings or not. People can take issue with the previous government on many different parts of it. I have defended, actually, the use of omnibus legislation by the previous government and this government because sometimes you have to have a process to move things forward. But this is the wrong process.

I heard from members of the NDP, the Liberals, as well as our own caucus who were quite taken aback by the government's approach. I think this is doubling down by offering an amendment. I certainly appreciate where Mr. Fergus is coming from. I don't necessarily disagree with including provisions to make sure victims are included; that's not the issue I'm taken with here, Mr. Chair. I'm taking issue with the fact that this Liberal government is putting through, without very much scrutiny, a wide departure. I think it needs to be registered clearly. I think it is wrong for the government to be using the finance committee process. Again, and I can be corrected, I don't believe we heard from witnesses in direct reference to division 20, with the exception of an official from the government.

This has not been studied in the proper way. It has not been a proper process. I am going to be voting against the overall process, Mr. Chair, because I don't think this is the right way for the government to carry this forward.

Again, through the justice committee would have been a more ideal process, and for the government now to be introducing.... We all had a timeline, Mr. Chair, of when we were supposed to have our recommendations for amendments in. To have this tabled, dropped, at this time, I have to ask you if it is in order, because I don't think this is the proper process. The rest of us work very hard. We don't have the government resources where we can call upon the Minister of Finance's staff or the Finance Canada staff, or the Minister of Justice and her staff, to advise us on these things, and yet we can make a deadline.

I think the fact that they are adding these changes, Mr. Chair, in this committee after hearing very little evidence on division 20 is troubling. I think it points to the government running a haphazard process. I think that Parliament suffers. I think that we should not support any further movements. In fact, this should be given to the justice committee or, if not, the government shouldn't proceed with this until a proper process has been done. They have other pieces of legislation, Mr. Chair, that they could have tacked this on to that would have been far more appropriate than a budget bill.

● (1705)

The Chair: The amendment is in order. I'm allowing a fair bit of latitude here beyond the amendment, on part 6, division 20.

Mr. Dusseault, and then Mr. Fergus.

[*Translation*]

Mr. Pierre-Luc Dusseault: I am not going to repeat what my colleague just said because I agree with him entirely. I am simply trying to see what improvement the proposed version makes to the current version. Both versions essentially say the same things but in different ways, which is that we must inform the victims. I would like you to provide more details on the proposed version and to explain how it improves the current version.

[*English*]

The Chair: Mr. Fergus.

[*Translation*]

Mr. Greg Fergus: I would say to my colleague that it offers more flexibility and provides a better framework for the responsibility of informing victims that this process may be considered. For that reason, I will maintain this amendment.

In addition, I would like to add one other thing, Mr. Chair.

[*English*]

The Chair: Go ahead.

Mr. Greg Fergus: All is fair from my colleague, Mr. Albas, but I think there were a couple of raised eyebrows over the language that was used near the end of his comments. I'm not certain if it's necessarily parliamentary or if it's something that we would want to.... I'm certain the member could express his point very strongly without engaging in that, for the record, so that we don't make this a slippery slope in terms of using language that is less than parliamentary.

The Chair: I don't think there was any unparliamentary language or I'd have picked up on it. There was one strong word, but I don't think it was unparliamentary.

Mr. Kmiec.

Mr. Tom Kmiec: I think I've heard stronger things off the record from the chair in the past.

Under “Duty to inform victims”, I'm just reading the section one more time, and I should mention that the amendment may be in order, but there are no Justice officials here to explain to us the impact of the amendment. We don't even have the experts in the room this minute so that members of the opposition can at least ask them what they think. I don't see them here, and I don't see anybody coming up to speak to this. I am not a lawyer, so I would rely on them to explain to me the impact of the amendment.

After reading the original section, I actually don't fully understand the goal of the amendment to the budget bill. It reads to me like victims are already looked after under the duty to inform. It says, “as soon as practicable”, and it goes into it. We should be amending other sections.

Apart from the discussion that Mr. Albas already said that we need to have, this whole section should have been cut out of this budget bill. It doesn't belong in an omnibus budget bill. We should get a fulsome discussion on how this interacts with the Magnitsky Act, which was passed by the House unanimously. I think it was in this room that we were considering the amendments to the Magnitsky Act in a bipartisan fashion, and this whole section will have an impact on the implementation of that act and how companies interact with it.

In proposed subsection 715.36(3), the prosecution can elect not to inform a victim or third party. If we are looking to ensure that the rights of victims are looked after, that's the subsection we should be amending so that prosecutors are obliged to present the facts.

I'd just like to hear more from Mr. Fergus on the impact and purpose of this amendment. As it is right now, I don't see what this would do apart from deleting paragraphs (a) and (b) in that section. We don't even have the Justice officials here to explain to us the repercussions of doing so.

The Chair: I have a suggestion. We didn't think we would get this far today on this bill, so if you want to stand down these sections that relate to division 20 until tomorrow, we can do that and have the Justice officials here. That's entirely up to the committee. This means we would deal with part 4, part 5, and part 6, division 20, tomorrow. That's possible to do if there's agreement from the committee to do it.

Is there agreement to do that?

Some hon. members: Agreed.

(Clause 404 allowed to stand)

The Chair: I think that's fair. We really should have officials here on those three parts.

That really concludes all we can do today, and tomorrow we will deal with clauses 120 to 198 and clauses 403 to the end, and the other regular motions that we would do. Are we okay with that?

Some hon. members: Agreed.

The Chair: The meeting is adjourned until tomorrow at 3:30 p.m.