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Chair: Mr. Peter Fonseca



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• (1830)

[English]

The Chair (Mr. Peter Fonseca (Mississauga East—Cooksville, Lib.)): It's 6:30. I call this meeting to order.

Welcome, everyone, to meeting number nine of the House of Commons Standing Committee on Finance.

Pursuant to the House of Commons order of reference adopted on December 2, 2021, the committee is meeting on Bill C-2, an act to provide further support in response to COVID-19.

I know I've gone over a number of the health and safety measures with all of the members, as well as with the witnesses who are with us today. They are ministry officials who understand the different protocols we have to abide by—the two-metre physical distancing, the wearing of masks and the hygiene.

Also, when it comes to using our technical system here for the hybrid—

Mr. Terry Beech (Burnaby North—Seymour, Lib.): On a point of order, Chair, the bells are now ringing, so we're probably going to need a consent motion.

The Chair: Yes, the bells have started ringing, so we're looking for unanimous consent to continue straight through until about five to seven minutes before the vote, and then we will suspend at that time.

Some hon. members: Agreed.

The Chair: Thank you.

On these hybrid sessions, as we have Mr. Beech out on the west coast, there's the opportunity to use the interpretation at the bottom of your screen for English or French. I believe the members understand everything else.

Now I'd like to welcome the witnesses we have before us.

From the Department of Employment and Social Development, we have Elisha Ram, Catherine Demers, Douglas Wolfe, Benoit Cadieux, George Rae and Sébastien St-Arnaud.

From the Department of Finance, we have Max Baylor, Lindsay Gwyer, Trevor McGowan and Yves Poirier with us today.

We'll now proceed with clause-by-clause consideration.

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

New clause 0.1 brings us to amendment NDP-1, which is on page one of the package.

On NDP-1, I look to Mr. Blaikie.

Do you have some comments on this?

Mr. Daniel Blaikie (Elmwood—Transcona, NDP): Thank you very much, Mr. Chair.

I don't think it's a secret to anybody on the committee the extent to which a number of seniors across the country have been suffering as a result of having their guaranteed income supplement benefits clawed back. These are seniors who worked prior to the pandemic. They were eligible for CERB according to the rules. They were encouraged to apply. They weren't told that it would be clawed back later through the GIS.

This very committee heard the story of a woman, for instance, who is living in her car in the Northwest Territories at the outset of winter because she can't make rent. We have a colleague, Alistair MacGregor, who had a man contact him recently because he had just been diagnosed with cancer. He has an eviction pending on December 23 and he can't afford his medications.

The frustrating part of this all along, of course, has been that had the government chosen simply not to count that income in the eligibility calculation for the GIS, this would have been avoided. We know that the government knew about this issue as early as May 2021, which was plenty of time to fix it before it took effect, and now we're at months after it took effect and people are in crisis.

This amendment is one of the amendments required in order not to make the pandemic benefit income non-taxable—we were very clear in our direction to the drafters that the benefit income would remain taxable income—but to remove that income from the eligibility calculation of the guaranteed income supplement.

That's the purpose of this amendment. We've been reassured by the drafters that it does this without jeopardizing the taxable status of that income. I am moving this amendment because it would help ensure that this gets cleared up and that it gets cleared up in legislation.

The Chair: Thank you, Mr. Blaikie.

Is there any further discussion?

I'll now give my ruling on this amendment. It is inadmissible, and here's my reason for that.

Bill C-2 provides for further support in response to COVID-19. The amendment seeks to amend subparagraph 56(1)(r)(iv.1) of the Income Tax Act to remove any COVID-related financial assistance amount from the calculation of the taxpayer's income in order to receive an old age security benefit.

As *House of Commons Procedure and Practice*, third edition, states on page 770, "An amendment to a bill that was referred to a committee after second reading is out of order. It is beyond the scope and principle of the bill." In the opinion of the chair, the amendment is a new concept that is beyond the scope of the bill, and it would also require royal recommendation.

Therefore, I rule the amendment inadmissible. This ruling also applies to NDP-2, since the two amendments are consequential.

● (1835)

Mr. Daniel Blaikie: Mr. Chair.

The Chair: Yes, Mr. Blaikie.

Mr. Daniel Blaikie: I would respectfully challenge your ruling.

I think one of the things to understand is that this bill does provide for pandemic benefits of a type, inadequate as they may be, and this amendment is also about ensuring that those future benefits, if paid out to seniors in a like situation—say, under the Canada worker lockdown benefit—are not included in the calculation for their guaranteed income supplement next year.

The topic of the bill, as has been the case for the entire proceeding since it began, has been pandemic benefits. This amendment, while it does apply to previous pandemic amendments.... I was just up defending the idea that this bill should be kept together after all, because there is an important overarching theme of the bill in terms of how we restart our recovery, but this amendment does actually apply to the benefits listed in the bill as well. I think it's not quite fair to say that it's out of scope or that it doesn't legitimately touch on the issues already raised within the bill.

It is for that reason that I would contest your ruling, Mr. Chair, and ask that the committee have the opportunity to have a recorded division, if and when there's no further discussion on this, in order to test the will of the committee in respect to your ruling.

The Chair: Thank you, Mr. Blaikie.

Is there any further discussion?

Ms. Dzerowicz, go ahead.

Ms. Julie Dzerowicz (Davenport, Lib.): Could I just ask a question, Mr. Chair?

If you have deemed it inadmissible, and if by chance this committee votes in favour of this motion moving ahead with the bill—whether it's through you or through the clerk, and maybe we could ask the clerk—what happens when it gets to the floor? Is it something where the Speaker just automatically says, "Well, it was inadmissible, so it's not going to be considered part of the bill"?

Maybe, through you, I could ask the clerk if he could respond to that question.

The Chair: We have clerks. I don't know if it's....

Ms. Julie Dzerowicz: Oh, I'm sorry. It's for whoever can answer that question.

The Chair: Philippe will be helping us with that answer.

Go ahead, Philippe.

Mr. Philippe Méla (Legislative Clerk): Thank you, Mr. Chair.

To your question, if an amendment is ruled inadmissible in committee, a challenge is put forward and the amendment eventually is adopted, somebody could raise a point of order in the chamber to alert the Speaker that there is an inadmissible amendment in the report. If the Speaker decides that the amendment is indeed inadmissible, he could take the amendment out of the report and ask for a new reprint of the bill, and the amendment would be taken out of the bill.

In this instance, there are two parameters that come into play. There is the "out of scope", but there's also the need for royal recommendation, so those are two different aspects of things. On the royal recommendation, the Speaker could do it of his own volition, without a point of order.

Ms. Julie Dzerowicz: Thank you. I appreciate that.

The Chair: Thank you.

On the speakers list, I have Monsieur Ste-Marie, and then Mr. Chambers.

[*Translation*]

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

I have a follow-up question for Mr. Méla.

If the situation you just described were to occur, in other words, if the committee's report were to be presented to the Speaker of the House, the Speaker were to make a ruling and the bill had to be reprinted, could this be resolved in one hour or two, or would it delay the process by a few days? My concern is that we are sitting until Friday of this week, and my party and I want the bill to be passed by then.

[*English*]

The Chair: Go ahead, please, Philippe.

Mr. Philippe Méla: Thank you, Mr. Chair.

● (1840)

[*Translation*]

Thank you for your question, Mr. Ste-Marie.

It's a good question, but I can't really answer it. It really depends on the workload of the Clerk of the House, and also on the workload of the Speaker of the House, who may have to deal with other points of order or other questions of privilege.

It is difficult for me to tell you how long it would take if the report were presented to the House tomorrow, for example. It could take one day or it could take until Wednesday. It really varies, so I can't answer that question with absolute certainty.

Mr. Gabriel Ste-Marie: Thank you.

[*English*]

The Chair: I have Mr. Chambers.

Mr. Adam Chambers (Simcoe North, CPC): Thank you, Mr. Chair.

We heard testimony from a number of government officials and, in particular, the Minister of Finance, noting that they are well aware of this issue. I think the amendment by Mr. Blaikie is quite reasonable and addresses a well-known issue that we could fix here this evening. Unless, of course, there is someone on the government side who is suggesting that there's another bill coming up tomorrow that will deal with this issue, I think it's reasonable to consider this amendment.

The Chair: I think we take this to the clerk for a vote on the challenge to the chair's ruling.

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

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

The Chair: Just to let members know, including Mr. Blaikie, because the ruling of the chair was upheld, that also applies as far as my ruling on amendment NDP-2 goes.

(On clause 1)

The Chair: That takes us now to clause 1, and any amendments to clause 1.

Mr. Blaikie, would you like to speak to NDP-3?

Mr. Daniel Blaikie: This amendment and its sister amendment, NDP-4, are with a view to an issue that has come up again and again in respect of the wage subsidy, which is that a number of companies availed themselves of wage subsidy support but clearly didn't need it because they were paying massive dividends to their shareholders. We've seen the clawback of benefits from people on the financial margins, but these companies that were clearly in a position to reward their shareholders have not seen any kind of comparable effort or in fact any effort at all to recover public funds that they took and didn't need.

The point of these amendments is to ensure that there is an effort to recover money that went to companies that clearly didn't need that public support and that going forward there doesn't continue to be this phenomenon of companies being able to access funds, make a profit, and then pay those public funds out to their shareholders rather than reimbursing them to the government.

The mechanism is a lot like what was landed on with respect to executive compensation, but it would apply in this case to dividends as well. The proposal here is that it would apply retroactively to the beginning of the pandemic and the paying out of these benefits.

The Chair: Is there further discussion?

Mr. Chambers, go ahead.

• (1845)

Mr. Adam Chambers: I have a question for my colleague and perhaps for the drafters to clarify. Is the restriction that you did not pay dividends during the period of time for which you received the support, or is it that you did not pay dividends for the entire period starting in March until now?

Mr. Daniel Blaikie: As I said, they're similar to the executive compensation amounts, except that they go backwards. My understanding for executive compensation is that any amount that was paid out in executive compensation from the go-forward date would be repaid to government from the amount they took in wage subsidy.

The idea is that it would be happening on a go-forward basis. If you received a certain amount, call it x , and then you paid out an executive compensation amount y , you would be paying that back to the government because it was obviously something that wasn't required in your budget.

The idea is that this would be true for dividends on a go-forward basis but that we would also go backwards and say that if you were able to pay out \$100,000,000 in dividends to your shareholders, that was \$100,000,000 of wage subsidy that you did not require. That would mean that they would have to find that money elsewhere, either in cash holdings or in the market. It's our opinion that companies that were able to pay out that kind of dividend in these circumstances will be able to find a way to pay that money back and therefore don't need to continue to benefit from public funds in that amount.

The Chair: Mr. McLean would like to speak to this.

Mr. Greg McLean (Calgary Centre, CPC): With respect to trying to support the amendment here, if I can, I'll ask Mr. Blaikie this. There are certain entities, of course, that required funding under CEWS to keep their employees during a period when there was no income coming in, and that have subsequently obviously turned their fortunes around but would not have survived had they not had the support from government during a very trying time at the beginning of the pandemic.

If the intent is only to use it on a go-forward basis when companies were solvent and still may have been trying to access government programs, I think that intent is clear, and I think it's clearly supportable, but if those programs had not been there at a certain point in time, those companies would not exist now and we'd be more beholden to foreign companies doing that work.

If we can clarify that in the language and in the intent, I think you'd get a good amount of support from around the table.

Mr. Daniel Blaikie: Sure. I think it is true that those companies did need that assistance at a particular time in the pandemic. It's not about when they paid the dividends. They paid the dividends once they had come out on the other side. Those companies are now out on the other side, so I think they're very likely in a position to repay, even if that means getting some kind of financing in the market in the meantime in order to make taxpayers whole for some of the amount they didn't need.

Of course, this amendment doesn't cover share buybacks. That was something we looked at, but that was a complicated legislative amendment. It wasn't something that House drafters were able to do under the time constraints we had. Anyway, there were a number of questions about how that would be implemented. This is what we could develop for now. I mention this simply because there were other indications, like share buybacks, that those companies didn't need that money and that public money was used for other purposes. This doesn't reclaim that. Seeing as dividends are only a portion of what some of these companies were able to do with taxpayers' money, I think it's reasonable to ask that they repay that money.

I think of the Royal Ottawa Golf Club, for instance. There was some media coverage of them. They received about a million dollars in wage subsidy money, if memory serves—it may not be a million, but the article is out there—and they ended up with about the same in a windfall. They decided to repave their parking lot three years ahead of the plan in their capital plan. To me, that's pretty obvious. Even though they needed that money in the early months of the pandemic, they received that money and then had a pretty good season. Then they would be in a position to repay that money. That's why I think this isn't a lot to ask in terms of retroactivity.

Again, in keeping with the spirit of some of my comments from the last day, I recognize that one vote is not enough to pass an amendment at committee. If this could garner majority support by removing the retroactivity piece—well, I think that would be too bad—I would rather see the protection exist on a go-forward basis than not exist at all.

I am disappointed that the government, as I mentioned to the minister when she was here, didn't avail itself of the opportunity to put those kinds of protections in here, not just around dividends but also around share buybacks. These kinds of things are always much easier when the government is willing to do some of that homework. We're sharing a small drafting unit among 338 MPs, while the government has departments with inside legal counsel that can do a lot of their drafting. Some of these issues are complex, there's no question about it, but I just don't think that's an excuse for inaction.

I would like to see something productive come out of tonight's meeting that would at least shield Canadians against future instances of the kind of grab of taxpayers' money that we saw under the wage subsidy program, totally recognizing that.... I mean, look, a lot of this money was legitimately used. I'm not trying to say that there weren't a lot of companies that availed themselves quite rightly of the wage subsidy program. We were early advocates for that program. When the government announced the 10% wage subsidy program, we teamed up with the CFIB, not usually best friends of New Democrats, in order to call for a 75% wage subsidy, but all along, we also called for protections to make sure that this money wasn't going to be received by companies that were ultimately going to do well and then have no mechanism for getting it back.

This is at least trying to shoehorn that in there. We didn't have normal committee processes in the early days of Parliament, so there wasn't an opportunity for a party to independently bring an amendment in the way I am doing now. As I said, I'm interested in

making more progress rather than less, recognizing that I can't do that as an individual member of the committee.

Certainly, if you have a concrete proposal for how we might make this amendment more palatable to a majority of committee members, I'm all ears.

• (1850)

The Chair: I am being cognizant of time. We are nine minutes from the vote. I have Mr. Beech and Mr. McLean.

Mr. Beech, go ahead.

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

I seek your guidance. I'm prepared to speak to NDP-3. I'm also prepared to speak to NDP-4. The conversation has kind of been about both. I presume I am speaking only to NDP-3 at this time.

The Chair: I apologize, Mr. Beech. I was just checking on the time for the vote. We're seven minutes from the vote.

I think at this time we're going to suspend so that we can get up to our vote, and then we will be back.

Thank you.

• (1850)

(Pause)

• (1920)

The Chair: I call the meeting back to order. We were last discussing NDP-3. On the speakers list, I had Mr. Beech and Mr. Chambers, and then Mr. McLean, I think, would like to speak again.

Mr. Beech, go ahead.

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

Just before we departed for the vote, I was seeking your clarification. There has been talk around both NDP-3 and NDP-4. I am prepared to speak to both of them. I seek your guidance as to whether I should speak to NDP-3 and hold off on speaking to NDP-4 or whether I should address both at this time.

The Chair: According to the legislative clerk, Philippe, it should be just number three.

Mr. Terry Beech: Okay.

This motion, as intended, makes the executive compensation provisions, which are now in place, retroactive to March 15, 2020 for the emergency wage subsidy. Some concerns around that have been reflected by some other members around this table.

The first and most obvious concern is the substantial legal risk that the government would incur by changing the terms of the program after it has already been accessed by Canadian companies. Notably, at the time when companies were making these decisions, they would have done so following the rules that existed at the time. While this provision is a good one and the government obviously agrees with it in principle—that's why we implemented the executive compensation provisions in the first place—retroactive amendments really should only be made in extremely exceptional circumstances. Those could be a long-standing interpretation of law, clarity of a policy that is unclear from previous relevant provisions, or maybe a change that corrects an ambiguous or deficient provision.

In addition to this overarching principle with regard to retroactivity, there are also a substantial number of technical deficiencies within the proposal, which would likely require more time to work through than we have provided for in this meeting. The tightness of the timing of this bill is regrettable, but I think we all understand the importance of getting these supports and making them available to Canadians before the House rises.

For these reasons, I would encourage members to vote against this amendment. Thank you, Mr. Chair.

• (1925)

The Chair: Thank you, Mr. Beech.

We have Mr. Chambers, and then Mr. McLean.

Mr. Adam Chambers: Thank you, Mr. Chair.

Yes, it is unique to ask folks to retroactively repay a benefit that we don't believe—or some of us don't believe—they should have received. That's exactly why it's appropriate. Frankly, it's unconscionable that the government subsidized the share prices of a lot of publicly traded corporations by letting them unfairly access the wage subsidy when they had financial capacity to continue paying dividends, repurchase shares and increase executive compensation.

With that being said, I think it would be entirely appropriate to consider moving away from retroactivity if we could get agreement on a go-forward basis. I think that is something that would be very amenable, certainly to our side. I believe my colleague will speak to a potential amendment at this point.

Thank you, Mr. Chair.

The Chair: Thank you, Mr. Chambers.

Mr. McLean, go ahead.

Mr. Greg McLean: Thank you, Mr. Chair.

Thank you, Mr. Chambers.

I propose that we strike out the last part, the second part of the amendment here to Bill C-2, NDP-3, paragraph (b). We could strike that out because there is a problem with retroactivity. If we took out the retroactive clause there, “Subsection (18.1) is deemed to have come into force on March 15, 2020”, I would propose that to my colleague from the New Democratic Party. I think the intent of that would be clear, that companies cannot access the benefits if they are paying dividends or increasing the payouts to their executives.

We would like to have language in there that includes share buy-backs as well, because it's all about income distribution one way or another and access to these programs should not be benefiting shareholders at the expense of taxpayers. I think we all agree on that. I think it's a flaw in the initial bill that went through that we have this. Nevertheless, there are companies that followed the rules and applied those rules to make sure they survived that period. Retroactively.... The programs were not loans at that point in time. The programs were, “Here's a program to make sure you hang on to your employees and that your employees have the sustenance required.” Some of those companies have since emerged as dividend-paying companies.

I want to make sure that the timing on this is very clear, that we're talking about the go-forward plan, with no retroactive element involved in this that would require all kinds of financial restatements and all kinds of public market shenanigans that would happen at that point in time. I do appreciate very much the intent of the bill as far as matching revenues with expenses goes.

Thank you, Mr. Chair. I would propose that as a friendly amendment.

The Chair: Is there further discussion on the amendment?

Mr. Daniel Blaikie: I am prepared to accept having that amendment moved. I think that normally you need permission from the person presenting the amendment to have an amendment moved, which is particularly important in majority government situations, where government majorities on committee might otherwise hollow out opposition amendments, but I'm quite happy to offer that permission so that we might come to a mutually agreeable solution in respect to this amendment.

• (1930)

The Chair: Mr. Blaikie, we would have to vote on the amendment to your NDP-3.

I have Ms. Dzerowicz.

Ms. Julie Dzerowicz: I'm sorry, Mr. Chair, but could we just go through that amendment again? I want to make sure we're clear on what is being proposed.

The Chair: Mr. Clerk, have you received it?

We have not received it. Mr. McLean, we would need to receive that. One of the members, Ms. Dzerowicz, would like to go through the amendment to NDP-3, the subamendment to the amendment.

Ms. Julie Dzerowicz: Just to be clear, we're on clause 1, at line 21, on page 11. Is this correct?

Mr. Daniel Blaikie: If I may, Mr. Chair—

The Chair: Go ahead, Mr. Blaikie.

Mr. Daniel Blaikie: There are two line items addressed in the amendment. There is paragraph (a) of the amendment, which adds something after line 21, and paragraph (b) of the amendment, which adds something after line 30.

I believe Mr. McLean's amendment addresses paragraph (b) by essentially deleting paragraph (b), so all that would remain is the part that adds, after line 21, all of the text in paragraph (a).

I hope that's helpful.

Ms. Julie Dzerowicz: I'm sorry. What page is this on?

Mr. Daniel Blaikie: This is NDP-3, pages 11 and 12 of the bill.

Ms. Julie Dzerowicz: Thank you.

The Chair: It's page 11 of the bill.

Mr. Daniel Blaikie: Yes. The clauses can be rather large.

The entire amendment would cause a change on page 11 and on page 12. Mr. McLean's amendment would delete paragraph (b), which is the portion that would make changes to the current page 12. You'll see that at the bottom of the page it introduces a new subclause, subclause 1(24): "Subsection (18.1) is deemed to have come into force on March 15, 2020."

That's the aspect of the amendment that causes the retroactive application of the new provisions, and that's what Mr. McLean's amendment seeks to delete.

The Chair: Go ahead, Ms. Dzerowicz.

Ms. Julie Dzerowicz: Basically, what I'm seeing is that we're trying to strike that. That's the proposal on the table, to strike "Subsection (18.1) is deemed to have come into force on March 15, 2020."

Are you saying that's a friendly amendment?

Mr. Daniel Blaikie: I'm saying that he has my permission to move it, which is required in clause-by-clause.

Ms. Julie Dzerowicz: Okay.

The Chair: Is there any further discussion?

I have Monsieur Ste-Marie.

[*Translation*]

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

I have a technical question. If the subamendment proposed by Mr. McLean were to be adopted, I would have questions about amendment NDP-3 as amended. So should I wait until after the vote on the subamendment before I ask my questions?

[*English*]

The Chair: We'll discuss it after the vote.

I don't see any further discussion.

This vote is on the subamendment to NDP-3.

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

● (1935)

The Chair: Now we shall go to NDP-3 as amended.

Go ahead, Monsieur Ste-Marie.

[*Translation*]

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

So I have some questions for the Department of Finance officials at this point. I assume Mr. McGowan can answer them.

Do you have any idea how many companies the amendment might affect?

My colleague Terry Beech mentioned technical problems with implementing the amendment. What would the problems be and how big would they be?

These are my initial questions regarding amendment NDP-3 as amended.

[*English*]

Mr. Trevor McGowan (Director General, Tax Legislation Division, Tax Policy Branch, Department of Finance): Thank you for the question. I can start with the second part, perhaps, and then turn it over to my colleague Max Baylor. He can speak to the number of public companies that would be affected.

As I understand the question, it was to provide a brief overview of some of the technical issues with the amendment that have been identified. Is that correct?

[*Translation*]

Mr. Gabriel Ste-Marie: That's right.

[*English*]

Mr. Trevor McGowan: Okay. Thank you very much.

As was already noted, the coming-into-force rule would have made it retroactive. With no coming-into-force rule, the default rule would be that it comes into force on royal assent. That would lead to some ambiguity, still, in terms of when it would apply. For example, would it apply to dividends paid in qualifying periods that end after royal assent or that begin after? Would it apply to dividends paid after? There are some interpretive questions that remain.

On a more substantive basis with the initial proposal, I would note that it applies where subsidiaries of public corporations paid dividends. The policy intent, as I understand it, is to prevent public corporations from paying profits out or paying retained earnings as dividends to their shareholders. However, it is quite common for groups of public companies—a public company and its subsidiaries—to move money within the group through the use of intercorporate dividends. As worded, since it applies only to dividends, it would seem to require a repayment of wage subsidy entitlements when there are dividends that move money simply within a group and nothing has been returned to shareholders.

I assume that it is intended to require repayment of the wage subsidy under subsection 125.7(2). However, that is not explicit. Rather, it says, "no overpayment on account of a qualifying entity's liability under this Part". Here, "this Part" is part I of the Income Tax Act, which includes a number of other refundable tax credits that are done as deemed overpayments of tax, such as the one for journalism organizations and a number of others. The lack of specificity does raise questions.

There are a number of issues. I'll just talk about some of the main ones.

It also applies to fixed cumulative dividends on preferred shares. Many corporations that seek to raise capital in the public markets do so through the issuance of preferred shares. They do that instead of, say, issuing debt. Preferred shares are legally shares, but they have many economic debt-like characteristics. They tend to pay shares at a fixed rate, which is very similar to interest on a debt. Those are payments that are economically similar to interest and would be caught as well.

To summarize, there would still be questions, at least interpretively, relating to the coming into force of the rule. It could require repayment of the wage subsidy where money is moved around within a corporate group and nothing is actually returned to shareholders. Also, since it applies to dividends paid in the qualifying period, it could lead to a fairly simple way to plan around it, where a public corporation could simply defer the payment of a dividend until right after the end of the qualifying period.

The effect of this rule is not so much to require repayment in the same way that the executive compensation rules do, but rather, it takes away the initial entitlement, which gets to the same place, but it applies only for a particular period. One question is whether a likely outcome would be that public corporations seeking to pay dividends but also paying the wage subsidy could simply defer the payment of those dividends until after the relevant period and thus avoid the application of the rule. Those are some of the issues we've identified.

I'll turn it over to my colleague Max Baylor, who can speak to the number of corporations that have received the wage subsidy.

• (1940)

[Translation]

Mr. Maximilian Baylor (Senior Director, Personal Income Tax Division, Tax Policy Branch, Department of Finance): We don't have specific data on the number of companies that would be affected. The only data we have is for companies that have applied. You have to go back and look at the applications for the Canada Emergency Wage Subsidy that have been made. We know the number of companies and public corporations that have received the Canada Emergency Wage Subsidy. That can give you an idea of the scope. However, the data does not indicate whether the companies paid dividends. We don't know that.

What we do know is that public corporations represent a small percentage of the employers who received the Canada Emergency Wage Subsidy, just 0.4%. As for the amount of the payment relative to the wage subsidy base, the percentage is clearly higher: it is 9.6%.

Once again, that's an overall picture. The number of companies that paid dividends is even smaller. That's a small world.

Clearly, you want to know what the data is and our view on the measure going forward. As I said, we don't know who will apply. We don't know the future, but the past data gives us an idea of the extent to which companies might be affected in the future.

[English]

The Chair: Thank you, Mr. Baylor and Mr. McGowan.

We have on the speakers list Ms. Dzerowicz, Mr. Chambers and then Mr. Blaikie.

Ms. Julie Dzerowicz: Thank you, Mr. Chair.

I don't know if Mr. Ste-Marie has finished his questions. He might not have. I don't want to interrupt.

[Translation]

Mr. Gabriel Ste-Marie: I had finished my questions.

[English]

The Chair: My apologies, Monsieur Ste-Marie.

[Translation]

Mr. Gabriel Ste-Marie: But I would like to ask more questions and make more comments in a subsequent round.

My thanks to Mr. McGowan and Mr. Baylor for their specific answers.

The Chair: Thank you.

[English]

Ms. Dzerowicz, go ahead.

Ms. Julie Dzerowicz: Thank you so much, Mr. Chair.

I have a couple of questions for Finance officials as well. This whole bill is about urgently getting money to hard-hit industries and the workers within those hard-hit industries, in particular in tourism and recreation, and many in the arts and culture sector. I don't know if this question is for Mr. McGowan or if there is someone else who can better respond to it. If this amendment as proposed is passed, what would be the impact of this amendment on the program as a whole? Would it delay in any way supports getting to the workers or to the businesses that need them?

That's part one. Two, would this amendment in any way actually penalize any businesses or corporations for doing business in a legitimate way?

Those are my two questions.

Mr. Trevor McGowan: Maybe I'll start with your second question first. As noted, there's a concern that because the rules apply to all dividends and not just dividends paid on the publicly listed shares, they could require repayment of the wage subsidy where one entity in a corporate group is moving funds to another entity in the corporate group for the group's purposes and not actually returning any amounts to shareholders. That's a very common way for public companies and large corporate groups to move money around and ensure that funds are in the correct legal entity. Likewise, it could adversely affect corporations that have issued preferred shares as part of their corporate financing programs. I think those are probably the two largest.

In terms of what impact the amendment would have on the administration and enforcement of the rules, of course the Canada Revenue Agency has been working tirelessly to put these structures and programs in place in order to implement the new measures contained in Bill C-2. Any change to them could require the Canada Revenue Agency to tweak its systems. While I don't know—I'm not involved in the development of the Canada Revenue Agency's IT systems—that does seem to be a risk.

Conversely, public corporations could be required to proceed with the rules without necessarily having full certainty as to how they are intended to apply—for example, whether it applies to the qualifying period that ends after the date of royal assent, or before, or whatnot.

So there would be those concerns. Unfortunately, I don't know enough about the Canada Revenue Agency's technical systems to advise or to opine on whether they would need to be redesigned, but that is something that I think we'd want to check.

• (1945)

Ms. Julie Dzerowicz: Mr. McGowan, before you or someone else within the finance department answers my second question, I just want to be clear. I like putting things into plain language. I always have to put things into terms I understand. My understanding of your first point is that there's a legitimate reason why a number of corporations might move money around. It would be seen as dividends moving around, but it has nothing to do with giving dividends.

The intention of this amendment is to say that if there are dividends given out to shareholders, that company should not be receiving the wage subsidy. You're saying there are legitimate reasons to move dividends within companies. That's a normal course of business and they do it for a number of different reasons in an everyday way. That's the first part.

For the second part, you're saying there are some technical things that the CRA might have to change if this amendment passes, and we don't quite know how easy it would be for the CRA to do that.

Mr. Trevor McGowan: That's absolutely correct.

Of course, I would not speak on behalf of the Canada Revenue Agency about their IT and system requirements. I know they've been working tirelessly on implementing the systems required to get the mechanisms under the bill.

If it would be helpful to clarify things, I always find it's best to think of concrete examples. Let's say you have a public corporation that has two subsidiaries. One subsidiary operates in one market, and the other subsidiary operates in another. One of the subsidiaries is doing a bit better. It has some extra retained funds, so it could pay a dividend, tax-free, up to the parent company. That would allow the parent company to contribute those extra funds to the other subsidiary to help it weather whatever crises or issues it's facing, and maybe pay off some of its receivables or wages. That's the type of movement within a group that I was referring to.

Ms. Julie Dzerowicz: My second question was, if this amendment goes through, will there be a delay in supports getting to the workers and/or corporations that need them?

Mr. Trevor McGowan: As I noted, I'm not certain whether or not the Canada Revenue Agency.... I'm not certain what kinds of delays in the delivery of the programs this would lead to with the CRA systems. I'm sorry. I don't know that.

Ms. Julie Dzerowicz: No, thank you. I appreciate the response. I understand now.

The Chair: Thank you.

Go ahead, Mr. Chambers.

Mr. Adam Chambers: Thank you, Mr. Chair.

It might help to simplify things. There is already a restriction in this bill for companies that choose to pay or increase executive compensation. The challenge is with someone gaming the system, as mentioned by our well-informed official, and paying dividends after the period is over. The exact same criticism could also apply to share repurchases.

This amendment, now that it is not retroactive, at least provides a significant amount of time for CRA officials to do what they have done plenty of times previously, which is to draft an interpretive note on how it will interpret this section. This would cause any public company that's asking for government funds to subsidize its wages to think very hard about the choices it's going to make before it asks for and receives government funding.

We have the executive compensation restriction. It is an incredibly reasonable amendment. Now its subamendment, on a go-forward basis, gives companies time to plan well in advance and think very hard before they take public funds.

• (1950)

The Chair: Thank you, Mr. Chambers.

Go ahead, Mr. Blaikie.

Mr. Daniel Blaikie: Thank you.

One thing that low-income families and low-income seniors do when they have a surplus in their account is transfer it to the grocery store to buy groceries. They may transfer it to a mechanic to fix their car. They may transfer it to creditors in order to pay down their debt or to cover interest. I guess it's too bad they can't call that a dividend payment, eh? Wouldn't that be nice? Then maybe they'd have more champions around this table. But they can't.

That didn't stop the government from having very strong opinions about whether or not it was appropriate for them to have taken pandemic benefits in the first place, particularly if they received the Canada child benefit or the Canada worker benefit or the guaranteed income supplement. Nobody said, "Well, hey, let's call it a dividend and call it a day." They said, "Let's take the money back. And if we're going fix it up at all, we're going to do it after having dragged it out for months."

Some of them are living in their cars. Others are living on the street. Others have eviction notices coming up while they try to pay for their medication and figure out what they're going to do as winter sets in. Maybe we as a committee need to look at how we could classify the essential transfers of seniors to get the essentials they need as "dividends" so that they could have the same protections these large companies seem to have. I think that's maybe something we should mark down for work on the agenda of this committee on a rather urgent basis.

It was very nice to get a technical answer from department officials. I believe, if I'm not mistaken, these are the same officials who were here earlier in the week or last week. Pardon me; it's all blending together. There have been a lot of meetings.

I felt like I got a more clear technical answer about my own amendment than I did about the bill they helped design for the government. I'm going to have to spend some time reflecting on that. I hope they will too, because the kind of technical response they came prepared to give today is exactly the kind of technical response we've been demanding of them for well over 14 hours now on the bill they helped draft. Now we know they're capable of it. That's a new discovery as of tonight. If this amendment has served to do nothing else, it's proved that departmental officials actually are a lot smarter than they sometimes give themselves credit for at this committee. I hope we see a commitment going forward to their continuing to show this kind of competence as we continue to ask questions.

I would say also that I just don't accept the argument that this was a rush job. I mean, come on; we had an election, and how long did it take for Parliament to come back? It's no secret at this table that I'm a member of the fourth party. We have 25 seats in Parliament. That's not news to anybody. We have a government that says they actually agree with the principle of the amendment. Why is it me trying to draft the amendment through the House of Commons drafters, without any of the technical expertise of the department, when the government members say they're on board? It's not like I was in the room and said, "No, don't put that in there" and then I changed my mind. They knew about this.

In fact, this committee in the last Parliament made recommendations on this very issue, so it's a little rich to hear from government members that they're on board, if only we had more time. They controlled the time. They drafted the bill, so no more crocodile tears around here, thank you very much, on questions of timing or technical expertise.

I'll continue to do the best job I can with the resources I have. New Democrats will continue to ask Canadians to give us more resources at election time so that this kind of dog-and-pony show is no longer the rule but just the exception.

All of that said, I do actually have a question for the officials. If we were to pass this amendment, and if the companies applying for wage subsidy support on a go-forward basis were to get a letter explaining to them the very things that departmental officials explained today at the table, they would have the information they needed in order to make an informed decision, as Mr. Chambers rightly pointed out. Would they not also be getting more notice about the implications of their application for pandemic help than

seniors on the guaranteed income supplement received when they applied, in good faith, to the CERB and were not notified that it would later come out of their guaranteed income supplement? Is it fair to say that they'd be getting more notice?

• (1955)

That's a nice, crisp, yes-or-no answer, please. I am prepared to answer the question as well, if departmental officials aren't sure which one to choose or if they don't have a coin to flip.

Mr. Trevor McGowan: I can provide a short answer, which is that the Canada Revenue Agency has been developing guidance on rules. With any amendment in the bill, they would continue to do so, so that taxpayers are apprised of their rights and obligations through the bills that are enacted by Parliament.

In terms of a relative comparison between the amounts of information under the wage subsidy and what was provided under the GIS, I'm not familiar enough with those other programs to provide a real comparison.

Mr. Daniel Blaikie: Alas, I fear the moment of clarity has passed. May it soon return.

Incidentally, the answer is yes. They would be getting more notice than seniors on the guaranteed income supplement did when they applied in good faith, just in case there was any doubt in the minds of any members around the table.

The Chair: Thank you, Mr. Blaikie.

I have Mr. McLean and Monsieur Ste-Marie. I think Mr. Poilievre also raised his hand.

Go ahead, Mr. McLean.

Mr. Greg McLean: Thank you, Mr. Chair.

I find myself squished here, because I totally agree with the intent of Mr. Blaikie's motion, and Mr. McGowan's explanation of why we need to tighten this up is very succinct. Preferred shares are not shares to common equity, and we are looking at distribution of common equity shares. We can probably tighten that language so it is about dividends payable on common equity—that is, dividends that corporations choose to pay to shareholders.

Let's recall that what happened here throughout CERB was a transfer of wealth from certain parts of society to certain other parts of society. It is a gross imbalance between asset holders, who are getting incredibly wealthy through this process, and people without assets. To not continue to fund the transfer of wealth from regular Canadians to rich Canadians is exactly what the intent of this motion should be, and we need to find the wording to make sure that it applies.

Mr. McGowan, I'd say we will talk about common equity, because we know that preferred equity is actually required at that point, like a debt instrument, if you will. We also understand that some of these dividends are transferred between different arms of the same corporation and there's no payout. It is only a transfer mechanism; it is not a distribution from the corporation to its shareholders.

We can tighten up that language, and I would encourage Mr. McGowan, because he understands the intent here, to submit something that would tighten it accordingly, so we don't continue with this wealth transfer, which is exactly what Canadians are tired of seeing. We're paying attention to their wealth here, to their taxes. We're not just flushing it into the system—I'm sorry, Mr. Baker, for using that word again—and pushing up inflation, pushing up the wealth of Canadians and the asset inflation that has occurred over the last year and a half here without anybody minding the store.

• (2000)

The Chair: Thank you, Mr. McLean.

We have Monsieur Ste-Marie, Mr. Poilievre and then Madame Chatel.

[*Translation*]

Mr. Gabriel Ste-Marie: First, I have a point of order, Mr. Chair. Then I'll speak more generally to amendment NDP-3 as amended.

I completely agree with the suggestion from my colleague Mr. McLean. Would it then be a new subamendment to make the wording more specific?

[*English*]

Mr. Daniel Blaikie: May I say something on the same point of order?

The Chair: Go ahead, Mr. Blaikie.

Mr. Daniel Blaikie: One of the options that might be available to the committee—if a member who had the floor and wasn't speaking on a point of order might see fit to move it—would be to table this amendment until the end and have a legislative drafter in the interim try to find that wording. That way, we could return to this at the end of clause-by-clause and carry on with the other amendments for consideration in the meantime.

The Chair: Thank you, Mr. Blaikie.

Go ahead, Monsieur Ste-Marie.

[*Translation*]

Mr. Gabriel Ste-Marie: I agree with my colleague Mr. Blaikie's proposal, that we set this amendment aside and come back to it at the end of this meeting, when we have found the appropriate rewording to reflect the objective of the amendment.

[*English*]

The Chair: Philippe is going to explain what can be done and what can't be done.

Mr. Philippe Méla: Thank you, Mr. Chair, Mr. Blaikie and Monsieur Ste-Marie.

[*Translation*]

The problem is that you can't just set aside an amendment. You have to set aside the whole clause including all the amendments to it, and come back to it at the end. In this case, it would be amendments NDP-3 and NDP-4.

Mr. Gabriel Ste-Marie: Thank you for that technical clarification, Mr. Méla.

So we could proceed in this way, that is to say, reserve clause 1 and the amendments that relate to it, and then come back to it at the end of this meeting when we have found a rewording of amendment NDP-3, as amended, that better defines what is meant by “dividends”.

[*English*]

The Chair: Are you requesting someone to draft this? The legislative clerk is asking.

[*Translation*]

Mr. Gabriel Ste-Marie: Yes. Perhaps my colleagues Mr. Blaikie and Mr. McLean and the legislative clerk could work on this to come up with a clearer definition.

I see that Mr. Méla is shaking his head.

Mr. Philippe Méla: I am shaking my head to say a vigorous no, because I am not a legislative drafter. You really need a legislative drafter. I see it's 8:03 p.m., and I don't think any legislative drafters are listening. It might be hard to find a legislative drafter available tonight, not to mention the fact that we would also need a legislative translator, a jurilinguist and all the staff that goes with it.

Mr. Gabriel Ste-Marie: On that note, I think some colleagues want to speak. I'm not an expert on this, so I'll let them speak and I'll ask questions later.

[*English*]

The Chair: We have Mr. Poilievre.

He is conferring, so I'll move to Madame Chatel.

[*Translation*]

Mrs. Sophie Chatel (Pontiac, Lib.): Thank you, Mr. Chair.

I understand that we want to make changes to the amendment as it was proposed. However, you have to understand that each company has different types of shares. Some are fixed income and are linked to pension funds, for example. So you can't have that.

In terms of the common shares, the holders can get dividends, but as Mr. McGowan said, you have to make sure that they are the ultimate shareholders. It's important to note that funds flow from one entity to another. Companies are made up of multiple entities and transfer their funds between them for cash flow, programs and operations through corporate dividends, which are paid on common shares.

So even if we make an amendment like the one proposed by Mr. McLean, which is to make it only about dividends paid on common shares, we will create a big problem for companies that are doing nothing wrong. It's their day-to-day operations. They would be asked to repay the wage subsidy because they have the same operations. That makes no sense. I hope that's clear.

• (2005)

The Chair: Thank you, Mrs. Chatel.

[*English*]

I have Mr. Poilievre.

Hon. Pierre Poilievre (Carleton, CPC): I think we're seeing the result of the government trying to ram this legislation through. They shut the place down for six months to call an unnecessary election. Even after that election was over, they took another 60 days to get back to work. Now they're saying we don't have enough time to pass the legislation. They're like the teenager who says, "Mom, how could you expect me to study for the exam in just one night?" Mom says, "Actually, you knew that there was going to be an exam a month ago. You chose to start studying the night before."

This is the problem the government has created. There are a couple of options to fix it. One is to extend our work on this committee on this bill. We don't have to report back. We could adopt another motion to report the bill back later in the week if the government is not satisfied. Two, we could just pass Mr. Blaikie's amendment.

Either the government will agree to the first option, or we're going to agree to the second one. We will be supporting Mr. Blaikie. If the government is not happy with the rush job the government has forced on the committee, then they will have to find a solution to that problem.

Thank you.

The Chair: Thank you.

I have Mr. Chambers, and then Ms. Dzerowicz.

Mr. Adam Chambers: Thank you, Mr. Chair.

I have full support and confidence that the officials appearing here this evening and those at CRA will be able to clarify any vagueness or ambiguity in legislation well before any company chooses whether or not they want to avail themselves of the wage subsidy. Since we are on a go-forward basis, I think this is an incredibly reasonable compromise. It gives people a significant amount of time to think, with their own lawyers and their own advisers, before they avail themselves of the subsidy.

As I said, I believe there is significant time. I have full confidence in our officials to put out an interpretive note to the effect of the discussion here this evening.

Thank you.

Mr. Terry Beech: I have a point of order, Mr. Chair.

The Chair: Go ahead.

Mr. Terry Beech: I have just a brief point of order. I apologize; I've been really enjoying the discussion among members, but I came straight from another meeting into this meeting and, with the vote in between, it's been two hours and 10 minutes. Could I ask for a five-minute suspension just for a brief bio break?

The Chair: Okay.

We'll suspend for five minutes.

• (2005) _____ (Pause) _____

• (2015)

The Chair: I call the meeting back.

Philippe would like to inform the committee in terms of drafting a new amendment.

Mr. Philippe Méla: Mr. Blaikie and Mr. Ste-Marie, to my great surprise, the Office of the Law Clerk is actually listening to us.

Some hon. members: Hear, hear!

Mr. Philippe Méla: I would be possible, depending on the complexity of the request, but you can send the request to whoever was the drafter for your amendment, and they could take it from there and communicate with you if they are able to do it tonight. It is Isabelle D'Souza, if you want to contact her, or Nathalie Caron. Or you can send it to me and I will send it to them—either way.

Mr. Daniel Blaikie: Sure. That sounds great.

Mr. Philippe Méla: There's no guarantee that they can do it tonight. They will bring people in to see how complex the request is. If it's possible, of course they'll do it. Otherwise, it may go till tomorrow.

• (2020)

The Chair: I have Ms. Dzerowicz, and then Mr. McLean.

Ms. Julie Dzerowicz: Boy, things change fast around here.

I'll just address a couple of points that Mr. Poilievre made.

We know that the drafting of these emergency supports because of COVID does happen at the last minute. I don't want anybody who might be listening to think that we're trying to pull the wool over anybody's eyes. I believe that this is a very good piece of legislation that is trying to get emergency supports to hard-hit industries, companies and individuals.

I will also say that nobody—for sure on our side and, I would bet, around the table—wants any corporation to be able to give out dividends to shareholders while it is collecting any type of public funds like the emergency supports and the Canada emergency wage subsidy. In saying all of that, I do think that it's very dangerous for us to be amending the tax code without legal interpretation and without help. I really caution us in terms of doing this.

It's great that now we have a law clerk who is listening in. I would like to suggest, Mr. Chair, if I can, that maybe we could table this until 9:30, because I think we have a hard stop at 10 o'clock. If we could table this until 9:30, maybe there could be some suggestions sent through to whomever, so that we can come back with something that all of us could perhaps live with or consider. Would that be amenable?

The Chair: Thank you, Ms. Dzerowicz.

Mr. McLean, go ahead.

Ms. Julie Dzerowicz: Hold on. I asked a question.

The Chair: About tabling the...?

Ms. Julie Dzerowicz: Yes, it's about tabling it until 9:30, and then we would come back. I think we have a couple of suggestions. I think the other side might have some suggestions.

I just want to give a very clear time frame. If we are going to get this bill passed this week, we have to be able to do it this evening, full stop. We have to be able to get through clause-by-clause this evening and be happy with the bill. We have to be able to finish it tonight if it's going to pass this week and if we're going to ensure that businesses don't go out of business, that workers don't go broke and that our economy continues to sustain itself.

The Chair: Thank you, Ms. Dzerowicz.

We have Mr. McLean, and then Mr. Blaikie.

Ms. Julie Dzerowicz: I'm not getting an answer, though. Is there an agreement that they'll come back?

The Chair: It would have to be a decision made by the entire committee.

Ms. Julie Dzerowicz: Okay. Thank you, Mr. Chair.

The Chair: I have Mr. McLean, and then Mr. Blaikie.

Mr. Greg McLean: Thank you, Mr. Chair.

Let me put it to Mr. McGowan. Subject to acquiescence by my colleagues around the table, if we threw in “if in the qualifying period it paid taxable dividends on common equity”, would that adequately capture anything exempt—any corporate dividends, which I presume are mostly untaxable, and any preferred dividends or any other situation that you say we're trying not to affect here?

Mr. Trevor McGowan: Thank you for the question.

I think I would direct a question to the chair, or perhaps the parliamentary secretary. I just want to be sure about my role in appearing before this committee. My understanding was that it is to provide technical advice on the contents of the bill and the amendments. I just want to make sure that I would not be acting inappropriately if I were to provide drafting advice as part of this committee hearing.

The Chair: Yes, Mr. McGowan, that is correct. You are here for technical advice.

Mr. McLean, do you have a technical question?

Mr. Greg McLean: The technical question was, if that was the wording, would it apply only to common equity that's distributed to shareholders? Are there other instances that might get caught that he hasn't completely brought to the table at this point?

Ms. Julie Dzerowicz: I have a point of order, Mr. Chair.

The Chair: On a point of order, we have Ms. Dzerowicz.

Ms. Julie Dzerowicz: With all due respect to my colleague, the question Mr. McGowan asked was whether or not he should be providing advice. He's here just for technical advice. He's not here to draft.

I also want to point out—

Mr. Greg McLean: Ms. Dzerowicz, it's a technical question.

Ms. Julie Dzerowicz: I think it's moved beyond that, Mr. McLean. We're asking for advice, and I think that Mr. McGowan is asking the question because he is feeling a little uncomfortable.

• (2025)

The Chair: Mr. McGowan is here for technical advice, Mr. McLean.

Mr. Greg McLean: In my opinion, it is a technical question. I'm asking, if we put that wording there, is there any instance that he doesn't see covered by it?

Mrs. Sophie Chatel: I have a point of order.

The Chair: I have Madame Chatel on a point of order.

Mrs. Sophie Chatel: Officials are here to talk about the draft as presented in front of us. They cannot talk about a hypothetical draft that is not in front of us. In drafting, to answer questions in the hypothetical without having looked at the draft.... They cannot answer questions about the implications on corporate structure, because they haven't prepared for that.

[*Translation*]

Mr. Gabriel Ste-Marie: A point of order, Mr. Chair.

If I understand correctly, we have to pass Mr. McLean's subamendment first, and then we can ask Mr. McGowan what the implications are.

If that's correct, let's just do that.

[*English*]

The Chair: I'm sorry. I did not hear everything, Monsieur Ste-Marie.

[*Translation*]

Mr. Gabriel Ste-Marie: If I understand correctly, we have to pass Mr. McLean's subamendment first, and then we can ask Mr. McGowan technical questions about that proposal. Then we will have answers to our questions.

If that's the procedure, let's just go ahead and ask our questions in a few minutes.

[*English*]

The Chair: Mr. McLean, could you repeat the wording?

Mr. Greg McLean: In NDP-3, proposed subsection 125.7(2.01) would read, “Despite subsection (2), no overpayment on account of a qualifying entity's liability under this Part for the taxation year in which the qualifying period ends is deemed to have arisen with respect to a qualifying entity that is a publicly traded company or a subsidiary of such a company if, in the qualifying period, it paid taxable dividends on common equity.”

The Chair: Mr. Poilievre, go ahead.

[*Translation*]

Hon. Pierre Poilievre: I think that solves the problem. Mr. McLean has just clarified that the proposal covers dividends paid to common shareholders, but not dividends paid to preferred shareholders. That should solve the problem that Mr. McGowan raised earlier.

It means that we apply the rule to companies that pay dividends to shareholders, but not to companies that pay dividends to their own owners.

Now that the problem is solved, I imagine there will be unanimous support for the subamendment. The Liberals say they agree in principle that companies that pay dividends should not receive this subsidy. We are all in agreement and we should proceed to a vote.

[English]

The Chair: I have Mr. Blaikie on the list, and then Madame Chatel.

Mr. Daniel Blaikie: Thank you.

As I said, I'm in favour of making some progress rather than no progress. I appreciate the efforts of colleagues around the table to try to come to some kind of solution in the time that we have and given their own personal expertise. It is the holiday season, and if by some Christmas miracle the government had actually been doing work on this and, say, had an amendment drafted that they would find acceptable and that would accomplish these things, wouldn't this be a great time for them to bring it to the table? If by some miracle that document happened to exist, then we could consider that amendment.

As I say, at Christmas time anything is possible. I didn't hang a stocking in front of my spot at the committee table here, but if I had, maybe such a document would appear here, and if it did, then we might be able to accomplish what everyone says they want to accomplish in a way that would satisfy government officials. If not, I think this is an excellent next option.

• (2030)

The Chair: Thank you, Mr. Blaikie.

Madame Chatel, go ahead.

Mrs. Sophie Chatel: The Income Tax Act is highly complex. I'll just give you an example. Try to find the definition of "common equity" in the Income Tax Act. It's not there.

Mr. Daniel Blaikie: We do have serious time constraints, Mr. Chair. I don't know if we have time to undertake that kind of research.

Mrs. Sophie Chatel: That's exactly my point. We don't have time. Who is a tax lawyer? Who is drafting tax legislation? It's not about redrafting on the fly like this. That's dangerous. It's really dangerous. It could harm our businesses, and it could harm our taxpayers. We don't want to do that. We want to give service to Canadians, service to businesses. We don't want to create problems for them. Drafting on the fly is very dangerous, and doing that could hurt real people. Think about it.

[Translation]

The Chair: Thank you, Mrs. Chatel.

[English]

I have Mr. Baker, and then Mr. Chambers.

Mr. Yvan Baker (Etobicoke Centre, Lib.): Thanks, Chair.

[Translation]

I very much respect the intention of my colleagues who are trying to solve a major problem. I don't think there's much disagreement about the problem we are trying to solve. The disagreement is more about the solution to the problem.

While Mr. McLean's intentions are good, I am concerned about the potential implications of this subamendment. We don't know what those implications are, and we won't be able to figure them out this evening before we vote on this subamendment. By trying to solve a big problem, we could create a much bigger problem for the companies we want to help.

I remind my colleagues that we are talking here about companies whose revenues have dropped by 40% or 50%. Companies that qualify for these programs are already suffering and are already doing everything they can to retain their employees. Despite our good intentions, this change could create additional problems for those companies. If we unwittingly create a problem tonight, companies may no longer be eligible for these programs under Bill C-2. Unfortunately, if we make such a mistake, we will only realize it in the coming months.

I am not saying there is a problem, but rather that we do not know whether there is a problem. Despite the intelligence and experience of everyone around this table, no one here can say with certainty that we won't cause a problem for the companies we are trying to help. While the underlying intent is good, it is very risky to pass amendments that would change the wording of the bill.

That is all I wanted to say.

[English]

The Chair: Mr. Baker, just before we go to Mr. Chambers, I just spoke to Philippe, our legislative clerk. Ms. D'Souza is on pause, just waiting to see if we want her to look at this and start doing any work.

Ms. Julie Dzerowicz: Can I just suggest again that we allow this amendment to be worked on until 9:30 and we continue with the rest of the amendments to this bill and the rest of the clause-by-clause? It would allow Madame D'Souza to work on this until 9:30 and it would give us enough time, if that is amenable to my colleagues—if we're truly looking at trying to find a solution and truly looking to get through the clause-by-clause.

• (2035)

The Chair: I have Mr. Chambers, and then Mr. Blaikie.

Ms. Dzerowicz, about tabling this and allowing Ms. D'Souza to work on it, Ms. D'Souza needs the signal that she can start doing that work, with the time constraints.

Mr. Greg McLean: Mr. Chair, can she take that forward before Mr. McGowan says whether it is technically feasible? That's the question we've been asking.

The Chair: Can Ms. D'Souza start working on this?

Mr. McLean, go ahead.

Mr. Greg McLean: Mr. McGowan should be giving us, as he did the first time, some good input on whether this motion as adjusted holds water in the tax system right now, or whether we're creating a problem—as my friend Mr. Baker has said—for companies that might be able to access this funding and yet are still paying dividends.

I would like that clarity from Mr. McGowan before we instruct Ms. D'Souza to start drafting it.

The Chair: Thank you, Mr. McLean.

I'm not going to speak for Mr. McGowan, but Mr. McGowan is here for technical matters.

I don't know if you have something to say, Mr. McGowan.

Mr. Trevor McGowan: Thank you, Chair.

I'm of course here to provide technical analysis. I'm happy to help out within the scope of what is appropriate, and I will defer to the chair's judgment on the scope of that. If it would be appropriate for me to answer the question, I could provide some insight or some thoughts, but again, as Mrs. Chatel noted, this is a process that often has a number of tax lawyers around the table providing input.

The Chair: From our legislative clerk.... Mr. McLean, what are you looking for Ms. D'Souza to work on?

Mr. Greg McLean: The amendment is there, except for a few words at the end. It's already been pretty clear. The words are “it paid taxable dividends on common equity”. Could Ms. D'Souza work on that, because obviously we're not going to get any more technical input on it this evening?

Of course, that's subject to.... It's a friendly amendment that I'm proposing to Mr. Blaikie's motion.

The Chair: Thank you.

There's a question from the legislative clerk, just for clarity.

Mr. Philippe Méla: Thank you, Mr. Chair.

What I'm being told is that, rather than working on the words that were added, it would be easier to redraft the whole amendment so it fits together in a better way. That's what they are doing right now. Is that what the wish of the committee is?

The Chair: I have Mr. Blaikie, and then Mr. Chambers.

Mr. Daniel Blaikie: Here's what I'm open to. We have a subamendment to NDP-3 that has already been moved by Mr. McLean, to replace the word “dividends” with “taxable dividends on common equity”. I'm happy to have NDP-3 tabled until 9:30 while the drafters work on a solution, which may well be Mr. McLean's solution.

My understanding is that if the drafters come back with another solution, we'll be able to talk about it and vote on it, but if we don't like that solution or if they don't come up with another solution, we would still be able to have a vote on Mr. McLean's amendment.

If that's the understanding, then I would accept tabling NDP-3 in that way. I would likewise accept the tabling of NDP-4 in that way, if we deem an amendment to have been moved to likewise replace the term “dividends” in NDP-4 with “taxable dividends on common

equity” so that, when we're voting on the subamendment that's already been moved by Mr. McLean, we don't create a discrepancy between the two amendments, which are obviously meant to go together.

If we're tabling NDP-3 and NDP-4 on those terms, so that we still get a vote on the subamendment to NDP-3 that Mr. McLean has moved and what I would take to be a consequential amendment to NDP-4, that's fine. If the drafters come up with something that the committee feels is better, then we can proceed with what they feel is better. As I said, maybe we'll have a Christmas miracle and a man in red will show up with a canned amendment.

If not, then we ought to be able to vote on Mr. McLean's amendment. You can consider me to have moved the appropriate motion if that's useful, Mr. Chair, and then we could have a vote on tabling under the conditions I've just described.

• (2040)

The Chair: Thank you, Mr. Blaikie.

We may have another solution. I'll let the legislative clerk, Philippe, speak to this.

Mr. Philippe Méla: I'm not sure I want to propose that solution anymore. What I can tell you is that Isabelle D'Souza is already working on it, so she may be able to provide it to us soon.

Mr. Daniel Blaikie: In that case, Mr. Chair, I think what I proposed is consistent with Ms. D'Souza's contemporary work. I propose that we get a decision from the committee on the proposal to table NDP-3 and NDP-4, having deemed an amendment moved to NDP-4 consistent with Mr. McLean's amendment to NDP-3 that's already been moved. We can revisit this question at 9:30 and have a vote on these amendments, if we are not presented with an alternative we feel is superior.

Mr. Terry Beech: On a point of order, Mr. Chair, I'm just following along with the logic of the committee members. Could we clarify what exactly would happen at 9:30, assuming we're in the middle of somebody else's amendment? I think we should all be clear on exactly what will happen at 9:30 if this goes ahead.

Mr. Daniel Blaikie: If I may, I think there are a couple of ways we could proceed, but my suggestion would be that the committee simply suspend any debate that it may be having at 9:30 to move back to amendments NDP-3 and NDP-4. Provided that those are disposed of before 10 o'clock, then we would return to whatever debate was suspended at 9:30. If we run out of time, then we would proceed to a decision on whatever remaining business there is, including all the amendments in my package.

The Chair: All right, Mr. Blaikie. You could be a clerk. The clerk says you are correct.

Mr. Chambers, do you want to speak to this?

Mr. Adam Chambers: I support Mr. Blaikie's amendment. I do think it's worth noting that we've spent far more time figuring out how to protect publicly traded companies with many resources than we did for low-income seniors, who are being left out in the cold.

I think there is plenty of time to figure out how we can clarify it. Yes, it is unwise to be drafting on the fly—I agree with my honourable colleague Madame Chatel—but any issue here is being brought on by the government itself. It has had ample time since the election was called to convene Parliament, to convene the committee. This is advice the committee provided to the government in the last Parliament, so I think it should be no surprise that those of us who support the amendment are here asking for it again. This should really not be a surprise, so I would support Mr. Blaikie's suggestion that we come back at 9:30, and we can reconvene then.

The Chair: Mr. Blaikie, I am looking to the members to see if there's agreement to tabling until 9:30.

Okay, there's agreement.

(Amendments allowed to stand)

(Clause 1 allowed to stand)

The Chair: There are no amendments to clauses 2 to 4, so I'm going to ask if there is unanimous consent to group them. Are there any amendments to clauses 2 to 4? Is there any discussion?

• (2045)

Mr. Daniel Blaikie: NDP-5 would fit in after clause 4 and before clause 5. I have no amendments to propose for clauses 2 to 4.

The Chair: There are no amendments at this time. We're asking for unanimous consent to group clauses 2 to 4.

Mr. Daniel Blaikie: I assume that government members are supporting clauses 2 to 4. If we had an indication from one other committee member that it is their intent to support them, I would propose that they pass on division.

The Chair: Okay.

(Clauses 2 to 4 inclusive agreed to on division)

Mr. Greg McLean: Mr. Chair, I do have one question, hopefully an amendment from the floor. It's on page 37. I apologize that this wasn't brought to you sooner. On pages 36 and 37, on the consolidated revenue fund, proposed section 41 says:

All money required to do anything in relation to this Act, including all money required by the Minister to administer and enforce this Act or by the Agency, as defined in section 2 of the Canada Revenue Agency Act, to administer and enforce this Act on behalf of the Minister, may, until March 31, 2026, be paid out of the Consolidated Revenue Fund.

The Chair: Mr. McLean, the legislative clerk says that we should discuss this when we get to clause 18 in the bill.

Mr. Greg McLean: Thank you.

The Chair: Go ahead, Mr. Blaikie.

Mr. Daniel Blaikie: I want to make sure that, if we get to 10 o'clock and we're disposing of questions to decide clause-by-clause, this would be included in the votes we will hold—in other words, that it be deemed moved. I'm looking for a little clarity on that, because it would be a shame if we got to 10 o'clock and, because it hadn't been moved because we didn't get to the end of the bill, we didn't get to have a vote on it.

The Chair: If we get to 10 o'clock, we will put all the clauses forward. There will be no amendments at that time.

Mr. Daniel Blaikie: Pardon me?

The Chair: There will be no amendments after 10 o'clock.

Mr. Daniel Blaikie: But will the amendments in the package, including the amendment that the Conservatives brought today, be deemed moved? The original motion is that we will decide all questions at 10 o'clock in order to dispose of clause-by-clause. Does that include amendments in the package, or do we have to get to them in order to move them?

Mr. Philippe Méla: At 10 o'clock, the question will be put on all the amendments that were received prior to 10 p.m.

Mr. Daniel Blaikie: Okay.

Hon. Pierre Poilievre: I have a point of order.

The Chair: Mr. Poilievre, go ahead.

Hon. Pierre Poilievre: I would like to have clarification that my amendment, which would amend part 3.1—I think it's going to become 3.2—has been received and that this amendment will be in the package on which we will vote at 10 p.m. if the time runs out.

Mr. Philippe Méla: Yes, it will. Would you like us to distribute it to the members of the committee at this point?

Hon. Pierre Poilievre: Yes, please.

Mr. Greg McLean: I have a point of order as well, Mr. Chair.

The Chair: On a point of order, go ahead, Mr. McLean.

Mr. Greg McLean: Can I move an amendment from the floor to amend proposed section 41, in clause 18, to change “March 31, 2026” to “September 30, 2024”?

The Chair: That is not possible.

Go ahead, Philippe.

Mr. Philippe Méla: Mr. McLean, we have to go in the order in which the bill is studied. Is that in clause 18 as well?

Mr. Greg McLean: I'm bringing that from the floor, to make sure the amendment gets on the table for us to discuss before we stop considering amendments at 10 o'clock.

Ms. Julie Dzerowicz: Mr. Chair, I have point of order.

I'm sorry, but you can't move a motion on a point of order. I feel like we're all over the place right now.

The Chair: Ms. Dzerowicz, you are correct. That cannot be done.

• (2050)

Mr. Greg McLean: I'd like to be recognized, if I can, please.

The Chair: Go ahead, Mr. McLean.

Mr. Greg McLean: Do I have the floor, Mr. Chair?

The Chair: You do.

Mr. Greg McLean: Thank you.

Can I move a motion to amend clause 18 of the bill so that proposed section 41 changes the date from March 31, 2026 to September 30, 2024, please?

The Chair: I'll confer with the clerk.

Mr. Philippe Méla: Would you be able to provide us with a written copy of the amendment? Amendments have to be provided in writing.

Mr. Greg McLean: Okay. I'll give you that.

Mr. Philippe Méla: Thank you.

The Chair: The clerk has a question for you, Mr. Blaikie.

Mr. Philippe Méla: Just a minute ago, talking about NDP-3 and NDP-4, you indicated that you would have another amendment to NDP-4. Would you have the text for that one?

Mr. Daniel Blaikie: Yes. In NDP-3, Mr. McLean's amendment replaces the term "dividends" with "taxable dividends on common equity". What I was proposing in my motion to table NDP-3 and NDP-4 was that an amendment be deemed moved to NDP-4 that would likewise replace the term "dividends" in NDP-4 with "taxable dividends on common equity", so that they remain consistent with each other.

Ms. Julie Dzerowicz: Mr. Chair, I have a question.

The Chair: Go ahead, Ms. Dzerowicz.

Ms. Julie Dzerowicz: Should we be going clause by clause and considering amendments as we go along, or are we now just gathering all the amendments before we go clause by clause? Is it possible for us to just continue with the clause-by-clause and consider amendments as we go along?

The Chair: We were going clause by clause, but...

Hon. Pierre Poilievre: The only clause that matters is Santa Claus.

Mr. Philippe Méla: We were in between clauses. Since we just stood clause 1, we are in between clause 1 and the next clause.

I had a question for Mr. Blaikie, because somebody has to draft the amendment in the background. Since it wasn't clear that there was another amendment, to NDP-4, that was my question for Mr. Blaikie.

Mr. McLean jumped in between to provide another amendment that would be considered after 10 p.m. if we don't get to clause 18 before that.

Ms. Julie Dzerowicz: On a point of order, I don't think we can consider any amendments after 10 p.m.

The Chair: That is correct.

Is that right, Philippe?

Mr. Philippe Méla: I asked Mr. Beech two days ago if the amendments in the package would be considered after 10 p.m., and the answer was yes.

Ms. Julie Dzerowicz: Okay. Thank you for that clarification.

The Chair: We'll move forward.

We already voted on clauses 2 to 4. We grouped them by unanimous consent, and I believe they passed on division.

That takes us to new clause 4.1 and NDP-5.

Mr. Daniel Blaikie: Mr. Chair, this amendment, again, addresses the issue of the guaranteed income supplement clawback, but it also introduces language that would prevent the clawback on the Canada child benefit, in addition to the guaranteed income supplement.

• (2055)

The Chair: There is no further discussion.

Mr. Blaikie, I will now give my ruling. This amendment is inadmissible, and here's my reason for it.

Bill C-2 provides for further support in response to COVID-19. The amendment seeks to remove several amounts or benefits from the calculation of taxpayers' income for the purpose of determining their eligibility for a benefit that is based on their income when these amounts or benefits are presently taken into account. *House of Commons Procedure and Practice*, third edition, states, on page 770, "An amendment to a bill that was referred to a committee after second reading is out of order if it is beyond the scope and principle of the bill."

In the opinion of the chair, the amendment is a new concept that is beyond the scope of the bill and that would also require royal recommendation. Therefore, I rule the amendment inadmissible.

Mr. Daniel Blaikie: If I may, Mr. Chair...

The Chair: Yes, Mr. Blaikie.

Mr. Daniel Blaikie: For reasons that I elaborated on earlier, I'm not exactly satisfied with the ruling, but I do recognize that we did already have a challenge to the chair on this point in relation to the benefit clawback, so I don't intend to challenge you again. I think the committee made its will clear on that point.

The Chair: Thank you very much, Mr. Blaikie.

From here, we are moving to clause 5.

(On clause 5)

The Chair: We have NDP-6, which is on page 7 of the package.

Mr. Daniel Blaikie: Thank you very much, Mr. Chair.

Early on in the pandemic I think many Canadians felt that \$2,000 a month—\$500 a week—was a very sensible amount. Since July, when the government unilaterally reduced the amount from \$2,000 to \$1,200—a 40% decrease in the amount of the benefit—anyone who's been trying to live on \$1,200 a month knows that it's just woefully inadequate.

If the government actually wants to plausibly claim it's trying to deliver meaningful help to people, I think it's important that the benefit amount correspond to that. That's why I'm moving this amendment on behalf of the NDP, to raise the lockdown benefit amount from \$300 a week to \$500 a week.

The Chair: Thank you, Mr. Blaikie.

Is there any discussion on this?

I will give you my ruling. This amendment is inadmissible, and here is my reason for it.

Bill C-2 provides for further support in response to COVID-19 in the amount of \$300 weekly as part of the lockdown benefit. The amendment attempts to increase this amount to \$500 weekly.

House of Commons Procedure and Practice, third edition, states the following 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.

In the opinion of the chair, the amendment proposes a new, superior amount for the lockdown benefit, which imposes a charge on the public treasury higher than the one contemplated in the bill. Therefore, I rule the amendment inadmissible.

Mr. Daniel Blaikie: Mr. Chair, if I may....

The Chair: Yes, Mr. Blaikie.

Mr. Daniel Blaikie: I do understand there is a royal recommendation required for this one. It's a pretty clear-cut case of raising the amount of an expenditure by the Crown. I wish that people could take your ruling to the bank and pay their bills with it. Of course, they can't. I think it's unfortunate that we have a holdover from the days when the king would requisition money to spend on himself and that legislators in 21st-century Canada can't make sensible proposals to help people, but I accept your ruling in this case.

The Chair: Thank you, Mr. Blaikie.

We now move to NDP-7.

Mr. Daniel Blaikie: Thank you very much, Mr. Chair.

I'm happy to motivate this amendment.

Sorry, do I have the floor?

The Chair: Yes, you have the floor. Please go ahead.

Mr. Daniel Blaikie: All right. I just wanted to make sure I wasn't jumping the gun.

We've had this conversation around the table. The government has said that one of the purposes of this bill is to narrow the scope of existing pandemic supports, at least as they were until October, and to focus on particularly hard-hit industries. Of course, one of the big conversations around this table has been about the fact that within those hard-hit industries.... I'm speaking particularly of tourism and hospitality and arts and culture. We know the industries I'm talking about, because they're very clearly laid out in part 1 of the bill. These are the industries for which the government has said the wage subsidy should continue to apply. But workers who don't work for a company that's eligible for the wage subsidy or that sees fit to apply for the wage subsidy, or who work for themselves, don't have access to any kind of financial benefit.

This amendment would simply say that the Canada worker lockdown benefit.... Incidentally, I didn't propose an amendment with a better name than that, one that rolls off the tongue. If anyone has any suggestions, I would be open to such an amendment.

This simply says that people who work in any of those industries that the government already identifies in this bill as requiring ex-

ceptional support should be able to qualify for the Canada worker lockdown benefit whether there is a lockdown order in their region or not. It would mean that self-employed workers like independent travel agents, for instance, or some of the folks we've been talking about in the arts and cultural sector, or those who don't work for an employer that would get the wage subsidy under the terms of Bill C-2 would be able to apply directly for \$300 a week of support under the Canada worker lockdown benefit program.

That's what this amendment would accomplish.

• (2100)

The Chair: Thank you, Mr. Blaikie.

I will give you my ruling that this amendment is inadmissible. Again, here's my reason for it. Bill C-2 provides for further support in response to COVID-19 with the lockdown benefit available to people meeting the criteria established in the bill. The amendment attempts to allow the lockdown benefit to be accessed under specific circumstances even if a lockdown has not been called.

House of Commons Procedure and Practice, third edition, states the following 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.

In the opinion of the chair, the amendment proposes a new scheme for the lockdown benefit that would make it available to people not presently eligible under the bill, which would impose a higher charge on the public treasury than the one contemplated in the bill. Therefore, I rule the amendment inadmissible.

Mr. Daniel Blaikie: If I may, Mr. Chair....

The Chair: Yes, Mr. Blaikie.

Mr. Daniel Blaikie: In this case, I'll have to respectfully disagree. The amendment doesn't modify anything outside of the bill itself. As legislators, what are we here to do if not to perhaps propose some changes to the qualifying rules for the program?

The amendment doesn't go outside of the bill in order to establish this new criterion. It simply says that workers in sectors that are already outlined within the bill itself would be eligible for this. We all know that these are workers who don't qualify under the wage subsidy. If they did qualify under the wage subsidy, they wouldn't be able to access the worker lockdown benefit, because they would have employment income, and you can't do that. You can't access the worker lockdown benefit unless you've lost employment income.

I don't know what the role of a legislator is if we can't talk meaningfully about modifying the criteria of the program that the government is laying out in legislation. Of course, there may well be a financial consequence to this, but it's only as a consequence of better defining certain program criteria. I mean, that has to be what we're here to do. Otherwise, it's just rubber-stamping what the government has already decided; it doesn't admit any kind of amendment.

Because this is crafted in such a way as to only appeal to criteria within the act, I would dispute that it needs a royal recommendation. This is really just about modifying the criteria of access to the program within the considerations that are already within the bill. I would appeal to my colleagues on the committee to agree with me and overturn your ruling, Mr. Chair.

The Chair: Mr. Blaikie, I will go to the clerk for a vote on the challenge to the chair's ruling.

I have Monsieur Ste-Marie.

• (2105)

[*Translation*]

Mr. Gabriel Ste-Marie: Can we discuss the chair's ruling or do we have to vote on it right away?

[*English*]

The Chair: Monsieur Ste-Marie, there cannot be debate on a challenge to the chair.

The legislative clerk would like to help with providing an answer to Mr. Blaikie.

Mr. Philippe Méla: Thank you, Mr. Chair.

To your point, Mr. Blaikie, in terms of the royal recommendation, the amount of money counts, of course, when it goes up and there is more money coming out of the CRF, but also, the terms and conditions under which the money is spent count as well. Sometimes you can have a situation where there is not any more money coming out of the treasury but the way the money comes out of the treasury is different, and that would also require a new royal recommendation. That's where the problem is here.

The Chair: Go ahead, Mr. Blaikie.

Mr. Daniel Blaikie: Far be it from me to get into debate, Mr. Chair, but one does wonder. We've had private members' bills that do many things, and some of them obviously need royal recommendations. I know that I wasn't able to get a royal recommendation for extending—

Mr. Terry Beech: I have a point of order, Mr. Chair.

The Chair: I have Mr. Beech on point of order.

Mr. Terry Beech: I just wanted to ask a question. I might be unclear on the rules. My colleague Daniel knows more about this stuff than I do, but there was a challenge to the ruling of the chair. Are we not supposed to proceed directly to a vote, or is that something we should be discussing?

The Chair: Yes, you are correct.

We will proceed, Mr. Clerk.

The Clerk: Shall the decision of the chair be sustained?

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

The Chair: The ruling is sustained.

Shall clause 5 carry?

(Clause 5 agreed to on division)

Mr. Daniel Blaikie: Is that the last clause of the bill other than clause 1?

The Chair: That was clause 5.

Mr. Daniel Blaikie: Is there a clause 6 to come?

The Chair: There is a clause 6.

Mr. Daniel Blaikie: I want to have a recorded division on at least one of the clauses, Mr. Chair. I didn't want to miss the opportunity to have a recorded division on at least one of them.

The Chair: Sure.

We don't have any amendments before us now from clause 6 to clause 17. I ask for the unanimous consent of the group to move all of these amendments at one time, in one grouping.

(Clauses 6 to 17 inclusive agreed to on division)

Mr. Daniel Blaikie: Mr. Chair, if I may....

The Chair: Yes, Mr. Blaikie.

Mr. Daniel Blaikie: I suppose we'll have a vote on whether the bill as a whole passes. Is that correct?

The Chair: At the end, we will.

Mr. Daniel Blaikie: Okay. That will be enough.

The Chair: Mr. McLean, go ahead.

(On clause 18)

Mr. Greg McLean: Thank you, Mr. Chair.

The amendment I'm proposing is that the extension not be for two years. We're extending the program here by six months. I believe the previous deadline was March 2024. The benefits are being extended in this program by six to eight months, depending on how much we're using the extra two months in there as well.

Moving the eligibility or the program availability itself of the government consolidated revenue fund by two years because you're extending the program by seven months is an overstep.

I am proposing that we change "March 31, 2026" to "September 30, 2024".

• (2110)

The Chair: Ms. Dzerowicz, go ahead.

Ms. Julie Dzerowicz: Can this be distributed in writing?

I guess you have it, and that's enough.

My other question, Mr. Chair, is whether this would require royal recommendation. Is it admissible?

The Chair: I look to the legislative clerk.

Mr. Philippe Méla: I don't believe it would, because it just reduces the amount of money coming out of the CRF.

The Chair: Mr. Baker, go ahead.

Mr. Yvan Baker: I have a question for Mr. McLean, a point of clarification.

Could you articulate again for me why you're proposing the change?

Mr. Greg McLean: It is a pool of funds that will expire, as far as any applicability for it goes, on March 31, 2024. We're extending these benefits by approximately seven months, and therefore extending the availability of this pool of funds by two years seems like an overstep. I would propose we extend that to September 30, 2024.

Mr. Yvan Baker: Can I ask another question?

The Chair: Go ahead.

Mr. Yvan Baker: Why is it an overstep?

Mr. Greg McLean: Why are we adding two years to the availability of a fund when we're extending the program by seven months?

Mr. Yvan Baker: You're answering my question with a question, which may be a fair question, but I'm genuinely trying to understand how it's an overstep. I'm not trying to put you on the spot.

Mr. Greg McLean: Maybe what we have here is failure to communicate.

We're extending a program by seven months. I don't see the reason for extending the availability of that program for two years. Is that clarification?

The limit for this program is July 2022. To settle the accounts by September 30, 2024 seems like enough time to me. It is an extension from the current limit.

The Chair: Mr. Baker, go ahead.

Mr. Yvan Baker: I don't know if this is a question I can ask of the officials, Chair, but my question for our officials would be this: What would be the implications, positive or negative, of adopting Mr. McLean's suggestion?

Mr. Daniel Blaikie: On a point of order, I'm not sure the officials are able to answer that, because it wasn't an amendment that was submitted in advance. We had this conversation earlier. The officials can only give advice on something that was submitted in writing in advance. I'm sure Mr. McGowan has no opinion on the matter.

We might be better served by just advancing our own discussion.

The Chair: Is that a technical question?

Mr. Yvan Baker: I don't understand. I don't know if Mr. Blaikie is out of order here, Chair. I'm asking a question of the officials. I think Mr. Blaikie is answering my question. My question is for the officials.

Mr. Daniel Blaikie: But they can't answer it.

Mr. Yvan Baker: Mr. Blaikie, I don't need you to tell me that they can't answer it. They'll tell me themselves if they can't answer it.

Mr. Daniel Blaikie: Fair enough. I'm just trying to sort out what we've heard. That's all.

Pardon me. I'm sure the mistake is all mine.

The Chair: We'll look to the officials.

Mr. Benoit Cadieux (Director, Special Benefits, Employment Insurance Policy, Skills and Employment Branch, Department of Employment and Social Development): I can take this question.

The activities related to the administration of the act are more than just the payment of benefits. They also include integrity measures—for example, post-verification measures—which can last much longer than the end of the payment of benefits. For example, the recovery of overpayments and the recovery of debt can last for many years after the benefits were paid. That's why we're proposing to extend the date by two years.

● (2115)

The Chair: Go ahead, Mr. Baker.

Mr. Yvan Baker: Thank you for that, Mr. Cadieux.

What I hear you saying is that.... If we adopted an earlier date, as proposed by Mr. McLean, and there were post-payment verifications or collections that weren't complete by that time, would that mean that those collections could not be executed after that date?

Mr. Benoit Cadieux: What it means is that the funds required to fund those activities could not come out of the CRF. The government would have to come back later with a further amendment to this act to further extend the end date, or they could perhaps seek those funds some other way, through appropriations or through the estimates process.

The Chair: I have Mr. Chambers next.

Mr. Adam Chambers: Thank you, Mr. Chair.

The amendment is reasonable in that, just on its face, a seven-month extension ought not to result in a multiple-year extension.

That being said, I recognize the importance of the post-verification process. However, it would be incumbent upon Parliament to revisit that question at a later time if there was post-verification work that was not completed or if we hadn't exhausted that function. What we're merely suggesting is that if we want to go longer, we should come back to the House and seek direction from the legislative branch.

The Chair: I have Mr. Poilievre, and then Mr. McLean.

Hon. Pierre Poilievre: To the officials, does this two-year authorization period enable the cabinet to extend the benefits beyond the seven months that are proposed in the legislation?

Mr. Benoit Cadieux: It does not.

Hon. Pierre Poilievre: Just to be clear, the period of two years beyond the seven months of benefits is strictly for post-benefit verification and the recuperation of wrongly paid funds, and not to empower the government to extend benefits.

Mr. Benoit Cadieux: This provision allows for the funds for all activities related to the administration of this act to come out of the CRF. It does not give the government the power to further extend the end dates of the benefits.

The Chair: Go ahead, Mr. McLean.

Mr. Greg McLean: Thank you, Mr. Cadieux. I need some clarification from you.

Before this legislation was in front of us, you had until March 2024 to finish your work on this. Now, for some reason, you're saying, "Okay, if we extend it by seven months, we'll need two years-plus past that point in order to finish our work." I am confused about how you're arriving at this new time frame and why there's the sudden expansion of your work in that respect and the time to do your work. Can you explain that to us, please?

Mr. Benoit Cadieux: The extension.... For example, if you look at the limitation of the time period to impose penalties, there's a three-year time period to do that. That's in the act as well. This extension would allow recovery activities such as those to happen. It's simply the recognition that March 31, 2024 was just not enough time to cover some of the activities that could take place following the end date of the benefits.

That's why an extension of two years was proposed. It's simply to give additional time for those activities to take place.

● (2120)

Mr. Greg McLean: There was one thing you said in the beginning about legislation. Is it this revised legislation we're looking at today, Bill C-2, that allows three more years?

Mr. Benoit Cadieux: No, that's in the existing act.

Mr. Greg McLean: I still feel like I'm getting a non-answer—and I apologize, Mr. Cadieux, for putting it that way—but you are extending a program by seven months and you're extending the limits of the payments in that program, to administer it, by two years. This is still confusing.

The current legislation allows you until March 2024. These benefits are going to extend that by seven months, and you want to extend the time to administer those benefits by two years.

Mr. Benoit Cadieux: That's correct.

Mr. Greg McLean: I need an answer from you about why you're buying an extra year and a half in the process here.

Mr. Benoit Cadieux: I think you have to keep in mind as well that this program was put in place in 2020. It was extended a number of times, but this date in particular was not extended every time the program was extended. This is just an opportunity to catch up and extend that date as required.

Mr. Greg McLean: Mr. Chair, I'll yield the amendment. Mr. Cadieux seems quite intent that he needs this time, so I will yield.

Thank you.

The Chair: Okay.

Shall clause 18 carry?

(Clause 18 agreed to on division)

Mr. Daniel Blaikie: I don't want to move past the point where I could move NDP-8. I'm just checking on where we're at with respect to when NDP-8 would be moved.

The Chair: It is coming up.

Mr. Daniel Blaikie: I'm just excited. I know everyone else is, and I didn't want people to miss the opportunity to hear about it.

The Chair: Shall clause 19 carry?

(Clause 19 agreed to on division)

The Chair: That brings us to new clause 19.1 and NDP-8.

Mr. Blaikie, go ahead.

Mr. Daniel Blaikie: Thank you very much, Mr. Chair.

This amendment simply stipulates that for folks who are being asked to repay CERB amounts, if they're already under the low-income measure, which is the measure that determines whether somebody is living in poverty or not, they wouldn't be entitled to repay pandemic benefits, up to the low-income measure. Any income they have above the low-income measure would be clawed back at a rate of 50¢ on the dollar. That would at least allow people to hang on to enough income to meet the poverty line, which isn't a lot of income but makes a big difference in people's lives.

When we talk about people who have committed fraud.... There's been a lot of talk about the FINTRAC report. Obviously, one of the features of the reporting out of FINTRAC was that in many of the cases that were identified there were people who were receiving CERB payments under a number of different names into the same account, for instance. These are people who are going to get well above the low-income measure.

Some of their victims don't. For example—and we talked about this example before—folks went into a seniors home, signed up a bunch of seniors and took 10% or 20% of their CERB payment. Those seniors were taken advantage of and they didn't realize what was going on. They're not necessarily in a position to repay the money. We're just saying that those folks who were taken advantage of should only have to pay money back on what they have above the poverty line so that they're not becoming homeless in order to repay that debt.

We heard from Campaign 2000 about the importance of a CERB low-income repayment amnesty. We know that this is affecting a lot of folks who are legitimately in a tough situation. I've raised, on many occasions, the situation of foster kids who graduated out of care in Manitoba. They were told by the provincial government that they had to apply for CERB and they got it. These are some of the folks who would benefit from a measure like this.

It was a huge oversight of legislation designed to structure Canada's recovery that those folks are getting left behind. This is an attempt to make sure that they're not left behind and that they are included in the fundamental recovery framework that the government is advancing.

● (2125)

The Chair: Mr. Blaikie, I will now give you my ruling that this amendment is inadmissible, and here is my reason for this.

Bill C-2 provides for further support in response to COVID-19. The amendment attempts to create a mechanism allowing people who have received certain benefits they are not entitled to to reimburse 50% of the amount instead of the full amount, as provided in the respective acts. If adopted, the amendment would force the government to reimburse people who have already paid back any amount above the 50% threshold from the consolidated revenue fund.

House of Commons Procedure and Practice, third edition, states the following 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.

In the opinion of the chair, the amendment proposes a new scheme for the reimbursement of payments of benefits unduly received, which would impose an increased charge on the public treasury not envisioned in the bill. Therefore, I rule the amendment inadmissible.

Mr. Daniel Blaikie: Just to speak to that, Mr. Chair....

The Chair: Yes, Mr. Blaikie.

Mr. Daniel Blaikie: What I would say is this. We know that typically you don't need a royal recommendation for the Crown to forgo revenue. For instance, if I wanted to present a private member's bill that would raise the corporate tax rate from 15% to 16%, that wouldn't be allowed. I'd need a royal recommendation for that, because that would be revenue coming in. If I wanted to propose a private member's bill reducing the corporate tax rate from 15% to 14%, I could do that, because that would be reducing the amount of revenue that the Crown brings in.

In this case, on a low-income CERB repayment amnesty, it's about forgoing revenue, in that people who would have to pay something back would no longer have to pay it back. The perversity is that because some people already paid some of that money back.... Again, we're talking about the destitute. I'm waiting for a conversation to happen like the one we had around dividends, where everyone rushed to defend the complexity and the hardships of companies. I'm looking forward to that conversation, which is no doubt about to happen.

These are folks who are already in dire straits, and because some of the most well-meaning people would stand to benefit under this by perhaps having a bit of a reimbursement.... However, that's not explicit in the amendment. It doesn't explicitly create a requirement to repay those folks. I agree that, as a matter of justice, this would be important, but it's not what the amendment does; it's only implied. It would be a government decision to reimburse those funds. They wouldn't be legally required, which is why I think the substance of this amendment is about forgoing revenue; it's not about repaying revenue. The last part of your ruling is an interpretation that says that the government would be obligated to repay those who have already repaid. I might think that's a good idea—I do think that's a good idea—but I don't think it's a legal obligation stemming from this amendment.

Now here we are, because some people have put themselves in an even worse financial position because they're honest and they're

trying to repay some of that money. We're in a position where we're being told that we can't do what we can normally do, which is to have a proposal that would see the Crown forgo some revenue. That's why I think.... Well, I don't think you are perverse, Mr. Chair, and I don't think that perversity is the intention of your ruling, but there is something perverse about it. We're being told that we are denying help to people for a reason that I just think is rather convoluted and rests on the fact that people have been acting in good faith to try to meet what I take to be an unreasonable requirement of the government in the first place.

It's on that basis that I would challenge your ruling, Mr. Chair.

The Chair: Thank you, Mr. Blaikie.

I go to the clerk for a vote on the challenge to the chair's ruling.

(Ruling of the chair sustained: yeas 6, nays 5)

● (2130)

The Chair: Mr. Poilievre also has an amendment at this same place, new clause 19.1.

Hon. Pierre Poilievre: Yes.

The Chair: Go ahead, Mr. Poilievre.

Mr. Terry Beech: On a point of order, Mr. Chair, it's 9:31 p.m. Don't we have a directive to go back?

The Chair: Yes. This is to go back to your clause, Mr. Blaikie, at 9:30 p.m.

Yes, we do have that. We will go back to clause 1.

(On clause 1)

Go ahead, Mr. Blaikie.

Mr. Daniel Blaikie: Do we have a proposal from the legislative drafters?

The Chair: Do we have a proposal from the legislative drafters, from Ms. D'Souza?

Mr. Philippe Méla: Yes, we do. I'm just going to send it to my colleague. Since I don't have the distribution list, he will—

The Chair: So, clerk to clerk, to distribute....

Mr. Philippe Méla: That's right.

Mr. Chair, the email you will receive from the clerk is a draft for NDP-3. If the language is adopted by the committee, they will draft something similar for NDP-4.

Ms. Julie Dzerowicz: Are we waiting for it to be read?

The Chair: Well, first we're waiting for it to be distributed. It's coming to our P9s, I believe.

Ms. Julie Dzerowicz: Mr. Chair, can I suggest that we take a two-minute break, just a bio break? Is that okay? We're working right to the end.

Okay, we'll suspend for a couple of minutes and for distribution.

Hon. Pierre Poilievre: A point of order, Mr. Chair.

The Chair: We'll suspend.

• (2130) _____ (Pause) _____

• (2140)

The Chair: This meeting is called back to order. I hope members have received Ms. D'Souza's work on drafting or redrafting Mr. Blaikie's NDP-3.

Mr. Terry Beech: A point of order, Mr. Chair.

The Chair: Where did I hear that from?

Yes, Mr. Beech.

Mr. Terry Beech: It's from the television in the sky.

I have not received the draft. I don't know if members there locally have, but I have been refreshing my P9, and I have not received it yet.

The Chair: Okay. You weren't on the list. You'll be on the list now.

We are also trying to get Ms. D'Souza, if she's available, in case you have any questions.

Mr. Daniel Blaikie: Sure.

I think probably what happened is that somebody lapsed back to when the Liberals had said they wouldn't have parliamentary secretaries on committee. They must have been in that frame of mind, and then they accidentally left him off the list. They probably forgot that you guys had gone back on that commitment. Some of us remembered, though. It's okay.

The Chair: Mr. Beech, go ahead.

Mr. Terry Beech: I can confirm, Mr. Chair, that I now have a draft. I'm reading it now.

The Chair: Thank you.

Ms. Julie Dzerowicz: Mr. Chair, I have a point of order.

The Chair: Ms. Dzerowicz, go ahead.

Ms. Julie Dzerowicz: Just looking at the revised subclause 1(18.1), I see there is still paragraph (b). Did we not delete that or eliminate that in an earlier vote? If we did, I just don't know why it is still there. Was it inadvertently left there?

The Chair: That will be answered by the legislative clerk.

Mr. Philippe Méla: Yes, you're right. Paragraph (b) was taken out, but Isabelle didn't know because she was not—

Ms. Julie Dzerowicz: Okay. I just wanted to make sure that we're all clear on that, if that's okay.

Mr. Philippe Méla: Yes.

Ms. Julie Dzerowicz: Thank you.

The Chair: Philippe, perhaps you could let us know exactly what Isabelle did here.

Mr. Philippe Méla: What Ms. D'Souza explained to me is that they basically translated Mr. McLean's proposal into legislative terms. In terms of the fiscal effects, it would be more for the officials to answer.

The Chair: I have Mr. Baker, and then Madame Chatel.

Mr. Yvan Baker: Thanks very much.

On this revised amendment, do the officials have a copy of this?

The Chair: No, the officials do not have a copy.

The clerk is just about to send it to them.

Mr. Yvan Baker: I wanted to ask our officials to help us understand what the implications of this would be. Maybe I will give the clerk a second to do that.

My concern is understanding.... Now that we have this new language—and I know it was developed with the best of intentions—what are the implications? I'm not a tax lawyer, but let me ask this. Is it possible that the language in yellow—"taxable dividends to an individual who is a holder of common shares of the company or of the subsidiary of the company"—would in any way inadvertently capture funds that were meant for business operations? Would that inhibit a company from operating a business in any way?

• (2145)

The Chair: I'm not sure if the officials have received that information.

[*Translation*]

Mr. Gabriel Ste-Marie: A point of order, Mr. Chair.

[*English*]

The Chair: Yes, go ahead on a point of order.

[*Translation*]

Mr. Gabriel Ste-Marie: There has to be some logic. Earlier, it was determined that we would ask the officials only technical questions, and that would be after the proposal was passed. In other words, as long as the proposal has not yet been adopted, we cannot discuss it. That's what was decided for Mr. Blaikie's amendment.

Now we have an amendment that we are going to vote on. The intent is similar to what was raised earlier. As we said earlier, we need to pass the proposal before we ask the officials questions. We are in the process of asking the officials questions before we pass it.

I don't have a problem with that, but I would like to see some rigour and consistency.

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

Mrs. Chatel, you have the floor.

Mrs. Sophie Chatel: When you write proposals on the fly, there's a risk.

I have a lot of questions.

[*English*]

What is "taxable dividend"? Does it include the increase of the paid-up capital or not? I don't know. What's a "holder"? Can you find it in the Income Tax Act? No. Who holds, and how do you hold? What do you mean by "holder"? Who is a holder? I don't know. You will need the definition. What is a subsidiary? Is it wholly owned or partially owned? When do you decide it's a subsidiary?

This is not serious drafting. I see five problems with this particular definition. It doesn't fit in the Income Tax Act. There's a risk. If this committee wants to do some drafting, it has to be more rigorous, because we are creating a problem for taxpayers. Despite what my colleagues want to achieve, it's not rigorous and it is not the way people do drafting in this country.

The Chair: Mr. Chambers, go ahead.

Mr. Adam Chambers: Thank you, Mr. Chair.

I actually think that this is a fairly serious attempt, and I thank Ms. D'Souza for working on a very short timeline to give us a workable amendment. I would say that it would only be applied to those taxpayers and situations that CRA determines to apply it to and issue an interpretive bulletin to that effect. I do believe they will have a significant amount of time to clarify any ambiguity or vagueness.

For that reason, I think it's incredibly reasonable. I think it's actually a miracle that we had Ms. D'Souza available at our disposal, and I thank her very much for that work. I look forward to the good work of CRA to clarify this for us upon royal assent.

Thank you.

The Chair: Thank you.

Mr. Blaikie, go ahead.

Mr. Daniel Blaikie: I would likewise offer my thanks to Ms. D'Souza.

I would suggest again that if we don't do something about this tonight, nothing is going to get done about it. It may be the case that within the finance department and the CRA, people on the government bench are able to come up with a better amendment—and this may be the case, because I see a lot of agreement around this table.

Say the government had an amendment that actually dealt with this in a way that they thought was acceptable. Then they might be able to propose an amendment to the legislation in the House by unanimous consent. It seems to me that there's a lot of goodwill around the table. But if we don't pass an amendment, then it will be a non-issue and the government won't do that work. They won't come to the House with anything.

I'm willing to bet that if it's as much of a problem as people on the government bench say it is, they can develop a solution in a timely way and we can get this done properly, but if we pass up the opportunity to make some progress tonight, then we won't see anything done about it at all. That's why I'm quite happy to support amending this legislation in the modified way that we've come to an agreement on, either with Mr. McLean's original language or with the language of the drafter. I have a higher level of comfort with language vetted by the drafter, so that would be my first pick.

I think we need to create a sense of urgency by showing the legislative intention to do something about this problem in respect of dividends. If there's a better answer out there, the government should be telling its folks to develop a better solution within the next few days and bring it to the House. There's nothing we can't do in the House of Commons by unanimous consent.

• (2150)

The Chair: Thank you.

Mr. Beech, go ahead.

Mr. Terry Beech: Thank you.

I take the last member's point of what we can and can't do in the House quite seriously.

I had prepared, before we moved to the 9:30 hold and then the drafting, a series of issues with the original NDP-4. A number of those revolved around dividends. Members around the table raised the issue of preferred shares, assumably taxable but treated more as a debt instrument than as a dividend payout. There were issues that would arise within a group of companies if dividends were put out by one company within that group but the wage subsidy was collected by another.

My greatest concern, which has already been raised by one of my colleagues, is that if we put forward legislation like this—which is drafted with incredible implications on the fly—we may not get the results we want, although there are other methods to get the results we want that may not be resolved in the next nine minutes.

Earlier this evening, we had an amendment presented to address a concern that I think was raised by Mr. McLean, and the intent of the motion was clarified by Mr. Poilievre. With regard to an extension of a time limit, the intention of the amendment was to not make funds available or to not allow the government to extend further benefits without having to come back to the House of Commons. At least, that was the concern, as I understood it, that was raised by our Conservative friends around the table. The effect was to stop the post-verification of the program, which is something that all of us, over the course of the last week, have discussed the importance of. So—

Mr. Greg McLean: I have a point of order, Mr. Chair.

Mr. Beech is prattling on about something extraneous that we've already yielded to. It is decided. Can we get to the point on the motion at hand?

The Chair: That is not a point of order.

Go ahead, Mr. Beech.

Mr. Terry Beech: To my friend Mr. McLean, I was actually just concluding. I'm happy to yield the floor, having made my point.

Thank you, Mr. Chair.

The Chair: I see no further discussion.

We are looking at the amendment to NDP-3.

Mr. Daniel Blaikie: May I ask a quick question?

The Chair: Go ahead, Mr. Blaikie.

Mr. Daniel Blaikie: This is a question for Mr. McLean. We have his original suggestion, which is the wording in the subamendments that have been moved, and then we have the wording that's been proposed by the drafter. I'm wondering how we're going to proceed. If Mr. McLean would rather we vote on the language from the drafter, I'm happy to do that. If he'd rather have a vote on his original language, that's fine too.

I want to know from you, Mr. Chair, how we're going to proceed, but first I'd like to hear if Mr. McLean has some reflections on that. I would appreciate hearing them.

Mr. Greg McLean: Thank you.

I think that the legislative drafter is more experienced at this than I am, and it is a friendly amendment to your motion, Mr. Blaikie. If you are more comfortable with that draft, I think you should move that and it should be part of your amendment.

Mr. Daniel Blaikie: Sure. I would happily substitute the language of the drafter for Mr. McLean's language in the subamendments for NDP-3 and NDP-4, if we can do that all at once. If we need to do that on NDP-3 and then have that brought to the committee in the next five minutes for NDP-4, so be it.

• (2155)

The Chair: Go ahead, Philippe.

Mr. Philippe Méla: Mr. Blaikie, we won't be able to do NDP-3 and NDP-4 at the same time, because the language may be different in NDP-4. What the drafters wanted was to adopt the language. Once the language is adopted, they can draft it for NDP-4, because the paragraph is not the same.

Mr. Daniel Blaikie: Okay, in order to have two votes that are going to be consistent with each other by virtue of the clock, we need to vote on Mr. McLean's original language anyway.

In that case, I think consistency would be better than inconsistency, and we should probably go ahead with a vote on Mr. McLean's language.

[*Translation*]

What we are told is that we could vote on amendment NDP-3 as written, but that the wording of amendment NDP-4 would be different. So if we were to pass NDP-3, that would be problematic, because NDP-4 would be worded differently from NDP-3.

Mr. Gabriel Ste-Marie: We could simply write “dividends taxable to an individual who is the shareholder.”

[*English*]

Mr. Daniel Blaikie: My own point of view, Mr. Chair, is that what the drafter has done is similar in form to what Mr. McLean was doing, in that she has pretty much replaced “dividends” with a term. If it's possible to just swap out those terms, then we may be able to do this ourselves.

The Chair: What are you proposing? Is this Mr. McLean's draft, or is this Ms. D'Souza's draft?

Mrs. Sophie Chatel: Mr. Chair—

The Chair: Is it on this? Time is of the essence.

Mrs. Sophie Chatel: At least this version is more in line with the existing language in Bill C-2 and the Income Tax Act that Bill C-2 amends.

Mr. Daniel Blaikie: I'm happy to vote on the drafter's language in NDP-3, as long as we can have a vote on NDP-4 that will reflect that same language change. That would mean replacing “dividends” in NDP-4 with the term “taxable dividends to an individual who is a holder of common shares of the company or of the subsidiary of the company”.

If we can do that, then it's no problem, because we'll have consistency in the language.

The Chair: I'm just going to look to the legislative clerk.

Mr. Philippe Méla: The problem is they won't have time to draft NDP-4 before 10 o'clock. That's pretty much a given at this point.

Mr. Daniel Blaikie: It's a straight swap of terms, so the term “dividend” in NDP-4 is removed, and it would be replaced by the same terms for everything that's highlighted in NDP-3 as submitted by the drafter this evening.

Mr. Philippe Méla: If it is the will of the committee to adopt it that way—

Mr. Daniel Blaikie: Okay.

The Chair: We are going to vote first on the amendment to amendment NDP-3.

Mr. Terry Beech: My hand is raised, Mr. Chair.

The Chair: Mr. Beech, go ahead.

Mr. Terry Beech: I'm a little confused at this stage as to whether this is an appropriate action, given the discussion tonight, but with regard to my previous comments, particularly around preferred shares and dividends within groups of companies, I just want to ask the officials if those concerns, which were raised by officials earlier in this meeting, are addressed by this redraft that is currently being presented to—

Hon. Pierre Poilievre: They can't answer that. They already said so, and so did you.

The Chair: Do we have the language for NDP-4?

Mr. Philippe Méla: Yes, Mr. Chair. I just received it. I just passed it to my colleague, who is going to pass it on to you.

The Chair: This is what we are voting on.

Mr. Greg McLean: I think it was a friendly amendment, and I think Mr. Blaikie accepted the friendly amendment.

Mr. Daniel Blaikie: Yes.

Well, I'll leave it to the clerk.

Mr. Philippe Méla: There is no such thing as a friendly amendment. Once you move an amendment, it has to be adopted by the whole committee.

• (2200)

Mr. Greg McLean: All right.

The Chair: On the subamendment—

Mr. Yvan Baker: I need clarification, Chair, on what we are voting on.

Hon. Pierre Poilievre: It's a yea or a nay. There are two options.

Mr. Yvan Baker: Mr. Poilievre, I was speaking to the chair. I need clarification on what we are voting on.

Hon. Pierre Poilievre: I'm just clarifying for you how voting works.

Mr. Yvan Baker: I'm fine, thanks. I'm asking the chair a question.

The Chair: We are voting on Mr. McLean's subamendment.

Mr. Philippe Méla: Yes, Mr. Chair. We are voting on the subamendment to NDP-3 that was provided by the law clerk's office—the yellow part of the amendment that you have received—without the (b) portion of the amendment, which was removed prior.

Mr. Yvan Baker: Thank you for that clarity.

The Chair: We are voting on Mr. McLean's subamendment to NDP-3.

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

The Chair: Now we move to the amendment as amended in NDP-3.

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

The Chair: Next will be NDP-4, with the new wording. For the new text, we will have a vote on the subamendment first, and then we will vote on the amendment as amended.

Mr. Yvan Baker: Before you call the vote, can you explain what you're talking about? I'm sorry.

The Chair: This is the new wording that was drafted for the subamendment, the new wording that was drafted for NDP-4.

Mr. Yvan Baker: Thank you.

The Chair: I have Madame Chatel.

Mrs. Sophie Chatel: Just for clarification, we have adopted the NDP proposal and now we're voting for the yellow...?

The Chair: The changes from Ms. D'Souza that were brought into NDP-3, we have also adopted those to NDP-4.

Is that correct?

Mr. Philippe Méla: No.

The Chair: No, that is not correct.

Mr. Philippe Méla: What we have adopted so far is the yellow portion in NDP-3.

Now, NDP-4 has been circulated to the members of the committee, and that's what we are voting on—the subamendment part.

Mrs. Sophie Chatel: I got it.

The Chair: We are voting on the subamendment to NDP-4.

Mr. Philippe Méla: Somebody should move it.

The Chair: Mr. Chambers...?

• (2205)

Mr. Adam Chambers: I so move.

The Chair: We are on the subamendment to NDP-4.

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

The Chair: Now we move to NDP-4 as amended.

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

The Chair: Shall clause 1 as amended carry?

(Clause 1 as amended agreed to on division)

The Chair: Mr. Poilievre, go ahead.

Hon. Pierre Poilievre: Thank you very much, Mr. Chair.

Based on the advice from the legislative clerk, in paragraph 19.1(1)(b), I am removing the words “Canada Emergency Student Benefit”. Also based on his advice, in paragraph 19.1(1)(d), after the word “made”, I'm adding “under the Canada Worker Lockdown Benefit Act, the Canada Recovery Benefits Act, the Canada Emergency Response Benefit and the Canada Emergency Wage Subsidy.”

The first change is because the Canada student benefit—

Mr. Yvan Baker: On a point of order, are we allowed to...?

The Chair: There is no debate. We are past 10 o'clock.

Hon. Pierre Poilievre: I'm not debating. I'm clarifying the reason for that change.

The Chair: We'll just read it in new clause 19.1, and then we will go right to a vote.

Hon. Pierre Poilievre: All right. Are those changes registered?

The Chair: They have been registered.

Hon. Pierre Poilievre: Excellent, thank you.

The Chair: We are voting on new clause 19.1.

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

(Clause 20 agreed to on division)

The Chair: Can we group these at this time?

Shall clauses 21 to 29 pass?

(Clauses 21 to 29 inclusive agreed to on division)

The Chair: Shall the title carry?

Some hon. members: Agreed.

[*Translation*]

Mr. Gabriel Ste-Marie: On division.

[*English*]

The Chair: Shall the bill as amended carry?

(Bill C-2 as amended agreed to: yeas 6; nays 5)

• (2210)

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

Some hon. members: Agreed.

[*Translation*]

Mr. Gabriel Ste-Marie: On division.

[*English*]

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

Some hon. members: Agreed.

[*Translation*]

Mr. Gabriel Ste-Marie: On division.

[*English*]

The Chair: Thank you very much to all the members for getting through this bill.

The report will be tabled—

[*Translation*]

Mr. Gabriel Ste-Marie: A point of order, Mr. Chair.

Did we pass the title? It's very important.

I'm told that we did.

I'm sorry. Thank you, Mr. Chair.

[*English*]

The Chair: We did.

The report will be tabled in the House by...maybe tomorrow.

Mr. Philippe Méla: Yes.

The Chair: Okay. That sounded very firm, “maybe tomorrow”.

The meeting is adjourned.

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