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Chair: Mr. Peter Fonseca



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• (1100)

[*English*]

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

Welcome to meeting number 86 of the House of Commons Standing Committee on Finance.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Thursday, April 20, 2023, the committee is meeting to discuss the subject matter of Bill C-47, an act to implement certain provisions of the budget tabled in Parliament on March 28, 2023, divisions 1 to 9, 32 to 34 and 37.

I will remind members that divisions other than those in part 4 will be studied at a subsequent meeting.

Today's meeting is taking place in a hybrid format pursuant to the House order of June 23, 2022. Members are attending in person in the room and remotely using the Zoom application.

I'd like to make a few comments for the benefit of the witnesses and members. Please wait until I recognize you by name before speaking. For those participating by video conference, click on the microphone icon to activate your mike, and please mute yourself when you are not speaking. For interpretation for those on Zoom, you have the choice at the bottom of your screen of the floor, English or French. For those in the room, you can use the earpiece and select the desired channel. I remind everyone that all comments should be addressed through the chair. For members in the room, if you wish to speak, please raise your hand. For members on Zoom, please use the "raise hand" function. The clerk and I will manage the speaking order as well as we can, and we appreciate your patience and understanding in this regard.

Members, we have 22 great officials with us today, as I understand it. I'd love to read out all their names and their titles and everything they do, but that would take a great deal of time, so they have chosen a spokesperson. Mr. Countryman is going to be speaking on behalf of the team of officials.

Just before we get to that, I do see a hand up.

MP Ste-Marie, go ahead.

[*Translation*]

Mr. Gabriel Ste-Marie (Joliette, BQ): Thank you, Mr. Chair. I have a point of order.

I acknowledge all the senior officials who are here and thank them for joining us.

In committee, we have recently been discussing the possibility of sending parts of Bill C-47 to other committees for study. I would like to call on the Liberals, in this case Mr. Beech, who represents the government in this context, and ask him if he will propose to us by next Tuesday what parts of the bill will be assigned to other committees and what committees those are. If so, we look forward to that proposal. If not, we could work on a proposal.

I would also like to remind the folks at the Department of Finance that we asked for clarification on the Canada growth fund a few weeks ago. We wanted a breakdown of the budget by province and by sector. On the committee's behalf, the clerk sent a reminder to the department and received an acknowledgement, but we are still anxiously awaiting that data.

Thank you, Mr. Chair.

[*English*]

The Chair: Thank you, MP Ste-Marie. Your question and the desire to get an answer to that from the ministry are noted.

We are going to go to Parliamentary Secretary Beech on the letter we intend to send out to a number of committees.

Clerk, can you just update us on that? Is the letter ready?

The Clerk of the Committee (Mr. Alexandre Roger): Yes, the letter is ready. The only thing we need to know from the committee is which committees we want to send letters to and which parts we want to send to which committees. Basically that is the only information that is missing at the moment.

The Chair: Thank you.

Parliamentary Secretary Beech, go ahead.

Mr. Terry Beech (Burnaby North—Seymour, Lib.): Hi, everybody. Happy Thursday.

Thanks for the question, Gabriel. That is something we have been considering and discussing with various members. It was something Mr. Chambers brought up earlier as well.

I am working on something, and I think having it before next Tuesday is easy. I could probably talk to you even later today about how we could do it. In fact, I could probably talk to all critics later today about how we think we could do it. We can get moving on that. I think that would be very helpful.

• (1105)

The Chair: Thank you, PS Beech.

I see a thumbs-up from MP Ste-Marie. That's great.

Now we'll get into our meeting on the BIA.

Mr. Countryman, go ahead, please. The floor is yours.

Mr. Galen Countryman (Director General, Federal-Provincial Relations and Social Policy Branch, Department of Finance): Thank you, Mr. Chair.

Committee members, thank you for the invitation to appear before you today.

I'm Galen Countryman. I'm the director general of the federal-provincial relations division at the Department of Finance. I'm joined here today by many of my colleagues from the Department of Finance, from the finance sector policy branch in particular, to speak to divisions 1 to 9, 32 to 34 and 37 of part 4 of the budget implementation act. It is a great pleasure to be here today.

Merci.

The Chair: Thank you very much. You do have a great team, and I know that members look forward to asking you many questions, so we are going to start with our first round of questions and each party will have up to six minutes to ask those questions.

We'll start with the Conservatives. I have MP Chambers for six minutes.

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

Welcome. It's nice to see everybody in person. Most of these have been done virtually, so it's nice to see you.

Congratulations on another budget. We had a good discussion with some of your colleagues earlier this week. I want to thank the analysts for another good and thorough suggested line of questioning for today. I'll draw on a little bit of that.

Before we start, I'd like more of a high-level overview of some of the changes to the proceeds of crime and money laundering act specifically as it relates to information sharing. Can someone give maybe a 30-second overview of what's being changed there?

Ms. Erin Hunt (Director General, Financial Crimes and Security Division, Department of Finance): Yes. Thank you very much for your question.

My name is Erin Hunt. I'm the director general of financial crimes and security at the Department of Finance. It would be my pleasure to give you an overview of the information-sharing components or proposals related to the Proceeds of Crime (Money Laundering) and Terrorist Financing Act. In fact, there's also a proposal with respect to the Criminal Code. Maybe I'll start with that one, because that one's a little bit separate.

The proposal with respect to the Criminal Code would allow for an Attorney General to seek a warrant with respect to seeking information regarding tax. It adds additional offences under which it would simplify that warrant process.

That's the Criminal Code change. There are also several proposals to improve information sharing under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act. One would assist

FINTRAC, the Financial Transactions and Reports Analysis Centre, which is Canada's financial intelligence unit, to provide strategic analysis related to threats to national security. This is something that addresses a gap that our security and intelligence establishment asked for...to be able to understand and provide more strategic intelligence to them to address threats to national security.

Mr. Adam Chambers: I have a quick point. I don't mean to cut you off.

Ms. Erin Hunt: That's fine.

Mr. Adam Chambers: It's just that my time is short.

It's my understanding that the information-sharing provisions are to allow more information to go from government. The government is a key actor in the information sharing. Has the Privacy Commissioner been consulted on some of these changes yet?

Ms. Erin Hunt: Yes—the Privacy Commissioner, and we've reviewed it from a Charter of Rights and Freedoms perspective as well. There are very clear protections within the act itself that protect the information, and personal information, in those contexts.

Mr. Adam Chambers: That's good.

The industry...or in fact, it was this committee, maybe last Parliament or two Parliaments ago, that recommended that the information-sharing provisions within the proceeds of crime and money laundering act, as it relates to allowing financial institutions to share information between themselves as it relates to money laundering, be updated. Those are not in this package of amendments. Is that correct?

Ms. Erin Hunt: That is correct.

Mr. Adam Chambers: Okay.

Are you familiar with section 73.11, which deals with giving penalties under the act?

It's okay if you're not. I'm not trying to test you or trick you.

Ms. Erin Hunt: No. I would have to take that question back.

Mr. Adam Chambers: That's fair.

Ms. Erin Hunt: I'm happy to listen to the question and take it back.

Mr. Adam Chambers: That section says that any penalties given under the proceeds of crime and money laundering act are to be assessed only to enforce "compliance" with the act and not to "punish". It's not like a Criminal Code provision. It's not used for deterrence for other people. It's used just to make sure that people comply.

That is a very problematic provision, because we don't really see many people getting significant penalties under the proceeds of crime and money laundering act. To your knowledge, has anybody been sent to prison?

• (1110)

Ms. Erin Hunt: To my understanding, there are two separate commitments there. One is related to the administration of the act. Those penalties are to try to promote compliance with the act so that our reporting entities contribute to fighting financial crimes across the country. There are also criminal penalties for criminal violations of the compliance components. That's a separate consideration in separate parts of the act.

Mr. Adam Chambers: Would it be fair to ask if, in the last two or three years, anyone has received jail time? I'm not expecting you to answer that now, but if that is something you could check—

Ms. Erin Hunt: I would prefer to come back to you on that.

Mr. Adam Chambers: I'm happy to refine that question so that it's not onerous, and I respect your time of course.

I think I have 30 seconds left, Mr. Chair. I'll yield the floor because I go overtime from time to time.

The Chair: MP Chambers, thank you. You are very punctual, I will tell you.

We're going to MP Chatel now for six minutes, please, for the Liberals.

[*Translation*]

Mrs. Sophie Chatel (Pontiac, Lib.): Good morning, everyone. Thank you all for being here and for your great work.

I know that budget time is not an easy time. We can see that you have worked extraordinarily well. I thank you and congratulate you on another fine budget and another exemplary implementation act, as one would expect from the Department of Finance.

Ms. Hunt, I am interested in the proposals, which are good measures. I thank you for that. We need to move these issues forward, as this is obviously very important.

Where exactly do you think we are on risk management and money laundering and other financial proceeds of crime? I know that the Financial Action Task Force, or FATF, has made many recommendations to Canada over the years. I would like you to tell us where we are in terms of implementing international standards in this area. Have we implemented all the recommendations, or do we still have work to do?

[*English*]

Ms. Erin Hunt: The Government of Canada takes anti-money laundering and anti-terrorist financing very seriously and looks at it from both the domestic perspective and international perspective. The Financial Action Task Force, which is the international body that creates the standards for international anti-money laundering and anti-terrorist financing regimes, evaluated Canada most recently in 2016 and then we were updated in 2021. In fact, Canada received improvements in how it's meeting its regime in that circumstance, so we are moving forward.

That said, Canada's regime isn't without some deficiencies and gaps, particularly in enforcement. The government continues to look at how the anti-money laundering and anti-terrorist financing regime can be improved. That is why it's proposing the series of measures in the budget. It would be able to continue to ensure that our anti-money laundering and anti-terrorist financing regime can adapt and evolve to meet the emerging threats both in terms of anti-money laundering and anti-terrorist financing, and also in terms of emerging threats to national security and foreign interference.

[*Translation*]

Mrs. Sophie Chatel: Thank you, Ms. Hunt.

I would like to say that the FATF international standards are really minimum standards and that we can always do more. However, I am concerned—as are my colleagues; we have talked about this a lot—that we are not even complying with these minimum standards, which are also imposed on tax havens or countries that do not have the same capacities as us. What is preventing us from meeting these standards?

• (1115)

[*English*]

Ms. Erin Hunt: That's an excellent question.

The standards are established through a multilateral body and through negotiation among various jurisdictions. The standards are ones that all jurisdictions seek to achieve, but not all jurisdictions are able to meet the obligations in the same way across the board. That's understood.

Canada is among the strongest countries in the foreign Financial Action Task Force in terms of its regime. However, everyone recognizes that continual improvements need to be made. There's also a recognition that our legal system is not the same as every other legal jurisdiction; therefore, different ways of approaching issues will have to be taken into consideration in the Canadian context.

[*Translation*]

Mrs. Sophie Chatel: Thank you.

I am really looking forward to seeing Canada become the top country in the implementation of minimum standards. You can count on this committee to assist you in that task.

I will change the subject a bit. I am very encouraged by the measures in the budget that will provide Canada with a lot of success in the green economy of tomorrow. A lot of investments have been announced to that end.

On the other hand, one of the things that I hear a lot from businesses in my riding, but also from across Canada, is that Canada may be a little bit behind in its research and development efforts. In committee, we talked about the challenges facing manufacturing and other sectors in attracting more investment in research and development.

So I'm very pleased to hear that the Canada Innovation Corporation will be established to strengthen that. Can you give us more details on how that Crown corporation will be set up? What tools will it have?

[English]

Mr. Greg Reade (Director General, Resource Policy Analysis, Department of Finance): Thank you very much for the question.

My name is Greg Reade. I'm a director general in the Department of Finance, and I'm joined by colleagues from Innovation, Science and Economic Development. It's a joint team that has developed the legislation that you referred to, which will enact the Canada innovation corporation.

Within the legislation the purpose of the corporation is described in subsection 238(9), and in 238(10) several functions are described that will guide the corporation as it becomes established and moves into the market to deal with Canadian businesses.

You're quite right that we're seized with the imperative to improve the productive capacity of Canadian businesses. The increase in business expenditures in research and development is a well regarded and very important way that we can assess and understand this capacity among Canadian businesses.

The corporation is an arm's-length entity. The Crown corporation's structure is designed so that on a day-to-day basis, the corporation—through its board of directors, its CEO and staff—can have the ability to allocate funding for research and development projects, and financial assistance, either as grants or in contribution-like form, depending on the nature of the project.

In addition to financial assistance, there are other important elements that can contribute to succeeding in the purpose to maximize—

The Chair: Thanks, Mr. Reade. For a follow-up, as we get into more questions, you can add more to that.

We are going to the Bloc and MP Ste-Marie, please.

[Translation]

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

Good morning to all the senior officials. Thank you for being here to answer our questions.

There are some very interesting exchanges this morning. I thank Mrs. Chatel for asking you about the fight against tax evasion and tax avoidance. We need to do more, and I also hope that Canada will do everything possible to fight this effectively by following international standards.

On Tuesday, I asked your colleagues to follow up with you on a question about division 31 of Bill C-47, which enacts the Royal Styles and Titles Act, 2023. I thought it was quite odd that they would hide a reference to “Charles the Third, by the Grace of God” in a bill hundreds of pages long, near the end, in division 31.

Since I was not in Parliament the last time this happened, I asked your colleagues to pass on my question to you: How was this done last time? Was it hidden at the end of a budget implementation bill?

• (1120)

Mr. Galen Countryman: Thank you for the question. We cannot answer it, and it should rather be put to our colleagues in the Privy Council Office. I'll take note of it, though.

Mr. Gabriel Ste-Marie: Okay. We would appreciate a written answer.

Last Wednesday, the House fast-tracked Bill C-46 after the report stage. Part of that bill includes an additional \$2 billion in health funding for the provinces, with no strings attached. Now, this additional funding is also in Bill C-47. If Bill C-47 is not amended to remove that portion, it would mean that the \$2 billion in Bill C-46 would be in addition to the \$2 billion in Bill C-47. Is that right?

Mr. Galen Countryman: Yes. The \$2-billion provision is in both bills. Bill C-46 is before the Senate now.

The intent clearly isn't to allocate this \$2 billion twice. I believe the government will indicate how it intends to coordinate the two bills, under these circumstances.

Mr. Gabriel Ste-Marie: The text of Bill C-47 was presented to us last Thursday, after Bill C-46 was passed in the House of Commons. My understanding is that, if the current bill is not amended and is passed as is, the funding in question will be \$4 billion.

Mr. Galen Countryman: I believe a decision will be made soon on how to coordinate the two bills.

Mr. Gabriel Ste-Marie: Thank you very much.

In the latest budget plan, the government is announcing large sums of money—\$80 billion over 10 years—to support the energy transition and the green shift. Bill C-47 gives us a worrisome idea of how the government intends to manage some of this money. Through legislative changes, the government wants to create two institutions that will be responsible for administering the money that the government plans to invest. This means that the money will no longer be controlled by Parliament and that unelected officials will be able to choose the projects they want to support without being accountable to anyone. We are also very concerned about the lack of clear criteria.

Do you have an answer that may reassure us?

[English]

Mr. Greg Reade: Just to clarify the question, is this with regard to the Canada growth fund or the Canada innovation corporation?

[Translation]

Mr. Gabriel Ste-Marie: Both. What we are concerned about, essentially, is that money from the budget will be given to these two institutions outside the budget framework. Unelected officials will make decisions and will no longer be accountable to Parliament.

Why would that be done? Do you know if there is a technical reason why the government chose to use that method?

[English]

Mr. Greg Reade: I'll speak on behalf of the Canada innovation corporation, and my colleague can speak with regard to the growth fund.

The approach was taken for a couple of reasons, and there are a number of measures to counterbalance this approach.

In the first instance, laying out, in legislation approved Parliament, the amount of funds that will be available was deemed to provide businesses with whom the corporation will interact a measure of stability and security so that they understand that the government is here to provide this support and funding in the long term, which is deemed important for businesses that might take on multi-year research and development projects.

There are some counterbalancing measures in the legislation that are designed to limit the amount of funding that can go year to year in order to prevent an accumulation of funds. We think that there's a lot of demand, so we don't see that, but there is a limit to measure that. There's also an ability for the minister to withhold funds if ever there was deemed a reason to need to do that.

We believe that there are some counterbalances and that the signal to business is an important feature.

[Translation]

Mr. Gabriel Ste-Marie: Mrs. David, do you want to add anything?

Ms. Anne David (Senior Director, Crown Investment and Asset Management, Department of Finance): Thank you very much for the question.

The government established the Canada growth fund following budget 2022, which announced its creation and its \$15 billion in funding.

A number of details about the Canada growth fund were released in the 2022 Fall Economic Statement. In particular, a technical document outlined the investments that will be made and described how they will be made at arm's length from government.

In Bill C-47, the government proposes that PSP Investments, the Public Sector Pension Investment Board, manage the fund. This existing Crown corporation has an experienced investment team that will be able to invest quickly. It will be accountable to Parliament through annual reports, as other Crown corporations are.

• (1125)

Mr. Gabriel Ste-Marie: Thank you very much.

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

[English]

Now we'll move to MP Blaikie for six minutes.

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

I'll just carry on talking about the growth fund a little bit.

One of the budget 2023 commitments was to have two labour seats at the table for the governance of the growth fund. That's obviously not here in this legislation. However, I am wondering, following the passage of this legislation, what the process will be for standing up the growth fund governance, and when we might expect to see subsequent legislation delineating the governance of that special committee—or however exactly we want to define that—of the Public Sector Pension Investment Board.

Ms. Anne David: Thank you for your question. I think what you're referring to is the text of budget 2022, so I'll add a bit of clarification here.

The text of budget 2022 mentions the two board seats for representatives nominated by bargaining agents. This is with respect to PSP Investments, the Crown corporation that manages public sector pension plans. That is where the board seats will be. That measure is expected to be consulted upon by the government this spring. The government is intending to consult bargaining agents on this particular measure, with the measure to come out in a later bill, such as in a fall budget implementation act.

Mr. Daniel Blaikie: Thank you. That's what I was looking for in terms of timing.

There are some extraordinary powers being conferred to the Minister of Finance with respect to the Canada Deposit Insurance Corporation and deposit insurance amounts. I just want to confirm that it's a time-limited authority. I think the expiration date on the legislation is April 30, 2024.

Would somebody like to speak to why it is the government feels that those authorities should be granted in this act, and the time-limited nature of those authorities?

Ms. Rachel Grasham (Senior Director, Housing Finance, Department of Finance): Thank you for your question.

Yes, the proposed authorities are time-limited. They're set to expire on April 30, 2024. With Governor in Council approval and under consultation with the Governor of the Bank of Canada, the president of CDIC and the heads of OSFI and the Financial Consumer Agency of Canada, they provide for the minister to bring forward a temporary increase.

That authority is set to expire, as I said, on April 30, 2024. The purpose of that is to really allow the minister and the government to bring forward a temporary measure under extreme circumstances just to help promote financial stability and safeguard public confidence in the system.

Mr. Daniel Blaikie: Can you describe for the committee the kinds of circumstances that might trigger the use of this power?

Ms. Rachel Grasham: I think we would want to look to some international guidance on that. In the event that there is instability or concerns around potential bank runs, etc., as we saw in the U.S., the minister would be poised to be able to step in and bring forward a measure.

• (1130)

Mr. Daniel Blaikie: Have these kinds of authorities ever been granted to a minister of finance before? Are there any precedents for the use of this kind of measure?

Ms. Rachel Grasham: Yes, there is a precedent. In the early days of COVID, under the special emergency legislation, the minister was granted this power. It also had an expiry date. It did expire and was never used.

Additional governance around this measure is being proposed. For example, as I noted, it would be with Governor in Council approval and consultation with the heads of those other financial sector agencies. For the duration, should the minister bring forward a temporary increase, she would also be required to table a monthly report in Parliament in terms of the measure.

Mr. Daniel Blaikie: Thank you very much.

How's my time, Chair?

The Chair: You have another minute or so.

Mr. Daniel Blaikie: Okay.

Maybe we could just have someone speak briefly to the changes to the criminal rate of interest, particularly if there's a way to distill that for Canadians who find themselves in the position of having to make use of payday loan services. What will this likely mean for them when they walk in the door, and what can they expect will change in terms of the nature and terms of the services?

Mr. Mark Radley (Acting Director, Consumer Affairs, Department of Finance): Absolutely.

The Chair: I apologize for interrupting. I'll stop the time.

I would ask all the witnesses and the officials who are joining the table or who are at the table or who are here virtually to introduce themselves and indicate what department they represent.

Thanks.

Mr. Mark Radley: Absolutely. Thank you for the question.

I'm the acting director of the consumer affairs team in the financial sector policy branch at the Department of Finance. This is one of the files we work on.

Budget 2023 announced two things, essentially: first, lowering the criminal rate of interest to 35% and, second, implementing a cap on payday lending at \$14 per \$100. Upon implementation, the department would expect that Canadians would be able to access lower-cost credit loans as well as lower payday loan costs.

Mr. Daniel Blaikie: Do you have a sense of what the differential would be for somebody who is borrowing, say, \$100 every two weeks? What would they currently pay in interest on that and what they would pay under the new rules?

Mr. Mark Radley: Provinces have different caps in place currently. They range from approximately \$18 per \$100 borrowed

down to \$14 per \$100 borrowed in Newfoundland and Labrador. Depending on which province they are in, they would save a few dollars per \$100 borrowed.

Mr. Daniel Blaikie: Okay.

Thank you very much.

The Chair: Thank you, Mr. Blaikie.

Members and witnesses, we are moving into our second round here. We'll start with the Conservatives.

MP Morantz, you have five minutes, please.

Mr. Marty Morantz (Charleswood—St. James—Assiniboia—Headingley, CPC): Thank you, Mr. Chair.

I want to ask a few questions about the arrangement with PSP Investments, the subsidiary of the PSPiB. Your briefing notes say that the Canada growth fund will be paying for this service. Do you know how much PSP Investments will be charging for its investment management services to the Canada growth fund?

Ms. Anne David: My name is Anne David. I am a senior director in Crown investment and asset management. Thank you for your question.

PSP Investments, as you note, will be able to charge a fee to the growth fund. The intent is for it to operate on a cost recovery basis. While we don't have dollar figures for that, the expectation is that PSP Investments will recover its cost from the Canada growth fund and not earn a profit on these services.

Mr. Marty Morantz: Was the PSPiB selected for this through a request for proposals?

Ms. Anne David: No, PSP was not selected through a request for proposals. Rather, the government looked at various entities and various mechanisms to stand up the growth fund, conducted some analysis and discussed it with entities such as PSP. Through mutual agreement, it ended up landing on PSP.

Mr. Marty Morantz: On the Government of Canada's procurement website, it says that for departments acquiring contracts for services over \$100,000, there's supposed to be an RFP. I recognize that you're saying it's cost recovery, but at the end of the day, if you don't know how much it's going to be, how do you know whether or not you're required to go to an RFP?

• (1135)

Ms. Anne David: Thank you for your question. I'm happy to take that back and provide more details on this.

Mr. Marty Morantz: Could you table that response with the committee?

Ms. Anne David: Yes.

Mr. Marty Morantz: Were any other organizations considered to provide these services?

Ms. Anne David: Yes. Leading up to budget 2022, as the government announced its intention to stand up the Canada growth fund, the government considered a number of ways to stand up the growth fund and a number of mechanisms, and considered other existing organizations and whether it would fit in their mandate and the capacity to administer. Given PSP's expertise and the fact that it's a large investment fund that currently manages over \$225 billion, PSP was selected as the investment manager for CGF.

Mr. Marty Morantz: Does PSP manage any venture capital funds? Do they have any experience managing venture capital?

Ms. Anne David: Yes. PSP has a large and diversified portfolio that includes venture investments.

Mr. Marty Morantz: Okay.

Was the decision to use PSPIB at the departmental level, or was it at the political level?

Ms. Anne David: Ultimately, the decision will be made by Parliament, because the legislation has not passed yet.

Mr. Marty Morantz: What I mean is this: Was it a decision from the minister's office or was it a decision of departmental officials to use PSPIB?

Ms. Anne David: Thanks again for your question.

Decisions in respect of the budget are made by the Minister of Finance and the Prime Minister, and ultimately they are made by Parliament.

Mr. Marty Morantz: You say, in your briefing notes, that the PSPIB has already seconded a team to help stand up the Canada growth fund. What I'm concerned about is that the provisions required to change the enabling provisions for the Public Sector Pension Investment Board Act have not been passed. They are under consideration in this legislation. They haven't gone through Parliament or the Senate, and they have not received royal assent.

How is it permissible then for the PSPIB to provide the current services to help stand up the Canada growth fund to make investments before the end of June, which is your stated goal?

Ms. Anne David: The PSP has not yet seconded employees to the CGF. It is currently negotiating an arrangement with the CGF to second team members to the CGF, so those—

Mr. Marty Morantz: I'm sorry to interrupt because my time is limited. Your notes, which I read very carefully, said that a team has already been seconded. Is that not correct?

Ms. Anne David: A team will be seconded. They are currently working out the arrangements.

Mr. Marty Morantz: Why do the notes say that they have been?

The Chair: That's the—

Mr. Marty Morantz: Could I ask for a response to that in writing?

The Chair: Sure.

Mr. Marty Morantz: I'm confused. If the notes were inaccurate, perhaps you could clarify that.

Ms. Anne David: I'd be happy to respond in writing.

The Chair: Could we get that in writing, please?

Thank you, MP Morantz.

As we go to our next questioner, MP Baker, could members and witnesses keep your earpieces far enough away from the microphone, please? It is affecting the sound for the interpreters, and we want to make sure they can do their work in a healthy and safe way.

We'll move on to MP Baker, please, for five minutes.

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

Thank you, to all the witnesses who are here today, for your service and for all your work in preparing the BIA. I know it is a tremendous amount of work. Thank you also for your service to Canada on an ongoing basis. I express my gratitude to you for all of that work.

My first question is about part 4, division 5 of the bill, which would see the indefinite withdrawal of Russia and Belarus's most favoured nation status, which would result in a general tariff of 35% being applied to virtually all imports from those two countries.

In response to Russia's genocidal invasion of Ukraine, Canada was the first country to withdraw their most favoured nation status. Can you explain the rationale of making this withdrawal indefinite, and tell us when the current revocation of that status is set to expire?

[Translation]

Ms. Yannick Mondy (Director, Trade and Tariff Policy, International Trade Policy Division, Department of Finance): Good morning.

[English]

My name is Yannick Mondy. I'm the director for tariff and trade policy of the Department of Finance. I'll be taking this question. Thank you for it.

I will answer with respect to the end part of the question as to when the current OIC is set to expire. It is set under the Customs Tariff and would normally expire 180 days after its coming into effect, which is October 8. Based on the current parliamentary schedule, that date would not be a sitting day. It needs to be on a sitting day, otherwise it gets extended by another 15 sitting days. Right now, based on the current parliamentary committee schedule, that puts us at the beginning of May. I believe it is May 5 or May 8. I can provide that in writing if necessary.

That is why this was drafted for division 5 to have a retroactive effect to the end of this particular date.

I don't know if I fully answered the member's question.

• (1140)

Mr. Yvan Baker: Yes, I appreciate that. It's helpful.

The other part of the question was this: What is the rationale in making this withdrawal indefinite?

Ms. Yannick Mondy: It's just to reflect the enduring nature of the conflict and also to ensure that, given that the tariff and those parts of the tariff would be...it's by deference to the legislative branch to be able to ensure that Parliament approves a permanent withdrawal of the MFN, most favoured nation, tariff treatment for those countries. This can be reconsidered for re-establishment at a future date, but this is lined up with the enduring nature of the conflict.

Mr. Yvan Baker: Okay.

It imposes a general tariff of 35% on imports from those two countries. Is that correct?

Ms. Yannick Mondy: Yes. This is to virtually all goods. Not all imports are subject to 35%. By legislation, there are a few exemptions under the general tariff, which is the default tariff that applies when you withdraw the most favoured nation tariff treatment.

So there are some exceptions. For example, goods that already have an MFN rate that is well above 35% would retain those higher rates. Examples would be goods that are subject to Canada's supply-managed system, for example. As well, other exclusions retain an MFN rate. Periodicals would be one example, and certain works of art.

Mr. Yvan Baker: But effectively this is designed, at least in part, to make sure that we're imposing greater costs on Russia and Belarus, economic costs, for their role in further invading Ukraine.

Ms. Yannick Mondy: That is correct. It is to incite importers to diversify and source away from these countries.

Mr. Yvan Baker: Thank you very much for that.

Chair, how much time do I have?

The Chair: You have about a minute, MP Baker.

Mr. Yvan Baker: Okay.

Just quickly, division 1 of part 4 would see the government put in place a single non-profit external complaints body for banks. For the folks at home who aren't familiar with this, what's the problem that the government is trying to address with this measure or proposal?

Mr. Mark Radley: Thank you for your question.

Consumer groups have made several recommendations and suggestions in terms of how to improve the external complaints handling system. Some of the changes being proposed here are to provide the commissioner of the FCAC, the Financial Consumer Agency of Canada, with more oversight over the external complaints body system; and to improve the policies and procedures at these external complaints bodies that will be subject to the commissioner's approval.

Mr. Yvan Baker: Thank you.

The Chair: Thank you, MP Baker.

MP Ste-Marie, you have two and a half minutes, please.

[Translation]

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

My question is about the amendments to the Canadian Environmental Protection Act. In my opinion, they are a step backwards

because they will encourage oil companies to take their time before addressing climate change. Let me explain. The carbon tax that large emitters pay is used to fund green projects in the province where it was collected. Right now, if the oil companies don't propose any green projects, they lose that money at the end of the year. Yet, Bill C-47 invites them to take their time. If this bill passes, the money will be set aside for future use. Therefore, oil companies will not have to put a project in place in the same year. I would like confirmation of that.

I remind you that, if municipalities do not use the carbon tax money for infrastructure in the current year, they lose it. With Bill C-47, this would not be the case for oil companies. I would like you to confirm that.

• (1145)

Mr. Galen Countryman: There is no one here today to answer that question, but we are taking note of it. I think another department could answer that question.

Mr. Gabriel Ste-Marie: Okay. I would appreciate it if you would follow up and send us a written confirmation on that.

I'd like to follow up on the issue that Mr. Blaikie raised about deposit insurance in division 37. We know that this is a response to bank failures or problems, either in Switzerland or in the United States, as in the Silicon Valley Bank example. In the U.S., the deposit insurance limit is \$250,000 U.S., whereas in Canada it is \$100,000. It used to be \$60,000, but was increased after a study.

At the beginning of COVID-19, there was agreement to increase that cap, and now there is agreement to increase it again. If every time there is a financial crisis, we have to pass temporary legislation to increase this amount, doesn't that make it seem like a \$100,000 cap is not enough?

[English]

Ms. Rachel Grasham: Thank you for your question.

This legislation allows the minister to increase the deposit insurance limit, which remains at \$100,000 per deposit across the nine different categories of deposits. It is temporary. It is to be used only in exceptional and emergency situations. The thinking is that given the current situation and the banking turmoil that we saw in the U.S. and in Switzerland, it was a prudent thing to do.

As you pointed out, there was a legislative provision in the early days of COVID through the emergency legislation that Parliament passed that gave the minister that authority as well, and that expired without having been used.

I'm sorry. Bear with me. I forgot to introduce myself. I'm Rachel Grasham. I'm acting today, so excuse me for not having all the facts right at my fingertips.

On the \$100,000 limit, I understand that this limit has been reviewed and the decision was to maintain it at \$100,000. As I noted, it really is under—

The Chair: That's the time.

Ms. Rachel Grasham: Okay. Thank you.

The Chair: Thank you for that.

Yes, MP Ste-Marie.

[Translation]

Mr. Gabriel Ste-Marie: Ms. Grasham, you could send us any additional information in writing. Thank you very much.

[English]

The Chair: Okay.

We'll now go to MP Blaikie for two and a half minutes.

Mr. Daniel Blaikie: Thank you very much.

My question is about division 6 of part 4. This would allow, despite sections 27 and 27.1 of the Bank of Canada Act, any of its ascertained surplus to its retained earnings until its retained earnings are equal to zero. I just want to confirm my understanding of this. This isn't an ongoing authority for the Bank of Canada to be able to apply its retained earnings against losses. It's a time-limited authority, again, in a manner of speaking, to be able to offset the losses that it has already incurred as a result of the change of the increase in interest rate and the bonds buying and selling that it did during the pandemic in order to be able to finance the Government of Canada's income support programs, among other things. When those liabilities are covered or that difference on its asset sheet is made up, there's no ongoing authority for it to be able to do this. It's like a one-off.

If someone could speak to how we got to where we are and how this is a solution to that—and only that, as opposed to an ongoing authority—it would be helpful for the committee.

Ms. Gloria Wong (Director, Crown Corporations and Currency, Department of Finance): Mr. Chair, my name is Gloria Wong. I'm a director in the Department of Finance.

Thank you for the question.

Yes, the measure with respect to section 27 of the Bank of Canada Act is meant to be temporary. There is no long-term obligation for the government. The provision will expire once the Bank of Canada returns to positive equity or other losses associated with GTPP are covered.

• (1150)

Mr. Daniel Blaikie: Thank you very much.

I think that's it for me for this round.

The Chair: Thank you, MP Blaikie and Ms. Wong.

We will now go to MP Morantz for five minutes.

Mr. Marty Morantz: Thank you, Chair.

Continuing about PSP Investments, I just want to clear up a few things.

You said that PSP management does have experience in venture capital. I didn't spend a lot of time looking for that, but I couldn't find any evidence of that. I'm wondering if you could table that information with the committee.

The reason I am asking is that on the PSPIB's website it does say, "PSP Investments' statutory mandate is to...Invest its assets with a

view to achieving a maximum rate of return, without undue risk of loss".

The technical backgrounder for the Canada growth fund says, "Risks the Canada growth fund will mitigate" are demand risk, policy risk, regulatory risk and execution risk. It states that "These risks, separately or in combination, are limiting the deployment and scaling of private investment because of the uncertainty they create about an investment's longer term financial prospects." Moreover, "[The Canada growth fund] will invest in a manner that accepts some portion of these risks".

That is more akin to a venture capital fund. So I am just unclear as to where the expertise lies? I don't question the expertise of the PSPIB as a pension fund manager. What I am wondering is why they've now seconded a team, or will be seconding a team, to provide advice on what is essentially a much more risky endeavour, which is to mitigate the risk for private enterprise, for new start-ups, or for other types of businesses or technologies.

I don't expect you to answer that here, but if you could think about that and come back with an explanation, I think that would be very helpful for the committee.

On the Bank of Canada, I just want to follow up on what Mr. Blaikie was talking about. Your briefing notes said that the losses the bank has incurred because of the quantitative easing program—in other words, the fact that they are now paying more interest on settlement proceeds than they were receiving on the bonds they purchased—would have virtually no impact on the government's budgetary balance. I thought that was an interesting choice of words. It wasn't "no impact"; it was "virtually no impact".

When we had the bank governor and the deputy here, they said that in the good times they were paying about \$1 billion a year. That doesn't fit, in my mind, with the words "virtually no impact".

You said that it's virtually no impact because the government will have to pay the interest on the additional debt it incurs. However, the fact of the matter is that there is at least \$1 billion in revenue the government is not receiving. Why would you say that has virtually no impact on the government's bottom line?

The second part of my question is this: How long will this go on, and what will the total cost of this action be to the government treasury?

Ms. Gloria Wong: Thank you for the question, Mr. Chair.

In response to the budgetary impact of section 27 of the Bank of Canada Act, you are correct that there is a cash flow issue. However, since the Bank of Canada is a government Crown corporation, its account is consolidated with that of the Public Accounts of Canada.

The measure itself has no impact on the government, but you are absolutely correct that the profits, the losses or the earnings of the Bank of Canada have a direct fiscal impact on the government. However, the information you have in front of you simply applies to the fact that the measure itself has no incremental fiscal impact on the government.

Mr. Marty Morantz: Now I am really confused because you're saying that it has an impact and it doesn't have an impact. Maybe I am missing something. Which is it? The government is out about \$1 billion a year, is it not?

Ms. Gloria Wong: The bank's income or losses will affect the budgetary balance, but the fact that we're allowing the bank to withhold its remittances will not.

For example, if the bank earns an extra \$1 billion this year, it will be an extra \$1 billion dollars in the budgetary balance. If it has losses of \$1 billion a year, it will be \$1 billion less. However, whether the bank gets to hold the remittances—for example, if it earns \$1 billion and it gets to hold the remittances—does not impact the balance because that extra \$1 billion is already booked in the fiscal framework. That means it already affects the budgetary balance regardless of whether the cash flows back to the government.

● (1155)

Mr. Marty Morantz: Okay.

Do I have any time left?

The Chair: You have 20 seconds.

Mr. Marty Morantz: Will the government deficit be higher because the Bank of Canada isn't remitting its profits as it normally has?

Ms. Gloria Wong: It will not, because only the net losses or income of the Bank of Canada is consolidated with the Government of Canada's budgetary balance.

The Chair: Thank you, MP Morantz.

Now we'll go to MP Dzerowicz for five minutes.

Ms. Julie Dzerowicz (Davenport, Lib.): Thank you so much, Mr. Chair.

Thanks to all of our witnesses for supporting us today.

I'm going to continue on the track of the Canadian innovation corporation. I do think there's a lot more we can do to support business investment, Canadian innovators, scaling up and commercialization a lot more, particularly in a world that has increasingly intangible assets versus tangible assets.

I know that the three core functions of the Canadian innovation corporation are foresight and experimentation, the provision of advisory services and the delivery of funding support programming. How is the agency differing from the supports that we have right now? What's the value-add that it's providing?

Mr. Greg Reade: Thanks very much for the question. Again, I'm Greg Reade, a director general in the Department of Finance.

You're quite right that a number of programs across the government work with businesses to promote, as you talked about, some of those features. What's new and different and will be built on in

the Canada innovation corporation with respect to those three functions is that, for example, in allocating the financial support, a roster of technical experts will be built with regard to the different types of research and development. We learned from international examples, in particular in Israel, that allocation of funding based on this technical expertise is really valuable to understand. There's a good possibility that the outcomes of that research and development will appear in the economy. In other words, there will be marketable products and services both domestically and internationally. The corporation is going to really focus on that technical expertise.

In terms of advisory, for example, the industrial research assistance program and their technology advisers are the gold standard within Canada in terms of helping companies and providing this advice. We'll build on that advice more systematically.

You mentioned intellectual property. In the past couple of years across government, there have been a number of attempts to promote and raise awareness on the importance of the creation and then the retention of intellectual property in Canada. This will be a core function of the advisory services provided by the agency. That's in addition to supporting companies to develop their project proposals, refine their project proposals and carry out those proposals.

With regard to foresight and experimentation, this is something quite new, especially the experimentation. One of the reasons the corporation is structured that way is to provide the board of directors of the corporation the ability to quickly adapt and modify its programming and even its advisory offerings to businesses. With respect to the feedback they receive, not only from program evaluations and understanding the outcomes that businesses are achieving but also—this is the foresighting part—by building a strategy team that is expert in monitoring and understanding industrial and economic trends, both domestically and internationally, the corporation will understand where the puck's going and can help direct how they understand their funding applications and where it is best to allocate funding from the corporation.

Ms. Julie Dzerowicz: I'm glad that we're bringing in the expertise we need in each of these areas and building up the capacity we need. That is great.

We have the clean-tech patent collective, which basically does all of what you have...other than the foresight one. Is that going to come under the Canadian innovation corporation or is that separate? The clean-tech patent collective is basically helping smaller organizations to patent and to build up their own capacity as well in terms of the supply chain moving forward. Does it come under this?

Mr. Greg Reade: Nothing in the legislation prevents that from happening, but neither is there a plan currently for it to come under the Canada innovation corporation. It was acknowledged in the blueprint document, if you've had a chance to review it, that as the corporation learns and understands what it can best offer by way of support to companies in terms of IP retention and protection, that might be an activity where it may either partner with existing patent collectives or create its own at some point in the future.

Ms. Julie Dzerowicz: How much funding is offered, and over how many years?

• (1200)

Mr. Greg Reade: Laid out in the legislation you'll see there is a path of funding. It gets up to \$825 million, I believe, and then it levels off at \$525 million.

Ms. Julie Dzerowicz: I think part of what it's trying to do is solve the problem of low business investment, which is external. There are Canadian innovators, small and medium-sized companies, but there are also huge companies that actually don't invest in business or don't do enough business investment. Is there anything there that supports them?

Mr. Greg Reade: First, just for precision, it's business expenditures in research and development. It's very focused on research and development projects and not investment in capital. For example, it's not capital adoption but rather research and development, which can include technological adaptation. The corporation could support a known off-the-shelf technology to be applied in a new way, but it has to be creating new knowledge, new products, new processes and new services.

And then, you're right; currently, for example, the industrial research assistance program is an SME program. The CIC will not just focus on SMEs. In fact, one of the things we learned is that bridging between the large Canadian industrials and the SMEs can be a really powerful way in which we promote research and development and expenditures on that. There is no limitation to just supporting SMEs, but there's an understanding that there's value in bringing those two groups together, the small and the large corporations, especially with respect to procurement.

The Chair: Thank you, Mr. Reade, and thank you, MP Dzerowicz.

Members and witnesses, we are moving to the third round. We're starting this round with someone who had been a long-time member of this committee—MP Fast, who will have five minutes.

I also want to recognize MP Davidson, who is joining us.

Welcome to the committee, MP Davidson.

Mr. Scot Davidson (York—Simcoe, CPC): Thank you, Mr. Chair. The soup and salad bowl of Canada is on the scene.

Voices: Oh, oh!

The Chair: There you go.

MP Fast, you have five minutes, please.

Hon. Ed Fast (Abbotsford, CPC): Thank you for that warm welcome, Mr. Chair.

I want to go back to a question that was broached by my colleague Mr. Chambers. It has to do with money laundering. You're all familiar with the Cullen commission and its some 100 recommendations. It recommended that the safe harbour provisions for information sharing be extended to include money laundering. That was echoed in an earlier report from this committee in a previous Parliament. Why has that not happened?

Ms. Erin Hunt: Thank you very much. I'm pleased to answer that question.

As we mentioned, there are several provisions in the bill that speak to information sharing, but those are focused within the gov-

ernment institutions. The safe harbour provision would apply to private-to-private information sharing.

The government announced in the budget the launch of the next parliamentary review, which should be launched this year. As part of that review, we're preparing a consultation document to look at many of the areas with respect to how we can make improvements to the regime. This is one of the areas in which we feel that consultation will be warranted and merited. We look forward to learning more about how we might be able to look at this issue in more depth.

Hon. Ed Fast: Could I strongly recommend that you actually move forward with implementing that expansion of safe harbour provisions? This issue has been thoroughly canvassed under the Cullen commission. It was thoroughly canvassed by a committee of the previous Parliament.

There was a second part to that. Another recommendation from the Cullen commission was that the federal government implement a formal "keep open" regime for financial institutions in which they can, at the request of law enforcement, keep the account open for the purposes of enforcement investigation. Has that happened?

Ms. Erin Hunt: That has not happened, but that too is an issue that the government is looking at and is exploring as part of the parliamentary review. It should be part of the consultation document. The government in budget 2023 did commit to addressing all of the Cullen commission recommendations that pertain to the federal government and the federal regime. Obviously, the Cullen commission is not able to make direct recommendations to the federal government—

Hon. Ed Fast: That's correct.

Ms. Erin Hunt: —because it is a provincial commission.

• (1205)

Hon. Ed Fast: That's why I'm here.

Voices: Oh, oh!

Ms. Erin Hunt: We certainly have recognized those and are committed to addressing and looking at all of those issues.

Hon. Ed Fast: All right—the sooner the better.

Ms. Erin Hunt: Thank you.

Hon. Ed Fast: Thank you.

I'd like to now address a question relating to division 33 of part 4, which would be threats of foreign interference. Foreign interference is a very live issue in Canada today.

First of all, I would ask you, sir, to perhaps take a minute to give us a very brief summary of the steps that have been taken in budget 2023 to address foreign interference.

The Chair: You have about 90 seconds left, Mr. Fast.

Mr. Manuel Dussault (Acting Director General, Financial Institutions Division, Department of Finance): Thank you, Chair, for the question.

My name is Manuel Dussault. I'm an acting director general for the financial institutions division.

Here's a very quick overview.

First, OSFI's mandate for financial sector oversight will be expanded to include supervising financial institutions in order to determine whether they have adequate policies and procedures to protect themselves against threats to their integrity and security.

Second, the proposal is to enhance the superintendent's and the minister's authorities in regard to security and integrity with respect to supervision, ownership approvals and taking control of institutions for national security reasons.

Hon. Ed Fast: If the superintendent of financial institutions were to take over a financial institution due to national security concerns, what criteria would be applied by the superintendent to determine whether the financial institution should remain in operation or whether it should be immediately closed down?

Mr. Manuel Dussault: Thank you, Chair, for the question.

The Chair: Give a short answer, please.

Mr. Manuel Dussault: The criteria are in the legislation. They include where the integrity and security of the financial institution are at risk, where all shareholders have been precluded from exercising their voting rights or where there are national security risks.

The Chair: Thank you, MP Fast.

Now we'll go over to the Liberals.

MP MacDonald, you have five minutes.

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

I just want to go back to Ms. Wong on the Bank of Canada's remittance issue.

We've had several narratives surrounding this issue, and I just wanted to be clear that it does not affect the fiscal behaviour of the government's budget. Is that correct? Is that a fair statement?

Ms. Gloria Wong: Yes, it is a fair statement.

Mr. Heath MacDonald: Thank you. I just wanted that on the record.

Ms. David, we talked a little about the investment in the Canada growth fund and how important it is for competition in this country. Can you remind the committee of the objectives of the growth fund and how these amendments would help expedite its launch?

How does your department help to expedite this process for the Canada growth fund?

Ms. Anne David: As you pointed out, budget 2022 announced the Canada growth fund to catalyze private investments in Canada's clean economy.

What the growth fund would do is invest in a way that would absorb risks in order to encourage private sector investment in new technologies, as well as SMEs and various other supply chains, in order to grow Canada's economy at a speed and scale to meet net zero.

The reason for selecting PSP Investments to manage the growth fund is exactly that: to speed up the implementation of the growth fund.

We don't want the growth fund to be slow to start. We want it to be in a position to invest in the first half of 2023 as was indicated in

the 2022 fall economic statement. The reason for selecting an experienced and expert investment team was exactly to have the growth fund operational in the first half of 2023, so it could quickly start investing to meet Canada's climate and other economic goals.

• (1210)

Mr. Heath MacDonald: Thank you so much.

I'm going to jump to the equalization formula, though I don't know whom to direct this to.

I come from the smallest province in Canada, so equalization is extremely important to me. That's why I'm asking.

First of all, can you brief us on some of the minor technical changes that were implemented in the BIA?

Ms. Suzanne Kennedy (Senior Director, Federal-Provincial Relations, Department of Finance): I'm Suzanne Kennedy, senior director of equalization and territorial formula financing policy.

In the BIA, there are two changes concerning equalization.

One is to extend the authority to make payments. The authority to make payments is reviewed every five years, and it expires March 31, 2024. The BIA will extend that for another five years. The government announced in budget 2023 that it would also make technical changes following consultations with provinces and territories. Those will be mainly brought forward through the standard regulatory process.

There is one change in the BIA concerning miscellaneous revenues. Right now, miscellaneous revenues are grouped with property taxes for the purpose of equalization. The proposal is to distribute them across all of the relevant non-resource revenue sources. Those would include personal incomes, business income taxes, consumption taxes and property taxes for the purpose of equalization.

Mr. Heath MacDonald: Could the miscellaneous revenues be incorporated into any one of those items you're talking about, or are they going to be a separate entity? I guess what I'm trying to figure out is this: Are the miscellaneous revenues something that government is not accountable for to the extent of those items in the tax bases you're talking about?

Ms. Suzanne Kennedy: Right now, for calculating fiscal capacity in respect of miscellaneous revenues, it's assumed that they're related to property taxes. So they're just measured on that basis. After a study of the issue, there's evidence that they're related to a number of the bases, so it's inappropriate to equalize them only on the property tax basis. The change would distribute them across the relevant non-resource bases.

Mr. Heath MacDonald: Thank you.

The Chair: Thank you, MP MacDonald. We did stop the time to allow the witnesses to come to the table.

We're off to MP Ste-Marie now for two and a half minutes, please.

[Translation]

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

Ms. Kennedy, I would like to continue to ask you questions, to limit the game of musical chairs with senior officials.

In the proposed amendments, can you explain what is meant by, “Include unremitted net income of hydro-producing government business enterprises in the business income tax base to improve accuracy by measuring fiscal capacity that is currently excluded”?

Ms. Suzanne Kennedy: Thank you for the question.

Currently, we take into account only the remittance portion of the net income of these companies. This is for the measurement of resource-related fiscal capacity. We do not include the unremitted portion of these companies' net income. The proposal that was developed in consultation with the provinces and territories is for that unremitted portion, since not all hydro-producing companies remit the same portion of their net income to the provincial government. This proposal would take that unremitted portion and include it in the corporate income tax base.

• (1215)

Mr. Gabriel Ste-Marie: Thank you very much.

If Bill C-47 goes forward, it will be implemented for 2024-2025 payments. However, if these changes were implemented for the 2023-2024 fiscal year, payments to provinces would decrease for Quebec and increase for Manitoba. Is that right? Would there be other consequences, for example, for Prince Edward Island or elsewhere in the Maritimes?

Ms. Suzanne Kennedy: We have indicated only the most significant decrease and increase. Yes, there would be other variations.

Mr. Gabriel Ste-Marie: Could you provide us with a written list of variations for all provinces and territories? We would appreciate it. Thank you very much.

Ms. Suzanne Kennedy: Of course.

The Chair: Thank you, Ms. Kennedy and Mr. Ste-Marie.

[English]

MP Blaikie, the floor is yours for two and a half minutes.

Mr. Daniel Blaikie: Thank you very much.

I just wanted to come back to division 8. I'm frankly surprised that there aren't any coordinating amendments, given that Bill C-46 was tabled well prior to Bill C-47.

I'm wondering what the decision-making process was around not including coordinating amendments, in the event that Bill C-46 passes expeditiously.

Mr. Galen Countryman: That's a very good question.

The government decided to table a bill expeditiously for those two things that are in Bill C-46. Then, as you know, it included the very same provisions in Bill C-47. The government will have to determine, based on which one passes first, how it will adjust how each one will take effect. If Bill C-46 does get royal assent before Bill C-47, then Bill C-47 will need to be adjusted accordingly to reflect that.

Mr. Daniel Blaikie: When the same measure is being included in two pieces of legislation, is there normally a review process in the department to try and capture that and ensure there's some coordination included in the bills when they're tabled or is it normal that we would do this retroactively?

Mr. Galen Countryman: This is interesting in the sense that it's not the first time I've seen measures that have been tabled in a separate bill then forwarded into a budget implementation bill. In the past, the government just didn't move that separate bill forward through the House to seek royal assent.

What's happened here is that there's been an agreement—as I understand—to expedite the passage of Bill C-46. I think that may not have been part of the thinking or what was contemplated at the time.

It's a bit not in my realm to determine exactly how the government will proceed. The government will have an intention, I think, to come back to this committee with a plan forward as to how to address and coordinate the two bills.

Mr. Daniel Blaikie: Has this been flagged as a learning in the department for when this kind of situation arises in the future, that it may behoove government to include coordinating amendments in their budget implementation act?

Mr. Galen Countryman: Yes, I think this is a note that we'll take back, for certain.

Mr. Daniel Blaikie: Thank you very much.

Thank you, Mr. Chair.

The Chair: Thank you, MP Blaikie.

Now we go to MP Chambers for five minutes, please.

Mr. Adam Chambers: Thank you, Chair.

I do have some additional questions on the Bank of Canada. As we're waiting for our official to arrive, I'll ask a general question.

Mr. Countryman, you're designated as the tribute, if you've watched *The Hunger Games*. I don't know if you get that reference.

What are the additional operational costs in terms of people that the government will incur for the provisions we have in front of us?

Mr. Galen Countryman: On that, I'm afraid I don't have an answer for you.

Mr. Adam Chambers: That's fair enough. I was expecting that answer because we asked last year and we have never gotten an answer.

That is why, Mr. Chair and Mr. Clerk, I have asked that Treasury Board officials be included as part of the pre-budget study. The Parliamentary Budget Officer and the Auditor General have raised concerns about people planning processes across government. Every year that a budget is tabled, it is asked what the impact is on people. We don't actually have an answer. We don't have anyone come to committee from the Treasury Board who's capable of answering that question. That's the reason I'm asking for those officials to appear.

Ms. Wong, thank you for your earlier discussions with my colleagues.

I understand the accounting, but what I'm actually interested in is a very simple issue of cash.

Where does the Bank of Canada get the money to satisfy the losses it's incurred? Does it just create additional settlement balances and put those in the accounts of the banks to whom they owe the funds?

• (1220)

Ms. Gloria Wong: Thank you for the question.

During normal times, the Bank of Canada makes a profit by seigniorage from printing money. Currently, the Bank of Canada is suffering losses due to settlement GBPP activities conducted during the pandemic.

Currently, the seigniorage that the Bank of Canada makes is not sufficient to cover the losses it's incurring. Going forward, the intent of the measures—

Mr. Adam Chambers: I know the intent of the measure. I'm just curious as to....

They don't have enough money to pay for the balance that they owe the financial institution. Is that correct? They're actually running a loss. They've run out of money, right? Where does the money come from that they pay to whom they owe the debt? That's my question. It's more of a technical question; I'm just curious.

Ms. Gloria Wong: I'm sorry. I do not have the information on that, but I will get it for you.

Mr. Adam Chambers: Do they create additional money and put it in the bank? Is it like a digital settlement balance, where they just kind of chalk it up and erase it with an eraser and put in...? I'm just curious as to where the money actually comes from in order to cover that shortfall.

An hon member: The taxpayer.

Mr. Adam Chambers: Ultimately, it ends up being borne by the taxpayer, indeed. Also, when you consolidate it all goes to the taxpayer.

If one is analyzing what the impact of interest rates are on the government deficit, would you agree that you have to include the net actuarial losses and not just look at the cost of borrowing for government?

Ms. Gloria Wong: The impact does have an impact on cash flows. Therefore, the government would have higher interest payments.

Mr. Adam Chambers: Correct. The government has higher interest payments, almost double what they were a couple of years ago—from \$23 billion to \$43 billion next year. That does not include the net actuarial losses that the bank is incurring as a result of higher interest rates. Is that a fair interpretation?

Ms. Gloria Wong: I'm afraid I do not have that answer.

Mr. Adam Chambers: Okay. That's quite all right. It wasn't my intention to ask that very technical question, but it was brought up earlier.

Quickly, on the Canada innovation corporation, are there any protections or directions with respect to investments in rural Canada outside of central or metropolitan areas?

Mr. Greg Reade: Thanks for the question.

Within the legislation, there is no prescription of exactly where or for what funding will flow. In fact, it says that it will flow to all sectors and all regions, which really just provides the opportunity for the corporation to operate in all sectors and all regions with that intent. As programs are designed and further information flows out, there will be additional information in that respect.

Mr. Adam Chambers: Thank you, Mr. Reade and Ms. Wong.

The Chair: Thank you, MP Chambers.

We'll still have to find out about that *Hunger Games* comment, Mr. Countryman, for those who don't watch *Hunger Games*.

MP Chatel, you have five minutes.

[*Translation*]

Mrs. Sophie Chatel: Thank you very much.

As you will note, Ms. Wong, this committee is very interested in what we can do to strengthen our legislation on proceeds of crime and terrorist financing, among other things. And it has recommended twice that the registry be brought into force. I know you said that you've worked very hard to move this forward. I would appreciate it if you could put in writing what we are missing to meet our standards and what barriers are making it difficult. This would help us better understand your role and help you better.

I want to go back to the Canada growth fund. There are a lot of projects related to that fund and I would like to understand the nature of the projects we will try to fund with the private sector. I'd also like you to give me some concrete examples of the sectors in which we will be investing. What is your plan?

• (1225)

Ms. Anne David: Thank you for the question.

The Canada growth fund will have the flexibility to invest in many types of projects, companies or technologies. For example, it could be decarbonization projects for industrial companies in the cement, concrete or steel sector. It could also be companies that develop green technologies, such as manufacturers of zero-emission buses. We could also invest in low-carbon supply chains, such as in the sector of critical minerals that are used to make batteries.

Mrs. Sophie Chatel: In another context, we've talked a lot about green finance or sustainable finance.

In terms of taxonomy, a lot of work is being done by the International Sustainability Standards Board. I know it's not directly related, but how do you choose the best projects that lead to net-zero emissions and help achieve sustainability goals?

The taxonomy is missing from the budget, unfortunately, while the European Commission and other countries, for example, are moving quickly on this. Yet Canada seems to be waiting. However, it would be important to adopt certain standards in order to properly select projects. Will taxonomy play a role in selecting the best projects?

Ms. Anne David: Thank you for the question, Mrs. Chatel.

I will pass along the question on taxonomy to my departmental colleagues who are responsible for that sector.

The Canada Growth Fund looks at high-level international standards relating to selection of investments. It reports to the public on certain investment criteria. It will also report on its results, how it reached them, and the criteria it considered.

Mrs. Sophie Chatel: I want to make sure I understood correctly. We are going to rely on international standards, but the people at the Department of Finance are working to develop standards for Canada to ensure that projects lead to net zero.

Ms. Anne David: Yes, some of our colleagues are working specifically on taxonomy. We can send you a written response on that topic.

Mrs. Sophie Chatel: We are very interested in seeing the department's progress on taxonomy, since it is related to the motion on green finance that we are studying.

The Chair: Thank you, Mrs. Chatel.

[*English*]

Those were great questions and answers.

Members and witnesses, we're moving into round four. This will be our last round of questions.

MP Fast, we will start with you. You have five minutes.

Hon. Ed Fast: Thank you.

I believe most of us around this table, if not all, would acknowledge that government doesn't always get investment decisions right. Medicago and CanSino come to mind. The federal government often fails in its investment decisions, so you'll understand why we on this side of the table are concerned that growth funds that are established by the government be properly managed by the individuals who can actually make the right decisions. I note that the mandate of the Canada growth fund is to actually absorb risks. That is your own testimony.

This is a little different from investing for conventional pension purposes, and yet the PSPIB is the organization you are drawing on to help make the investments for the CGF. I'm just wondering, why did you not cast your net more broadly as you were searching for a fund manager?

• (1230)

Ms. Anne David: Thank you very much for the question.

With regard to selecting a fund manager, as was previously indicated, the government's intent was to stand up the growth fund quickly so that it could start making the investments to achieve net zero at the speed and scale required. In selecting PSP Investments, the government considered an experienced and independent fund

manager that is currently owned by the government—those were some of the criteria—and in addition, an investment fund manager that has already experienced investment teams so that we could quickly stand up a team in order to invest the growth fund.

Just in terms of the distinction between the pension management mandate and the growth fund management mandate, those will be two very separate mandates. Obviously, the PSP will be able to provide some economies of scale by already having investments teams, such as being able to quickly staff up an investment team for the growth fund, but the assets of the growth fund will be managed separately. It will be a separate portfolio with a separate financial mandate to achieve the growth fund's financial objectives and recover its capital, whereas PSP will continue to invest the pension funds with the mandate to maximize returns without undue risk or loss.

Hon. Ed Fast: Did I hear correctly that you it was the ability to set up the CGF quickly that drove your decision to go with the PSPIB?

Ms. Anne David: That's correct. It was the desire to quickly have an expert investment team ready to make investments in the near term.

Hon. Ed Fast: But these are much higher-risk investments. In fact, by definition, this is about the absorption of risk by government to enable and catalyze green innovation in Canada.

Is that correct?

Ms. Anne David: That's correct.

Hon. Ed Fast: Did you also say that the fund manager had to be owned by the government?

Ms. Anne David: I'm saying that one of the benefits of selecting PSP is that it was an existing investment fund that is owned by the government.

Hon. Ed Fast: If those are the two criteria—setting it up quickly and it has to be owned by the government—that severely limits your ability to bring in expertise to get these investment decisions right.

Ms. Anne David: As previously indicated, PSP is one of the largest pension investment managers in Canada and has expert investment teams. That was a significant driver to the decision to select PSP to manage the growth fund.

Hon. Ed Fast: The CGF is not a pension fund. Is that correct?

Ms. Anne David: That's correct. The CGF is an investment fund.

Hon. Ed Fast: It's a higher risk investment fund.

Ms. Anne David: That's correct.

Hon. Ed Fast: Thank you.

Listen, I also just want to ask a question about the recent high-profile bank failures in the United States and in Europe. The budget does try to address that, including giving the minister extended power to address the coverage under the deposit insurance regime.

Can you tell me examples of circumstances where the Minister of Finance would use her authority to increase the deposit insurance limit?

Ms. Rachel Grasham: As I noted, it is a temporary measure. Our system is very strong and very resilient. It's well capitalized. It's very well regulated. However, given the circumstances in the U.S., there's always that concern around contagion in the financial sector. Our financial institutions are global in scope—

Hon. Ed Fast: My question was what—

The Chair: We're at the end of your time, MP Fast. We're well over time.

Hon. Ed Fast: All right.

The Chair: Now we are going to MP Baker, please, for five minutes.

Mr. Yvan Baker: Thanks very much, Mr. Chair.

I'd like to go back briefly to the Bank of Canada.

We were talking earlier about the Bank of Canada and the measures here touching on its retained earnings. I understand that there are a number of other central banks around the world that are in a similar position to the Bank of Canada. What happened to the Bank of Canada in running deficits or losses is a function of global forces and actions by the Bank of Canada. There were those same global forces and similar actions were taken by other countries, so other central banks are in a very similar position to the Bank of Canada as a result.

Can I ask you to explain if there are other countries taking the approach that we are with respect to this issue?

• (1235)

Ms. Gloria Wong: Yes, indeed. Our measures are very similar to the ones taken by Australia. In Australia, the governor of the Reserve Bank of Australia has secured the support of the treasurer to allow them to also retain profits going forward to offset their losses associated with quantitative easing.

Mr. Yvan Baker: Thank you very much.

Would you say that's a similar approach?

Ms. Gloria Wong: It is a similar approach.

Mr. Yvan Baker: Thank you very much.

A lot of Canadians are struggling with the cost of living and, frankly, are having these challenges exacerbated by predatory lenders. So I'm really pleased to see the government taking strong action on this file by reducing the criminal rate of interest from 60% to 35% and capping charges that payday lenders can place on Canadians. I think this is going to make a huge difference for some folks who are really struggling with the cost of living and who are very vulnerable.

I also understand that the government is launching consultations on lowering the criminal rate of interest even further through budget 2023.

Can I ask one of you to comment on who is most likely to benefit from these changes to the criminal rate of interest?

Mr. Mark Radley: Thank you for the question.

Again, I'm the acting director of the consumer affairs team at the Department of Finance.

Some server data by the—

The Chair: Can you move back or move your earpiece away from the mike? Maybe it's a cellphone or another device. We're getting some feedback here and it affects the interpreters. Thank you.

Mr. Mark Radley: Is that better now?

The Chair: Yes.

Mr. Mark Radley: According to some FCAC server data, they found that typically there's overrepresentation of indigenous peoples and newcomers to Canada, and people in lower-income quartiles who use high-cost loans and payday lending the most. We would expect that these groups would benefit the most from this measure.

Mr. Yvan Baker: Okay.

Can you just talk about what the impact of this measure would be on them in their daily lives and their cost of living?

Mr. Mark Radley: Absolutely. In budget 2023, we illustrated an example. We talked about an individual named Hannah, who took out a \$5,000 loan with a two-year amortization period—paying it back over two years. At the new rate—lowered to 35%—as compared with the current rate, Hannah will have saved \$775 over the course of the loan.

I spoke a little bit earlier about the impact of payday lending. It really depends on the province in which the individual lives.

Mr. Yvan Baker: I appreciate that.

Previously, I was a member of the provincial Parliament in Ontario. At the time, I was parliamentary assistant to the Minister of Finance. We did a whole bunch of work at the time on behalf of the Government of Ontario when it comes to this issue. I became keenly aware through that of the degree to which this impacts people who are most vulnerable across our country, frankly, because of the amounts of interest that they pay.

I'm really glad to see that we've taken the steps we have. I hope that we can go further because I think this is going to offer major relief to folks who are already vulnerable and need that support. Thank you for that.

Thank you, Mr. Chair.

The Chair: Thank you, MP Baker.

We'll now go to MP Ste-Marie for two and a half plus minutes.

[Translation]

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

My next question pertains to the former Bill C-208, which dealt with the intergenerational transfer of small businesses. This bill came from the opposition. As we know, the purpose of the bill was to stop hurting family transfers by making it no less profitable for a business owner to sell to their children or family members than to a stranger.

The bill received royal assent, but the government then refused to implement it. Wayne Easter was chair of the Standing Committee on Finance at the time. The committee convened during the summer with the aim of reminding the government that it had to implement the bill. The government then said it would do so. However, many family farms and businesses in Quebec are still waiting to make these transfers because the Canada Revenue Agency has not yet directed accountants and lawyers on how to proceed. This has been going on for two years.

During last month's in-camera meeting, we heard presentations on the budget's legislative proposals, which seemed to include a new law that would replace the old provisions and finally get the ball rolling. I couldn't believe my eyes, however, when I looked through the hundreds of pages in Bill C-47 and saw that it was nowhere to be found.

Obviously, I'm not going to ask you any questions about the political choices at play here. I'll save those for the Minister of Finance when she decides to appear before the committee. That being said, are there any technical reasons that can explain why the implementation of former Bill C-208 is not included in Bill C-47? The bill received royal assent two years ago, the government has committed to implementing it, and we know from the budget documents that the bill is ready.

• (1240)

Mr. Galen Countryman: Again, I am unable to answer that question, which should instead be directed to my colleague responsible for tax policy. I will take note and try to find an answer.

Mr. Gabriel Ste-Marie: Thank you very much. My next question is regarding employment insurance, EI.

Bill C-47 does propose some measures, but if you ask me, the most important one is not in there. During the pandemic, there were tremendous deficits and the government stepped in. One of the deficits brought on by the pandemic was in the EI fund, and we are asking the government to take charge of that deficit so that workers do not end up footing the bill with their premiums.

By law, the EI fund must be balanced every seven years. Given that Bill C-47 does not include any such provision, can we infer that the government is choosing to pass on the bill for the pandemic EI deficit to those who pay into EI—the workers? Is that accurate?

Mr. Galen Countryman: Again, that is not my area of expertise, but I will take note of your question.

Mr. Gabriel Ste-Marie: All right. Thank you.

My third, more technical, question is on dental care.

Bill C-47 specifies that people covered by a private dental care plan—for example, union members covered by group insurance—are indeed excluded from the federal dental insurance program. Therefore, Bill C-47 seems to send the message to unionized Cana-

dians that they are not eligible for the Canadian dental benefit. Is that correct?

Mr. Galen Countryman: I have to give you the same answer again. I am not the expert on dental care, but I will take note of your question.

Mr. Gabriel Ste-Marie: Okay.

Mr. Chair, I have many other questions.

[*English*]

The Chair: Thank you.

We built in some flexibility there, but we're off to MP Blaikie, please.

Mr. Daniel Blaikie: With apologies to Ms. David, I have a couple of questions about the PSPIB.

I understand the desire to have some of the expertise of folks who work at PSPIB evaluating investments be applied to growth fund investments. There's the question of expertise, but I guess I'm also wondering if the expectation is that those folks from PSPIB would also bring knowledge of projects or potential investments that have been brought to the PSPIB.

What would that look like or how would that work? Is the expectation that investors will come independently to the growth fund, or is the expectation that that PSPIB folks will bring some of their existing knowledge of existing proposals? How exactly is that interaction meant to work? Is there meant to be an interaction at all?

Do you think it's worth considering whether there would need to be some safeguards or not in terms of folks who are involved with PSPIB being involved with investment decisions at the growth fund and going ahead investing growth fund money in a project, but then also recommending PSPIB money be allocated to the same project?

How does government imagine those interactions?

• (1245)

Ms. Anne David: PSP will be managing the growth fund assets separately and will be also managing its existing pension plan assets. The two will be managed independently. There will be a new investment committee set up for growth fund investments. That investment committee will be totally separate and different from the PSP investment committee.

In addition, PSP will establish conflict of interest procedures in order to ensure that any conflicts of interest are properly managed and disclosed, so those investment decisions are made following those particular procedures.

Of course, as an experienced investment manager, PSP will bring its existing knowledge in the field, its experience, its investment teams and the fact that it has seen projects and things like that. That is the expertise that is being brought to the table.

Investment decisions will be made by two different committees with two different sets of people on them, according to proper conflict of interest procedures.

Mr. Daniel Blaikie: The idea is—

The Chair: I'm sorry to interrupt. Ms. David, could we get a little bit more distance as we are still getting quite a bit of feedback? Just move any electronic devices away from the mike. I apologize for that.

MP Blaikie, go ahead with your question.

Mr. Daniel Blaikie: Thank you.

Am I hearing correctly that the idea is there would be kind of a firewall between the regular PSPIB investment activity as a pension fund and whatever business is conducted for the growth fund?

Does that mean that folks who are being seconded are properly being seconded in that they're being brought over to do growth fund work and won't be doing any PSPIB work while they're assigned to evaluating growth fund investments?

Ms. Anne David: Thank you for the question.

PSP will establish a subsidiary to manage growth fund assets, so it will be a separate investment team. That team would be dedicated to the growth fund, while the other remaining PSP teams would be dedicated to the pension fund assets.

Obviously, there will be economies of scale by sharing certain corporate functions, but the investment teams, including the investment decisions made by the investment committee will be completely separate and they will be done in a subsidiary of PSP. It will be a whole new entity within PSP.

The Chair: Thank you, MP Blaikie.

Now we go to MP Davidson for five minutes.

Mr. Scot Davidson: Thanks, Mr. Chair. You saved the best for last.

We're going to talk about York—Simcoe this afternoon. I don't know if anyone has ever been to the soup and salad bowl of Canada. It's home to Lake Simcoe, which is the ice fishing capital of Canada. Make sure you chime if you haven't.

Hon. Ed Fast: You're shameless.

Mr. Scot Davidson: I know. It's unbelievable.

I have a couple of questions. I haven't gotten through the BIA yet. I'm getting there. It's quite a document.

My farmers in York—Simcoe, on the Holland Marsh, are struggling. Just so colleagues understand, they're struggling with the carbon tax.

That matters because half of my riding is on propane. If we believe in natural gas being a bridge fuel...we don't even have the infrastructure there for natural gas for my farmers. That matters because we dry onions, beans and a lot of other things.

That's the first reason they're struggling. Again, why that matters is that they got hit with the 35% tariff on fertilizer. We have kind of have a double whammy happening there. They're watching out-

flows going outside the country and they're kind of there on the outside looking in.

They're just wondering if there was anything in the budget—yes or no—for the fertilizer tariff to come back to farmers.

Ms. Yannick Mondy: With respect to the measures that have been in place since March 2 of last year that apply a 35% tariff, those are only for the imports of a certain form of nitrogen fertilizer coming in from Russia. Those would be maintained. The legislative amendment would make that 35% permanent.

Since then fertilizer imports from Russia...basically have diversified their sources, so the 35% has worked quite well.

Mr. Scot Davidson: Okay. I have to get these questions in.

Secondly, I noticed that in the budget—anyone can correct me—there are \$650 million for the freshwater strategy. We've been waiting since 2016 for the Lake Simcoe clean-up fund to come back, which this government cancelled.

That's \$650 million over 10 years, which is \$65 million a year for every Great Lake, Lake Winnipeg, the Winnipeg River and the Fraser Valley, where they had the floods.

I'm just asking for York—Simcoe. How is the allotment going to be set up with that \$650 million? Does anyone know?

• (1250)

Mr. Galen Countryman: There's no one here today who would be able to answer that question, unfortunately.

Mr. Scot Davidson: Galen, thanks very much.

My third question is this. I had a concerning letter. My first nations, or our first nations.... I call it "my" because my wife and my son are first nation and I live on the first nations. It's the Chippewas of Georgina Island. This government legalized cannabis. We have a great business centre with a tobacco store—a cannabis store. One of our chartered banks sent a letter a couple of months ago saying that it was going to close their accounts because of a risk appetite. I made inquiries and asked what the risk appetite was. They wouldn't quite say what the risk appetite was.

They had over 40 employees. You can understand. They have Visa machines, debit machines, payroll cheques and all those sorts of things. They had their account closed by a chartered bank, if you can believe it.

Have you heard of anything like that, Finance Canada?

Mr. Galen Countryman: No, I'm not familiar with that particular case.

Mr. Scot Davidson: Okay.

Lastly, I was reading the budget document and was shaking it, saying that there had to be a couple of pages missing. I was looking for the financial vision for the country.

Where is this government taking us? Where are we taking Canada? What is the vision for the country, whatever that is? Did anyone find what the vision is for Canada?

Mr. Ed Fast: It's endless deficits.

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

The Chair: Go ahead.

Ms. Julie Dzerowicz: I appreciate the very intelligent question by my colleague, but we're here to talk about the BIA, not the overall....

It's for the government to respond to that question, as opposed to our technical experts, who help us with the different parts of this bill.

Mr. Scot Davidson: But I thought—

The Chair: Yes, MP Davidson, direct your questions to the BIA.

Mr. Scot Davidson: Okay.

Through you, I thought, even in the BIA.... I was just looking for the vision for the country. My constituents keeping asking me that: Where you are taking us? Where are we going?

I just haven't found it. I thought it might be a simple answer and that someone could just say what the vision for the country is.

Okay.

Mr. Ed Fast: It's a great question.

The Chair: Thank you.

Mr. Scot Davidson: Thank you, Mr. Chair.

The Chair: Thank you for that, MP Davidson.

Now we are actually going to our final questioner, MP Dzerowicz, before we conclude this session.

Mr. Dzerowicz, you have five minutes.

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

Thanks again to all of you for your patience.

I have one final question on the Canada innovation corporation.

We've invested a lot in research and development in the past. While we've done a really great job with Canadian researchers creating IP, a lot of foreign companies have come in to actually buy that IP and commercialize it elsewhere.

I want to know whether there's anything right now within the framework of the Canada Innovation Corporation that's going to incentivize our R and D dollars to be partnered with Canadian innovators and maintain the value here in Canada, or do we have to wait for regulations or programs to be created to create that requirement?

Mr. Greg Reade: Thanks for that question.

Within the BIA context you'll see that one of the functions outlined for the corporation is explicitly that it will promote the development and retention of intellectual property.

As far as the specifics on the how, it's not within the legislation. You can look at the blueprint document that was released for some indication of how we think it may make sense for it to materialize in the corporation. Ultimately, that will be up to the CEO, the chair and the board as they develop and roll out those programs.

There are some specific ideas. We talked about the asset collective. These are examples of things that make sense, but it's really just the education and awareness up front for Canadian businesses as they think about R and D. Before they even undertake the R and D, have they thought about a path to making sure it can be retained in Canada and that the economic potential and value is realized in Canada?

These are at the forefront of the policy thinking on the corporation.

Ms. Julie Dzerowicz: Yes, and I do agree. It's the education that needs to be really turbocharged, as I call it.

I'd also say that even with our dollars that we give to our universities, we don't right now provide the incentives for university research to actually partner with Canadian innovators versus the Googles and some of the international companies. I think that's a loss for us right now.

It has just come to my attention. Right now I'm making sure everybody's aware of it, so we start making those corrections as we move forward.

In part 4, division 25, we have "Modernizing the National Research Council". Is there anything in any of the changes that actually ensures that the R and D is partnered with Canadian innovators? Are there any incentives around that or are there different objectives for the changes in the section?

• (1255)

Mr. Greg Reade: I understand there'll be another session with representatives from the National Research Council. They will be able to talk to you in depth on those provisions.

I apologize. I don't have the information today.

Ms. Julie Dzerowicz: That's okay.

My next set of questions is actually around the immigration changes. Those are sections 16, 17 and 19.

Is there someone here who can respond to that?

Mr. Galen Countryman: Nobody can today. We're here for set divisions one to nine, 32 to 34 and 37.

Ms. Julie Dzerowicz: Oh, I have such intelligent questions, though, for those.

Okay, I still have a minute and a half. Hold on and let me see.

Part 4, division 2 is on strengthening the federal pension framework. Pensions, of course, are so important for Canadians. I know in my riding of Davenport, they think about it all the time. I have just a general question.

How will these changes benefit Canadians?

Ms. Kathleen Wrye (Director, Pensions Policy, Financial Sector Policy Branch, Department of Finance): Thank you very much for the question.

These amendment will create a new federal framework for defined contribution plans and pooled registered pension plans to offer this new decumulation vehicle or drawdown in retirement called variable payment life annuities. Currently, unlike a defined benefit plan, which provides a lifetime retirement income, defined contribution plans and pooled registered pension plans, or PRPPs, provide a lump sum at retirement.

Individuals are required to manage their savings throughout their retirement and manage the risk of outliving them. A variable payment life annuity will allow individuals to take their lump sum at retirement and enter into this VPLA fund, which will be part of the

larger pension plan, and then receive lifetime payments from the fund. The payments will be adjusted for investment returns and the life expectancies of the other participants.

In this way, it's going to strengthen retirement security for these individuals because now they'll have this lifetime stream of retirement income.

The Chair: Thank you, Ms. Dzerowicz.

That concludes our meeting for today.

It was great to see everyone in such spirits today, all the members, the staff, the interpreters, the team, everybody who is here. I know why it is; it's because of our great officials who are before us.

Thank you so much for coming in, answering so many questions and your testimony for this study. We really appreciate it.

On behalf of our committee we thank you.

That will conclude our meeting. Thank you.

We're adjourned.

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