PARLIAMENTARY DIGEST

[Name Of Client]

Legislation Monitor

Activity on relevant bills or motions

- REPORT STAGE: Bill C-15, An Act to implement certain provisions of the budget tabled in Parliament on March 22, 2016 and other measures (Budget Implementation Act)
 - Text of the bill, can be accessed here.
 - Following the presentation of the finance committee's report to the House (with one suggested amendment), report stage debate began on the budget implementation bill on Friday, June 3.
 - Focus of the debate during report stage centered on the tax rate for SMEs with consensus in the NDP and the Conservatives in calling for the government to keep their campaign promise to lower small business taxes to 9%, instead of retaining it at 10.5%. In arguing for this amendment to be made to the budget Pierre Poilievre (Carleton, CPC) protested that the government is poised to take \$2 billion away from our SMEs over the next five years. NDP finance critic Guy Caron also argued that small and medium-business owners have expressed disappointment in having to chance their economic outlook and plan for growth as a result of this broken promise which would have allowed new investments, new hires, and pay raises for their employees over the next two to four years.
 - The complete transcript of the debate from Friday, June 3 can be accessed here .
 - Further debate is expected on the budget bill from June 6 to June 8 at report stage and third reading stage.

Committee Watch

Finance (House)

- **PRE-BUDGET CONSULTATIONS:** On June 3, the finance committee announced the launch of the prebudget consultations process for Budget 2017. The committee has requested that the focus of written submissions and appearances be on three outlined areas:
 - 1. What federal measures would help Canadians generally and such specific groups as the unemployed, Indigenous peoples, those with a disability and seniors maximize, in the manner of their choosing, their contributions to the country's economic growth?
 - For example, what measures in relation to education and training, labour mobility, workplace accommodation, labour market information and personal taxes would be most helpful in supporting the country's economic growth?
 - 2. What federal actions would assist Canada's businesses in all regions and sectors meet their expansion, innovation and prosperity goals, and thereby contribute to economic growth in the country?
 - For example, what actions in relation to support for entrepreneurs, internal and international trade and investment, regional development agencies, taxation and business financing would help businesses maximize their contribution to Canada's economic growth?
 - 3. What federal measures would ensure that urban, rural and remote communities throughout Canada enable residents to make their desired contribution to the country's economic growth and businesses to expand, prosper and serve domestic and international customers in order to contribute to growth?

- For example, what measures in relation to broadband and other types of infrastructure, arts, recreation, tourism and climate change adaptation would help communities to support residents and businesses as they seek to take advantage of opportunities and contribute to the nation's economic growth?
- In order to be considered for the committee's report to the Finance minister in December 2016, the deadline for written submissions is August 5, 2016.

Industry (House)

- As part of the committee's study of Canada's manufacturing sector, members heard testimony from the Canadian Labour Congress and the Canadian Manufacturers and Exporters on Tuesday, May 31.
- On June 2 and June 3 committee members travelled to Montreal to tour various facilities within the context of the manufacturing sector study.
- Future business: Senior department officials have been invited to appear on June 7 to address questions from members with respect to the Supplementary Estimates (A) under the regional economic development agencies and the granting councils (NRC, NSERC, and SSHRC).
- On June 9, the committee will return to the manufacturing sector study and will hear testimony from representatives of the Alberta Chambers of Commerce, Precision ADM, and Polytechnics Canada.

International Trade (House)

- The committee held two meetings in Ottawa on Tuesday, May 31 and Thursday, June 2 as part of the public consultation on the TPP.
- It has been agreed that members of the committee will travel to Atlantic Canada in the Fall of 2016 as part of the public consultations on the TPP.

National Finance (Senate)

- Pre-study of the budget implementation bill (C-15) continues at the national finance committee in advance of the bill being referred to the Senate by the House. Hearings were also held simultaneously at other Senate committees on different segments of the bill.
- Future Business: Finance minister Bill Morneau is expected to appear before senators to discuss the budget bill on Tuesday, June 7 (11:45 am).

Status of pertinent legislative items

Government bills

- Bill C-15, An Act to implement certain provisions of the budget tabled in Parliament on March 22, 2016 and other measures (budget implementation bill).
 - Currently before the House at report stage and before various Senate committees for a pre-study.

In QP this week

Question period was dominated by two issues this past week: **electoral reform** and **medical assistance in dying**. Members of the Conservative party continued to call strongly for consultation with Canadians through a national referendum on any changes to our electoral system and all opposition parties urged the government to accept amendments to its proposed framework for assistance in dying. The government's **fiscal policies** also formed a key part of questions to the finance minister early in the week, with polarizing opinions between the Conservatives and the Liberals on the whether

the government inherited a surplus or a deficit and opposition suggestions that the government had "engineered a deficit". Conservative finance critic Lisa Raitt criticized the government's **management of the economy** and spending priorities. Another recurring theme was that of **support for SMEs**, particularly the tax rate for small and medium sized businesses in Canada. In response to a measure in the budget bill retaining the **SME tax rate** at 10.5%, multiple calls were made for the government to maintain their campaign promise and to lower the tax to 9%. **Details of Q&A below:**

SME tax rate (May 30, 2016)

Guy Caron (Rimouski-Neigette—Témiscouata—Les Basques, NDP) criticized that the Liberals broke their promise to cut the business tax rate to 9%. Called on the government to support the NDP amendment that will be proposed during clause by clause consideration of the Budget Bill (C-15) at the finance committee to restore the tax cuts for SMEs.

Hon. Bardish Chagger (Minister of Small Business and Tourism) stressed that SMEs are the backbone of the economy. Highlighted that just this morning she was at Ottawa 2017 where she was with tourism industry stakeholders – an industry which has to be supported and where growth can occur. Noted that SMEs need to be supported as well. That is why investments are being made into the middle-class many of which are small business owners and are customers. Added that by putting money into the pockets of Canadians, they can support small business owners and the products and services that they offer. Concluded that small business owners would prefer increased revenues over decreased taxes any day.

economic growth / support for SMEs (May 31, 2016)

Alex Nuttall (Barrie—Springwater—Oro-Medonte, Conservative) Recalled that the World Competitiveness Centre had stated that Canada had fallen to 10th for business competitiveness and today StatsCan reports that the economy has contracted for the 2nd straight month and the economic outlook has been reduced to 2.4%. Asked when businesses will be listened to and when taxes will be reduced to restore Canada's competitive advantage in the global market place.

Hon. Bill Morneau (Minister of Finance) pointed consultations by the Finance minister which led to historic investments in innovation that will improve productivity and Canada's competitive footprint. Stressed that SMEs are looking for government to create an environment for them to succeed. That is why investments were made in R&D, incubators, the accelerator program, and new broadband connectivity – all of which will improve Canada's competitiveness going forward.

economic growth / support for SMEs (June 1, 2016)

Gord Johns (Courtenay—Alberni, NDP) remarked that after all three parties had agreed during the election campaign, small business owners had counted on legislated tax cuts to grow their businesses and create jobs. Protested that the Liberals had broken their word on this, and that their omnibus bill gets rid of this important help for small businesses. Recalled that yesterday, the Liberals had voted down NDP's proposed amendments to fix the bill. Asked why the Liberals had voted against their own election promise and vote down relief for small businesses.

Hon. Bardish Chagger (Minister of Small Business and Tourism) recognized that for small businesses to succeed, they need a robust economy, and noted that the government's middle-class tax cut puts money in the pockets of those who need it most. Pointed out that middle-class Canadians are also customers who can buy products and services. Pledged that the government will help grow the economy.

Other parliamentary activity

Main Estimates - Committee of the Whole

On May 30, 2016 finance minister Bill Morneau faced a 4-hour long grilling in the Chamber as part of the Committee of the Whole consideration of the Main Estimates for his department. Morneau was questioned on a range of issues including the lowering of the age of eligibility for OAS, level of government spending, taxation, size of the deficit, investments in innovations, SME tax rates, support for SMEs, tax expenditures on the employee stock option adoption, investments in infrastructure and others.

• In response to a questions from Liberal MP Roger Cuzner about the roll-out of **innovation investments**, the minister noted, "Innovation is the other important sector in which we will make significant progress. That is why I am answering in this way. It is a vast sector that includes education, research, development, **the entrepreneurial ecosystem and business investment**, support, incubation, and commercialization, which allows us to transform our ideas into products and solutions for the future. In budget 2016, we take an important step to position Canada as a centre of global

innovation renowned for its science, technology, resourceful citizens, and globally competitive companies. Achieving this goal will become the central aim of the new innovation agenda to be articulated in the next 12 months in consultation with the vast network of stakeholders and participants who will help inform its success."

- During his speech, Liberal MP Francesco Sorbara also focused his remarks on the field of innovation. He pointed out that "the government has defined a new vision in 2016: to build Canada as a centre of global innovation, renowned for its science and technology, creative and entrepreneurial citizens, and globally competitive companies offering high-quality products and services. We are well positioned for this. We have world-leading research institutions, creative and innovative entrepreneurs such as the Mircom Group of Companies, businesses, and commercial organizations that can transform breakthroughs in the laboratory into products that enhance the lives of millions." He suggested that the government would "transform our economy from one that depends on a few resources to one whose resources are as infinite as our diversity, creativity, and talent" and outlined the innovation agenda that will be defined in 2016-2017. In addition to investing in the spaces that enhance innovative potential, Sorbara also pointed to the importance of investments in researchers themselves and to that end he noted the importance of funding for the granting councils and the upcoming review of federal support for science. He concluded by stating that "in the 21st century global economy, Canada needs to be innovative. We need to be leaders. Our businesses need to be fostered and encouraged. We need to embrace the world of science, technology, engineering, and math. We need to diversify our economy to enable growth and prosperity throughout the country."
- NPD MP Gord Johns pressed the minister on the decision to maintain the SME tax rate at 10.5% instead of lowering it
 to 9% as had been promised on the campaign trail. He raised the issue of high credit card processing fees faced by
 small businesses and asked about any plans to introduce mandatory regulations to cap merchant fees, with the Minister
 explaining that that government is monitoring the voluntary agreement with credit card companies to see the outcome
 of that agreement.

Members' statements

pay equity (June 2, 2016)

Ms. Filomena Tassi (Hamilton West—Ancaster—Dundas, Lib.) Mr. Speaker, Canadian women and girls have achieved significant progress in recent decades, and much remains to be achieved. In our cultural mosaic, Canadian women lead diverse lives, in a great range of different experiences and circumstances. In this diversity, we must build platforms for women to realize their brilliance by ensuring pay equity, while also investing in child care, health care, housing, employment, training, and other areas that influence women's choices and opportunities. Organizations like the YWCA, in my home town of Hamilton, need long-term, sustainable investments, so that they can continue to offer women and girls reliable supports to help them seize and create opportunities to reach their full potential. Building a better future for all Canadians starts with recognizing the potential of women and girls, and creating systems that enable them to flourish.

Chambers of Commerce (June 3, 2016)

Hon. Kevin Sorenson (Battle River—Crowfoot, CPC) Mr. Speaker, I rise to congratulate the Camrose and district Chamber of Commerce for winning the 2015-16 Chamber of the Year Award for the under 650 member category. Since 1908, the Camrose and district chamber has served our local businesses, entrepreneurs, and professionals. Most recently, the Camrose Chamber of Commerce has earned a high profile for its work on policy development with the Alberta Chambers of Commerce and also the Canadian Chamber of Commerce. In my large rural riding, there are other chambers and local organizations, both large and very small. Their members work hard to keep them strong and are able to serve the smallest towns and villages, and even the most remote communities. They host many events that help local businesses. They provide an educational role for our entrepreneurs and build a strong network for local business communities. I congratulate all members of local chambers of commerce in Battle River—Crowfoot.

Adjournment proceedings

On Thursday, June 2, **Pierre Poilievre (Carleton, CPC)** raised a question as part of the "late show" on whether the government would keep its promise to **lower taxes for small businesses from 10.5% to 9%**.

François-Philippe Champagne (Parliamentary Secretary to the Minister of Finance, Lib.) answered that all Members of the House are committed to supporting small businesses, and that the government has always stated and understood that stock options are a legitimate and valuable form of compensation for many Canadian start-ups. He pledged that the government will ensure that innovators and start-ups maintain the ability to use this form of compensation. He related that he and the finance minister had particularly engaged with entrepreneurs over the course of

the pre-budget consultations, recalling in particular a discussion that in Quebec City with young entrepreneurs. View the <u>full exchange here</u>.

News & Events

Upcoming events

- Canada will host the <u>Gender Summit North America 2017 from November 6-8</u> of next year, in Montreal. The theme of
 the Summit will be "Pluralism, Ethnicity & Inclusion Canadian Values in a Global Context." The aim of the Gender
 Summits is to normalize gender equality in research and innovation. NSERC, IDRC, CIHR and SSHRC are four
 co-hosting partners for the Summit, along with Fonds de recherche du Québec Nature et technologies, Fonds de
 recherche du Québec Santé, Fonds de recherche du Québec Société et culture, and a number of international
 agencies.
- NSERC announced on Wednesday, June 1 that <u>Canada will host the 6th Annual Meeting of the Global Research Council (GRC) from May 29-31</u>, 2017. This international funding agencies meeting is being co-organized by NSERC, IDRC and the Consejo Nacional de Ciencia, Tecnología e Innovación Tecnológica of Peru. Themes such as capacity building, connectivity among granting agencies, and the dynamic interplay between fundamental research and innovation will be highlighted at this upcoming GRC.
- Innovation minister Navdeep Bains recently announced that the <u>sixth Americas Competitiveness Exchange will take</u> <u>place in Canada from Sept. 25-Oct. 1</u>, 2016. The Exchange will showcase Canadian advanced manufacturing, clean tech, and other sectors with sites in Toronto, Kitchener-Waterloo, Hamilton and the Niagara Region.

News

- Governor General David Johnston delivered a speech on Friday, June 3 to commemorate the 100th anniversary of the NRC. In his address, he emphasized the growth of the NRC and recent hallmarks in its history such as the inaugural Governor General's Innovation Awards presented a few weeks prior, for which the NRC is a partner. Science minister Kirsty Duncan followed up with a tribute to the NRC's 100th anniversary on Monday, June 6.
- Tech-Accès Canada (TAC) <u>unveiled its Network of Excellence's new brand image</u> on Friday, June 3, with the objective of better representing the role that TAC plays in terms of innovation and competitive advantages for Canadian SMEs.
- IDRC announced that it will provide \$10 million to extend the reach of the Canadian Queen Elizabeth II Diamond Jubilee Scholarship program as of Wednesday, June 1 in a Friday news release. The new funding will provide doctoral, post-doctoral, and early career scientists with new opportunities in IDRC priority areas such as technology and innovation, including benefits greater access to the advanced education, training, and mentorship that are vital to cutting-edge innovation.
- On Tuesday, May 24, a <u>panel discussion on how to foster innovation in Canada</u> with winners of the 2016 Governor General's Innovation Awards (GGIA) took place in Montreal. Governor General David Johnston delivered a presentation on innovation immediately prior to the panel.
- Procurement minister Judy Foote announced <u>improvements to information technology (IT) infrastructure at Shared Services Canada</u> on Tuesday, May 24, specifying that Canada is awarding a multi-year \$322 million contract for the expansion of the Borden Enterprise Data Centre.

Looking ahead

- The focus of the House of Commons for the week of June 6th will be the budget implementation bill (C-15), which is currently at report stage. The bill is expected to be debated every from from June 6-June 8.
- Meanwhile, pre-study of the bill (C-15) continues at the Senate national finance committee in anticipation of the bill being referred by the House of Commons. Finance minister Bill Moreau is among those slated to appear to discuss the budget bill on Tuesday, June 7.
- Thursday, June 10 has been designated an opposition day. A Conservative motion is expected to be debated.