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Chair

Mr. Massimo Pacetti

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• (1540)

[English]

The Chair (Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.)): We're ready to start.

I want to thank Mr. McKay and the finance officials for appearing.

We can go directly to the clause-by-clause on Bill C-24. How are we going to do this? Are we going to do clause-by-clause and then the amendments, or should we do the amendments right away?

On clause 1, Mr. McKay, are you going to present the amendments for the government?

Hon. John McKay (Parliamentary Secretary to the Minister of Finance): We presented amendments yesterday. I'm happy to present these. I'll just assume I'm not tripping over the ones I presented the day before.

The Chair: Can you take two minutes and make sure they're correct? We're looking at amendment G-1.

Hon. John McKay: We're satisfied with amendment G-1.

The Chair: Okay, on amendment NDP-1, Ms. Wasylycia-Leis.

(On clause 1)

Ms. Judy Wasylycia-Leis (Winnipeg North, NDP): Let me introduce both amendments that I've submitted together. Let me take a couple of minutes to outline the case. I have a feeling these might be ruled as requiring a royal recommendation, but I'd like the chance to make the case and state why I think we ought to still consider some amendment to the bill along these lines.

What I'd like to see is the bill amended to have a change in the escalator provision to allow for the resources that flow through the Equalization Act to keep pace with the growth in the nominal GDP.

So I propose changes in proposed section 4 of the bill, and I am concerned that we're arbitrarily constraining growth to 3.5% on an annual basis. In my view, the result is that the value of the program will continue to be actually eroded over the next several years and will be increasingly inadequate to meet the federal government's commitment to address the fiscal disparities that we've talked about so often and that are outlined under section 36 of the Constitution.

I think all of us know that the federal government's financial contribution to equalization has declined over time, that equalization as a percent of GDP actually fell from 1.1% in the mid-1980s to just 0.7% in 2003-04. I think others will agree with me that this has occurred for a couple of reasons. One, the federal government refuses to move away from the five-province standard and look at

the ten-province standard that we've long recommended. And because it has made unilateral changes, it has made coverage under the program less rather than more comprehensive.

I want to acknowledge that all the premiers last October welcomed the decision by the federal government to boost funding in 2004-05 as well as in 2005-06. But I think most provinces actually registered concern about how the money would be eroded over time and how difficult the situation could end up being, because in fact they point out that the escalator being set at just 3.5% will undermine this improvement over time unless it is changed to actually reflect the economic growth.

That's really the context in which I'm recommending these changes.

I also want to say that although the provinces I think felt compelled to accept this deal from the federal government for fear of losing the money that was offered to them, I think there are still some really big concerns with the equalization program. I just want to reference a few of those concerns that have been raised with me by the Manitoba government. I'm sure the officials will be familiar with some of these reasons. I'll very briefly end my comments on that basis, Mr. Chair.

The federal government has continued to state that it is putting an additional \$33 billion into the equalization program with this October 2004 deal. The provinces consider this number to wildly exaggerate the actual increase in funding, especially in the medium and long term. Funding for the program in 2003-04 was at an all-time low, both as a percentage of GDP and as a percentage of federal revenue, and would have rebounded in any case over time as the Ontario economy actually recovered along with other provinces.

The \$33 billion improvement is the sum of all additional funds and is based on the rather naive assumption that equalization would have remained unchanged at its 2003-04 low point for the entire ten-year period.

To conclude, I want to make sure we understand what we're dealing with and put on record that from the point of view I think of most provinces, the federal deal provides less than what they would have received if the federal government had listened to the premiers and moved to the all-province standard with full revenue coverage, as recommended by the Senate standing committee. That's the basis for suggesting a change in the escalator provision, to change it from the 3.5% set out in the bill to an amount that is based on nominal growth in the GDP.

• (1545)

We're suggesting that it be done on the basis of a three-year averaging, knowing that medium-term growth projections suggest that nominal GDP growth can be expected to be in the 4.5% to 5.5% range. So you can see that it would represent a significant increase, but we believe, given the surplus of the federal government presently, it's something that is realizable and helpful in terms of our obligations under the Constitution and generally to ensure equality of condition across the country.

The Chair: I'm going to do this in order. I thought this was going to take less time. So I'm going to go back to amendment G-1, if I may, Mr. McKay, and ask the committee if everybody is okay with that amendment.

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

The Chair: On amendment NDP-1, do you want to speak to that, Mr. McKay?

Hon. John McKay: I think she has grouped amendments NDP-1 and NDP-2 together, and, yes, I do want to speak on it.

As the mover mentioned in her opening remarks, this does require a royal recommendation, and it can only be moved by a minister. The estimated calculation would be about a \$7.2-billion increase in the bill over a period of ten years, and that would be a very significant change to the fiscal framework.

The second point has to do with the fact that this was a negotiated arrangement between the premiers and the Prime Minister, and you would therefore be going behind that negotiated arrangement. I appreciate that the premiers might not have received everything they wanted, and you might also appreciate that the Prime Minister didn't get everything he wanted, but the two entities—the premiers and the Prime Minister—signed the deal. I don't think it behooves us to second-guess that deal.

Thirdly, the amendment differentiates between equalization for the provinces, which she wants the escalator to apply to, but it doesn't include the transfers to the territories. We think as a point of principle you should treat the territories and the provinces equally. That's why the escalator is 3.5% for both, rather than, in this particular amendment, 3.5% for only the provinces.

So I would urge all members on both sides of this table, including Mr. Loubier, who seems to have moved to the other side of the table...

This is indeed a historic moment, Mr. Chair.

The Chair: Thank you, Mr. McKay.

The amendments are still ruled out of order. There hasn't been any change. I understand the preoccupations the member has, but the ruling stands: they're out of order. I can't do anything about it.

• (1550)

Ms. Judy Wasylcia-Leis: Can I ask a question?

The Chair: Yes, as long as it's quick.

Ms. Judy Wasylcia-Leis: I want to ask the parliamentary secretary if he would at least acknowledge that the formula—other than the straight cost-of-living 3.5% escalator in this bill—is different in the bill we're about to address in Parliament dealing with health transfers.

Hon. John McKay: The escalator is 6%.

Ms. Judy Wasylcia-Leis: It's 6%.

Secondly, would it not be the case that in fact my proposal would mean it would cost less than \$250 million a year?

Hon. John McKay: Your proposal on this bill? No, it would be, on a rough basis, \$7.2 billion over ten years. So that's roughly \$720 million a year, three-quarters of that.

Ms. Judy Wasylcia-Leis: Well, the estimates from the Manitoba government were more like \$250 million. Are you sure about that?

Hon. John McKay: Manitoba is doing very well, thank you very much.

The Chair: Thank you.

Do you want to speak to amendment G-2, Mr. McKay?

Hon. John McKay: I don't want to speak to it. I think it's in order. Ask for the vote.

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

(Clause 1 as amended agreed to)

(Clause 2 agreed to on division)

(On clause 3)

The Chair: On clause 3, Mr. McKay—

Hon. John McKay: You have to amend it first.

The Chair: — we have amendment G-3.

Hon. John McKay: The amendment is before the committee. I have no comments.

The Chair: That's fine.

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

(Clause 3 as amended agreed to on division)

(Clauses 4 to 8 inclusive agreed to on division)

The Chair: Shall the title carry?

Some hon. members: Agreed.

An hon. member: On division.

The Chair: Shall the bill as amended carry?

Some hon. members: Agreed.

An hon. member: On division.

[*Translation*]

The Chair: Should I report on the bill as modified in the House?

Members: Okay.

A member: On division.

[*English*]

The Chair: The meeting is suspended.

• (1552) _____ (Pause) _____

• (1556)

The Chair: Okay. We have a meeting for the steering committee afterwards. Do we need the full half hour? I only need to know how many people are going to speak to this.

I'm going to start with

[*Translation*]

Mr. Loubier. You have five minutes.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): There is no problem. It will only take me three minutes, Mr. Chair.

Le président: I like that. I will decide how much time the others will have.

Mr. Yvan Loubier: If you don't let me talk, it will take longer. You're not letting me start.

Mr. Chair, when the tax treaties were analysed the other day, four countries were involved. The tax treaties were all right, in so far as taxation rates in those countries are more or less comparable to ours. We have always been in favour of these tax agreements, because we want to avoid double taxation. If the profits of Canadian companies having branches in countries with which we signed tax treaties are taxed in those countries, they should not be taxed a second time when they are repatriated to Canada. It's a principle we support.

However, there is a tax treaty we have been looking at for years which appears to be impeccable, like the four others. But there is a section of this treaty which says, roughly, that when profits are taxed at a maximum rate of 2.5% by the government of Barbados, with a few exceptions, it does not exempt companies from the obligations they have when repatriating the profits.

When profits are repatriated, they should normally be taxed at all levels of government, provincial as well as federal. However, a regulation of the Income Tax Act intervenes at this point. This regulation cancels the provision found in the tax treaty signed between Canada and Barbados: it says that this subsection of the treaty does not apply. When profits are repatriated, they are therefore not taxed by Canada, no more than is the difference between the 2.5% Barbados maximum rate and the 28% Canadian rate.

I've been wanting to discuss this issue for years. However, to discuss it, the tax treaty must absolutely end up here. Since the four

tax treaties of last week are new, they were presented to us and discussed. The Barbados treaty was adopted years ago, and it was never submitted to us for in-depth review. Consequently, we never had an opportunity to talk about it.

What I am asking for, by my motion, is a special session of two or three hours to analyze these provisions and to which session would be invited departmental officials authorized to answer us on this specific treaty. The other day, Mr. Ernewein could not answer us. I would like to meet the officials who know about this treaty, who know about the Income Tax Act and its special provisions specific to Barbados. I would like us to analyze this provision, the reason for the income tax regulation provision, and the reason why it does not apply to Barbados.

Last week, Mr. Ernewein confirmed that the federal corporate income tax regulations do not apply to the four treaties we were presented. Therefore, they only apply to Barbados, and there are surely reasons for this. I think we need to get to the bottom of this, and that is why I ask, by my motion, that a special session be held to analyze only the agreement with Barbados and its related tax regulations.

• (1600)

The Chair: Thank you, Mr. Loubier.

[*English*]

Mr. Harris.

[*Translation*]

Mr. Yvan Loubier: How much time did I take, Mr. Chair?

The Chair: Four minutes.

Mr. Yvan Loubier: It's because you interrupted me for one minute.

[*English*]

Mr. Richard Harris (Cariboo—Prince George, CPC): Mr. Chairman, of course, I'd like to support Mr. Loubier's proposal, because hopefully it will lead to an answer to a question that's been on the mind of Mr. Loubier as well as of members of the Conservative Party who have sat on this committee, who have sat in the House of Commons, and who have listened to the questions Mr. Loubier didn't get any answers to for so many years.

I think it's an excellent opportunity for us to study this as a committee, to invite the experts, as Mr. Loubier has suggested, and to find out why the convention with Barbados has an exemption for the repatriation of any taxation. There has to be a reason. I'm sure there are a lot of theories, but it would be nice to find out the reason—Mr. Chairman, through you—wouldn't it, Mr. Loubier?

The Chair: Yes, of course.

Ms. Wasylycia-Leis.

Ms. Judy Wasylycia-Leis: Thank you, Mr. Chairperson.

I, too, support this motion. It is a matter that ought to be studied by the finance committee as soon as possible. I think we ought to do so even before the federal budget, if at all possible, especially given some of the rumblings that the Minister of Finance may be prepared to address the issue of bank mergers at this juncture in our history. I think we have to look generally at the question of tax havens, and specifically at the outstanding agreement—the remaining agreement—vis-à-vis Barbados and special tax treatment.

I'm broadening the suggestion. I'm sure we'll get into this, if we can get the department officials before us, so we could look at the whole relationship between the major banks of Canada and their use of places like Barbados and the Cayman Islands for—can I use the word—“laundering” the money. Unfortunately, I probably can't use that word. I will withdraw that word. It is more likely tax evasion, I guess, in fact.

But we are talking about legal ways in which taxes are avoided. We're talking about the six big banks paying about \$9.5 billion in Canadian taxes last year, and that sum accounts for 89% of the total taxes paid by the banks. The rest was paid in other regions, most notably in tax havens. I think this is important.

I want to support Mr. Loubier because in fact the Bloc has been consistently raising this issue in the House, as has the New Democratic Party. Not too long ago my colleagues in the Bloc drew attention to this issue when they made reference to the very good report by Professor Léo-Paul Lauzon, professeur à l'Université du Québec à Montréal, who castigated the big banks for their exploitation of tax havens. According to this professor, the tax bill for Canadian Imperial Bank of Commerce should have been roughly \$844 million, but it dropped to \$239 million, largely due to its tax-haven branches.

So there is a lot of material here, Mr. Chairperson. This is an important area for us in many ways, both in terms of tax treaties and in terms of tax havens for the banks and other corporations. I would hope this committee would be particularly interested, in light of the controversy around our Prime Minister's flags of convenience and the Steamship Lines imbroglio in different countries. I think all of this needs to be debated at this juncture, and I hope we can do it as soon as possible.

Thank you.

• (1605)

The Chair: Thank you.

Mr. McKay.

Hon. John McKay: Mr. Chair, given the pool of ignorance of members around the table, I'm almost inclined to support the motion. However, we all know that this is just politics—nothing more, nothing less. This is not an issue I hear at the door on a daily basis, and frankly there are a lot more important things that members of Parliament can do with their time.

We have a long-standing treaty with the nation of Barbados. It goes back to 1980, and all conventions entered into by the Government of Canada prior to 1995 have the clause that Mr. Loubier is concerned about. It all has to do with how you determine a resident for the purposes of the treaty, so that there's neither tax evasion nor tax avoidance. We have that treaty. It does work, and it

does deal with what is the essential issue, which is entering into conventions with other nations.

We may say that a country like Barbados has a low tax rate. That's their choice. Presumably they forego a lot of income tax by having a low tax rate. If in fact we're going to broaden it to the banks, then why not broaden it to all other companies as well? Why not broaden it to the companies that are based in Calgary that have international operations? Why not in British Columbia where they have international operations? Why not in Montreal where they have international operations? Get the major people, the CEOs, in here and explain to members of Parliament that you cite your corporation according to the most advantageous tax jurisdiction. That's not news, for goodness' sake. Why is it that Canadians have invested \$18 billion in Ireland, for instance? I think it probably has something to do with a more advantageous tax regime, although not exclusively. Certainly the Irish provide a number of advantages in terms of the European Union.

There's a substantial difference between tax avoidance and tax evasion. Tax evasion is a criminal offence and can be pursued by the government through Revenue Canada. Tax avoidance is what all members here do in filing their income tax return. All 25 million of us minimize our impact of tax in whatever way we've done, with the exception of Mr. Harris who pays more than the rest of us. We should all raise a glass to Mr. Harris, who's certainly contributing more than his fair share.

The Chair: Thank you, Mr. McKay.

Hon. John McKay: Hang on.

The Chair: I'll give you ten seconds.

Hon. John McKay: You didn't give ten seconds. You didn't say anything about it.

The Chair: I said three minutes.

Hon. John McKay: We do have disparities in tax rates between jurisdictions. That's true in every treaty we enter into. We have something in the order of 77 treaties at the last count. Every one of them has disparities between how you recognize a resident, how you recognize income that's supposed to be taxed. Certainly Canadian operations abroad that had international operations have their rates recognized in whatever way is advantageous to that corporation.

Otherwise, if we go along with some of the suggestions that Mr. Loubier has put to the Department of Finance—he doesn't like the answers they give, but he's been in several times to talk to them, so it's not as if the department hasn't been cooperative and explained to him the impact of section 5907, and he knows what it is—the effect of the entire thing will be that Canada will have no international corporations and you might as well say goodbye to all those head office jobs.

The Chair: Thank you, Mr. McKay.

I have Mr. Penson, Mr. Loubier, and Mr. Côté.

Mr. Charlie Penson (Peace River, CPC): Mr. Chair, it seems to me that the sad part in all of this is the fact that there are so many countries that have corporate tax rates so much lower than Canada's. There is really a dichotomy, I think, and Canadian companies feel they have to go outside Canada to register their fleet of ships, company, or whatever in order to pay lower tax rates. That's because under this Liberal regime Canada has become one of the highest-taxed countries in the industrial world.

When Mr. Manley was examining this issue and the issue was raised in the House of Commons several times, he said they were making efforts to review this tax treaty with Barbados. What I'd like to find out in all this is, how is it that the tax agreement with Barbados remained open when all those others were closed back in about 1995? When the former finance minister decided to close them all, they left one open called Barbados, and there are probably some strange connections we need to explore there. I'd like to hear from some officials why that's the case.

But in doing that, I think we're going to discover in spades that Canada has become a very uncompetitive environment for business, and that's why companies are looking outside Canada. Direct foreign investment in Canada has been falling as a percentage of world share of direct foreign investment for quite some time. It's alarming, in fact. But it's even worse than that. Canadian firms are increasingly looking outside our country for places to invest. That's a sad commentary, that they don't see this as a good environment for investment, and it's part of the reason we have this productivity and competitiveness challenge before us today.

I support reviewing this, and maybe we'll find out what's so special about Barbados versus the ones we closed in all of this.

• (1610)

The Chair: Maybe we should have the committee hear it in Barbados.

Some hon. members: Oh, oh!

The Chair: Mr. Côté.

[Translation]

Mr. Guy Côté (Portneuf—Jacques-Cartier, BQ): There is, indeed, a treaty with Barbados. The tax treaty itself seems quite all right. However, when in conjunction with a set of laws, including the Income Tax Act, it becomes obvious that elements of this tax agreement no longer apply. That's where the shoe pinches.

Oddly enough, this tax treaty with Barbados comes back regularly, and I do not understand why. As soon as we talk about tax or international trade, Barbados always seems to pop up. Some elements seem to cause a problem. If it's not in the tax agreement itself, it's in other laws that apply to certain elements of the agreement. I think it would be really important for the committee to examine this so we can get the right answers.

The Chair: Thank you.

Mr. Loubier, go ahead.

Mr. Yvan Loubier: Thank you, Mr. Chair. I thank all my colleagues for supporting my motion.

I would like to ask Mr. McKay why this could not be extended. On the one hand, as my colleague Côté mentioned, it's always Barbados that comes back. When we look at the agreement itself, it seems all right. It's the tax rules adopted by the Governor in Council specifically for the Barbados treaty that are a problem. One has to wonder why these rules were adopted. It was in 1995, I believe.

There is another problem, which also applies to Canadian banks. Recently, a study by a UQAM professor showed that they use this financial tactic to save income tax. There is another rather strange element: in 1998, still in relation with Barbados, the then Minister of Finance and current Prime Minister tabled a bill that was termed C-28. I spare you the technical details, but Bill C-28 provided that companies that were inactive in international maritime transport, i.e. the companies that did not do any direct transport but that were above maritime transport companies, were considered active.

This may sound like gibberish, but because they were considered active, these companies could avoid double taxation. At the time, Mr. Martin had provided in his bill that it was retroactive to 1995, i.e. exactly the date the Income Tax Act regulation was adopted by the Governor in Council.

This also coincides—we're back to Mr. Martin and Barbados again—with the reorganization of Canada Steamship Lines International. All the scattered branches, in Liberia and elsewhere, were brought back to Barbados.

• (1615)

[English]

Mr. Charlie Penson: Mr. Loubier, are you saying it coincides with the time Canada Steamship Lines—

[Translation]

Mr. Yvan Loubier: I met several times with Department of Finance officials. In fact, I have been meeting with them periodically since 1995 to ask them these questions. I have never had any answers. I have been meeting with the Canadian Bankers Association once a year, at very convivial dinners, to get answers regarding the 50 Caribbean and Barbados branches. I have never had any answers from them either.

I believe that, as parliamentarians and representatives of tax payers, we have the right to get answers.

In my opinion, we need to get to the bottom of this, and I thank my colleagues for their support.

[English]

The Chair: If I have no other speakers, can we go to the vote?

Hon. John McKay: I want a recorded division.

The Chair: Mr. Bell.

Mr. Don Bell (North Vancouver, Lib.): Is this the only country? Is it only Barbados that is unique?

Mr. Charlie Penson: Martin closed off the other tax havens except for Barbados.

The Chair: Is that correct, Mr. McKay?

Hon. John McKay: That's an allegation. It's been answered a dozen times in the House—but not to his satisfaction.

The Chair: Mr. Harris.

Mr. Richard Harris: Mr. Chair, I wonder if it would be possible, because this is a fairly urgent matter, that a friendly amendment for a timeframe might be added to this. In my experience with motions, they may pass, but they can sit on a shelf for a year or two and never get looked at. I'd like to see if Mr. Loubier would accept a friendly motion that this matter be dealt with, say, before the session breaks this summer.

[*Translation*]

Mr. Yvan Loubier: I agree.

[*English*]

The Chair: Ms. Minna.

Hon. Maria Minna (Beaches—East York, Lib.): I thought we were looking at a lot of other urgent things, and now this is a very urgent thing we have to do, which is unfortunate. My understanding from the presentation that was made by Mr. McKay earlier was that in 1995, when the regimen was changed, there were a number of other countries. And this wasn't the only country affected; there were quite a few. Am I right, Mr. McKay? How many are there?

Hon. John McKay: I would not profess to be any kind of expert in this area, but what I understand is that if the agreement or convention came into force before 1995, the affiliate would be considered a resident of that country. So any treaty entered into before 1995—and I don't know—

Hon. Maria Minna: How many treaties were there?

Hon. John McKay: I wouldn't know that.

Hon. Maria Minna: Then why don't we look at all of them? Why only Barbados?

Hon. John McKay: I have no problem with that.

Hon. Maria Minna: If we're going to look at it, then why don't we look at the whole issue? I think it's quite unfair. I think that was the question Mr. Bell was trying to ask.

The Chair: Go ahead, Mr. Loubier.

Mr. Richard Harris: I have a point of order, Mr. Chairman. How does my friendly amendment stand in all of this?

The Chair: I think she was addressing your amendment. Now there's a question, and then we're going to come right back.

Mr. Richard Harris: My amendment was on a timeframe, not on expanding the search.

The Chair: It's a friendly amendment so I was going to take the friendly question to the amendment, but if you want to oppose the motion, then...

Oui.

[*Translation*]

Mr. Yvan Loubier: Mr. Bell's question and that of Ms. Minna are in fact the same question. It is quite relevant. Why Barbados? I will explain.

For a long time, and up to three or four years ago, Barbados was on the list of the OECD task force, known as FATF. This task force

monitors countries and examines their transparency in terms of their financial systems, for example. In certain countries, they watch for unethical practices, money laundering, and so on. Barbados was always among the worse countries on the list. Today, however, Barbados is no longer among the worse countries on the list, because the Canadian OECD representative asked that it be removed.

Furthermore, the section of the Income Tax Act I mentioned earlier, which totally exempts companies that have generated dividends abroad to pay income tax, only applies to the Barbados treaty.

Finally, Bill C-28, which was tabled in 1998, applies to international maritime transport companies operating in countries like Barbados.

There is even a fourth factor, and it is that the current auditor general and the auditor general who preceded her, i.e. Mr. Desautels, often condemned the fiscal relationship between Canada and Barbados. According to them, the Canadian tax base was threatened. This involved that Canadians were increasingly investing in Barbados. I don't remember the exact figures, but I believe, if I'm not mistaken, that Canadians invest more in Barbados than they do in France, Japan and the United Kingdom, all countries included. I may be wrong on the countries involved. Barbados is one of the first destinations of Canadian investors. Canadian banks have approximately forty branches in that region, and there are reasons for that.

At some point, what is going on there will have to stop, and an analysis of what the situation really is as regards this treaty and related income tax regulations will have to be considered.

● (1620)

[*English*]

The Chair: I'm going to just take points for Mr. Harris's motion.

Mr. Khan.

Hon. Maria Minna: I'm sorry. I was going to go back to the—

An hon. member: Let's vote on the amendment.

Hon. Maria Minna: That's not a problem.

The Chair: Okay. Let me see if I've got it right here. So we have “That the Standing Committee on Finance make a priority to review the...”

Hon. Maria Minna: I'm sorry, Mr. Chairman. I think a couple of people were asking questions. I'm not saying the motion won't pass. I would just like some clarification. I don't understand the hurry.

Mr. Loubier gave me some answers.

The Chair: I didn't say we were voting. I said to let me just make sure I've got the amendment properly. I don't want to have to go back.

Mr. Harris, just so I've got it right, it is “That the Standing Committee on Finance make it a priority to review the tax agreement with Barbados by calling senior officials with the Department of Finance and all other relevant witnesses to appear”, and that should be dealt with before the summer recess.

Is that okay?

Mr. Khan.

Mr. Wajid Khan (Mississauga—Streetsville, Lib.): I'm trying to understand a little bit. Is Canada the only country that invests in Barbados? If not, is it the intention that our banks or our businesses should be disadvantaged and shouldn't have a level playing field, so they can call the head offices and move out? My friend Mr. Penson said that our foreign direct investment is going down. Is the intention to take it further down? I really don't understand the intent of this. If somebody could explain it to me, I would appreciate it.

First of all, is Canada the only country investing in Barbados?

The Chair: If Mr. Loubier wants to answer it... That's the reason I want to have the finance officials—so we can get the answers to some of those questions.

Monsieur Loubier.

[*Translation*]

Mr. Yvan Loubier: Exactly, you have the answer, Mr. Chair. You can go ahead with the vote. It's a very good answer.

[*English*]

The Chair: Mr. Harris.

Mr. Richard Harris: I think for the purpose of the motion Mr. Loubier put forward, it really does not matter who has investments in Barbados. What we're looking for, I think, is a very clear understanding of the convention that exists with Barbados as far as Canada is concerned, and also some explanation of why Barbados appeared to be exempted from the changes that were made with the other conventions we had with other countries. I think that's it.

Whatever action could, or may, or may not follow is really of no consequence as far as Mr. Loubier's motion goes. We just want an examination for discovery, I guess.

The Chair: Ms. Minna.

Hon. Maria Minna: Thank you, Mr. Chairman.

I'm not quibbling with having the officials here or having Mr. Harris... [*Technical difficulty—Editor*]... All I'm saying is that my understanding from the parliamentary secretary is that there are other countries that have similar benefits to Barbados. Why are we only looking at one, if that's the case? Why not look at the issue?

● (1625)

The Chair: If I could answer that, I'm sure that when the officials come, they will have that information with them. I don't think they will come here just to address Barbados.

Hon. Maria Minna: I understand that.

The Chair: They're going to have to make a case to explain to us. I don't think they'll make a case just for Barbados, but I'll leave that up to the officials.

Monsieur Loubier.

[*Translation*]

Mr. Yvan Loubier: I ask my colleagues to support this motion, because after 12 years of battle, often alone, I would like everybody to join me.

[*English*]

The Chair: Okay. I will put the question.

Hon. John McKay: I want a recorded vote.

The Chair: A recorded vote.

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

The Chair: Thank you.

We're going to stick around for the steering committee, if possible, please.

The meeting is adjourned.

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