



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

# **Standing Committee on Environment and Sustainable Development**

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ENVI • NUMBER 087 • 1st SESSION • 42nd PARLIAMENT

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**EVIDENCE**

**Tuesday, November 28, 2017**

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**Chair**

**Mrs. Deborah Schulte**



# Standing Committee on Environment and Sustainable Development

Tuesday, November 28, 2017

• (0945)

[English]

**The Chair (Mrs. Deborah Schulte (King—Vaughan, Lib.)):** We're going to reconvene now into our second session which is in public.

Pursuant to the order of reference of Thursday, March 23, 2017, Bill C-323, an act to amend the Income Tax Act (rehabilitation of historic property), we're going into clause-by-clause consideration.

I'm going to call clause 1.

Mr. Aldag.

**Mr. John Aldag (Cloverdale—Langley City, Lib.):** We have a motion from our side that we would like to put forward at this point. I have copies in English and French that we can distribute, or I can walk us through it.

**The Chair:** I think distributing it would be good.

**Mr. John Aldag:** As the document is being distributed, I want to say I really appreciated the work Mr. Van Loan did in putting forward this bill. It brought a very positive light to heritage. As we saw, the study we just discussed formed a very important part as we looked at the financial piece to it. I think it's a very important and timely discussion that we have as a government.

That being said, from our side we do have concerns which we've outlined in seven bullets. I'll give people a minute to look at it. Essentially we've tried to capture that we're very supportive of the principles of Bill C-323, but our bottom line is we're not recommending that we proceed at this point. We can go through the bullets once people have digested that.

**The Chair:** Before I open the floor, the clerk is telling me that the motion cannot be as it's written. It would be that the committee, pursuant to Standing Order 97.1, recommend that the House of Commons do not proceed further with Bill C-323, an act to amend the Income Tax Act (rehabilitation of historic property).

Sorry. My apologies. I was misunderstanding what I was being told. We can adopt the motion, but the committee report will be the last bit.

• (0950)

**Mr. John Aldag:** My understanding is that if this is adopted, it will be sent back to the House. I believe it would have one hour of debate, and then a vote would be held. There would still be a vote in the House based on this recommendation.

**The Chair:** Yes. Do you want to read it?

**Mr. John Aldag:** If you want me to, sure. The motion is:

That the committee report the following to the House:

The Committee is supportive of the principle of Bill C-323 and believes that financial incentives, including tax credits, which encourage investment in the rehabilitation of historic properties and heritage places are necessary; however, the committee notes the following concerns with the bill:

tax changes undertaken outside the budget process make it more difficult to ensure a coherent and consistent approach to fiscal management;

the effect on federal revenue due to the proposed measure with the bill containing no upper limit on the amount which can be claimed for tax purposes with the parliamentary budget officer assessing costs at \$55 million to \$67 million in the first five years and Department of Finance officials stating it could be as high as \$90 million a year;

the lack of accountability tools associated with this measure;

the restrictive nature of the incentive with not-for-profit entities, indigenous governments, and municipalities being ineligible;

the cost to the federal government to administer the proposed changes to the Income Tax Act and the certification of the work being done for the purposes of the tax credit;

the incentive not being designed in collaboration with other jurisdictions and partners to ensure its effectiveness;

the lack of consultation on this measure with tax experts, as well as those provinces and territories that are a party to the Canadian Register of Historic Places, as well as municipal and indigenous governments;

That in light of the above-noted concerns with the bill, the committee, pursuant to Standing Order 97.1, recommends that the House of Commons do not proceed further with Bill C-323, an act to amend the Income Tax Act (rehabilitation of historic property).

We can go through any of the bullets if anyone is interested, but we feel there was testimony as we went through the bill to substantiate the seven bullets that we have outlined here and the concerns.

**The Chair:** Mr. Fast.

**Hon. Ed Fast (Abbotsford, CPC):** I appreciate Mr. Aldag's concerns about the bill. Unfortunately, what he doesn't highlight is the fact that when federal Finance officials came before us, they suggested they had done a study of the impact this tax credit would have on the fiscal framework. They said that it's going to cost between \$55 million and \$67 million. The problem was that it was a half-baked study and I'm using the term half-baked here. It should have been an embarrassment to those Finance officials because they didn't do an analysis of what the spinoff benefits would be, in terms of economic activity and additional tax revenues generated by the very activity that's being promoted by the tax credit.

As we did our study, there was a lot of evidence before this committee about the American experience. It was suggested that \$1.25 to \$1.30 was the return that could be expected for every \$1.00 that was spent on the tax credit. In other words, there was a net gain to government in terms of tax revenues.

Sadly, as I suspect they had a preconceived notion of where they wanted to land on this, our Finance officials refused to give us the second part of that analysis. I find that very disappointing because it compromises the ability of this committee to have an honest discussion about a bill that a number of you have called for. We all have heritage buildings in our communities.

The second point is that there's been a suggestion that this tax credit leaves out some organizations, like indigenous groups, etc. Of course it does. This is a very tailored tool that is being used. At this committee, it has always been said that the tax credit is only one of a number, perhaps a host of, additional tools and incentives that we require in Canada in order to promote the preservation and conservation of historic sites.

The suggestion that somehow this tax credit doesn't cover every single Canadian and every single Canadian organization that touches on historic sites doesn't take into account what the purpose of this tax credit is. It is to incent the private sector because they're not doing it enough. It's very clear that we are losing heritage buildings at an alarming rate.

Here we have a bill that is sensible, that has been brought forward by one of our colleagues, and that provides for an additional tool that almost certainly will generate economic activity and slow down the decline in the number of heritage properties we have across Canada.

I'm very disappointed by this motion, especially coming from Mr. Aldag, because he understands that we have placed our heritage buildings in Canada in jeopardy. I would ask him to reconsider that. A lot of thought went into Mr. Van Loan's bill. Quite frankly, if there were safeguards that the government wished to include, they could have done that by coming forward with amendments.

• (0955)

**The Chair:** Go ahead, Mr. Stetski.

**Mr. Wayne Stetski (Kootenay—Columbia, NDP):** When I looked at this bill, again, I thought of some of the people I know who own historic buildings. I know we have a report with great recommendations coming forward, but I saw this as an important step in moving in the right direction. From my perspective, I will continue to support Bill C-323. I think it's a good step.

**The Chair:** Is there any more discussion about the motion that's on the floor?

Go ahead, Mr. Godin.

[Translation]

**Mr. Joël Godin (Portneuf—Jacques-Cartier, CPC):** Thank you, Madam Chair.

Like my colleagues on this side of the table, I thought that it was a tool among many others. You mentioned that the costs were \$55 to \$67 million over the first five years, and that they could reach \$90 million. I find this position peculiar at this point, when a report

was tabled previously indicating that the Minister of Finance would find a solution. However, this is a \$1.4 billion envelope.

There seems to be a double standard, and contradictory discourses. I find this unfortunate. Like my NDP colleague, there are homeowners in my riding who thought that this was a step in the right direction. Of course, it was not the only one, but I think it would have sent a signal about preserving our heritage, and that it would have been an additional tool.

I find this unfortunate, although I respect my colleague's position. However, I am not very receptive to his motion.

[English]

**The Chair:** Seeing no further comments, we'll vote on the motion.

(Motion agreed to)

**The Chair:** Thank you. We are done.

I want to thank everybody. Bill C-323 has been interesting, and I'm glad the report is speaking to a lot of the things we want to see move forward. I am very hopeful that we're going to see some progress on this file because it's very important to all of us.

Before we let everybody go, we have a couple of things to settle. The next meeting was to be on Bill C-57. Linda has asked us not to do it on Thursday, so we're going to do the press release and we'll have a discussion about what that's going to look like based on what has happened today. That will be first thing on Thursday.

I want to bring to your attention that we had two amendments to management plans tabled by Minister McKenna. If we want to discuss them, we can. I did ask Mr. Fast. He said that's not necessary. You can let me know if you are interested in talking about those at committee. We can. They're tabled and we have the option to discuss them if we want. It's up to you guys. You can let me know.

On Thursday I think it would be really helpful if we had some discussion on our trip to the GLOBE summit and make sure we have figured out how we're going to move forward on that initiative.

Then on Tuesday, we will start our clause-by-clause work on Bill C-57.

• (1000)

**The Chair:** I'm sorry. The clerk has just told me that we have testimony first, and then we go into clause-by-clause. My apologies.

The commissioner is able to join us next week. We are working on getting Treasury Board. We don't know if they are they able to come yet. They're working on it.

Mr. Bossio.

**Mr. Mike Bossio (Hastings—Lennox and Addington, Lib.):** Madam Chair, as we're discussing the press release for the most part on Thursday, I don't think it will take a full two hours. Maybe we could start a little later on Thursday.

**The Chair:** Yes, but I don't think we should. I think we should make the preparations for the GLOBE summit trip. We have some work to do in—

**Mr. Mike Bossio:** Do you think that's going to take two hours? I'm simply throwing it out there.

**The Chair:** I know we'd all like to sleep in, but I think it would be important to get started on time.

Mr. Amos.

**Mr. William Amos (Pontiac, Lib.):** I have a question about timing for our submissions for clause-by-clause around Bill C-57.

**The Chair:** That was today.

**Mr. William Amos:** I recognize it's today, but does the fact that we are shifting the meeting from Thursday and that we're not even getting into clause-by-clause until next Thursday not change the deadline? It would certainly help me.

If a new deadline were provided, that would be great. It would just be email.

I recognize that people have only seen the draft press release this morning, so there hasn't been enough time to absorb it, but I would ask the committee if they might consider breaking for five or 10 minutes to review the contents of that press release—

**The Chair:** I know the bells are going to ring, so we will have to break.

Do you want to do it now?

**Mr. William Amos:** I only suggest that because this would enable us to cancel Thursday's meeting entirely, and we would not have to come back for the purposes of dealing with the press release.

**The Chair:** Well, I'm up for that if you're up for that.

**Mr. William Amos:** That's the only order of business on Thursday.

**The Chair:** There's a press release that has been provided to all of you.

No, it hasn't, and you are not ready to do that?

**A voice:** We can't.

**The Chair:** We have time. Let's carry on, then. Let's do the press release, and we'll go back in camera for that. I think that's probably not a bad idea. If we can cancel the meeting, I'm sure everybody would be appreciative of that. Let's work on that. Are you up for that?

Okay, we'll suspend to go in camera.

*[Proceedings continue in camera]*

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