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Chair

Mr. James Rajotte

Standing Committee on Finance

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•(0845)

[English]

The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)): I call this meeting to order. This is meeting number 124 of the Standing Committee on Finance.

I want to welcome all of our witnesses here this morning.

Colleagues, we have six organizations presenting this morning.

Welcome.

We have with us from the Canadian Labour Congress, Mr. Ken Georgetti, president; from Fair Pensions for All, Mr. Tom Charette, senior policy adviser; from the Federation of Canadian Municipalities, Mr. Brock Carlton, CEO; from the Friends of Canadian Broadcasting, Mr. Ian Morrison, spokesperson; and from the Public Service Alliance of Canada, Mr. Chris Aylward, the national executive vice-president. We are expecting the Canadian Taxpayers Federation as well.

You will each have up to five minutes for your opening statements, and then we'll have questions from the members.

We will start with Mr. Georgetti.

Mr. Kenneth V. Georgetti (President, Canadian Labour Congress): Thank you, Mr. Rajotte and committee.

On behalf of the 3.3 million members of the Canadian Labour Congress, I want to thank you for the opportunity to present our views on Bill C-60, an act to implement certain provisions of the 2013-14 budget.

The CLC brings together workers from virtually all sectors of the Canadian economy, in all occupations, and in all parts of Canada, including those working for crown corporations. Crown corporations and their employees play a key role in providing Canadians with the services that the private sector is either unable or unwilling to provide. The 48 crown corporations falling under federal jurisdiction operate in many key sectors of the Canadian economy, including transportation, energy, agriculture, fisheries, financial services, culture, and government services. As of December 31, 2012, these entities employed 88,000 workers. Most of them are represented by members of the Canadian Labour Congress.

A crown corporation is a distinct legal entity, having a name, mandate, powers, and objectives set out by legislation or in articles of incorporation under the Canada Business Corporations Act. They are wholly owned by the state, but operate at arm's length from the government. As a result, crown corporations are set up to operate

under a “corporate model”, free of “political” interference in their ongoing activities, including labour relations and the collective bargaining process.

The free collective bargaining process outlined in our Canada Labour Code, the code governing labour relations for federal crown corporations, has worked extremely well for decades. This process allows both the employees and the employers to sit down at a bargaining table, look at the needs of both parties within an organization, develop responses that satisfy both parties, and help build harmonious labour relations while achieving labour peace. These relationships have been developed over time between workers and employers in the federal sector. They're good ones, and they're underscored by the fact that almost all crown corporations end up with settlements without a labour dispute between the parties 99.7% of the time.

Unfortunately, the proposed provisions in division 17 of part 3 of Bill C-60, if passed, we fear will achieve exactly the opposite: more labour disputes. Having a third party enforcing a bargaining mandate through its presence at a bargaining table during all stages of negotiations, without an in-depth understanding of the ongoing challenges within the organizations, we say will be problematic. Furthermore, Treasury Board will have a veto on a tentative agreement. That degree of intervention by a third party will jeopardize the free collective bargaining process, allowing a third party to enact and dictate negotiations at all stages.

In fact, we fear it will freeze collective bargaining, because the employee side will wait for a decision of two parties instead of just one. Moreover, the bill specifies that Treasury Board is neither the employer nor an employer rep of the crown corporation, confirming its role as a third party without having any responsibilities over the success or failure of that process. For us, this proposed legislation will have an impact on the crown corporations' employer representatives to freely negotiate the terms and conditions of employment with crown corporation employees during the bargaining process.

The section of the bill that gives cabinet and Treasury Board the ability to impose the terms and conditions of employment on their employees without having to live with the consequences doesn't build the bargaining relationship necessary for ongoing relations after collective bargaining. It attacks the core corporate model of crown corporations by allowing political interference in the ongoing business of arm's-length organizations, such as labour relations.

We fear that this is more an aim or a focus to try to change major terms and conditions of the agreements the crown corporations presently have with their employees, and I'm sure you're going to hear cries from others about the issue of pensions and other benefit programs that sit and reside within those programs.

Anyone who has sat at the bargaining table will know that if a third party's hands are on bargaining, it will freeze the process, and most of the time the employees will wait for two decisions to be made before they go back to their membership for any ratification or support for the process. That in itself, we think, will cause more disputes to happen.

Thank you.

• (0850)

The Chair: Thank you very much, Mr. Georgetti, for your presentation.

We'll hear now from Mr. Charette.

Mr. Tom Charette (Senior Policy Advisor, Fair Pensions for All): Thank you, Mr. Chairman, good morning. Good morning, members of the committee, federal panellists, ladies and gentlemen.

I'm Tom Charette with Fair Pensions for All.

We support the clause 229 amendment to the act. The federal government needs to exert more control over the compensation levels and pension plans of crown corporations. The testimony to that are the bailout dollars that had to flow to those corporations in recent years.

We also support the intention of the government to ensure that crown corporation pension plans are broadly aligned with those available to federal employees. We strongly believe that government must go one step further. It must align the pension plans for both crown corporations and federal employees with plans in the broad private sector for two reasons: fairness and financial sustainability.

Let's deal with fairness first here, and these are Statistic Canada numbers. In 2011 there were nearly 17.5 million employed workers in Canada, about 20% or 3.5 million in the public sector and nearly 80%, 14 million, in the private sector. Almost all of these public sector workers have a guaranteed inflation-protected income from the first day of their employment, through retirement, and beyond the grave. Think about that.

We're not saying they have guaranteed employment, although that is virtually the case. They have guaranteed lifetime income. With a spousal benefit attached to their pensions, this income often continues beyond the grave. These pensions are in the order of \$30,000, \$60,000, \$100,000-a-year and up. All the while, 10.5 million of Canadian workers in the private sector have no employer-sponsored pension plan at all, yet they have to contribute to the cost of these "no worries for the rest of your life" inflation-protected public sector pensions every time they pay sales taxes, income taxes, property taxes, buy a litre of gas, renew their driver's licence, etc. Is that fair?

It cannot possibly be fair for the federal government or any other government in Canada to use its power of taxation and spending to benefit what has become an economically elite group in our society.

This differential treatment must be addressed. The biggest source of income inequality among Canadian seniors is determined simply by whether or not that person has worked in the public sector. The term pension apartheid really does describe the existing situation.

For sustainability, the real cost of these public sector pensions are only just now beginning to be realized. We must remember that these plans started modestly 40 years ago and reached their current form only about 10 years ago. We have really only just started to pay off on government promises to retiring public sector employees. Now, with many plans already in trouble, there are five things contributing to the perfect storm that is surrounding these plans.

One, a tsunami of baby boomers are beginning to retire. Two, public sector workers continue to retire earlier and earlier with enhanced benefits. Three, life expectancies continue to increase. Four, we've had an extended period of very low rates of return on pension plan assets. Five, the federal and provincial government finances are in shambles across the country. The municipalities are stressed and all levels of government are now ill-equipped to bailout public sector funds.

Your predecessors in government have left you saddled with a huge fairness and sustainability problem. You and your contemporaries in the provincial capitals and municipalities have three choices. One, raise taxes and continue to bailout the plans, and let the unfairness continue. Two, cut government staff and services brutally, keep bailing out the plans, and let the unfairness continue; or three, fix the root problem of the over-generous public sector pensions.

We strongly urge you to choose the latter course of action.

Thank you.

• (0855)

The Chair: Thank you very much for your presentation.

We'll move now to Mr. Carlton, for your opening statement.

Mr. Brock Carlton (Chief Executive Officer, Federation of Canadian Municipalities): Thank you, Mr. Chair. It's really a pleasure to be here this morning. We really appreciate the opportunity to present to this committee.

[*Translation*]

On behalf of some 2,000 members of the Federation of Canadian Municipalities, FCM, I am pleased to present our views on Bill C-60, specifically with regard to division 18 of part 3.

We at FCM believe that there is no surer way to create jobs than by strengthening our economic foundations of tomorrow and investing in municipal infrastructure. When federal, provincial, territorial and local partners all bring money and expertise to the table, no other investment goes as far.

[English]

In a world full of economic uncertainty, Canadians want to know that we're taking action to build the conditions for a competitive economy and strong communities. Canadians want to know that all orders of government are working together to make progress on particular priorities: good roads, clean water, and a shorter commute.

The new infrastructure plan announced in budget 2013 is set to renew federal funding, which is expiring in 2014. It will index the gas tax fund to protect its long-term value and provide longer-term funding for cost-shared projects. This is certainly a step in the right direction. By protecting the purchasing power of the gas tax transfer and by extending the program funding for 10 years, this budget advances the principle of long-term, predictable infrastructure funding. FCM is looking forward to getting on with the work to design the new program, to plan it, and to ensure that municipalities do not miss the construction season in 2014 that this government has committed to.

[Translation]

We are particularly pleased with the government's decision to review the effectiveness of its infrastructure plan within the next five years. That will be an opportunity to determine how effective the plan is in addressing its key infrastructure gaps, especially in public transit. It will also be an opportunity to decide what improvements need to be made following the implementation of new federal wastewater regulations.

[English]

What the budget did not contain was a definitive road map to erasing infrastructure deficit. FCM would like to work towards a framework for achieving this important goal in the near term. Canada's municipalities own and operate 60% of Canada's core economic infrastructure but collect just 8¢ of every tax dollar paid in Canada. This is one of the reasons why it is essential to ensure new predictable infrastructure investments, such as the indexing of the permanent gas tax fund, which will add \$9 billion over 20 years.

I'd just like to give you a clear picture of why we believe investments that are predictable, like the gas tax fund, are so essential to our work and to the country. Investments that are predictable allow companies to hire new workers and plan for new equipment that is needed. They allow business decisions on where to locate or upgrade, based on planned public infrastructure. The gas tax allows for long-term planning with the flexibility for projects to be approved and funding disbursed in the same year. It also allows for the federal government to identify broad investment priorities while municipalities select the projects most needed. In addition, the injection of private investment becomes easier to consider due to the access to a predictable revenue stream. Perhaps most importantly, every region receives its fair share, which means job creation across the country and more balanced economic outcomes.

For Canadian municipalities, challenges will persist and remain a threat to Canada's economy and quality of life. These include the \$20 billion price tag for meeting the new federal waste water standards, growing traffic gridlock, and inadequate public transit, as well as the challenge of adapting municipal roads, bridges, and water systems to extreme weather caused by climate change. Meeting these challenges

will require further commitment by all orders of government, a framework for cooperation, better infrastructure management through measures such as sustained capacity building, and new partnerships with the private sector where they make sense and where they benefit Canadians.

An essential piece of this collaboration needs to focus on putting an end to off-loading, whether it's the result of legislation shifting unfunded responsibilities onto local governments, or municipalities having to fill the void when another government fails to fulfill its own front-line duties.

● (0900)

[Translation]

We hope that the long-term plan announced in Budget 2013 will provide all levels of government with a practical model of co-operation and that it will help break down the barriers that prevent them from providing taxpayers with the best value.

[English]

The infrastructure plan that was announced is an opportunity to expand the partnership in terms of both infrastructure and other challenges. Municipal leaders are ready to do their part.

We are pleased to have this opportunity to talk and look forward to your questions.

The Chair: Thank you very much for your presentation.

We'll now hear from Mr. Morrison, please, for five minutes.

[Translation]

Mr. Ian Morrison (Spokesperson, Friends of Canadian Broadcasting): Mr. Chair, thank you for the opportunity to appear before this committee.

Eighty-one years ago, a Conservative prime minister introduced public broadcasting in Canada. Fifty-nine years later, a Progressive Conservative prime minister updated the Broadcasting Act for the 21st century.

[English]

Clauses 228 and 229 of Bill C-60 would apply certain new provisions of the Financial Administration Act to the CBC, giving the cabinet the right to direct the Treasury Board that it must approve CBC's negotiating mandate for any collective agreement and impose any requirements on that mandate. Further, a Treasury Board employee might attend and observe the collective bargaining process. No collective bargaining could be entered into by the CBC without Treasury Board approval.

The principal financial provisions relating to the CBC are set out in the Broadcasting Act, sections 52 to 70. They reflect a decision by Parliament to treat the CBC differently from other crown agencies subject to the FAA. In particular, the FAA's direction and control provisions do not apply to the CBC. In so doing, Parliament followed recommendations by the House of Commons Standing Committee on Communications and Culture, and the government's own policy paper entitled, "Canadian Voices, Canadian Choices: A New Broadcasting Policy for Canada". The standing committee's report expressed the nub of this issue succinctly. It said:

The CBC should remain exempt from the power of direction provisions which are applicable to other Crown corporations under the Financial Administration Act, and from other provisions which would compromise the "arm's-length" relationship of the CBC with the government.

Part III of the Broadcasting Act sets out the provisions of CBC's mandate within the Canadian broadcasting system. Each of these is outlined on page 2 of the letter of opinion by Brian MacLeod Rogers, one of Canada's most distinguished and renowned media lawyers, who is with me here today. Friends has commissioned this opinion and has tabled the letter with the clerk of your committee this morning.

Sections 35 and 52 of the Broadcasting Act are extremely clear in their direction that the CBC's editorial independence is an imperative that requires CBC to be treated differently from other crown agencies. For example, subsection 35(2) states that all the provisions of part III:

...shall be interpreted and applied so as to protect and enhance the freedom of expression and the journalistic, creative and programming independence enjoyed by the Corporation in the pursuit of its objects and in the exercise of its powers.

The Broadcasting Act's fundamental requirement that CBC must maintain an arm's-length distance from government and be protected from possible governmental interference, as well as that the public should perceive that the CBC is independent, are not reflected in the Bill C-60 proposals. Mr. Rogers' letter of opinion makes clear that there is a conflict between the carefully protected special status of the CBC under the Broadcasting Act, and the proposed provisions of the FAA that seek to impose direct control by Treasury Board on all aspects of CBC's employment relations. Mr. Rogers concludes:

After all, it is all too possible that government's levers of power, particularly its exercise of financial control, could be used in future to shape, diminish or even threaten the CBC's role as public broadcaster. Certainly, that perception by the public may be difficult to avoid, and CBC management and employees may find themselves affected in myriad and subtle ways in order to curry the government's favour or avoid its displeasure.

Mr. Rogers concludes that the inherent conflict between the two statutes will require judicial determination to reconcile the apparent conflict between them.

• (0905)

We recommend that the government steer clear of that morass by removing the CBC from Bill C-60, or failing that, making the clauses referencing the CBC subject to the protection from interference afforded by subsection 35(2) and section 52 of the Broadcasting Act.

[*Translation*]

Mr. Chair, the clerk has also distributed copies of a letter to the Prime Minister. The letter is signed by a number of Canada's most eminent authorities on democratic journalism and has been copied to the members of your committee. I would like to add that Bernard Derome also signed the letter last night.

Thank you.

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

[*English*]

Next we'll have Mr. Aylward, for your five-minute presentation, please.

Mr. Chris Aylward (National Executive Vice-President, Public Service Alliance of Canada): Thank you, Mr. Chair, and thank you, committee members, for inviting me here today to share the views of the Public Service Alliance of Canada on Bill C-60.

I had the pleasure of appearing before this committee last October on the previous budget implementation bill, one that continued cutting important public services that Canadians rely on, such as search and rescue, employment insurance, benefits and services for veterans, food inspection, border security, Canada's national parks, and scientific research, among others.

We asked the government to change the decision on these cuts because we were already seeing the negative impact they were having on Canadian families, communities, and the economy. We wanted the government to be more transparent and to start listening to Canadians before making decisions on the programs and services they rely on. I am disappointed that the latest budget implementation act did not heed these calls for caution. On the contrary, the cuts continue, and with the bill presently before the committee, the government is proposing to extend the damage to public services by adding unnecessary barriers to effective collective bargaining.

Division 17 of the latest budget implementation bill will allow Treasury Board to unilaterally interfere directly in negotiations with crown corporations and their unions. This is not a benign change but one that could have profound consequences for labour relations in crown corporations. The Public Service Alliance of Canada represents over 180,000 members. Of those members, 5,000 work at 19 different crown corporations, including hard-working Canadians at the Bank of Canada, the Canadian Council for the Arts, Canada Post Corporation, and the Royal Canadian Mint, among others.

Injecting a third party into the bargaining process isn't conducive to productive labour relations or collective bargaining. It removes effective control from the parties most directly affected, who know their workplace and the people who work there. The act will require crown corporations to get approval for their bargaining mandate from Treasury Board. It also will give Treasury Board Secretariat the authority to place one of its own employees at the bargaining table to attend and observe, and presumably report back. This will effectively put a chill on any open and frank discussions the employer and the union could have at the table. Cabinet will have the ultimate authority over whether or not to interfere in the bargaining process, which would appear to be a further consolidation of power in the hands of the Prime Minister's Office.

The legislation specifically states that while it can interfere, Treasury Board is not the employer. They will have the power to dictate the mandate for bargaining and can be in the room overseeing the bargaining, but they've washed their hands of any responsibility for having to be accountable for the implementation and responsibilities associated with the agreements or other terms and conditions of employment.

The previous budget implementation bill imposed a similar arrangement with the Canada Revenue Agency, and I speak from personal experience. The CRA and the PSAC component of the union of taxation employees, whose members work at CRA, have had a good working relationship in previous rounds of bargaining. Now, negotiations are dragging on and the absence of a new contract, coupled with the continuing cuts to jobs and services, is creating a toxic environment, one that could be avoided. Employees and the public services they provide to Canadians suffer when the labour relations climate is undermined in this way. It does not lead to more effective delivery of public services, but rather leads to increased stress and conflict in the workplace. It also brings into question the integrity of the bargaining process and raises the question: who are we really bargaining with?

The latest move affects our national museums and the CBC, among others. It could signal an end to the independence of our national cultural institutions. Is this just another way of seeking control over independent institutions that work on behalf of Canadians and not the government of the day?

I'll conclude, Mr. Chair, by saying that this new provision will just compound a worsening problem. I recommend that this committee strike division 17 from the bill and send the government a message that it should honour the collective bargaining rights of the members of the federal public service.

Thank you.

• (0910)

The Chair: Thank you for your presentation.

We'll begin members' questions with Ms. Nash, for five minutes, please.

Ms. Elizabeth May (Saanich—Gulf Islands, GP): Mr. Chairman, would you indicate to me at what time it would be appropriate to ask for unanimous consent to be able to ask questions in one of the rounds? I just want to signal my interest in that consensus test, but I'll wait until you have a proper moment.

The Chair: You can ask for it now if you wish.

Ms. Elizabeth May: It's entirely up to you, Mr. Chair. I didn't want to interrupt the flow, but neither did I want to interject when you're running out of time.

The Chair: Okay.

Does Ms. May have unanimous consent to.... Ms. Nash, on this point?

Ms. Peggy Nash (Parkdale—High Park, NDP): Mr. Chair, our committee has agreed to rules about the representation on the committee and who gets to speak when. As you know, we have very limited time. But based on your letter inviting amendments from other members of Parliament, if one of the Conservative members on the committee would like to donate their time and have this member substitute in, we would be quite willing to do that, which is of course according to our rules.

The Chair: You're saying that you agree only if the Conservatives gave up their time?

Ms. Peggy Nash: Unless another party would like to give up their time, but those are the rules that we've all agreed to, as members of this committee.

The Chair: Yes, you're right. We do have a schedule in front of me that I'm obliged to follow.

Ms. McLeod, on this point?

Mrs. Cathy McLeod (Kamloops—Thompson—Cariboo, CPC): I was going to say, alternatively, we would provide consent if one of the opposition members were willing to give up one of their slots. But certainly we have a very short timeframe in terms of...even all our members will not have an ability to get a question in to this particular panel. So I think if Ms. May wants to find someone who's willing to provide the slot....

The Chair: Okay, thank you, Ms. McLeod.

Mr. Brison, do you want to give up your slot to Ms. May?

Hon. Scott Brison (Kings—Hants, Lib.): As a Liberal, it's instinctive for me to want to give.

Voices: Oh, oh!

Hon. Scott Brison: But as a pragmatist, I only have one round, so I'm unable to do that. But I would suggest the Conservatives who have a liberal quantity of opportunities to ask questions ought to consider this.

The Chair: Okay.

Ms. May, I think you've had your answer from the three parties, so I will follow the list as prescribed.

I will continue with Ms. Nash, please. Your time starts now.

• (0915)

Ms. Peggy Nash: Thank you, Mr. Chair.

Good morning to all the witnesses. I regret that we have such limited time with you before this committee.

Mr. Georgetti I believe you said that you represent 3.3 million Canadian workers?

Mr. Kenneth V. Georgetti: That's correct.

Ms. Peggy Nash: I presume that means your organization, through those members, is involved in negotiating thousands of collective agreements and that those workers are represented by thousands of collective agreements across Canada. Is that correct?

Mr. Kenneth V. Georgetti: That's correct.

Ms. Peggy Nash: Is my understanding correct that policy decisions at the Canadian Labour Congress are taken at a convention with thousands of members present and that, in fact, that's where you are elected as president of the CLC. Is that correct?

Mr. Kenneth V. Georgetti: We have 3,000 delegates at a convention, yes.

Ms. Peggy Nash: Okay, thank you.

Mr. Charette, it sounds like you represent 10 times that many people. You're advocating fair pensions for all, so it sounds like you represent 34.5 million Canadians. Is that the membership of your organization?

Mr. Tom Charette: No, it's not. As far as representing, it may be better to say representing workers in the private sector, which are about 14 million, and a little bit more this year.

Ms. Peggy Nash: Okay, so you have 14 million members in your organization.

Mr. Tom Charette: No, no. We have perhaps 800.

Ms. Peggy Nash: You represent about 800 people.

Mr. Tom Charette: Yes.

Ms. Peggy Nash: How do you decide the policy for your organization?

Mr. Tom Charette: We formed the organization about eight months ago as a non-profit and we're slowly gathering momentum. There's lots of interest in what we're doing, particularly as people find out the disparity between the public and private sector.

Ms. Peggy Nash: Okay, but no convention where your policies are voted on and adopted.

Mr. Tom Charette: No, no conventions and no resolutions.

Ms. Peggy Nash: Okay, I just wanted to clarify that. I have to move on because I have such little time.

To Mr. Morrison, now I understand from the Canadian Media Guild—maybe you can help clarify this—that the collective agreement at the CBC is not just about wages and benefits but that it contains clauses to help ensure journalistic integrity for Canada's largest journalistic organization. It includes strict conflict-of-interest rules. It ensures that CBC journalists act in the public interest, that journalists are protected from political interference with their work, and that journalists don't have to fear retribution for stories that they may cover on politicians of the day. I understand that the Treasury board's interference could undermine these measures.

Is the CBC's independence—based on these kinds of collective agreement provisions—essential to its performance as a journalistic entity?

Mr. Ian Morrison: I would put it this way. The statutory basis for the CBC's independence enables collective bargaining that creates conditions of work that defend the autonomy of journalists. For example, a journalist cannot be pulled off a story without a reason. Producers have the right to refuse to produce something if for some reason they feel they're being pressured.

There is a whole range of examples—you'll find the list contained in the letter to the Prime Minister that has been circulated this morning—which is the practical expression of journalistic independence. The threat to that is if the government of the day, controlling a Treasury Board employee, gets into the position of approving such matters, there's a danger of interference and a collapse of the whole basis of the independence.

Ms. Peggy Nash: So while we have a public broadcaster, its integrity and independence has been assured by this arm's-length entity. It has been so, not only in its collective agreement but in the statutes controlling that entity.

Mr. Ian Morrison: I would add one thing, Ms. Nash. We know of no other national public broadcaster in any western democracy, in

any OECD country, that has any provisions whereby the government of the day can interfere in the conditions of work of its journalists.

Ms. Peggy Nash: That's very important.

As I understand, this new attack on the CBC comes after significant budget cuts over the years by both successive Liberal and Conservative governments. I have been contacted about these cuts by thousands of constituents in my riding over the years.

• (0920)

The Chair: Okay. Ask your question.

Ms. Peggy Nash: Could you tell me what impact this has had on the CBC?

The Chair: Make a brief response, Mr. Morrison.

Ms. Peggy Nash: What impact have the cuts had on the CBC?

Mr. Ian Morrison: When you get cuts you get a decline in what is called production values. It happens particularly, Ms. Nash, in smaller centres, not so much in your constituency, but in rural Alberta, for example, or northern British Columbia or rural Newfoundland.

The Chair: Thank you, Ms. Nash.

Ms. McLeod, please, you're on.

Mrs. Cathy McLeod: Thank you, Mr. Chair.

In the last year, CBC has opened a new radio outlet in Kamloops. So certainly as they continue to receive close to \$1 billion a year, we see the service being expanded and focused.

Mr. Charette and Mr. Georgetti, I want to provide you with two examples. Last week in the supplementary estimates (A), we saw VIA Rail request an additional \$99 million from the federal government to address the solvency of pension plans. Certainly that was coming to the Canadian taxpayers to deal with a solvency of pension plan issue.

I look at the recent report by the Conference Board of Canada that is looking at \$1 billion a year deficit with Canada Post by 2020. Mostly we recognize the way Canadians do business is changing so it's having a significant impact on the business model. I also look at the current agreement with Canada Post. As I understand, even if they're making adjustments in efficiencies, they do not have any ability to lay off.... Most companies have the ability to adjust the workforce. It's very difficult, but they do have that ability. Canada Post doesn't.

I contrast that with when you're back home and perhaps you visit the small businesses in your riding that pay their 11% tax and work very hard. Yes, absolutely, you need to value the public service and the work they do, but again, I visit these small businesses that are putting in considerable time, energy, and effort, and do not have the benefit of the pension plan.

To my mind, the government is saying we have to look at the taxpayers' ability to pay as a very important feature of this budget. I'll start with Mr. Georgetti and then ask Mr. Charette, if you could keep it brief so there's an opportunity to....

The Chair: Mr. Georgetti, please start.

Mr. Kenneth V. Georgetti: You're correct. At least 65% of Canadians don't have a pension plan, but taking a pension plan away from the other Canadians isn't going to help those Canadians without a pension plan. This is my first point.

My second point is that the Canada pension plan expansion that we are advocating would solve a lot of these solvency deficiencies that exist because of the market meltdown that started to happen in the United States, and that disease seems to have travelled around the world. Those plans were based on certain market assumptions that no longer exist. That's part of the problem.

We have to revisit our entire pension scheme. If you take a look at the CLC's proposal to expand the Canada pension plan, it would do a heck of a lot to give people who don't have a pension plan a secure pension, a retirement future. It would also take a lot of the burden off pension plans that exist today.

Taking pensions away from existing workers will not help those workers who don't have a pension plan one iota.

Mrs. Cathy McLeod: Mr. Charette, please.

Mr. Tom Charette: I would disagree with that last statement. After all, if a particular crown corporation needs to have an injection of \$99 million, or if somebody else needs \$1 billion too, where is that money going to come from? It's going to come from all taxpayers, including the huge group that doesn't have these pensions. That means less in terms of what they have available for saving for retirement. They're paying for these pensions.

Second, in terms of not taking away, you have to remember that the proposal that the CLC is making vis-à-vis the Canada pension plan is going to impact mostly small employers, the 75% of business units in the country that have less than five employees. The owners themselves don't have these public sector-type pensions, and they have no prospect, ever, of having such a pension plan.

• (0925)

The Chair: You have about 20 seconds.

Mr. Tom Charette: If you do those proposals that they're suggesting, you're going to cause the owner of those small little units of business to pay double the increase of everybody else, because they're thought to be both an employer and an employee. Then they'll pay half of whatever the increase is for their employees, and they don't have a pension themselves.

This is absolutely ethically wrong.

The Chair: Thank you.

Thank you, Ms. McLeod.

Mr. Brison.

Hon. Scott Brison: Thank you very much.

Yesterday the Minister of Finance appeared before the committee, and I quoted excerpts from the letter we received from Hubert Lacroix, the president of CBC, where essentially he threatens to sue the government if the budget bill, Bill C-60, passes as is.

In that letter, he said that the budget bill “would reduce the independence that is critical to our operation”, and went on to say this:

This could potentially embroil the government, our Corporation, and its unions in litigation, a result that could be avoided with an amendment that protects that independence.

At the committee meeting, I simply asked the minister this:

Would you support an amendment to your budget bill that protects the independence of the CBC and avoids a court battle between the government and the CBC?

The minister responded:

The CBC may think it's a special...part of a crown agency.... This is wrong. All crown agencies have a responsibility through ministers back to Parliament and to the people of Canada.

Would you agree or disagree with the minister that the CBC is distinct from other crown corporations?

Mr. Ian Morrison: Mr. Brison, it doesn't really matter what I think. That's the law of the land, as I quoted in my presentation, and there are good reasons for it.

It was, of course, under Mr. Mulroney's government that those reasons were advanced into law, but—

Hon. Scott Brison: That was a Progressive Conservative government.

It's quite distinct.

Mr. Ian Morrison: You're even more familiar with it than I am, sir.

Hon. Scott Brison: Yes.

Voices: Oh, oh!

Mr. Ian Morrison: I just want to say that the government has ample control over the national public broadcaster—I use the word “control” advisedly, or “influence”—through control of the amount of public funds it receives, since something like 70% of its revenue comes from the Canadian taxpayer, and also through total control of appointments of its board of directors and its chief executive officer.

The arm's-length principle, as I mentioned previously to Ms. Nash, is pretty important. You cannot find an example in another free and democratic country of any proposition like the one that Bill C-60 would have on the CBC. It's just not acceptable.

Hon. Scott Brison: Thank you very much, and thank you for helping to familiarize the government members with the law of the land on this issue. I think it's particularly important and helpful to edify all members of Parliament. I'll make sure the message gets back to the minister as well, as part of this ongoing pedagogy.

I also have a question with regard to, in general, the government's attitude not just to public broadcasting but to organized labour. Whether it is Bill C-377 or some of the changes proposed in the budget implementation act, do you see an ideological vendetta on behalf of this government against organized labour in pitting the majority of Canadians, or in trying to pit the majority of Canadians, against the interests of organized labour?

Mr. Georgetti.

Mr. Kenneth V. Georgetti: We're a bit curious as to why a successful process of collective bargaining and the legislation that allows workers to organize and bargain collectively is not seen as a positive aspect of the economy and society.

Hon. Scott Brison: Has there been some sort of ongoing labour unrest that has precipitated this significant shift by the government?

I haven't been aware of some significant shift.

• (0930)

The Chair: You have about one minute.

Hon. Scott Brison: Furthermore, do you look at, for instance, models like Germany where you have active engaged companies, a government with organized labour being partners in progress, and a robust economy?

Should we not be looking at some of those models as inspiration, as opposed to trying to pick a fight with organized labour gratuitously?

Mr. Kenneth V. Georgetti: We hope that would be the case. We would think that our advice on industrial relations and collective bargaining, and unemployment insurance and pension reform, would be sought out by any government of the day.

Unfortunately, it seems that our opinions are not valued enough by this government.

Hon. Scott Brison: Mr. Aylward—

The Chair: Ten seconds, Mr. Brison.

Hon. Scott Brison: —I'd appreciate your view from the public service aspect.

The Chair: Mr. Aylward, briefly on that point.

Mr. Chris Aylward: Not to reiterate what's already been said, but it's very obvious that this government has shown nothing but disdain and contempt for working families and workers in this country—unionized or non-unionized. From the day they received a majority government, they forced the hard-working men and women of the Canada Post Corporation out on the street, only to, a couple of weeks later, force them back to work.

It just continues from there.

The Chair: Thank you very much.

Mr. Van Kesteren, for your round, please.

Mr. Dave Van Kesteren (Chatham-Kent—Essex, CPC): Thank you all for coming.

Of course, I have to carry on with that line. I take exception to it, and I'll tell you why. Not only do I represent those people you're talking about, a lot of these people are my friends too.

There's a big difference, and I want to challenge you. The difference is that in other collective bargaining situations there is competition. I know Canadians recognize—and I think I can speak for the government—the good work that our public service does. We see that in this office time and time again, the excellent work that they do.

However, somebody has to be at the table to say yes or no. Here is a case in point. Mr. Aylward, you mentioned the post office. We'll

carry on with that one. The fact that you have a collective bargaining agreement where employees cannot be laid off is great if you have a situation where there's competition. If General Motors wants to do that and wants to go up against Chrysler, the rest of the Detroit Three, and the Japanese, that's a different situation.

But when there's no competition, I think Mr. Charette has the right attitude. Somebody has to come in, especially when they don't have those benefits or the same salaries, and say, "Wait a minute. We're the people who are making the payments. We're the people who are paying those salaries. We're the people who are paying for those pensions."

I'm going to let you respond to that, Mr. Charette.

Would you maybe elaborate on that theme?

Mr. Tom Charette: You're very right. We will hear some say that it's not a matter that they have contracts that are too rich in the public sector; it's that they're not good enough in the private sector. But go and tell your boss, if you're in the private sector, that you want a better deal.

You've put your finger on the precise problem. The boss in the private sector has competition. It may be foreign competition. It may be competition down the street. Nevertheless, they're constrained by that competition. The public sector unions are dealing with employers that are monopolists, mostly, and do not have customers but taxpayers funding the revenue they collect.

Mr. Dave Van Kesteren: I'm going to cut in. I take exception also to what Mr. Brison said to insinuate that this is something new. I would suggest that past governments have just not stood up to what they should have done. Now we're in a situation where because we are taxed.... We are taxed to the limit.

Mr. Georgetti, you mentioned yourself what a shambles finances have become in most western governments. Now we must react. Is it something we want to do? Absolutely not. As I said, these are my friends. These are my colleagues, and often they are people I live beside. It's something we must recognize. It's just that something has to be done.

Mr. Aylward, how do you respond to that?

• (0935)

Mr. Chris Aylward: Thank you for the question, and thank you for allowing me the time to respond.

Let's just look at putting somebody at the table to be able to say yes or no, as you put it. When you do that, that simply puts a drag on the whole process. It doesn't allow for the process to carry on naturally.

When we look at the Canada Revenue Agency, which was created in 1999, there were five rounds of very successful bargaining. I sat on the bargaining team in 2007 and 2010. In 2007, after six days of face-to-face negotiations at the bargaining table, we reached a tentative agreement. In 2010, we had five days of face-to-face negotiation at the bargaining table. Last year this government put in the 2012 budget that the CRA must now get its bargaining mandate from the Treasury Board.

Last October the union of taxation employees, which is a component of PSAC, started negotiating. After eight weeks of face-to-face negotiations at the bargaining table, they're still without a deal. That's costing taxpayers money. I don't know how you would explain that.

Mr. Dave Van Kesteren: I would be saying that, as Mr. Charette has pointed out—the previous government allowed for negotiations that just aren't acceptable. At some point, the government has to—

The Chair: Okay. Thank you.

Mr. Chris Aylward: This government wants to have a race to the bottom, which we are not interested in at all. I mean, we're trying to protect—

The Chair: Okay. Thank you.

Mr. Chris Aylward: —working families in this country, protect the middle class, and not enter into a race to the bottom.

The Chair: We'll have to have this as an ongoing debate. I do have to move on.

[Translation]

Mr. Caron, you have the floor for five minutes.

Mr. Guy Caron (Rimouski-Neigette—Témiscouata—Les Basques, NDP): Thank you very much, Mr. Chair.

I will go to Mr. Charette first.

I have visited your website. I looked at the various interventions you have made and documents you have produced. Your organization's name is Fair Pensions for All. Yet not a single document shows that you advocate for economic security and better retirement.

Have you produced any documents or made an intervention or a presentation in the past with a view to improving economic security for our seniors?

[English]

Mr. Tom Charette: Now, you've asked me two questions. One has to do with children, and the other has to do with pensioners.

Mr. Guy Caron: I'll ask it in English. Your name is Fair Pensions for All. I went to your website, and basically I haven't seen any documents or any presentation or any public policy documents that showed that you were actually looking for better economic security or better retirement conditions for our seniors. Have you ever produced a document showing this, given that your name is Fair Pensions for All?

Mr. Tom Charette: Well, my presentation this morning is part of that. It says, "Look. We do want fair pensions for all, and it's extremely unfair at the moment". So you have to fix the ones—

Mr. Guy Caron: I'm asking if you have actually ever produced a document or made a presentation on improving economic security for our seniors, because all the documents I've seen are actually advocating a decrease in pensions for government employees, officials, crown corporations, or any other such organizations. I've never seen a document actually asking to increase or improve pension conditions for anybody.

The Chair: Okay.

I'll let Mr. Charette finish up his thought.

Mr. Tom Charette: We're trying to help the people who don't have pensions, basically the 10.5 million Canadians who don't have pensions at all.

Mr. Guy Caron: I don't get the link between helping Canadians who actually have pensions and advocating against pension security for anybody that you decide you're going to go against and how that is actually improving their condition. Their pension condition won't be improved.

Mr. Tom Charette: What we want is to solve the unfairness. If you think you can solve it by making the kind of public sector pensions that are available to public sector workers available to all workers, and have that come out of all taxpayer funds, that's fine.

Mr. Guy Caron: But this won't be happening. This is not what we're discussing. We're discussing, basically, looking at those who are able to get better pensions, and just bringing them down. That's what you're advocating.

I'd like to mention your comments on the CPP. The arguments you presented were exactly the same arguments made about the sky falling when the CPP was initially introduced.

I'd like to go Mr. Morrison now.

● (0940)

[Translation]

Yesterday, Minister Flaherty said something very peculiar in response to a question asked by my colleague Ms. Nash.

Ms. Nash asked whether the provisions related to crown corporations had any negative impacts on the three organizations that, by definition, must remain independent—the Bank of Canada, the CBC and the Canada Pension Plan Investment Board. She provided some examples where journalists or Bank of Canada researchers could be affected.

In his response, the minister said the following:

[English]

that it won't happen. "This is not a dictatorship."

[Translation]

That was his answer, word for word.

Is a dictatorship really necessary for the government to have an impact on the quality, objectivity and independence of information at the CBC?

[English]

Mr. Ian Morrison: Public broadcasting throughout the world accompanies democracy. There are no free and democratic countries without public broadcasters. Some are stronger and some are weaker, but that is the case.

My answer to you is that I would urge the minister to reflect on this matter. I do not ascribe any motive to the government. Others can do that. I'm just concerned with the result. An unfortunate result—as is described in the rather articulate letter to the Prime Minister that has been circulated—is the threat of losing something very important to the democratic fabric of Canada, not instantly, but gradually, and we will live to regret it. It's unnecessary, and it's also undesirable.

[Translation]

Mr. Guy Caron: Thank you.

The Chair: Thank you, Mr. Caron.

[English]

Mr. Adler, please, for your round.

Mr. Mark Adler (York Centre, CPC): Thank you, Chair.

I want to thank everybody for being here today. I know you're all very busy within your respective organizations, so we really appreciate your time here today.

Mr. Georgetti, I don't think anybody would disagree with the fact that one person out of work is one too many in this country, so I think we're all on the same page there.

Mr. Brison earlier criticized our government in terms of our relationship with labour. It was his party that introduced wage and price controls. It was his party that downloaded services in the nineties, which caused huge pains for provincial governments in their collective bargaining with the trade unions. It was his former leader who reopened collective bargaining agreements in Ontario that had been fairly and equitably negotiated.

Mr. Carlton, we've made the gas tax fund permanent. We've indexed it. How important is that for cities in this country to now have the ability to rely upon stable and consistent funding?

Mr. Brock Carlton: Well, you have almost answered the question. It's extremely important, and the predictability of it and the long-term nature of it is essential as part of the solution to the municipal infrastructure deficit.

Mr. Mark Adler: Thank you.

How important would you say our cities are to our country's economy?

Mr. Brock Carlton: I think there's no question that the cities and towns in this country are the engines of the economy, whether they are big cities like Toronto, Vancouver, Calgary, etc., or the smaller towns in the rural areas. They are the places where Canadians are employed. They are the places where production is most significant, and they are the places where there is creativity and innovation in the economy. The strength of the municipal sector, the capacities in the municipalities, and the infrastructure that is the foundation for the operations within a municipality are essential to the economic viability of this country.

Mr. Mark Adler: We give the money to the cities, and they spend it as they see fit. Are there any cities in your estimation that are spending their money wisely? Let's just assume they all do, but more wisely than others. Which city or cities would that be, and what sort of things are they doing that would be of value for us to hear?

Mr. Brock Carlton: I don't think I could characterize one place over another. Every city or town is dealing with their local priorities and their local demands in ways that fit with the needs in their communities. They are all following democratic process and due diligence with respect to the way their money is spent and responding to local priorities.

● (0945)

Mr. Mark Adler: In terms of engines of job creation, cities are significant. Correct?

Mr. Brock Carlton: Yes.

Mr. Mark Adler: The infrastructure needs of cities, how critical are they right now? We all know about what we can see in terms of what's above the city. But what about what's beneath the city, the infrastructure that's lying under the roads and under the buildings? A lot of that was built.... Some of it's 50, 60, or 75 years old. What's the lifespan of that, and how important is it to start to think about replacing all that underground infrastructure?

Mr. Brock Carlton: If you want to talk specifically, a lot of the below-grade infrastructure relates to water and sewerage, you're correct. Some of the infrastructure is much older, in fact, than what you're indicating. If you look, for example, at the city of Montreal and some of the other older cities in the country, some of the older water pipes are wood.

Mr. Mark Adler: Really?

Mr. Brock Carlton: Yes. In order for the quality of life that Canadians expect, in order for the kinds of quality communities where investors want to put their resources so we create jobs and productivity in this country, that kind of infrastructure is essential. Whether it's the water systems or sewage systems underground, whether it's the road systems at grade, those are the foundations of the economy and the productivity of our existing communities.

The Chair: Thirty seconds.

Mr. Mark Adler: Okay, I'm good.

The Chair: Thank you, Mr. Adler.

Mr. Rankin, it's your round.

Mr. Murray Rankin (Victoria, NDP): Thank you.

Thank you for making it here.

I'd first like to ask a question of Mr. Aylward. First of all, I really appreciated your commentary, sir, on the impact of the cuts and your experience with the Canada Revenue Agency, in particular. As critic and as a member of Parliament for Victoria, I have so many people coming into my office daily complaining about the impact of those cuts on their lives. I can only tell you I appreciate very much what you're saying.

I wanted to put a focus on the Bank of Canada employees, one of the groups you represent. I want to give you a scenario and ask if you think this is realistic in light of the proposed amendments in Bill C-60. Let's say a Bank of Canada economist publishes some kind of research paper that concludes that current government fiscal policy is inadequate in some fashion. The Treasury Board orders that her salary be cut in half. Is that the kind of possible arrangement that could be in place, the kinds of changes that could be made as a consequence of Bill C-60, in your view?

Mr. Chris Aylward: That's exactly what we refer to when we talk about the unilateral interference by cabinet, yes.

Mr. Murray Rankin: I guess it's either to you or Mr. Georgetti, both of you have enormous experience in collective bargaining. Mr. Georgetti, in particular, used the expression that the impact of Bill C-60's changes would be to "freeze collective bargaining". I think you indicated there would be two decisions, a Treasury Board decision and the person at the negotiating table, and it might be hard. You have two separate decisions. It might slow things down. You used the term "freeze".

I'd like to hear both of you talk a little about what the dynamic would be if this change were implemented vis-à-vis crown corporations.

Mr. Kenneth V. Georgetti: I've had this experience and what it does for the management-side negotiators is freeze their ability to make compromises at a bargaining table, because they have to look over their shoulder and wait for permission from someone else. If that someone else doesn't have the responsibility for the outcome, as my friend from the PSAC says, productivity and morale start to suffer because you're dragging bargaining on and people don't have a settlement. The effect of it is profound.

The great effect of collective bargaining is that you get it done, you get it ratified, you get it over. We do that about 96.8% of the time and we get good settlements. The longer bargaining goes on—you've seen it here yourselves, all of you—the less productive it is. It has an effect in the workplace, but it also has an effect on the outcome of productivity going forward after the agreement, because the employer side doesn't take responsibility for the outcome anymore. Someone else decided for them and it doesn't work—it just doesn't work.

Mr. Chris Aylward: Just to add to what Mr. Georgetti just said, it has a tremendous trickle-down effect, a very detrimental trickle-down effect. There's nothing worse, and again I speak from experience, than sitting at a bargaining table and having to listen to "we have to check back with our principals", and literally waiting for days at the bargaining table for the employer to come back and respond to very simple bargaining demands.

• (0950)

Mr. Murray Rankin: To you, sir, could the Treasury Board change the bargaining mandate entirely of a crown corporation and perhaps force it to engage in regressive bargaining, force it to even violate existing labour law? If so, what recourse would you have if the Treasury Board were the real decision-maker?

Mr. Chris Aylward: The only real recourse we would have, of course, would be through the bargaining process. Depending on what the dispute settlement route may be, that would certainly be one. Even in the current process where Treasury Board is involved, and I'm going to speak to a specific group, our technical services members, who are members of PSAC, known as TC members. They went through bargaining last year and reached an impasse. They went through a public interest commission, and that public interest commission report was produced in January.

We're supposed to receive a response within 30 days of the report being produced. We've yet to receive a response from Treasury Board.

The Chair: You have about 30 seconds, Mr. Rankin.

Mr. Murray Rankin: A quick question, then, for Mr. Morrison. Here's a scenario. Let's say a CBC journalist is writing a story on the Senate scandal and the Treasury Board orders that the journalist be moved from full-time to part-time. Is that a possible scenario as a consequence of Bill C-60?

The Chair: Please give very quick response.

Mr. Ian Morrison: I think it's a bit far-fetched, but it doesn't require that scenario to be accurate for all of the concerns I have expressed to be valid.

The Chair: Thank you.

Thank you, Mr. Rankin.

Mr. Jean, please.

Mr. Brian Jean (Fort McMurray—Athabasca, CPC): Thank you, Mr. Chair.

Thank you to all the witnesses who are appearing today.

Mr. Charette, I agree with everything you said. I think option three is fair. I especially think that is important because the people who pay for public service pension plans usually make a lot less money than the people who receive them. They also receive a lot fewer benefits and have a lot less job security. It seems to me that the people paying for things for other people should at least receive the same benefits as the people who receive it. So I congratulate you today for that because I think your motive, like the government's motive, is fairness, and I certainly think that's a good place to start.

Mr. Aylward, I have had the opportunity of hearing your testimony before, and I would say that in relation to bargaining, I, as many lawyers in this country have done, continuously represent our clients by having to go back and forth to the clients to assure that when we're at the bargaining table, the client is consistent with our negotiation, and that is very normal. It happens with all lawyers in Canada, with all lawyers, I believe, in any democracy. When they negotiate with another lawyer, they have to go back to the person who's actually paying the bill—which in this particular case is the taxpayer of Canada—to assure themselves that they are meeting the designation and theme and requirement and ability to pay of the client.

So I would disagree with you because I think it's definitely possible. Every day thousands of lawyers do it and they do it effectively. They do it in the best interests of their clients, as we are going to do in the best interests of Canadian taxpayers.

Mr. Chris Aylward: But I did say "for days".

Mr. Brian Jean: Now, Mr. Morrison, I have had the opportunity of reading your letter. I noticed that out of the 13 people who signed the letter, eight were journalists, mostly with CBC; four were academics; and one was an American journalist. I'm not sure if they get the CBC in Oregon, but I'm not sure why they would have signed it.

Mr. Ian Morrison: He's a very distinguished Canadian journalist who is working in Oregon.

Mr. Brian Jean: In Oregon, yes. I went down to Oregon for a while and did a bachelor of science degree there. It's a beautiful city. It's fantastic. I wasn't really sure why he signed it in that particular place, but what I was interested—

Mr. Ian Morrison: I'll endeavour to find out if he's actually—

Mr. Brian Jean: What I'm interested in is, in particular, whether or not.... I watch CBC. I watch it every day. I watch it a lot.

Do you watch CTV and Sun Media?

Mr. Ian Morrison: Yes, I do.

Mr. Brian Jean: Okay. I do as well. I watch them all, all three of them. I watch them in Quebec for the most part because that's where I live when I'm in Ottawa, doing the business of the people who I represent from northern Alberta. I watch all three, channels 18, 63, and 79, and I do not discriminate between any of them. I try to watch them all because I want to know what's going on.

I noticed there are no friends of CTV or Sun Media here today, but I'm just wondering—

Mr. Ian Morrison: There are no friends of CBC here today either. We are an independent organization.

Mr. Brian Jean: Mr. Morrison, this is my opportunity to ask questions, and I don't have—

Mr. Ian Morrison: [*Inaudible—Editor*]...inappropriate, Mr. Jean.

Mr. Brian Jean: Mr. Morrison, I said a particular statement in relation to CTV and Sun. It had nothing to do with your appearance here today.

What I'm asking is this. Do you oppose the same funding for CTV and for Sun Media per capita as CBC receives?

Mr. Ian Morrison: Yes.

• (0955)

Mr. Brian Jean: Why do you oppose it?

Mr. Ian Morrison: They are private television networks. They compete with the Canadian Broadcasting Corporation, whose English-language network is 60% funded by advertising, but they have nothing to do with public radio, such as, for example, the station that Ms. McLeod referred to a few minutes ago.

Mr. Brian Jean: I have public radio by CBC up in Fort McMurray, in that area as well, so I understand.

Now would you suggest on a per-watcher basis for TV alone, on public broadcasting for CBC.... Should that be treated equally between CBC, CTV, and Sun? Should they receive the same money per capita?

For instance, I don't listen to CBC radio, but I watch all three of the channels on an equal basis. Should each of them receive equal funding for what I watch because I am a taxpayer?

Mr. Ian Morrison: No.

Mr. Brian Jean: So CBC should be treated distinctly differently, even though they have the same carriage of the same product for the same people.

Mr. Ian Morrison: One of the principal differences, Mr. Jean, is that in prime time they are delivering Canadian programming to Canadians, whereas the other networks you mention are buying

Hollywood programming and wrapping Canadian ads around it. That's where their revenues come from.

Mr. Brian Jean: I guess the difference is that I only watch news pretty much, because that's what I need to keep track of.

Mr. Ian Morrison: You have that in common with many politicians.

Mr. Brian Jean: Mr. Carlton, very quickly, you've been with the FCM for a long time. You've seen what's happened. You've negotiated with the government. Are you confident with the government's position on an ongoing basis of a positive outcome for the Federation of Canadian Municipalities?

The Chair: Very briefly, Mr. Carlton. Thank you.

Mr. Brock Carlton: We believe that Budget 2013 has established a new base camp for a good relationship for productive discussion between the municipalities and the Government of Canada around the needs of communities.

Mr. Brian Jean: So you're very happy with the changes currently.

Mr. Brock Carlton: As I said in my commentary, the solutions for the infrastructure deficit are not in place at the moment, but the progress has been noticeable.

The Chair: Thank you very much.

[*Translation*]

Mr. Côté, go ahead.

Mr. Raymond Côté (Beauport—Limoilou, NDP): Thank you very much, Mr. Chair.

I want to thank all our witnesses for joining us today.

I am very happy for you that my colleague Mr. Adler did not ask you any questions about your political affiliation. I think some people were interested in knowing that.

Mr. Carlton, I will talk to you about borrowing costs and economies of scale related to the federal government's involvement, as I think that information is very important.

Let's take the example of the hydroelectric project in Muskrat Falls, Labrador. In that case, the federal government's loan guarantee is helping the province of Newfoundland and Labrador save a significant amount of money. That is one of the reasons we have been supporting this project, despite the fact that the vote-buying approach is truly appalling.

Can you tell us about the impact with regard to economies of scale? How important is the federal involvement in shared programs when it comes to the assistance provided to municipalities to help them save money?

Mr. Brock Carlton: I am not sure I understand what you said. I can understand the interpreters, but I am not sure what the question is. I think that you asked about the

[*English*]

cost-sharing programs.

[*Translation*]

Mr. Raymond Côté: I am not sure I understand.

My question was about the cost-sharing programs, but more particularly about the savings municipalities can make in terms of borrowing costs when the federal government gets involved, since they consequently need to borrow less overall.

[English]

Mr. Brock Carlton: Municipalities borrow money on the market if they need it. With the gas tax, the long-term and predictable funding nature of the gas tax will allow them to borrow in the market on a longer term because they have stable predictable funding against which to borrow. So that is a strong advantage.

I don't understand the reference to Newfoundland and Labrador with respect to the municipal context, so I can't really respond to that.

[Translation]

Mr. Raymond Côté: That's okay. I was just using this as an example, since the province is saving \$1 billion in borrowing costs.

In my riding, two private community centres have managed to secure funding from the Community Infrastructure Improvement Fund, and I would like to congratulate them. That obviously makes their job a lot easier and helps them balance their project budget. That also helps other backers jump on board.

So the federal government's involvement facilitates the process and helps get projects underway, thus enabling other backers to come on board. Would you like to comment on that?

• (1000)

[English]

Mr. Brock Carlton: Sure. As you know, in the building Canada fund program, the expectation is that there's one-third/one-third/one-third cost sharing. This is a really important opportunity for municipalities to leverage their dollars to do larger pieces of work. The problem is that with program funding, you have to invest a lot of money in preparing your program proposal, then you have to wait and see if you are lucky and happen to get a project selected.

[Translation]

As a result, those municipalities will invest a great deal of money in advance once they have secured the funding their project needs, as in the case of the municipality you just mentioned. That can be beneficial for the municipalities because, in addition to investing their own money, they have an opportunity to obtain funding from federal, provincial and territorial governments.

The Chair: Mr. Côté, you have one minute left.

Mr. Brock Carlton: However, if those municipalities don't win the competition, they lose the resources they have invested in their whole project preparation.

Mr. Raymond Côté: Yes. As you said, there is a huge infrastructure deficit. If I have understood correctly, according to the federal announcement, the program will unfortunately not reduce that deficit.

Even in the case of an increase, to what extent would that deficit not be reduced by the program? Could you give us some idea of that?

Mr. Brock Carlton: There are no specific figures indicating how the deficit will be addressed. The deficit is currently somewhat stable thanks to the investments under the Economic Action Plan. That initiative helps a lot in this area, even though it is short-term.

We think that the main idea is to ensure long-term investments, such as those made under the Gas Tax Fund. That's the best way to tackle this issue because the initiative is predictable and long-term. Obviously, those involved know that the funds are forthcoming and can calculate how much money they will have going forward.

The Chair: Okay, thanks.

Mr. Brock Carlton: So a long-term program—such as the Gas Tax Fund—is needed to eliminate the municipal deficit.

The Chair: Okay, thank you.

Thank you, Mr. Côté.

[English]

I'll take the next round.

Mr. Carlton, I did want to follow up with perhaps not a question but a few comments in terms of how I appreciate very much your comments here today in terms of the indexing of the permanent gas tax fund, which will add, as you mentioned, \$9 billion over 20 years.

I do want to compliment very much your work, your organization, Karen Leibovici—who comes from Edmonton and is your current president and chair—for the work you did with the finance department and their office in terms of ensuring this was in place well in advance of the other program ending in 2014. So I did want to compliment you publicly on that.

Mr. Georgetti, I did want to ask you with respect to your comments.... You're one of the longest-running labour leaders in the country, one of the most respected across the country, a very intelligent guy, so I'm going to see if I can get you to agree with me on this issue.

Voices: Oh, oh!

Mr. Kenneth V. Georgetti: I'm not that smart.

The Chair: To me there is a fundamental distinction between a negotiation between a corporation and a union, and a crown corporation and a union. Between a union and a corporation, the union leadership represents the members. The corporation obviously has to answer to shareholders.

You know as an experienced member when you're sitting across the table from, say, TELUS or whoever that they have to answer to their shareholders and they have to find financing. You have an interest obviously in them not going bankrupt because there is nowhere else they can go for funding. They have certain economic realities they have to deal with that you and your members are very much well aware of, so it's very much a two-party discussion and negotiation.

With respect to a crown corporation, if you're CUPW and you're sitting across from the crown corporation, you know in the back of your mind the taxpayers are the ones behind. So there is in fact another party and as Mr. Charette pointed out, since 2008 taxpayers have contributed an additional \$2.4 billion in bailout contributions to eight of the 48 crown plans. Despite the bailouts, the shortfall in these plans is now \$4.7 billion.

First of all I'm not sure how people don't see the distinction between those two types of negotiations. In the second type of negotiation, who is supposed to represent the taxpayers? Because it's not the crown corporation representing the taxpayers. That's why it's logical to have Treasury Board represent the taxpayers in those cases.

•(1005)

Mr. Kenneth V. Georgetti: First of all let's make sure we put on the record that in all of these crown corporations and in the public service, those people you call employees make significant contributions from their own pay package to their pension plans.

The Chair: Absolutely.

Mr. Kenneth V. Georgetti: So it's not just one side. It's them and there's an issue of how the government—

The Chair: I accept that.

Mr. Kenneth V. Georgetti: But in terms of the crown corporations, they are accountable to Parliament already through the minister responsible. They get their mandate from the minister. The Treasury Board or your internal structures can give a mandate or the minister can give a wage mandate to the crown corporation already. That's the way it happens now.

What confuses us is that it looks like there's a third party coming in called Treasury Board. Does that take away the role of the minister responsible? Because that used to be where the mandate was given through the government, through the taxpayer right now.

Crowns have to undergo annual audits. Most have to submit corporate plans, operating budgets, and capital budgets for approval by their minister. That already exists. What confuses us is if there is now a third stage called Treasury Board that can overrule the minister or the mandate the minister gives. It's really confusing to us that happens.

The second and most relevant question to that, Mr. Rajotte, is this. What's the problem now? If everyone is going to second-guess the collective agreements that sit there—sure you can invent all sorts of problems like Mr. Charette does—but the fact of the matter is that all of those settlements were made with the representative of the taxpayer at the table through their crown corporation.

The Chair: My time is running out, but the problem is that you've had bailout contributions of \$2.4 billion, and eight plans shortfall \$4.7 billion. In the case of company A, they can't go to the taxpayer whereas the crown corporation is there backstopped by the taxpayer.

Mr. Kenneth V. Georgetti: They go to the bank. If they can't go to the government, then the crown corporation should go to the bank. If they were a private employer for all intents and purposes.... Some of my employers I've negotiated with have had to go to the bank to get some backstopping. General Motors had to come to the people of Canada for a while. There are all sorts of things happening. That

wasn't because of pension deficits. It's because the market failed the system.

Now we have to go and look at ways to accommodate short term.... Canada pension returned 10% last year, a crown corporation, I might add, Mr. Jean. That's 10% from investing the people's money in pension reform.

The Chair: My time's up, unfortunately. I'd love to continue this debate, but I thank you for your responses. I want to thank all of our witnesses for being here today, responding to our questions. If you have anything further for the committee, please submit it to the clerk.

Colleagues, before you get up and wander around, we are moving immediately to three motions from the NDP and two budgets that I'd like to deal with. During that time, we are going to bring in the next panel.

Does everyone have a copy of the three motions?

Some voices: Yes.

The Chair: Okay. We'll start with the motion by Ms. Nash, and I will give the floor to Ms. Nash, please.

Ms. Peggy Nash: Thank you, Mr. Chair.

I'll read the motion first:

That the Standing Committee on Finance immediately undertake a study on the impact of Part 3 Division 17 of Bill C-60 on the independence of the Bank of Canada with respect to its setting of the nation's monetary policy and its economic research activities.

In light of the discussion we've had today, Mr. Chair, our concern is that part 3, division 17 of Bill C-60 could undermine the independence of the Bank of Canada—

The Chair: Order, please.

Could all conversations please be taken outside? We are dealing with three motions. If you have conversations, please take them outside the room. Thank you.

Ms. Nash, you have the floor again.

Ms. Peggy Nash: Thank you.

Our concern, as we have discussed today, is that division 17 of part 3 of Bill C-60 could undermine the independence of the Bank of Canada through the involvement of the Treasury Board. As a fundamental plank in all of our crown corporations, but especially in our monetary policy and our economic research activities, we want to make sure that the independence of the Bank of Canada is assured. We believe that it will be valuable for the finance committee to undertake such a study.

•(1010)

The Chair: Thank you, Ms. Nash.

I will go to Ms. McLeod, please.

Mrs. Cathy McLeod: Thank you, Mr. Chair.

I'll make a general comment. I believe one of my colleagues would like to talk to this motion specifically. My general comment is that of course all members here recognize what a busy committee we have. I know that we go into our subcommittees. We work very hard to establish the agenda, and as we look we plan right into the fall, so I'm very surprised to see that the NDP continually puts forward a myriad of motions. These are issues that haven't come up within subcommittee, and we have planned our schedule. It's very busy.

I'll let my colleague speak specifically to the motion, but I guess I'm a little disappointed. I think within our subcommittee structure we try to be reasonable and fair and accommodate in a fair way the interests of all the different parties as we look at the studies we're going to do.

The Chair: Thank you.

I have Monsieur Caron, then Mr. Adler.

[*Translation*]

Mr. Guy Caron: Thank you, Mr. Chair.

The motions that have been put forward—such as the one introduced earlier—are requests for studies that are important when it comes to potentially significant consequences.

There are two motions. We are talking about the possibility of a government bill affecting or unduly influencing the independence of the Bank of Canada and the policies of the Canada Pension Plan Investment Board. Those are extremely important issues that should also be important to the government, since the independence of those organizations is a crucial parameter in the operations of the government and of those organizations. When important topics are proposed, saying that we are always too busy because we have a hectic schedule indicates a lack of seriousness to my mind.

If we have an important issue pertaining to good governance, we should prioritize it in our discussions. That is why we are introducing these motions. They are not dilatory motions; they are substantial motions that call for important studies and inquiries. So I would like the government to recognize the importance of getting to the bottom of this. We are not asking for eight meetings. We just want to ensure that we will study that specific aspect of Bill C-60. We are not alone in saying that. Many organizations want the same thing, whether we are talking about the CBC—which is currently not even affected by those motions—or the Bank of Canada.

Based on their comments, the economists who have seen what kind of an impact this could have are worried. The comments made by public and economic policy experts indicate that they are also worried. So I think it would be worthwhile for the committee to look into this issue. Since the budget implementation bill was introduced not too long ago, this is our opportunity to put these motions forward.

In short, I hope that the government will be able to see how important and relevant this issue is when it comes to good governance.

[*English*]

The Chair: *Merci.*

Mr. Adler, please go ahead.

Mr. Mark Adler: Thank you, Chair.

It never ceases to amaze me. The NDP comes forward with these spurious motions consistently. They know how tight our timetable is, yet they consistently bring forward these motions.

This one really takes the cake because they're asking us to look at part 3, division 17 of Bill C-60 on the independence of the Bank of Canada when it comes to setting monetary policy and doing economic research. That's exactly what we are studying right now. We're doing it right now.

What they're asking us to do is, yes, study it now, but then study it again. Not only are they asking us to study it for a second time, but the first time around, they didn't even invite any witnesses to speak to their side.

We're going to reject this motion because it's redundant. I would suggest that in bringing motions forward in the future, the NDP take a closer look at what they're proposing because in this instance, we're clearly studying this right now. For the sake of not wasting any more of the committee's time, let's reject this motion and move on, and hope that the NDP does not put forward any kind of fatuous motion in the future. It's ridiculous.

The Chair: I have two more speakers. I'll just remind members that we have two more motions.

I'll go to Ms. Nash, please.

Ms. Peggy Nash: Let me address the objections raised by the Conservative members of the committee who have used some interesting words. I believe “spurious” and “fatuous” were two of the adjectives. Back at you, team.

I guess one could make that case with division 17 of part 3 in Bill C-60 where certainly I've had many constituents come to me expressing concern about the independence and the integrity of our crown corporations. Surely, a government that pretends to desire competence and expertise on economic matters would want to be assured that there is complete independence and integrity for our bank, the Bank of Canada. We didn't ask them to include these intrusions on crown corporations in their budget. Of course, it was unanticipated when we set the schedule for the finance committee. We are reacting to the inclusion of these provisions in Bill C-60, their latest omnibus budget bill.

We're also reacting to the fact that there is so little time given to this committee or any other committee to study the provisions of this bill. We believe that this is something that is fundamentally important to the integrity of our economic system and that we should make sure that our Bank of Canada is fully independent. We need to reassure ourselves of that. I would argue that if you look at our schedule carefully, which we have done, we have nothing planned for either June 11 or June 13, and we could in fact very well accommodate a further examination of these very important issues.

I submit that we do take the time and study this carefully because I'm sure Canadians would not be happy if they found that their government had in some way compromised the integrity or independence of their bank, especially during these insecure economic times.

•(1015)

The Chair: Thank you.

I have two more speakers and then I'd like to go to the vote if I could.

Mr. Caron.

[*Translation*]

Mr. Guy Caron: I will be very quick.

We have time to study these issues. We have Bill C-60 before us. Some parts of the bill have been referred to other committees and will be studied very superficially. We will then receive recommendations without having a debate. We are in charge of studying part 1, part 2 and several divisions of part 3. We have been given about two and a half committee meetings to study amendments that will affect at least 15 to 20 pieces of legislation. So don't try to tell me that we have had enough time to discuss this matter. This is a fundamental issue for Canada's financial and monetary system, and it will be taken off the table because the committee is apparently too busy.

These matters will have to be taken seriously at some point. That is why I encourage the government to accept this motion, as well as the following motion. My colleague was perfectly right in pointing out that we do have two available days—June 11 and 13. So we do have some time on the schedule available to discuss some extremely important issues.

Thank you.

[*English*]

The Chair: Mr. Adler, please.

Mr. Mark Adler: I'm glad we're moving to the vote after I speak.

The NDP, through their flummery, just love to waste time. Time is the most valuable commodity we have as MPs around here because we're involved here in the people's business. We've also invited witnesses to be here today. Now not only is the NDP proposing to waste the committee's time but they're proposing to waste the witnesses' time. They came here at great expense of their own time and resources. I would suggest that we move to the vote so we can dispense with this as quickly as possible and not waste any more time.

The Chair: Okay.

This is on Ms. Nash's motion.

On Ms. Nash's motion, all in favour? All those opposed?

(Motion negatived)

The Chair: We will then move to Mr. Caron's motion, the second one I have.

[*Translation*]

Mr. Guy Caron: This motion is very similar. I will read it out. It says the following:

That the Standing Committee on Finance immediately undertake a study on the impact of Part 3 Division 17 of Bill C-60 on the independence of the Canada Pension Plan Investment Board with respect to its mandate of achieving a "maximum rate of return, without undue risk of loss" for the Canada Pension Plan.

I will not discuss the motion any further. The arguments are the same, and they are as relevant as those that have been raised so far. I do not understand why the government wants to avoid this issue. As the Standing Committee on Finance, we have a mandate to examine any significant impact a piece of legislation may have on the Canadian financial system. Avoiding the issue by saying that it is not important—as the government seems to be doing—absolutely astounds me.

•(1020)

[*English*]

The Chair: *Merci.*

Mr. Jean, you may speak to the motion.

Mr. Brian Jean: Thank you, Mr. Chair.

I wasn't really sure. I looked at this because, of course, this is very similar to Mr. Adler's position, and that is that we're already studying exactly what he wants to study. He had the opportunity to bring forward witnesses to testify and for him to ask questions of just like we have today, but he didn't bring them forward. So they wanted the study. I couldn't figure out why that was the case, Mr. Chair, until I did a little digging.

My understanding is—please, correct me if I'm wrong—that the NDP are actually graded on the amount of motions they get passed in this place. They're graded by the party leadership. I'm just thinking to myself. I'm interested in certain testimony, but we already have a process in place for that testimony. Bluntly, Mr. Caron and the other NDP members could have asked for particular witnesses to come here today. They have that ability and they could have put them on the witness list, on the day, in particular, we were studying that part of the act. But they didn't do so. I was wondering why, as I said.

They're doing it for party leadership and for their own self-promotion. I think that's wrong, Mr. Chair. I wasn't going to raise it as a point of order, but I certainly think it's something that we should consider in this committee in the future, if they're going to compromise our work and indeed waste our time on the basis of their own self-promotion and their own party. I think that's uncalled for and I don't think it's necessary.

I would certainly vote against this particular motion, and I hope my colleagues support me on that.

The Chair: Thank you.

I have Monsieur Caron and then Mr. Brison.

[Translation]

Mr. Guy Caron: I am absolutely appalled by this government's refusal to even uphold the principles of good governance. Some fundamental issues are involved here. However, the government would have us believe that we can address important issues related to the independence of the Bank of Canada and the Canada Pension Plan Investment Board in two and a half meetings. We will be hearing from witnesses who will provide us with interesting and relevant information. However, they will ultimately be talking about two separate parts and about a dozen divisions of part 3. All we want is to hear from a few witnesses.

If we had an opportunity to hold four, five or six committee meetings, we could have perhaps invited representatives from the Investment Board or the Bank of Canada who could have told us about this issue. We have two and a half meetings to discuss a bill that will amend some 20 pieces of legislation. The fact that the government is beginning to doubt the underlying principles or the philosophy behind the NDPs motions is absolutely astonishing to me. We are not doing this for us, you or the committee. We are doing this for the sake of those two organizations' principles of independence, which are fundamentally important for Canada's financial and monetary systems.

Some of our economist colleagues should recognize that. Yet all they want to do is eliminate any discussion as quickly as possible. That is why the time limit was imposed on us in committee. We are hearing testimony and we already know the outcome because the Standing Committee on Finance has not adopted any amendments on a budget bill.

As a government, are you really serious about wanting to adopt and uphold the principles of good governance? Or are you simply trying to push an ideological agenda without taking anything else into account and without taking the time to truly consider the consequences of your actions as a government?

[English]

The Chair: *Merci.*

Mr. Brison, and then Mr. Jean.

Hon. Scott Brison: I support the New Democrat motion, but to Mr. Jean's comments, Mr. Jean has accused the New Democrats of engaging in self-promotion. Does this represent a fundamental shift in Conservative government policy? If so, will they cut the economic action plan advertisements that are costing hundreds of millions of dollars of hard-earned Canadian tax dollars? That's perhaps for consideration. I'm just trying to be constructive.

The Chair: Thank you.

Mr. Jean, please.

Mr. Brian Jean: Thank you, Mr. Chair. I don't know what Mr. Brison has against supporting Canadian media.

Just for the record, very quickly, Mr. Chair, I noticed that the New Democrats did not deny what I suggested. I would suggest an A for effort and an F for results.

I'd like to go to the vote.

The Chair: We will then go to the vote on Monsieur Caron's motion.

(Motion negated)

The Chair: We'll go to Mr. Rankin's motion.

• (1025)

Mr. Murray Rankin: Perhaps in the interests of time, this is a very straightforward motion. It simply suggests that this committee invite the Auditor General and his officials to appear before the committee before June 11 to discuss chapter 3, "Status Report on Collecting Tax Debts—Canada Revenue Agency", in the Auditor General's spring 2013 update.

The committee will have received a letter from Mr. Ferguson dated May 6 in which he seems to ask for the opportunity to speak. He says that he and his staff would be pleased to come to the committee and meet with us about the crucial issues that he points out in his status report. Among which is the uncollected tax debt increasing by 60% since 2006. It has risen from \$18 billion to \$29 billion dollars, with 10% of the total tax debt written-off each year.

Mr. Chair, this would seem to be something worthy of the finance committee's attention. It seems self-evident that if the Auditor General has something to talk to us about, we would want to hear him on such an enormously important issue. That's the reason for the motion.

The Chair: Ms. McLeod, on this motion.

Mrs. Cathy McLeod: I will leave the more general comments because I've made them already. I think there are two important features to note. The Auditor General made some very valuable observations and recommendations which, of course, we've moved ahead to implement. I also want to acknowledge that he acknowledged the important progress that the government had made on this very important issue in terms of having systems and processes.

Certainly, I compare that with 2006, which was unsatisfactory following the Liberal government, to what was a great movement in strides.

It was interesting yesterday when my colleague, who is the Parliamentary Secretary to the President of the Treasury Board, was quite puzzled by this. He said the Auditor General was before public accounts, I believe it was May 2. Certainly that was the opportunity. I know on our side, if there are particular chapters, we ensure the person who has an interest in those particular chapters actually participates in those meetings.

The Auditor General has appeared before public accounts. They had a very robust discussion. That was a great opportunity for Mr. Rankin, if he had specific ideas or thoughts, to discuss at that time.

Again, given both my more general comments and the great clarity of the report the Auditor General put out, we will not support this motion.

The Chair: We'll go to the vote on this motion.

(Motion negated)

The Chair: Colleagues, you do have two budget requests before you. First of all for this study, for Bill C-60, the amount requested is \$26,500. That is approximately \$10,000 less than what was initially sent to committee members. It's less than what we had thought, initially.

Are there any questions or concerns? Can I get someone to move this? So moved by Mr. Jean. All in favour?

(Motion agreed to)

The Chair: Secondly, with respect to our study of Bill C-462, you did raise some concerns about the budget previously. It has been adjusted downward substantially.

Any questions or concerns about this budget? Can I get a mover for this? Mr. Jean again. All in favour?

(Motion agreed to)

The Chair: Thank you, colleagues.

We will move to our second panel. I want to thank our witnesses for being very patient while we were dealing with the three motions and two budget items.

We have six people to present. First of all, as an individual, we have Mr. George Smith, a fellow and adjunct professor from Queen's University. We have, representing the Association of Municipalities of Ontario, Ms. Judy Dezell. From the Canadian National Institute for the Blind, we have the national director, Ms. Diane Bergeron. From the Canadian Union of Public Employees, we have Mr. Denis Bolduc, general secretary. From the Canadian Urban Transit Association, we have Mr. Patrick Leclerc, and by teleconference, we have Monsieur Florian Sauvageau.

Monsieur Sauvageau, can you hear me?

[*Translation*]

Mr. Florian Sauvageau (Emeritus Professor, Information and Communications Department, Université Laval, As an Individual): Yes, I hear you very well.

[*English*]

The Chair: We were not able to do a video conference today. I apologize to colleagues and to Monsieur Sauvageau.

You will each have up to five minutes for an opening statement and we will proceed in that order.

We will start with Mr. Smith, please.

Mr. George Smith (Fellow and Adjunct Professor, Queen's University, As an Individual): Thank you, Mr. Chair.

Thank you for the invitation to comment on Bill C-60 as it relates to industrial relations in Canada.

My name is George Smith and I'm a fellow in the School of Policy Studies and an adjunct professor in the School of Industrial Relations and the School of Business at Queen's University. Prior to joining Queen's in 2010, I had a 37-year career in Canadian business, practising industrial relations as the chief management negotiator for Air Canada, Canadian Pacific Railway, and CBC/Radio-Canada. I

believe that I can offer you both the academic and practitioner points of view on the impact of the provisions of Bill C-60.

My interest here today is not to represent any party that may be affected by the enactment of this legislation, but rather to outline the significant potential impacts of the proposed legislation on free collective bargaining in Canada.

Please understand that I know about cost control in crown corporations. I was part of the privatization of Air Canada; the revitalization of the Canadian railway industry, including CN as a crown corporation; and the modernization of CBC's collective agreement. This involved tough bargaining, negotiating out what had been negotiated in to meet new competitive pressures. Free collective bargaining achieved these necessary changes. Was it easy? No. Did it work? Yes.

As it relates to the legislation before us, I must first note that this unilateral proposal to change collective bargaining in Canadian crown corporations is the antithesis of my multiple previous experiences with legislative reform of industrial relations in the federal sector. Those previous experiences often involved tripartite consultation with all interested parties before changes to the Canada Labour Code were made by the government in power.

These proposed amendments to the Financial Administration Act buried in Bill C-60 contradict both the spirit and intent of the Canada Labour Code as articulated in its preamble and create a role for government in crown corporation collective bargaining that is not contemplated in the Canada Labour Code.

The preamble in part reads:

AND WHEREAS the Parliament of Canada desires to continue and extend its support to labour and management in their cooperative efforts to develop good relations and constructive collective bargaining practices, and deems the development of good industrial relations to be in the best interests of Canada in ensuring a just share of the fruits of progress to all...

In my four decades of experience, the role of government in the collective bargaining process consistent with this preamble has been to support positive bargaining outcomes through federal mediation and conciliation services. This proposed legislation contemplates an active role for government as a player in the collective bargaining process, approving mandates and supervising negotiations.

Not only is this role contrary to the Canada Labour Code, but the adverse impact on collective bargaining will be significant. Unions will not know who the employer is if the government is controlling mandates in the backroom. Governance processes at crown corporations will surely be confused when CEOs and boards of directors have their powers to approve collective bargaining mandates superseded by Treasury Board, and the collective bargaining process itself will be negatively impacted by the unusual and unwanted presence of Treasury Board at the bargaining table.

Relationships between labour and management, which are fragile at best during stressful negotiations, will be strained to the point of breaking, with the negative consequence of ensuring labour disputes. There will be costs to the economy. In some, an already complex process will be complicated to the point where, in my considered professional opinion, it will become totally dysfunctional.

Finally, my comments must be taken in the context of previous interventions of this government into industrial relations that are inconsistent with the Canada Labour Code as written. Since May 2011 there have been five instances of back-to-work legislation that have cumulatively threatened collective bargaining in Canada, including the right to strike or lockout. As well, I might add that substituting interest arbitration for the right to strike has not achieved the desired bargaining outcomes in most of these cases. The CEO of Air Canada recently declared his collective agreement uncompetitive as he launched another cost-cutting process.

This heavy-handed, ad hoc government intervention has become enough of a pattern that a proper policy debate of the potential reform to the Canada Labour Code is absolutely necessary.

• (1030)

I urge you to consider the significant impact of these sections of Bill C-60 in this context and amend the bill. Alternatively, send these proposed amendments to the human resources committee to review them in the context of the entire Canada Labour Code. Or, ideally, recommend the creation of a tripartite consultative process under the auspices of the Minister of Labour to review these and other potential amendments to the Canada Labour Code.

The fundamental Canadian freedom of collective bargaining is being threatened. I submit that a full public policy debate is necessary before changes of this significance are made. Canadians deserve nothing less.

Thank you.

• (1035)

The Chair: Thank you, Mr. Smith.

We'll go to Ms. Dezell, please.

Ms. Judy Dezell (Manager, Gas Tax Implementation, Association of Municipalities of Ontario): Thank you for including the Association of Municipalities of Ontario in your study of Bill C-60.

I would like to address division 18 of the bill, which proposes the indexing of Canada's gas tax fund.

AMO administers the gas tax fund to all municipalities in Ontario, except Toronto. We distribute the fund twice a year on a per capita basis. Municipalities can count on this stable and predictable administration model and invest the fund where they need it the most. Our unique model has been proven to deliver.

Between 2005 and 2011, Ontario municipalities invested more than \$2.1 billion gas tax dollars in over 3,800 projects. These projects have produced 3,900 kilometres of safer roads, 240 safer bridges, 230 additional transit buses added to municipal fleets, over 106,000 tonnes of waste diverted from Ontario landfills, and 136,000 metres of new and rehabilitated water, storm, and waste water pipes, among many other positive outcomes.

Canada's gas tax fund improves the lives of Ontarians by making our communities safer, more efficient, and prosperous. The fund has helped communities keep construction-related jobs in the face of economic uncertainty. In response, Ontario municipalities are transparent in reporting where they invest the fund and in sharing project benefits with the community. The way the fund is

administered in Ontario has proven to be effective, efficient, and accountable. A number of third party evaluations have confirmed this fact.

Despite the direct benefits of Canada's gas tax fund, it is no secret that Ontario's infrastructure is under pressure. Much of it was first built in the 1950s and 1960s, and needs to be upgraded or replaced. In some Ontario communities, population growth is increasing the burden on local infrastructure and fuelling demand for new investments. Other municipalities have a lot of assets to maintain but a shrinking population base and declining tax revenues.

In 2008, the joint provincial-municipal fiscal and service delivery review determined that Ontario municipalities face a \$60 billion infrastructure gap that will take 10 years to close. That means every community in Ontario needs \$6 billion per year every year for 10 years. This is a gap in our core critical infrastructure, such as transit, water, waste water, storm water, solid waste, and roads and bridges. It does not include other key areas of municipal infrastructure, such as recreation, culture, and in Ontario, social housing. The infrastructure gap exists in all Ontario municipalities, no matter the size or location.

While working to address this need, we are very pleased that Parliament made the gas tax fund permanent in 2011. We are also pleased that budget 2013 committed to expanding the list of eligible project categories and to indexing the fund starting in 2014-15. Expanding the list of project categories makes the fund even more flexible and allows municipalities to address the needs that are unique to their communities.

Division 18 of Bill C-60 seeks to implement indexing, and we applaud this. Indexing is absolutely essential so that the fund grows over time to meet inflation and the rise in construction costs. Indexing ensures municipalities can rely on Canada's gas tax fund as a stable, predictable, and long-term source of funding to address the infrastructure gap felt in all communities.

However, based on our understanding of the formula proposed in the bill, municipalities will have to wait before they experience the positive outcomes of indexation. The need for investment is now, not only because of the infrastructure gap but because investment drives the economy of the future. Municipal infrastructure provides the support to the social, cultural, and commercial activity that leads to a dynamic and prosperous Canadian economy.

If we are correct and the formula is not changed, we ask that the government tell us how much in gas tax funds will be transferred now and in future years, so that municipalities can plan for the long term. Predictability is one of the most important and welcome features of the gas tax fund. It is especially important in Ontario, since municipalities are now working on long-term asset management plans.

•(1040)

The plans consider how much it will cost to rehabilitate and replace infrastructure in order to meet desired service levels. Predictability is the key to implementing these plans since it ensures that funding will be there when it is needed the most. We hope that the federal government considers the immediate need for safe, efficient, and sustainable communities when it implements the gas tax fund indexing in division 18 of Bill C-60.

The Chair: Okay. Please wrap up quickly.

Ms. Judy Dezell: I'm done.

Thank you.

The Chair: Thank you very much. Good timing.

We will now go to Ms. Bergeron.

Ms. Diane Bergeron (National Director, Government Relations and Advocacy, Canadian National Institute for the Blind): Thank you.

Before I start, I would just like to explain how I'm going to do this presentation since I can't read print. I am partially sighted, hence the dog at my feet. I'm using a talking computer and I have an earphone in my ear. It will be reading out loud to me what I'm saying afterwards. If I stumble, I apologize.

On behalf of CNIB, I would like to thank the Minister of Finance, the finance committee, and the federal government for their continued leadership and support of the development of equitable library services for Canadians with print disabilities as part of its 2013 economic action plan. An estimated 10% of Canadians have a print disability, and only 6% of published works are available in alternate formats. Canadians with print disabilities include people who are blind or partially sighted, like myself, people with impairments related to comprehension, and people who are unable to hold a book. For Canadians with print disabilities, access to reading material in alternative formats increases literacy, encourages lifelong learning, and improves opportunities for employment and community engagement.

When I was doing my master's degree at Royal Roads University, I was required to do a proposal for a research project. I was excited to find a book written by a Canadian author called, *Seeing Beyond Blindness*. This book was all about teaching and education, from birth to grave, of blind and partially sighted people. Interestingly, the

book was not available in an alternate format. It took me four weeks to receive the book in an alternate format, three weeks after my paper was due. It significantly affected my education.

Access to materials and alternate formats improves quality of life for Canadians, including seniors with print disabilities. It prolongs their ability to enjoy leisure reading and supports their social engagement. In Pigeon Lake, Alberta, not far from where I live in Edmonton, there is a man named Gary. Gary is 80 years old and a good friend of mine. Pigeon Lake is not close to a city and there is no public transportation. Gary is totally blind and although he uses a computer, downloading books is very difficult. Gary relies on receiving his books in DAISY format on a CD in order to listen to books, and that is his chief form of entertainment. Typically, once a week, somebody will go and pick Gary up and take him to town, but other than that, his main source of entertainment, leisure, and interaction is with the books that are provided to him with the DAISY player.

The funding set aside in Bill C-60 will support CNIB's work with public libraries and community leaders to progress towards the creation of a new organization, the national digital hub. This is independent of CNIB and it will support public libraries in their delivery of equitable public library services. The funding will also allow CNIB to acquire and produce, for the national digital hub, over 105,000 additional alternate format materials in e-text, DAISY, audio, CD, and e-books to navigate digital material and Braille. This new content, the CNIB Library's total collection, will be available to Canadians with print disabilities through public libraries, direct service points, and the web.

Once again, we thank the Government of Canada for its leadership and commitment to improving access to library services to Canadians with print disabilities in the 2013 economic action plan.

Thank you.

• (1045)

The Chair: Thank you very much, Ms. Bergeron.

[Translation]

We now go to you, Mr. Bolduc, for your presentation. You have five minutes.

Mr. Denis Bolduc (General Secretary, Canadian Union of Public Employees, Québec, Canadian Union of Public Employees): Mr. Chair, ladies and gentlemen members of the Standing Committee on Finance, thank you for having us.

My name is Denis Bolduc. I am the General Secretary of CUPE Quebec and the Regional Vice-President of the Canadian Union of Public Employees.

CUPE has over 600,000 members across the country, but I am appearing before you today more particularly on behalf of two unions that represent CBC employees in Quebec and in Moncton. I am talking about CUPE Local 675, which represents 600 office and professional employees, and the Syndicat des techniciens et artisans du réseau français de Radio-Canada, which represents 1,200 workers.

We have come all the way to Ottawa to tell you that we are strongly opposed to the amendments proposed to the Financial Administration Act in division 17 of Bill C-60. The adoption of those new provisions would wipe away decades of Canadian democratic tradition and turn the country's entire labour relations regime on its head. CUPE cannot support such amendments because they jeopardize fundamental rights such as freedom of speech and association, as well as the right to free collective bargaining.

The adoption of the amendments proposed in division 17 of Bill C-60 would enable the government to interfere in crown corporations' bargaining processes. As soon as the order has been passed, the Treasury Board could give crown corporations negotiating mandates, send observers to participate in talks in order to impose working conditions and prevent the signing of collective agreements they do not find acceptable. All those provisions clearly violate the right to freely associate as we know it in Canada.

As you know, the exercise of that freedom is safeguarded by the Canada Labour Code, which defines the employer as the person who employs the workers. So unions are supposed to negotiate with the employer—in good faith, of course. However, the government is using Bill C-60 to propose that the collective bargaining process be entrusted to a third party—the Treasury Board. That would change the rules of the game, lead to more appeals and, ultimately, harm good labour relations.

As a member of the International Labour Organization, Canada is committed to respecting and promoting the fundamental right to collective bargaining. That is why we are asking you to remove the proposed amendments to the Financial Administration Act from Bill C-60.

Further to the impact on collective bargaining, in CBC's case, Bill C-60 would conflict with the Broadcasting Act. That piece of legislation states the following:

The Corporation shall, in the pursuit of its objects and in the

exercise of its powers, enjoy freedom of expression and journalistic, creative and programming independence.

The CBC's board of directors is highly independent. It can hire the employees it deems necessary to its operations, determine its employment and remuneration conditions, purchase equipment, and even acquire broadcasting companies without asking anyone's permission.

So the presence of government representatives at the negotiation table would set a dangerous precedent that would reduce the crown corporation's level of independence. It would also open the door to political interference in journalism. A lack of managerial autonomy restricts freedom of expression and turns public broadcasters into state broadcasters. That is not what Canadians want. They want to benefit from information provided by journalists who are free to investigate any topics they choose. No government should have control over a broadcaster of the CBC's stature. Freedom of expression is a fundamental right enshrined in the charter.

The CBC's independence must absolutely be preserved. The public broadcaster must not become a government-controlled propaganda tool, regardless of which government is in power. That is a fundamental principle. So that's another reason to reject government interference in the CBC's management and programming that Bill C-60 would make possible.

In closing, CUPE is wondering why the government is proposing this legislative amendment. Is there a problem that needs to be resolved? If so, it has not been brought to light, and it should be.

• (1050)

So far, all we have seen in this bill is a vicious attack on crown corporation employees and all Canadians. Bill C-60 would amend all the crown corporation empowering legislation by taking away those corporations' negotiating independence. It could also end up turning the public broadcaster into a state-controlled broadcaster.

Once again, I want to thank you for the invitation and for your attention.

The Chair: Okay.

Thank you for your presentation.

Mr. Leclerc, go ahead.

[English]

Mr. Patrick Leclerc (Vice-President, Strategic Development, Canadian Urban Transit Association): Thank you, Mr. Chair,

[Translation]

and members of the committee. I want to begin by thanking you for inviting me to appear before the Standing Committee on Finance to speak to Bill C-60, an act to implement certain provisions of the federal budget, which was tabled last March. The Canadian Urban Transit Association, CUTA, has about 500 members, including public transit systems, manufacturers and providers, government agencies, research centres and other industry players.

Last March, the federal government delivered on its promise to develop a new long-term infrastructure plan to replace the current Building Canada Plan, which will expire in 2014. Over the course of the plan's development and consultation process, CUTA has worked in conjunction with the government and the various stakeholders involved in infrastructure funding.

[English]

For CUTA, there were two critical elements we were looking for. It had to be long term and it had to include public transit as a central pillar.

We were pleased to see that the new building Canada plan met these two criteria. The long-term nature of this plan, a ten-year funding commitment, is the basis of good and long-term urban planning. In our sector, public transit projects are years in the making. Providing both stability and predictability for future investment is extremely important. We commend the government for such a strong commitment.

The other important factor was to ensure that public transit was at the core of the new plan. In that regard, the government built on the strength of the previous plan and went even further by making transit an eligible category for funding under every single program in the new plan.

[Translation]

Over the coming weeks and months, the government will be able to count on our collaboration in the development of various criteria for the plan's implementation. It's now important to identify the most effective ways to ensure adequate integrated mobility funding in communities of all sizes across the country. We must ensure that all Canadians—both in major urban centres and in smaller communities—have access to public transit options and other alternatives in terms of mobility.

The last point is about the indexing of the Gas Tax Fund. As announced in the budget, the federal government will increase the Gas Tax Fund by \$1.8 billion over 10 years. The increases will be made in \$100-million increments, as per the calculation method set out in division 18 of part 3 of Bill C-60.

[English]

Increasing the gas tax fund is an important element to ensure that the fund will maintain its actual value over the years and will keep up with inflation. As stated in economic action plan 2013, presented by the Minister of Finance, it is proposed that the GTF be increased by 2% annually, with increases to be applied in \$100 million increments.

We applaud the government for this improvement, and we agree with the proposal to increase the GTF by 2% annually. Based on our experience, we believe the most effective way to ensure that the GTF keeps up with inflation over the long term is to fully apply the 2% annual increase instead of applying it in \$100 million increments.

Thank you, Mr. Chair.

• (1055)

The Chair: Thank you for your presentation.

Now we will go to

[Translation]

Mr. Sauvageau for his presentation.

You have five minutes.

Mr. Florian Sauvageau: Good morning and thank you for the invitation to appear. My remarks are also about division 17 of part 3 of the bill and, more specifically, about the CBC's inclusion and submission in its bargaining on the Treasury Board.

In my humble opinion, that part of the bill is a serious and appalling breach of the principle of public broadcasting independence, which is one of the fundamental principles of public broadcasting.

I could perhaps quickly explain why I am speaking to this issue. I have been interested in these matters for a number of years. As some of the older individuals among you may remember, I co-chaired, with Gerald Caplan, the last task force that conducted a comprehensive study of issues in Canadian radio and television.

[English]

Our task force on broadcasting policy led to the 1991 Broadcasting Act.

[Translation]

It was in that spirit that I decided to come before you.

We have a choice between state television and public television. For decades, since the 1930s—I want to point out that we had a Conservative government at the time—Canadians have opted for public television based on the British model and with the fundamental principle of arm's length management. The bill's provisions undermine the arm's length principle. That principle has been reaffirmed by all governments and in all broadcasting legislation since the 1930s. We had the 1958 legislation, the 1968 legislation and the latest—once again adopted by a Conservative government—the 1991 legislation, which reaffirmed that public radio and television principle and the arm's length principle.

Independence—if we wanted it to mean something—includes independence in human and material resources management. Clearly, that independence does not exempt the public broadcaster from being held accountable. However, that organization is not to be held accountable by the government of the day. It is accountable to Parliament. Numerous mechanisms—sufficient in number—already exist to ensure that accountability. We have the CRTC and the relevant House of Commons Committee—the Standing Committee on Canadian Heritage. The CBC is also subject to audits carried out by the Auditor General. Those audits are conducted very seriously and are used to assess quality. I have participated in two such audits, and I can assure you that the work done is of an impeccably high standard.

So, if the committee would like to know more about what public television is and what sets it apart from state television—and the same goes for radio, since it's a matter of public radio and television—our Centre d'études sur les médias prepared a booklet on the topic about 10 years ago. UNESCO has translated it into many languages in order to help countries—and especially eastern countries—coming out of a state-run television regime understand what public television is.

If the committee is interested, I can send you copies of the booklet in French and English. That was a way to recognize Canadian expertise. The Canadian system and its independence are clearly not perfect, but many people from around the world look to Canada when they want to create a public television system. The last thing we want to do is lose that. I want to reiterate that the proposed amendments—and I am not sure whether this is intentional or not—are unacceptable and that they undermine the CBC's independence. It is essential for the future of our democratic life to put a stop to this bill.

Thank you very much, Mr. Chair.

• (1100)

The Chair: Thank you very much for your presentation.

We will begin with Ms. Nash. You have five minutes.

[English]

Ms. Peggy Nash: Thank you, Mr. Chair.

Good morning to all of the witnesses. Thank you for being here. *Bienvenue.*

Mr. Smith, I want to address my questions to you this morning. I know you have a long history of representing management in collective bargaining, for decades, as you said in your remarks, and that you have great respect for the democratic process that collective bargaining represents.

I wonder if you think it's possible that those who have written and are proposing these changes, which would have the Treasury Board intervening directly in collective bargaining in crown corporations, don't really understand the collective bargaining process, and therefore don't understand the potential impact of the changes they are proposing here?

Mr. George Smith: I think that's entirely possible. It's one of the reasons I believe we need to have practitioners in the room discussing the potential short-term and long-term impact of the kinds of proposals that are being proposed.

I refer back to those consultative processes that have been used by previous governments, Conservative and Liberal, which used such processes so that the people who would actually be impacted, the people who are at the bargaining tables, have input and can provide the real-life stories from those bargaining tables of the kinds of potential impact the changes that are being proposed could have.

I am concerned that these changes are being made in isolation. I'm sure there is a back story that maybe we don't know about, but the problem is with their being presented in isolation and our not having an opportunity to fully discuss them and their potential impacts.

I also find it completely unusual. I've never discussed potential impacts on collective bargaining in front of the Standing Committee on Finance. Normally this would be in front of the human resources committee or a task force that had been commissioned by the government, or by the Minister of Labour. It would be in that forum with people for whom this is their life and their daily business, it would be among that group that those conversations would be taking place. So this is unusual and the first time in almost 40 years that I have made representations in front of a committee such as this.

Ms. Peggy Nash: Welcome to the finance committee where we discuss navigable waters, CSIS, the RCMP, anything that gets thrown into one of these omnibus budget bills. Welcome to the new world here.

I know that in my discussions with business and also from my history in collective bargaining that business really wants predictability and stability. When they negotiate a collective agreement it's so that they will have that predictability and stability going out, and it's so that the agreement they freely negotiate is the best one to suit the business conditions that a company is dealing with. I have to say I find it ironic that a government that professes to oppose big government has taken such a Big Brother approach to our crown corporations, and especially to collective bargaining.

Can you describe, based on your management experience in collective bargaining, what could be some potential outcomes to what is now a fairly stable labour relations environment, if these changes that are being proposed in Bill C-60 should come into play?

The Chair: You have about 30 seconds for a response.

Mr. George Smith: Yes, sir.

Collective bargaining is messy. Sometimes it causes inconvenience. Labour disputes, I would argue, are short-term pain for long-term gain. But the product of a freely negotiated collective agreement is an agreement that both sides agree to and both sides then commit to implement. That gives management the certainty, and it gives the employees and the unions certainty in the business environment.

It doesn't mean that those negotiations aren't difficult. But mandated change, in my experience, wherever it comes from, doesn't work. You cannot force unions and employees—and I'm speaking as a management negotiator now—to accept changes unless they have input and understanding as to why the changes are being made and what the implication of those changes will be for them.

If that's done properly, you can achieve it. It takes time, it's messy, and sometimes it involves disputes, but it's a much better way than mandating change. Mandated change doesn't work.

• (1105)

Ms. Peggy Nash: Thank you.

The Chair: Thank you, Ms. Nash.

Ms. McLeod, please.

Mrs. Cathy McLeod: Thank you, Chair.

Certainly, it sounds to some degree that we're carrying on some of the conversations we had with the previous panel.

What I would really like to make comment on, first of all, is... Mr. Bolduc, you asked what problem we are trying to solve. I think in the last panel we talked about the \$88 million in supplementary estimates having to go to VIA Rail in terms of their pension plan. Our chair talked about the larger number, in terms of billions of dollars of unfunded pensions.

One of the examples, in terms of perhaps an agreement and a contract, Canada Post's collective agreement with CUPW includes a clause that CUPW members cannot be laid off. If an employee's position becomes surplus, for whatever reason, Canada Post must redeploy that employee within 40 kilometres of their previous job, or pay them to sit at home until a job becomes available.

In my community, the mill recently shut down. It was very difficult because 125 people lost their jobs. There are still 300, luckily. They kept the B line going. But those people had to look for other alternatives. I recognize it's very tough. I've been involved in the health care industry, where there are changes in the structure of our institutions and changes had to be made within the structure of the labour market.

Mr. Bolduc, within your organization, do you guarantee a job for every employee at the head office forever, regardless of whether there's work for them to do?

[Translation]

Mr. Denis Bolduc: I don't represent the Canada Post Corporation employees. However, overall, when specific requests are made regarding budget cuts, downsizing and so on, those issues are discussed at the negotiation table. People on the ground who are involved in that world on a daily basis are in a better position to explain and understand the causes and impacts of those situations. However, this bill takes those people out of the negotiation process. At the end of the day, the Treasury Board will make decisions about provisions and other aspects. That's a problem.

[English]

Mrs. Cathy McLeod: Mr. Bolduc, with respect, you asked what the problem is with some of the independent negotiations of the crown corporations. To me, this particular example speaks to the issue. The taxpayers that we're ultimately responsible for... I don't think any reasonable Canadian supports that particular amendment. So again, I think what I've given is an example of what is a huge issue.

At this point I actually want to head to Ms. Bergeron. Certainly, I really appreciate you coming here today. I think maybe most of the

MPs at this table, and probably across the country, had constituents come into their offices to talk about the digital hub for your organization. Certainly, I met with two community members in Kamloops. One of the pleasures of a parliamentarian, of course, is that we see what is a need, and see it go from presentations to committee, presentations in MPs' offices, to a reality in the budget.

I know you talked to some degree about what you're going to accomplish with this digital hub. I think Canadians would be interested to hear a lot more, in terms of the details of what this will actually do for community members.

The Chair: There's about one minute for a response, Ms. Bergeron.

Ms. Diane Bergeron: Margaret McGrory is our librarian at CNIB, and I think she can probably articulate it better, if that's okay.

• (1110)

Ms. Margaret McGrory (Vice-President, Executive Director, Library, Canadian National Institute for the Blind): With respect to your question about how the funds will be used for this project, there are two main objectives. One is to advance the project to take the library for people with print disabilities out of the charitable sector, which relies on donations for services, and put it where it belongs, in the public library sector. So part of the funding will be to work with public library leadership to effect that transition over the next year.

The other part, and major part of the funding, will be to run the operation of the CNIB Library and the hub, which is internally incubating within the CNIB at this time. It will produce alternative format material, as Ms. Bergeron explained. We have a collection of about 80,000 alternative format books: digital, Braille, etc. This will add a further 105,000 books to our collection, so it will allow us to produce that collection. It will also allow us to distribute the books to people who are blind and partially sighted throughout the country.

The Chair: Okay, thank you. Thank you very much.

We'll go to Mr. Brison for his round, please.

Hon. Scott Brison: I'd like to begin not only by thanking the CNIB for being here and for their presentation, but by thanking them for their service to Canadians. It's not until you have a member of your own family directly engage with and receive services from the CNIB that you fully appreciate and understand the importance of the CNIB. On behalf of all Canadians, thank you for your remarkable service to people like my Aunt Margie in Cheverie, Nova Scotia, who, because of macular degeneration, could no longer read without the equipment and the materials you provide her, and it means so much to our family.

I want to ask Professor Smith a question about labour relations in Canada. In 2010, for instance, were labour relations bad in Canada? Was there significant unrest on the business side or on the government side? Were labour relations somehow turbulent and problematic in Canada?

Mr. George Smith: Labour relations tend to be cyclical, and relationships with unions and management in a general sense have their peaks and valleys. As I recall, 2010 was not particularly remarkable. In fact, many agreements are achieved under the radar. The ones where there's some sort of dispute get the attention, and it's a disproportionate amount of attention.

Hon. Scott Brison: Compared to other industrialized countries, would the state of labour relations in Canada be considered reasonably good if you were a business looking at Canada? Is it pretty stable?

Mr. George Smith: Yes.

Hon. Scott Brison: Then why is the government so hell-bent on making these changes? It reminds me of the saying, "if it ain't broke, fix it until it is broke".

How many examples have you cited of government decisions since May of 2011 that threaten labour relations broadly?

Mr. George Smith: Well, there are five instances of intervention: three at Air Canada, one at Canada Post, and one at Canadian Pacific Railway.

Hon. Scott Brison: Would you agree that good business relations are good for the business environment?

Mr. George Smith: I would agree with that.

Hon. Scott Brison: So do you see these changes as being bad for business?

Mr. George Smith: Yes, they're bad for both parties and the employees, the third party.

Hon. Scott Brison: Are they bad for jobs, the creation of jobs as such, and bad for the investment climate as well?

Mr. George Smith: There's an interesting irony here in the sense that the government intervention has been justified because of the economic recovery. I believe that was a misguided belief. By letting free collective bargaining work, you actually protect jobs and you protect industries. It may well be, as Ms. Nash suggested, that even though this was well intentioned, it hadn't been thought out.

So what we now have is short-term gain for long-term pain instead of the opposite. I'm at a loss, because we've never had a chance to debate as to why that has become the permanent exceptionalism now that exists.

•(1115)

Hon. Scott Brison: Sure.

There have been references made to the previous government in 1991 and the Canadian Broadcasting Act. Please—and I'm doing this constructively—I would urge witnesses not to call that a Conservative government. That was a Progressive Conservative government, and there are significant differences, as we're seeing evidence of.

The BBC model has been cited in terms of public broadcasting. In the U.K. is their governance consistent with what the governance has been in terms of labour relations? Is there a Treasury Board person participating in these kinds of negotiations?

Mr. George Smith: Not to my knowledge. From my experience at CBC, they operate independently.

Hon. Scott Brison: So BBC is the same. It is the model that has been previously—or up until now—the case.

Mr. George Smith: Yes. They have their own labour relations challenges, but it is independent within that corporation.

Hon. Scott Brison: Okay.

The Chair: You have five seconds.

Hon. Scott Brison: Thank you very much to each of our witnesses.

The Chair: Thank you, Mr. Brison.

Mr. Van Kesteren, please.

Mr. Dave Van Kesteren: Thank you, Mr. Chair.

Thank you all for coming here this morning.

I want to direct my question to Mr. Smith. Actually I'm sure you're aware of this, the Quebec provincial government has maintained a law since 1985 entitled An Act respecting the process of negotiation of the collective agreements in the public and parapublic sectors. This law requires all provincial crown corporations to seek ministerial approval.

Can you tell me what the difference is between that and Bill C-60, which you called unprecedented in a CBC report?

Mr. George Smith: My presentation is done in the context of the federal labour code in the federal sector. I am not—

Mr. Dave Van Kesteren: Would you agree, though, it's about the same thing?

Mr. George Smith: Sorry?

Mr. Dave Van Kesteren: Would you agree it's the same thing?

Mr. George Smith: I have no knowledge of the situation in Quebec. That's not my—

Mr. Dave Van Kesteren: It might be interesting to see, because in Quebec with crown corporations, once an agreement is formulated it needs ministerial approval. So it's not unprecedented.

Mr. George Smith: I know a lot more about the structure of corporations and unions.

Mr. Dave Van Kesteren: That's fair, but I think it might be something just for the future.

I'd love to keep going with you, but it was actually you, Mr. Leclerc, who said in a press report that the budget involves essentially no additional funding and actually reduces overall spending in future years as part of a plan to get back to balanced budgets.

Did I say Mr. Leclerc? I'm sorry, Mr. Bolduc.

Mr. Bolduc, I'm sorry. I hope you have your listening ears on. It was actually you who said that there's no additional funding, and actually as a Conservative I think that's a good thing. We may disagree, but I think that's a good thing. Would you disagree that our plan falls out of line of a balanced budget? Is this something that you would think is something we shouldn't be doing? I'm talking about additional funds, sir. You made a criticism that there are no additional funds.

[Translation]

Mr. Denis Bolduc: I don't know whether this is a translation issue, but I don't understand what you mean by additional funds.

[English]

Mr. Dave Van Kesteren: In mentioning additional funding, you were critical that the budget has no additional funds. I was just stating that as a Conservative I think that's something...

You don't remember making that quote, your organization?

[Translation]

Mr. Denis Bolduc: You are not talking about my statement from today regarding...

[English]

Mr. Dave Van Kesteren: No, this is in the past. You might have changed your mind, I don't know.

[Translation]

Mr. Denis Bolduc: Okay.

We are essentially saying that the government—be it Conservative, Liberal or other—makes decisions on general issues, including the budgets allocated to crown corporations. Once that has been decided, regardless of whether the budget is increasing or decreasing—and that is what we have seen and are still seeing at the CBC—it is up to local managers to think and negotiate on behalf of the organization.

[English]

Mr. Dave Van Kesteren: I need to interrupt. I guess maybe I'm not getting across. My question is whether you think it's important that the government balances the budget.

• (1120)

[Translation]

Mr. Denis Bolduc: That objective doesn't have to be reached in the short term or tomorrow morning. It should not be an obsession. The government should implement measures to ensure that the largest possible middle class exists under conditions that comply with the law. These are major amendments that affect the right to negotiate and the government's right to interfere in negotiations. So the government has to make global decisions.

[English]

Mr. Dave Van Kesteren: Again, I'm sorry, I have limited time.

The Chair: You have one minute.

Mr. Dave Van Kesteren: You're saying that you don't think it's necessary too quickly. It's not something that we have to achieve immediately. The reason I'm saying that is because on your web page somebody in your group said:

Economies around the world have weakened significantly because of misguided austerity, unbalanced growth and continued uncertainty in Europe....

In Europe, Greece's economy has gone from bad to worse with successive austerity measures imposed in exchange for EU/IMF loans and a renegotiation of debt.

Just very quickly, does CUPE believe that the problems in Greece have nothing to do with out-of-control public spending and excessive generous benefits to the public sector? Is that what I gather from that?

The Chair: That's a big question for Mr. Bolduc.

[Translation]

Mr. Bolduc, keep your answer very brief, please.

Mr. Denis Bolduc: We think that sound management of public funds is required. However, obsessing over reaching a balanced budget at all costs must not become a daily focus of attention. We need sound management of public funds, and I can tell you that the Greek situation has nothing to do with our own.

The Chair: Okay, thanks.

[English]

Thank you, Mr. Van Kesteren.

[Translation]

Mr. Caron, go ahead.

Mr. Guy Caron: I would like to clarify the question Mr. Van Kesteren put to Mr. Smith.

In Quebec, no representative of the Treasury Board is a member of the management bargaining unit. So that is completely different from what is in the current bill.

I have a question for Mr. Sauvageau.

I am very pleased to be able to talk to you. You are an expert in the field of communications. I even remember talking to you when I was thinking about going to study at the Université Laval in the 1980s.

Mr. Florian Sauvageau: And you did not?

Mr. Guy Caron: Unfortunately, I did not. I chose the University of Ottawa.

You talked a lot about the arm's length principle, which is extremely important for certain crown corporations.

Since the last election, we have asked the minister in charge 22 questions about VIA Rail and Canada Post. In all 22 cases, he told us he could not answer because it was a matter of a crown corporation's internal operations, and those corporations were managed at arm's length. When he appeared before a committee, Minister James Moore also said that the CBC was at arm's length. That means that the government does not interfere in its operations, especially when it comes to human resources.

Yet we now have before us legislation that—despite everything the government may have said over the past two years—could lead to a very serious breach of the arm's length principle.

Is that what you are saying?

Mr. Florian Sauvageau: Absolutely.

The consequences are wide-ranging. The change would undermine the CBC's credibility in the eyes of the public. In addition—and this is another significant consequence—it would undermine other countries' perception of the Canadian broadcasting system.

Just last week, a colleague—who is a Canadian citizen but comes from Tunisia—was appointed president of the Tunisian counterpart to the CRTC. When he was brainstorming ideas on how to create an independent system in his country, who do you think he turned to for an ideal model? He turned to us, the Canadian embassy and the CRTC. Other countries have always seen our public media as independent. I defended that principle at UNESCO in the early 1980s. We were being touted as an example. It was said that our country was successful in avoiding, on the one hand, undue commercial interference and, on the other hand, undue political interference. With the BBC as our model, we have built a public radio and television system at arm's length.

Earlier, some of your colleagues talked about the BBC. The BBC still has a counterpart to the CBC's board of directors. I am talking about BBC Trust—a highly credible institution. That is the model Canada should use as its inspiration.

After all, the end does not always justify the means. Right? Everyone agrees in saying that sound management of public accounts is a worthy goal. However, that goal should not be reached through the use of measures that interfere with our institutions' independence and our democratic values.

• (1125)

Mr. Guy Caron: Mr. Sauvageau, I'd like to ask you a question about something the finance minister, Jim Flaherty, said before this committee yesterday. He was asked about a scenario in which a journalist whose reports the government is not fond of suffers consequences such as cuts to their working hours. That example may be a bit extreme. The finance minister told us this wasn't a dictatorship and there was therefore no need to worry about such things.

Without necessarily using the term dictatorship, do you think these provisions in Bill C-60 could have what is known as a chilling effect on journalists who cover government activities, for instance? Could the government curb their coverage by telling them to back off?

Mr. Florian Sauvageau: As you said, I don't think this is reminiscent of a dictatorship; let's not get too carried away. However, as you know, more and more journalists are experiencing less job security at the CBC. The chilling effect you referred to can certainly have an impact on journalists who are in those vulnerable positions. I'm not saying that it will happen, but we could see contract workers practising self-censorship. Their contracts are renewed periodically. They don't enjoy the same level of job security that unionized journalists do. And the bill clearly states that the Treasury Board can make rules that apply to non-unionized employees as well.

The Vice-Chair (Ms. Peggy Nash): Thank you very much, Mr. Sauvageau. Mr. Caron's time is up.

Mr. Florian Sauvageau: Thank you.

The Vice-Chair (Ms. Peggy Nash): Mr. Adler, it's your turn.

[*English*]

Mr. Mark Adler: Madame Bergeron, I have to, first of all, compliment you on your choice of service dog, a golden retriever. We have two golden retrievers at home and they're fabulous dogs. Congratulations on your choice.

I would like to ask you a question. We as a committee, a few months ago, undertook a study on charitable giving, charitable donations. One of the findings of our analysis was that we needed to develop more of a culture of giving in this country. In response to that, in economic action plan 2013, the Minister of Finance proposed to create a first-time donor's super credit. How important is that initiative for organizations like the CNIB?

Ms. Diane Bergeron: I have to admit that the fund development area within the CNIB is not my area, but from the perspective of someone who has an adult child living in my home who is a first-time donor, I think it's very significant.

The more money that gets transferred into charitable organizations from the public, the more ability we have to provide the enhanced services and the value-added services that we need to provide over and above the rights that Canadians have through the public service for rehabilitation services, library services, and employment services.

I think it's very significant. Anything that can help us to do the work that we do in the community, which is focused on those value-adds is very important.

Mr. Mark Adler: Ms. Dezell and Mr. Leclerc, I want to ask you both the same question and we could start with you, Ms. Dezell.

We took the gas tax fund and number one, we made it permanent, and second, we indexed it. That is having the effect of, number one, laying the foundation for a competitive economy through the development of our cities, but second and more important, it creates permanent and sustainable funding for our cities, which is so desperately needed right now.

Could you comment on how important that initiative was for our government to undertake and how important that is for your case cities specifically?

•(1130)

Ms. Judy Dezell: My context is only within the province of Ontario where we deliver the program. It has been extremely critical to us. In Ontario we only have one program for infrastructure that exists on a permanent basis and that is Canada's gas tax fund.

Mr. Mark Adler: Mr. Leclerc, could you comment on that?

Mr. Patrick Leclerc: Yes. It's an extremely important measure. As we mentioned, predictability and stability are two criteria that are really important for planning and transit projects as well.

When you look at the national picture in Canada since 2006, it's over \$2 billion that went to public transit from the gas tax fund. What it means concretely is that, for instance, in Edmonton the gas tax fund is going directly to the extension of its south LRT, which means better and more service for the population.

It's also a benefit for smaller communities, such as Whitehorse, for instance, which has a 100% fully accessible bus fleet. That was made possible through the support from the gas tax fund. It's extremely important for that sector.

Mr. Mark Adler: Ms. Dezell, some of the below-grade infrastructure in urban centres is very old and needs to be replaced. This funding, I suspect, will go a long way in helping to replace that much-needed infrastructure below grade, wouldn't you say?

Ms. Judy Dezell: Absolutely. There's a demand for infrastructure investments across the broad range of the spectrum, as I mentioned, in the core critical infrastructure, as well as in those day-to-day things that Canadians enjoy, such as skating on ice rinks and swimming in swimming pools. There's a need in every sector of the infrastructure category that municipalities administer.

Mr. Mark Adler: So it's really not just what we see in cities. It's also what we don't see that needs attention.

Ms. Judy Dezell: Absolutely. I would agree with that.

Mr. Mark Adler: How much time do I have left, Mr. Chair?

The Vice-Chair (Ms. Peggy Nash): You have 10 seconds.

Mr. Mark Adler: I'd ask both of you what you would say to those members of the House who would not vote in favour of this budget.

Mr. Patrick Leclerc: I'll leave that to you.

Voices: Oh, oh!

Ms. Judy Dezell: Thanks a lot.

Mr. Mark Adler: Would you implore them to vote in favour?

Ms. Judy Dezell: I implore them to recognize that in order for the Canadian economy to be competitive, we need municipalities that work from sea to sea, and that includes having infrastructure that is new, safe, and reliable.

Mr. Mark Adler: Thank you.

The Chair: Okay. Thank you.

Thank you, Mr. Adler.

Mr. Rankin, please go ahead for your round.

Mr. Murray Rankin: Thank you, Mr. Chair.

Thank you, witnesses, for being here.

I guess I will focus my comments on Professor Smith and Mr. Bolduc, if I may, initially.

I think this is quite extraordinary. We have a very seasoned management representative and a very seasoned trade union representative united—which happens very rarely in my world—in saying that this particular move is regressive. You both expressed great concerns with Bill C-60.

I mean, we're talking about 48 crown corporations employing 88,000 Canadian workers, and you're both saying that there are problems. In fact, Professor Smith, you started by talking about the possibility of this initiative being contrary to the Canada Labour Code.

Two other legal issues also arose. Mr. Bolduc reminded us of the fact that the Canadian Charter of Rights and Freedoms guarantees free association and has been held to include collective bargaining. So we have a legal challenge, potentially, under the labour code. We have a constitutional challenge, potentially. The Friends of Canadian Broadcasting, who were here earlier with a very respected media lawyer, Brian MacLeod Rogers, indicated that there was an inherent conflict, as he called it, between the Broadcasting Act and Bill C-60, which will likely lead to legal challenges.

So I'd ask the two of you if you have any thoughts on how these legal challenges may play out or any predictions as to how this might proceed.

[Translation]

Mr. Denis Bolduc: The Canadian charter establishes this country's fundamental values and freedoms. Freedom of expression and freedom of religion are on par with one another. The second section lists freedom of association, and by extension the freedom to negotiate. Those are the values that the Canadian state and Canadians chose to adopt. I think the government should, first and foremost, promote values such as justice, fairness, freedom and equality. It should make those values easier to apply, not harder.

The bill states that the Treasury Board has the authority to reject any agreement negotiated by management and labour representatives. It also says that the Treasury Board is not the employer. If only for those reasons, we believe this legislation will lead to complex court challenges that will eat up time and money.

[English]

Also, there will be a loss of money.

Thank you.

•(1135)

Mr. Murray Rankin: Professor Smith.

Mr. George Smith: I'm concerned that these changes are being looked at as a binary decision. Either we accept the changes that are proposed in this act or we can't have efficient crown corporations that negotiate responsibly. I'm pointing out that the Canada Labour Code is potentially in violation because I believe that under the Canada Labour Code, without these changes, you can have efficient collective bargaining that addresses the kinds of concerns that have been put on the table, which Ms. McLeod identified, because those changes have been made.

CN and CP Rail both had employment security for all their employees, not just those within a 40-mile radius. In 1995 we negotiated those changes to the collective agreements. CN went on to be privatized, and CP, as you know, is going through a revitalization now. It was done through collective bargaining, and it was done under the Canada Labour Code. My intent is not to suggest launching legal challenges, but to move that conversation back to the forum of the Canada Labour Code and to recognize that historically the Canada Labour Code has provided a framework within which the kinds of changes that are being proposed here can be undertaken.

Mr. Murray Rankin: Thank you very much.

This is a question for Mr. Sauvageau. You termed the changes that would be implemented by Bill C-60 as unacceptable, and then you spoke in another answer to a question about how this would undermine the perception of independence of Radio-Canada and CBC in the eyes of the public.

I would like you to speak a bit more about that, specifically to provide a little clarity about what these changes would do. With regard to the fact that the Treasury Board could now change the bargaining mandate of Radio-Canada, how do you think that would undermine the perception of independence we've enjoyed to date?

[Translation]

Mr. Florian Sauvageau: It will no longer feel like public television. As I explained at the beginning of my statement, independence is a fundamental principle of any public broadcaster. You can't have a public broadcaster without independence.

Yesterday, I quickly reread the questions that had been asked about the BBC. Our public broadcasting model was based on the BBC's in the very beginning. There as well, the director-general is in charge of managing the resources. The BBC Trust serves as a buffer between the government and the director-general.

The Chair: Very good.

[English]

I'm sorry, you're over time.

[Translation]

Mr. Florian Sauvageau: For instance, guidelines for collective bargaining should come from the CBC's board of directors. The state must keep as much distance as possible between it and the public broadcaster.

[English]

The Chair: Okay. *Merci.*

Thank you, Mr. Rankin.

We'll go to Mr. Jean, please.

Mr. Brian Jean: Thank you, Mr. Chair.

Carrying on with where Mr. Rankin left off, Mr. Sauvageau, are you familiar with CTV and Sun Media?

[Translation]

Mr. Florian Sauvageau: Yes, of course.

[English]

Mr. Brian Jean: Do you watch either one of these broadcasters?

•(1140)

[Translation]

Mr. Florian Sauvageau: I don't get Sun Media on my cable TV in Quebec City, but I do get CTV. Although, certainly, I mostly watch French-language networks, I often tune in to the others.

[English]

Mr. Brian Jean: If I could, I don't have a lot of time, sir.

I'm in Quebec also. I have a home in Quebec. I get Sun Media. It's channel 79, and you might want to check it out.

Do you think that Sun Media and CTV operate independently from the Government of Canada? If you had a chance to watch them recently, you might think so.

[Translation]

Mr. Florian Sauvageau: The CRTC safeguards their independence because it is independent from the government. Without the CRTC, those networks wouldn't be independent.

[English]

Mr. Brian Jean: Exactly, sir. That's my point. We have a situation where the independence of broadcasters can be guaranteed by regulation. It doesn't have to be guaranteed by funding.

I do have this question for you, sir.

The royal charter in the United Kingdom that enables the BBC principally funds the BBC by an annual licence fee, which is charged to all British households. I think last year, for households, corporations, and organizations, it was about 134 pounds. It's set annually by the British government, and in fact, it's voted on by Parliament every year to approve or not approve that funding licensing mechanism.

Is that what you're suggesting we should do, that we send a bill out to every household in Canada for \$160 to \$180?

[Translation]

Mr. Florian Sauvageau: The licence fee regime is certainly a good one. It's in place in a number of European countries but would be impossible to implement here today. People aren't accustomed to that and would be extremely resistant to any attempt to adopt a system like the one in Great Britain. I don't think it's possible.

[English]

Mr. Brian Jean: I pay a licensing fee now; it's called cable. I pay cable now in Quebec, and I pay about \$120 a month. For that, I get CTV and Sun and CBC.

Isn't it possible to amend our licensing fee system for CBC and allow people to have the independence to decide what channels they want to pay for and what channels they don't want to pay for? Don't you think that's a fair way to do it, sir? Right now, we don't pay CTV anything. The taxpayers don't pay them anything, and I watch them, quite frankly, more than CBC. I don't watch Sun Media more, but I do watch them, and they obviously act independently now.

Don't you think that's possible, sir?

[*Translation*]

Mr. Florian Sauvageau: You're comparing public television with commercial television. We have three types of radio and television networks in Canada: public, commercial and community. They aren't structured or funded in the same way at all. You're comparing apples and oranges.

[*English*]

Mr. Brian Jean: Yes I am, because I think a user should pay for what they want to watch. I don't think that I should have to pay for other people to watch something I don't want to.

I want to go on to Mr. Leclerc if I may please, sir. How long have you been with the Canadian Urban Transit Association?

Mr. Patrick Leclerc: I've personally been with CUTA for three years.

Mr. Brian Jean: Are you familiar with the file generally, the urban transit file?

The Chair: You have one minute.

Mr. Brian Jean: Do you work with the Federation of Canadian Municipalities as well?

Mr. Patrick Leclerc: We work closely together, yes.

Mr. Brian Jean: Very closely. In fact, isn't it fair to say that most of the time in your dealings and with government that you work together collaboratively to try to put forward and lobby for your position on most things?

Mr. Patrick Leclerc: Yes, we do collaborate on a regular basis.

Mr. Brian Jean: Are you familiar with what took place in Toronto, that ridership went up as a result of this government's implementation of a tax credit? Are you familiar with that?

Mr. Patrick Leclerc: We know that the ridership is going up in Toronto for sure.

Mr. Brian Jean: I know that I've talked to members of your association before and they believe it's a direct correlation to the tax credit implemented by this government some years ago. Would you agree with that?

Mr. Patrick Leclerc: The tax credit is one of the measures that is favouring and rewarding good behaviour and taking public transit.

Mr. Brian Jean: It's a good system, isn't it? It's working well.

Mr. Patrick Leclerc: It is working for those who are using public transit, sure.

Mr. Brian Jean: Wouldn't you agree that this government has taken great steps in relation to making the gas tax fund permanent, doubling and indexing it? Do you find that to be great news for your organization?

The Chair: That's your last question.

Mr. Patrick Leclerc: It is an important one for sure.

Mr. Brian Jean: Thank you.

• (1145)

The Chair: Thank you, Mr. Jean.

I want to thank all of our witnesses for being here this morning and your patience in responding to our questions. If you have anything further to submit, please do so through the clerk. We will ensure all members get it.

[*Translation*]

Thank you everyone.

[*English*]

The meeting is adjourned.

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