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Chair

Mr. James Rajotte

Standing Committee on Finance

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•(0850)

[English]

The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)): I call this meeting to order.

This is meeting 125 of the Standing Committee on Finance. Orders of the day, pursuant to the order of reference of Tuesday, May 7, 2013, are to study Bill C-60, an act to implement certain provisions of the budget tabled in Parliament on March 21, 2013, and other measures.

Colleagues, I want to welcome you all here, as well as the officials from the Department of Finance especially, and other departments who are here with us this morning. They are here to address any issues that members may have as we go through clause-by-clause consideration. I want to welcome the officials to the table and those in the room here.

Colleagues, I do have a series of amendments and I will be proceeding clause by clause. You should be following the agenda that I will be proceeding with for all of you here today. Everybody should have a copy of that agenda.

Pursuant to Standing Order 75(1) consideration of clause 1, the short title, is postponed.

Therefore I shall start with clause 2.

Colleagues, I do not have an amendment until clause 7, in which case I have amendment LIB-1.

(Clause 2 agreed to on division)

(Clauses 3 and 4 agreed to)

(Clauses 5 and 6 agreed to on division)

(On clause 7)

•(1015)

The Chair: We have amendment LIB-1, in the name of Mr. Brison.

You should all have your amendments package.

I will go to Mr. Brison.

Hon. Scott Brison (Kings—Hants, Lib.): Thank you.

On May 9, my colleague Ted Hsu asked the officials a few questions that, at the time, they were unable to answer. No information has been provided back to the committee since then, so I'd like to try again.

First, which missions in the last decade have had, at any time, a risk score between 1.5 and 2?

Secondly, have any of the prescribed missions under the income tax regulations had, at any time, a risk score lower than 2—not to be confused with a risk level of 2. This is the category of missions with a risk score between 1.5 and 2.49.

The Chair: Mr. Keenan, would you like to comment?

Mr. Sean Keenan (Senior Program Analyst, Federal-Provincial Relations Division and Social Policy Branch, Department of Finance): My understanding is that the question has been put to the Department of National Defence and a response is being prepared. I don't have that response with me today.

Hon. Scott Brison: I appreciate Mr. Keenan's earnest response, but he would understand that it's difficult for us as parliamentarians to deal with the legislation today when we're still waiting for information.

I propose Liberal-1 amendment, the rationale being that today the government has the discretion to provide tax-free status to missions with a risk score between 1.5 and 2. Bill C-60 gets rid of that discretion. It effectively handcuffs the government and prevents it from extending tax-free status to certain missions. And the government has yet to provide the rationale for this. My amendment would simply restore that discretion.

The Chair: Thank you, Mr. Brison.

I have Ms. Glover on this issue.

Ms. Glover.

Mrs. Shelly Glover (Saint Boniface, CPC): Thank you, Mr. Chair.

I want to support Mr. Brison's comments with regard to our surprise that we haven't received an answer to Mr. Hsu's question. I'd like to suggest that we move this clause and the vote on this clause to later in the day, and that we ask DND to come to committee and provide us with the answers to the questions aptly put by the Liberal member some time ago, so that we can actually make an educated decision on this. I understand very well why, but I think in fairness we should provide an answer to the Liberals, who asked the questions some time ago.

The Chair: The suggestion is to table the vote on amendment Liberal-1 and clause 7.

(Clause 7 allowed to stand)

The Chair: Great. Thank you. I assume those officials in the room who are responsible will endeavour to get that answer as soon as possible.

(Clauses 8 and 9 agreed to)

(On clause 10)

The Chair: I have an amendment by Monsieur Plamondon. As you know, colleagues, we need the consent of the committee to allow a member who is not a full member of the committee to speak at committee stage. I believe I have the consent to allow Monsieur Plamondon to speak.

[*Translation*]

Mr. Plamondon, you have two minutes.

[*English*]

Sorry. On this point we have Ms. Nash.

Ms. Peggy Nash (Parkdale—High Park, NDP): Mr. Chair, I want to say on the record that we believe the process that's been adopted by the finance committee to deal with the amendments of Bill C-60 submitted by non-members does not conform with parliamentary procedure. Only the House of Commons can appoint committee members, and non-members cannot move motions. I just want to be on the record with that.

The Chair: I appreciate that.

Ms. Glover.

Mrs. Shelly Glover: On the government's behalf, I want to welcome the independent members and thank them for providing their input to this very important process. I want them to know that they're very welcome and that we're happy to hear from them.

The Chair: Thank you.

I do appreciate the committee's indulgence on this matter. We will have discussion of clause 10 on this point first.

Mr. Brison.

Hon. Scott Brison: I also like Ms. Glover's comments that we welcome the input of the independent members at this stage of our deliberations at committee.

The Chair: Thank you.

[*Translation*]

Mr. Plamondon, you have two minutes.

Mr. Louis Plamondon (Bas-Richelieu—Nicolet—Bécancour, BQ): Thank you, Mr. Chair.

I would also like to thank the members of the committee for agreeing to let us make this amendment and for the brief opportunity to comment on it.

The amendment I propose to clause 10 is very simple. As the bill presently stands, this measure would end in 2018. With this amendment, we would like to remove the words "and ends before 2018".

This tax credit for first-time donors is a very good initiative and we think that it should become permanent. It must be said that it

generally takes three or four years for people to become used to this kind of measure. But just when many more people are becoming aware of the measure and able to take advantage of it, it will come to an end. That is why I feel that the measure should be permanent, Mr. Chair, and the words "and ends before 2018" should be removed.

Thank you for your attention.

The Chair: Thank you, Mr. Plamondon.

[*English*]

I have Ms. McLeod on this issue, please.

Mrs. Cathy McLeod (Kamloops—Thompson—Cariboo, CPC): Thank you, Mr. Chair.

Although I appreciate Mr. Plamondon's sentiments about how it is an important measure and how he supports the charitable sector, I think we have to look at the extensive work the finance committee did in this area. We know there are a number of possible ways to move forward in supporting the charitable sector.

This was deemed to be an opportunity to try one particular measure. I think it is very important that there is a time limit on the super donor tax credit, the success of which we will measure moving forward, because that will compel us to review the important measure.

The Chair: Thank you.

Is there any further discussion?

(Amendment negated [See *Minutes of Proceedings*])

(Clause 10 agreed to)

(Clause 11 agreed to on division)

(On clause 12)

The Chair: Go ahead, Ms. Nash.

Ms. Peggy Nash: Mr. Chair, during the committee hearings we heard significant testimony on this area from the credit unions. They are extremely concerned about the impact this tax hike is going to have on credit unions. It will hinder their ability to compete with the big banks.

The largest of the credit unions in Canada is one-sixteenth of the size of the smallest of the big banks, and the credit union sector is a key sector in Canada's financial community. It represents 5.2 million Canadians outside of Quebec who belong to credit unions, many of whom are in communities where a credit union is in fact the only financial institution. Canadians have long appreciated the structure provided by credit unions as an alternative to the major banks. They appreciate the community service that credit unions offer. Credit unions get engaged in local initiatives. They're very generous in terms of their donations and sponsorship of various community activities. The fact that credit unions were not consulted about this change has created significant uncertainty for many credit unions and for the Canadians who rely on the services of credit unions.

I know in my own riding I have had meetings with the credit unions. They have expressed grave concern about the impact of this change. It's a shock to the credit unions, which don't have the ability to go out and just raise money on the markets, as the banks do. They get their money from their members and they invest that money and try to see it grow over time. They perform a very different role for Canadians in the financial sector.

I want to strenuously oppose clause 12 in part 1 and urge the government to reconsider.

The Chair: Thank you, Ms. Nash.

For further discussion, I have Mr. Brison and then Mr. Adler.

Hon. Scott Brison: Mr. Chair, I represent a rural and small-town riding. I find the credit unions provide tremendous service to rural and small-town Canada. In many cases over the last 15 years or so, banks have closed a lot of the branches in smaller communities, not for any malice, but just based on the fact that their business model does not necessarily fit into some of these smaller communities.

During the same period of time, I've seen credit unions expanding their presence in these communities, which means they are part of the community—to lend to small businesses that are the backbone of rural and small-town Canada. They are there to provide services to seniors. Increasingly, in rural and small-town Canada, we've seen an aging demographic in our communities, and the importance of the credit unions and the role they play in our communities has grown in recent years.

We have heard strenuous testimony on this legislation on behalf of credit unions. The government hasn't explained the rationale for it, so I believe it ought to reconsider.

We are opposed to these changes, and later I will be proposing an amendment to clause 15.

The Chair: Thank you, Mr. Brison.

Mr. Adler, it's your turn, please.

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

Notwithstanding what the opposition member just said, I would add that credit unions still have access to the lower small business tax rate. That has not changed. We're simply eliminating an outdated tax subsidy from the 1970s when the tax system was very different from what it is today. I would add that no other small business receives this special tax subsidy. Quebec eliminated a comparable subsidy in 2003, also recognizing that it was no longer fair under the current system.

As everybody knows, our government continues to be a strong supporter of credit unions. We're creating a federal option for credit unions to help them grow.

Thank you, Chair.

The Chair: Thank you, Mr. Adler.

Go ahead, Monsieur Caron, *s'il vous plaît*.

[*Translation*]

Mr. Guy Caron (Rimouski-Neigette—Témiscouata—Les Basques, NDP): First of all, the provision that Quebec has recently abolished was different from the one that the federal government is

now presenting. I feel that the government is on the wrong track by treating credit unions and caisses populaires simply as small businesses. They operate in the financial sector and they presently compete with private institutions like the banks. The officials and the witnesses we heard from spoke very eloquently about the role of credit unions and caisses populaires, especially in small municipalities.

I represent a constituency that is largely rural; credit unions are to be found in many of its small municipalities, but no other financial institutions. In those communities, credit unions play a role that no bank can play in terms of regional investment and community involvement. The number one task for a bank is to make a profit, which is quite legitimate. Credit unions and caisses populaires play a very different role, one that involves extra costs.

This supplementary credit reflects the unique role of credit unions, and the measures that the government has proposed for caisses populaires and credit unions runs counter to that role. The measures will get in the way of that role, a role that cannot be played by private financial institutions. They will automatically make caisses populaires and credit unions much less competitive; the two will not be playing on a level playing field or by the same rules.

For that reason, we urge this committee to set aside these proposals and, if appropriate, to evaluate the role of taxation for caisses populaires and credit unions. It needs to be done in a much more comprehensive, much more complete way, so that we are able to see how the roles of these institutions differ.

The Chair: Okay, thank you.

[*English*]

(Clause 12 agreed to)

(Clauses 13 and 14 agreed to)

(On clause 15)

The Chair: I have three amendments.

First, I have Monsieur Plamondon, and then Ms. May, and then Mr. Brison.

[*Translation*]

Mr. Plamondon, please present your second amendment.

Mr. Louis Plamondon: Thank you, Mr. Chair.

We would like to restore the balance of Bill C-60 to what it was before. I feel that it worked very well.

Earlier, the NDP member reflected my own thoughts very well when he spoke about how important credit unions are in small communities. There are 51 municipalities in my riding, and at least 35 of them have no financial institution except the credit union. So we are not talking about competing with other financial companies.

This bill will have an effect on the dividends that go back to their members. By members, I include small businesses taking out loans. For example, a loan of \$150,000 or \$175,000 can result in a rebate to a business of \$2,200 to \$2,500 at year end. That is a significant amount for an SME. If they can no longer count on the dividends, economic development will be hurt.

I do not want this deduction to be progressively eliminated; I want it to be maintained as it is at the moment.

Thank you.

The Chair: Thank you, Mr. Plamondon.

[*English*]

As the chair, I have a ruling on this amendment.

Bill C-60 amends the Income Tax Act to phase out a tax deduction for credit unions. This amendment proposes to revert back to the original wording of the act, thus allowing the tax deduction to remain in place. As *House of Commons Procedure and Practice*, second edition, states, on page 766:

An amendment to a bill that was referred to a committee *after* second reading is out of order if it is beyond the scope and principle of the bill.

In the opinion of the chair, the deletion of a key element is contrary to the principle of Bill C-60 and is therefore inadmissible. Therefore, this amendment is inadmissible.

Thank you.

We have Ms. May, who has her first amendment.

Ms. May, very briefly for one minute, please.

Ms. Elizabeth May (Saanich—Gulf Islands, GP): How come I have one minute and Mr. Plamondon had two minutes?

The Chair: Well, you have more amendments than Mr. Plamondon. If I could just ask you to be very brief, I'll be as generous with time as I can be.

Ms. Elizabeth May: Okay. I need to say something by way of introduction. I'll be as brief as I can. I'm here at the invitation of the finance committee. I did not ask for this opportunity. I support the statement made by Ms. Nash that this is not proper parliamentary procedure and that I've been invited to submit amendments and will not have an equal opportunity to present them, not even equal to my colleague from the Bloc Québécois. I underscore that my participation at this moment is without prejudice to my rights as a member of Parliament to submit amendments at report stage.

This amendment is based on testimony to committee in relation to credit unions. They are deeply concerned that the changes in Bill C-60 will eliminate their ability to provide the very essential financial services that they provide—as Mr. Brison said—particularly across rural Canada. What I've attempted to do with this amendment, Mr. Chair, is to reduce the tax benefits they now receive, the preferential tax treatment, but not eliminate it all together, so that under my amendment being proposed at this moment, which I hope is consistent with the purpose of the act, it would reduce the credit unions' preferential tax rate from where it is now to 75% after 2016.

The Chair: Thank you, Ms. May.

I will just inform you as the chair, colleagues, that if PV-1 is adopted, LIB-2 cannot be proceeded with because there's a line conflict with LIB-2. If this amendment is adopted, we will not be able to proceed with LIB-2, just for your information.

Is there any further discussion on this amendment? No.

(Amendment negated [See *Minutes of Proceedings*])

The Chair: We will move to LIB-2.

Mr. Brison, please.

Hon. Scott Brison: The intention of my amendment, or the Liberal amendment, is similar to that of Ms. May's, so I expect the outcome, perhaps, will be similar as well. We'd prefer to see the government get rid of this section of Bill C-60 so that the tax credit for credit unions would remain in place as is. It's clear that the government is not willing to do that. What this amendment would do is at least provide credit unions with more time by extending the phase-out of the tax credit, and I think that's a reasonable compromise.

The Chair: Thank you, Mr. Brison.

Is there any further discussion on this amendment? No.

(Amendment negated [See *Minutes of Proceedings*])

(Clause 15 agreed to)

(Clauses 16 to 29 inclusive agreed to)

The Chair: Can I ask if there are any discussions from clauses 30 to 46? Can members indicate which ones they wish to speak to?

Ms. Nash.

Ms. Peggy Nash: There's no discussion, but we are voting "yes" up until clause 35.

The Chair: Okay.

Mr. Brison.

Hon. Scott Brison: I want to discuss clause 36. I'm giving some advance notice on this. Using the same rationale, we're tabling clause 7 until we have more information. The same principle would apply to clause 36. I would ask that we table until we're provided with more information from the relevant department.

The Chair: Thank you.

(Clauses 30 to 35 inclusive agreed to)

(On clause 36)

The Chair: Mr. Brison, do you want to indicate what information you're looking for?

Hon. Scott Brison: In the case of clause 7, we're waiting for information from the department of defence; the same information is pertinent to clause 36. Based on the same principle and cooperation on behalf of the government that Ms. Glover indicated, I ask that we wait until we have that information later this morning.

The Chair: Thank you.

Ms. Glover, please speak to this point.

Mrs. Shelly Glover: We're fine with tabling it.

The Chair: Committee, we're okay with tabling clause 36 until the end?

Thank you.

(Clause 36 allowed to stand)

(Clauses 37 to 41 inclusive agreed to)

(On clause 42)

The Chair: Mr. Brison, do you wish to speak to clause 42?

Hon. Scott Brison: I'd like to use a couple of minutes of my time for each clause by asking the officials to provide an explanation, in layman's terms, of each section in part 2.

Budget bills are the only government bills for which the Library of Parliament does not publish a legislative summary. Canadians who want to know what the bill does should have easy access to a non-partisan, easy to understand explanation of the bill. I think that's why it's important for us to get this information into the committee's transcript. It's unfortunate we have been under significant time constraints. We've been in a rush to get this bill through.

This would only take a few minutes. I think it's important to recognize that the technical briefing provided to parliamentarians was not open to the public and that committee transcripts are an important source of public information that simply can't be replaced by a private discussion and correspondence between MPs, the committee, and the government. I ask that we have the public servants who are with us today provide brief explanations in layman's terms for each section in part 2.

The Chair: Can you assist the committee by asking a specific question? They could speak for hours on the sections.

Hon. Scott Brison: I'm asking them to give a one- or two-minute overview on each section in part 2. It will only take a few minutes. The committee has not yet provided the public with that explanation in a way that is read into the record. It would not take a long time, but I think it would provide the public and stakeholders with explanations in layman's terms from the government's perspective. We're not asking for a deep, granular explanation, but a couple of minutes I think is reasonable for each section.

The Chair: Thank you.

Please speak on this point, Ms. Glover.

Mrs. Shelly Glover: Thank you, Mr. Chair.

As I said before, during witness testimony and when the officials were here, all the material provided to committee is available online for all members of the public who are interested. A three-page summary at the beginning of part 2 provides the information that Mr. Brison is again asking for. I would suggest that the interested public simply go online and look at the overview.

We have an awful lot to get through today. I hope we are able to do this in an efficient manner. That is why it is available on the public website, as well as having been available at technical briefings and during our witness testimony.

I think that answers Mr. Brison's question, and it will prevent any further delays here today.

The Chair: This briefing binder we have I believe is online.

Mrs. Shelly Glover: It is.

The Chair: Is there something you want beyond that?

That's why I'm asking, Mr. Brison. If there's a question you can direct to an official, they can answer, but this information is online.

Hon. Scott Brison: When we had the technical briefing we were provided with more information than has been provided online, and I feel it would benefit us. I would be willing to use my time, a couple of minutes for each clause, to ask the officials to provide their own explanations.

The Chair: Mr. Jean, you wanted to get in on this point.

Mr. Brian Jean (Fort McMurray—Athabasca, CPC): Mr. Chair, frankly, that could take us a couple of months, and the scenario is totally out of the ordinary. If Mr. Brison wants to spend his time asking specific questions about the ramifications of specific clauses, I think that's reasonable, but to ask an open-ended question to the officials who are here to make a comment on each and every clause seems a little bit outrageous, to be honest.

The Chair: Mr. Brison, do you have any specific questions that you wish to ask? You say the information that's provided online is not sufficient, so is there something in addition to this that you want the officials to address?

Hon. Scott Brison: I can certainly ask specific questions, if that's the will of the government members. I can do that for some time.

The Chair: Can the officials do an overview of part 2 in five minutes—the entire overview? Is that okay?

Hon. Scott Brison: I think that would be helpful.

The Chair: Okay, give us a summary in five minutes.

Mr. Carlos Achadinha (Legislative Chief, Sales Tax Division, Public Sector Bodies, Department of Finance): We'll start with clause 42.

This amendment is similar to an amendment in the Income Tax Act in clause 21 of part 1. It's made to ensure consistency in respect of the administrative provisions across various tax statutes. The amendments deal with the issuance by the CRA of a requirement to a third party to provide information for the purpose of verifying compliance by unnamed persons. Similar to the Income Tax Act amendment, this amendment eliminates the *ex parte* aspect; instead, the CRA will give notice to the third party when it initially seeks a court order from a judge of the Federal Court. This amendment is in the non-GST/HST portion of the Excise Tax Act dealing with the taxation of certain fuels and other excisable products.

Clause 43 has to do with pension plan rules. My colleague, Greg Smart, will give some explanation.

Mr. Gregory Smart (Expert Advisor, GST Legislation, Department of Finance): Clause 43 adds new section 157 to the Excise Tax Act to simplify compliance in respect of transactions between an employer and a pension plan trust in the case where an employer performs activities in relation to a registered pension plan of employees of the employer. New section 157 allows a participating employer of a registered pension plan to jointly elect with a pension plan trust to treat any actual taxable supplies by the employer to the pension plan trust as being made for no consideration, meaning that no tax applies to these actual supplies. Instead, there's a deemed supply between the employer and the pension plan trust and taxes collected and remitted just on this deemed supply.

Clause 44 also deals with the GST/HST pension plan rules, and it's also a simplifying measure. This is an amendment to address concerns with the complexity and cost of complying with the pension plan deemed taxable supply rules. In particular, employers have expressed concerns that where only a small amount of tax is at stake, these rules are difficult to comply with. Clause 44 proposes a measure that allows an employer participating in a registered pension plan to be fully or partially relieved from accounting for tax under the pension plan deemed taxable supply rules if the employer's pension plan-related activities fall below certain thresholds. An employer would be relieved from applying the deemed taxable supply rules for a fiscal year of the employer where the amount of GST that the employer is required to account for and remit under the deemed taxable supply rules in the preceding fiscal year of the employer is less than both \$5,000 and 10% of the total GST paid by the pension plan trust in the preceding fiscal year.

Clause 45 deals with GST/HST business information requirements.

Carlos.

Mr. Carlos Achadinha: I can take it from here.

This basically provides the Minister of National Revenue with the authority to withhold GST/HST refunds claimed by a business until such time as the business provides all prescribed business identification information. For example, when a business registers for GST purposes, it is generally required to provide CRA with basic business identification information, such as its name, ownership details, business activity, and contact information. CRA uses this registration information to manage business accounts and to improve tax compliance, including fraud detection. This measure will assist the Canada Revenue Agency in authenticating GST/HST registration and will ensure CRA compliance activities by improving the quality of data CRA uses to assess compliance risk.

Clause 46 is another amendment that deals with CRA's information requirements regarding unnamed persons and is also intended to ensure consistency across various tax statutes with respect to the GST. It is very similar to the amendment I described earlier. This has to do with eliminating the *ex parte* aspect. Instead, CRA will have to give notice to the third party when it initially seeks a court order from a judge of the Federal Court.

Clauses 47 to 50 deal with amendments to the GST/HST health care services provisions.

The first amendment deals with the GST treatment of home and personal care services. Currently an exemption from the GST/HST is provided for publicly subsidized or funded homemaker services, such as cleaning, laundering, meal preparation, and child care when these services are rendered to an individual who requires assistance in his or her home due to age, infirmity, or disability. The first amendment proposes to expand this GST/HST exemption to specifically include publicly subsidized funded personal care services, such as bathing, feeding, and assistance provided to people who need assistance in their homes.

The second amendment deals with services that are provided solely for non-health care purposes. Under the GST/HST rules, services that are provided solely for non-health care purposes, even if supplied by health care professionals, are not considered to be basic health care services and are not eligible for the GST exemption. This proposed amendment clarifies that GST/HST applies to reports, examinations, and other services that are not performed for the purpose of protection, maintenance, or restoration of the health of a person or for palliative care.

The Chair: You're up now on this, Mr. Brison.

Hon. Scott Brison: Could I wait until we get to the specific clause later?

I have a question on clauses 47 to 52 and the GST/HST on home care or report services for non-health.

The Chair: Sure. Why don't you put your question?

Hon. Scott Brison: Can you provide clarity about whether or not the examples provided by Dr. Cohen of the Canadian Psychological Association in her testimony to the committee would be subject to HST?

The first example she provided involved a victim of a car accident having to sue their insurance provider to get the insurance company to pay for mental health services. If that accident victim had to get an assessment for their court case, would that assessment now be subject to GST?

Mr. Carlos Achadinha: The Canada Revenue Agency officials have had a number of meetings and some discussions with the Canadian Psychological Association, and they've tried to explain to them specific applications of the GST. With respect to the services you've just mentioned, where a report, examination, or other service is performed solely for the purpose of determining liability in a court proceeding or under an insurance policy, it will be considered taxable. However, where an assessment is done along with outlining a treatment plan or some other sort of health care-related services that are being provided, that will be considered to be an exempt service, because it's done in the context of designing a health care treatment plan for an individual.

Hon. Scott Brison: In the second example Dr. Cohen provided, she referred to the fact that a significant portion of mental health services are not considered to be basic health care but are instead paid through private insurance. If someone has to get an assessment for the purpose of proving to their insurance provider that the insurance should pay for at least part of the mental health service cost, is that assessment now subject to GST?

Mr. Carlos Achadinha: Again, it will depend on whether the assessment lays out a treatment plan. If the assessment lays out something going forward with respect to a specific treatment plan in which there are going to be some true health care services provided, it will be an exempt service.

Hon. Scott Brison: The Canadian Psychological Association is still saying there's a lack of clarity. Are you concerned when an organization that represents a significant group of mental health care providers or professionals is saying that it's not certain how this will apply?

Mr. Carlos Achadinha: My understanding is that there have been some discussions with various stakeholders, including the Psychological Association, and colleagues at the Canada Revenue Agency. They intend to issue further guidelines based on some of those discussions, outlining specific circumstances and further details in terms of the application of this tax. They've had some general discussions outlining some of the general provisions and how things will apply, providing details and information to the stakeholders.

The Chair: Members know this already, but for the information of anybody observing these hearings, the document is on the Department of Finance website, www.fin.gc.ca/pub/C60, if anybody wants to see an overview of the legislation.

Now, I don't have an amendment before clause 47. Can I deal with clauses 42 to 46 inclusively?

(Clauses 42 to 46 inclusive agreed to)

(On clause 47)

The Chair: I have amendment NDP-1. I'll go to Ms. Nash, please.

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

This amendment would delay the coming into force of the changes to the HST exemption rules in order to clarify what services will be subject to the HST or GST, and we believe we need time for that clarification. We agree that there are certain services, such as cosmetic surgery, that should not receive the exemption. Given that the government has not clearly specified what services will be covered and what services won't be covered, we believe that will lead to confusion in both service providers and the Canadian public, hence the reason for our amendment proposing to delay the implementation.

The Chair: Thank you, Ms. Nash.

Is there any further discussion on this point?

Ms. McLeod.

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

I've spent many years in the health care field working with physicians, physiotherapists, speech therapists, and mental health workers. They already are having to do significant differentiation in terms of...and certainly I think they understand the principles behind what was articulated by the officials here, so it should be a fairly seamless transition to this new system.

The Chair: Is there any further discussion?

[*Translation*]

Mr. Louis Plamondon: Could I ask the experts a question?

[*English*]

The Chair: As I've been directed by the committee, independent members can speak only to their amendments. I'll have to follow that unless otherwise directed by the committee.

Is there further discussion? No.

(Amendment negated [See *Minutes of Proceedings*])

(Clause 47 agreed to on division)

(On clause 48)

The Chair: We have three amendments. I will go to NDP-2 first.

[*Translation*]

Mr. Côté, you have the floor.

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

This is an amendment that I am particularly committed to. First, the area of psychological care is moving forward by leaps and bounds. There are a huge number of changes. The last update brought with it a lot of changes in diagnostic approaches.

I am particularly close to this because, in my constituency, I have the Institut universitaire en santé mentale de Québec, which covers the whole of eastern Quebec. It is a major institution that also brings together other large organizations such as the Centre de réadaptation en dépendance Ubald-Villeneuve. That is where alcohol, drug and gambling addictions are treated.

As you know, Mr. Chair, the Canadian Psychological Association submitted some recommendations to us. We felt that it was important to clarify the eligibility rules for the GST and HST in this specific area, given the great variety of services offered, the fact that it is difficult to define and, above all, the speed at which things are evolving.

I have lived in Limoilou for 20 years and I have rubbed shoulders with people receiving care at the Institut universitaire en santé mentale de Québec. I have been able to see how vulnerable they are. As is the case with physical health issues, it can be difficult to take advantage of ways, through taxation and otherwise, of saving money or, at least, of getting easier access to services. For people with mental health issues, those difficulties are even greater. They very easily become helpless if they do not get extra assistance.

I feel that this amendment would allow us to get out in front of a phenomenon that is constantly evolving and would do justice to an area of health that is unfortunately still the object of taboos, though they are falling by the wayside more and more.

Thank you very much.

[*English*]

The Chair: Thank you, Monsieur Côté.

Is there further discussion?

We'll take the vote on amendment NDP-2.

(Amendment negated [See *Minutes of Proceedings*])

We will go to amendment LIB-3.

Mr. Brison, go ahead, please.

Hon. Scott Brison: Again, our intention here is to provide clarity and certainty that psychological assessments will remain exempt from GST and HST.

The Chair: Is there discussion on this point?

Mr. Van Kesteren, go ahead.

Mr. Dave Van Kesteren (Chatham-Kent—Essex, CPC): Mr. Brison talks about clarity. I think the record has to be clear.

The basic health care services have always been and continue to be exempt under the GST and HST. Budget 2013 clarifies that the exemption for health care services does not apply to reports, examinations, and other services performed solely for non-health purposes. Medical lab work, assessments, and other services performed for health purposes, such as assisting a couple with fertility issues or an individual with mental health issues, are and will continue to be GST- and HST-exempt.

Services such as X-rays, lab tests, or assessments performed strictly for legal purposes will not be eligible for GST and HST health care services exemption, as they are not performed to provide health care to an individual but rather to assist in legal proceedings.

We will be voting against this amendment.

The Chair: Thank you, Mr. Van Kesteren.

Mr. Brison, is there anything further on this?

Hon. Scott Brison: I don't understand the rationale of the Conservatives who want to tax the victims of crime who need an assessment in order to prove their case in court. I don't know why the Conservatives insist on being tough on victims of crime. I think that's wrong-headed. We should be supporting victims of crime, not making it more expensive for them to prove their case in court.

The Chair: Thank you.

Mr. Jean, go ahead on this point.

Mr. Brian Jean: I'd like to add, just very briefly, Mr. Chair, that every province that I'm aware of has criminal compensation acts that deal with victims of crime. It's very good to see the Liberal Party standing up for victims of crime, but in this particular case he's at a loss, because we didn't....

We heard evidence that some people don't, but 99% of people who are involved in cases like that have it paid for by an insurance company, by their home insurance or by their car insurance. I practised in that area for years, and if that can't cover it, then criminal compensation acts in each of the provinces will deal with it.

I just don't think it's an accurate description by Mr. Brison of what actually takes place on the streets in relation to this particular issue. Certainly I can't see liability being an issue that holds up or that is dealt with by way of a report. It might deal with causation, but it wouldn't deal with liability, this particular thing.

The Chair: Thank you, Mr. Jean.

Mr. Brison, on this point.

Hon. Scott Brison: What Mr. Jean is describing, then, is a de facto off-loading to the provinces for some of these costs. I would wonder whether the government has consulted with the provinces on the increase in their costs to compensate victims of crime who are being taxed by the Conservatives in their efforts to simply prove their cases.

The Chair: I guess we're going to go back and forth: Mr. Jean, please.

Mr. Brian Jean: Mr. Chair, I do appreciate his advice. I know after stripping \$25 billion in social services from the provinces during the nineties, the Liberals have learned their lesson, and they're trying to put it on us, but...I think it's okay.

Thanks.

The Chair: Let's keep the debate to the bill and the clause at hand, okay? I suspect....

You want to come back on this, Mr. Brison?

Hon. Scott Brison: Absolutely.

Certainly I think those were unprecedented times with significant deficits, and of course times when a budget surplus was achieved, which seems elusive in the current context. More than \$100 billion was paid down on the national debt during that period.

Hopefully we can get back to that sort of fiscal prudence in the future.

The Chair: Thank you.

All in favour of LIB-3?

(Amendment negated [See *Minutes of Proceedings*])

The Chair: We go now to NDP-3.

Ms. Nash, please.

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

Again, we just want to make the point that we believe psychological services should be exempt from the GST and HST. We've heard significant concerns from professionals in the field that this is not a positive change. This may well discourage people from seeking the kind of service they need.

We know from study after study the prevalence of mental health concerns in this country, and Canada does a particularly bad job of addressing mental health services in Canada, not certainly due to any of the work of professionals or community agencies, but because of the lack of government support and outreach in this area.

I know in my own community we have a significant concern that mental health issues are not being addressed after the deinstitutionalization of mental health services in the 1970s. Many people were just put on the street and left to fend for themselves. Community agencies end up picking up the slack, or we find our law enforcement agencies end up dealing with mental health concerns. They do the best job they can, but really, people need to have access to psychological services in a more timely and more accessible way.

Our amendment clarifies the GST/HST eligibility in a manner that's consistent with the recommendations from the Psychological Association. In summary, it's important that Canadians not be discouraged from seeking psychological care when needed.

Thank you.

The Chair: Thank you.

Mrs. Glover, on this point on the amendment.

Mrs. Shelly Glover: Thanks, Mr. Chair.

I want to clarify to Canadians who are watching just how ill-advised some of our members are. Mental health issues, when they are medical, are in fact covered. They will be and have always been exempt from GST/HST. So the statements made by my colleague are inaccurate, and false, in fact. People will not be resisting getting treatment because of this, because this does not affect treatment at all in any way, shape, or form. I want to make that clear.

On this side, of course, the government has sitting at the table a police officer, a nurse, and a defence lawyer, who have all been involved in cases that were cited here. It is absolutely untrue that victims of crime and people who suffer with mental health issues are not going to be exempt from GST/HST for medical purposes. I just want Canadians to know what's being said is absolutely false. It's fearmongering, and I feel for people who are now starting to second-guess whether or not they can get treatment exempt from GST/HST.

We encourage them to get treatment; it will be exempt from GST/HST. But when you provide assessments for legal purposes, that is what won't be covered.

Lay this to rest and stop scaring Canadians.

Thank you.

The Chair: Thank you.

We'll go back to Ms. Nash, please.

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

While we especially appreciate the performance of the member opposite in her lecturing tone, once again, and while she pretends to be more expert in all areas than the experts who come before our committee, let me repeat what the experts who came before our committee said. They expressed concerns about not exempting psychological services and assessments from the GST/HST. We heard that testimony before the committee.

Our amendment would in fact seek to clarify that eligibility. If professionals in the field are raising concerns about it, in spite of the undoubted vast expertise of the member opposite, we have to take that concern to heart. What we would want to do is simply clarify what is covered, what is eligible, so that Canadians would not be discouraged from seeking psychological care when it's needed.

The Chair: Thank you.

On this, we'll go to Mr. Brison and then Ms. Glover.

Hon. Scott Brison: If I can be constructive and intervene in what threatens to become an increasingly personal discussion, I just am not comfortable—and I'm sure a number of the members of the

committee are uncomfortable—with thinly veiled personal attacks on one's expertise or another's expertise.

I do believe that Dr. Cohen of the Canadian Psychological Association raised important questions in her testimony. She is an expert in her field. The Canadian Psychological Association represents these professionals in mental health, and they are very concerned. So we're being constructive.

I believe that Ms. Nash's amendment is a sensible one, given the concerns raised by organizations representing mental health professionals in dealing with these issues on an ongoing basis. The questions are what the rationale is for this change and why there is such a lack of clarity around how it would affect the costs of these mental health services. The professionals do not know. That's what they said to us emphatically before committee and in private meetings with members of the committee.

The Chair: Thank you, Mr. Brison.

Go ahead, Ms. Glover, please.

Mrs. Shelly Glover: Being that the experts on the application of GST/HST are in fact here in the room, I'd just like to pose this last question to them so that they can clarify for Canadians who are watching: will mental health treatment be subject to GST and HST?

Mr. Carlos Achadinha: The way the GST/HST legislation is set up, there is an exemption for all services covered by provincial and territorial health care plans. Anything that falls under and is covered by one of those plans has been and will continue to be exempt.

There is also an exemption for the services of various health care professionals: psychologists, doctors, all the major health care professionals. If you are regulated in five or more provinces, the practice is that you're added to this list, so there's an extensive list of all the major health care professionals. The services provided by those health care professionals, if they're in the context of providing a medical service, a medical treatment, have been and will continue to be exempt.

Mrs. Shelly Glover: Thank you.

The Chair: Thank you.

Okay. We will have a vote on amendment NDP-3.

(Amendment negated [See *Minutes of Proceedings*])

(Clause 48 agreed to on division)

(On clause 49)

The Chair: I have amendment NDP-4. Who will be doing that?

Ms. Nash.

Ms. Peggy Nash: Again, we would just like some clarity into what services will and won't be subject to HST and GST. This amendment would delay the coming into force of the changes in the exemption rules in order to allow time to clarify that.

The Chair: Thank you, Ms. Nash.

(Amendment negated [See *Minutes of Proceedings*])

(Clause 49 agreed to)

(On clause 50)

The Chair: We have amendment NDP-5.

Ms. Nash.

Ms. Peggy Nash: Mr. Chair, once again it just delays the coming into force of the change to the GST/HST exemption rules in order to clarify what services will be subject to the GST or HST.

The Chair: Thank you.

(Amendment negatived [See *Minutes of Proceedings*])

(Clause 50 agreed to on division)

The Chair: Colleagues, I do not have another amendment until clause 62. Is there any discussion on clauses 51 to 61 that members want to highlight for me now? Okay.

(Clauses 51 to 61 inclusive agreed to)

(On clause 62)

The Chair: I have amendment NDP-6 in the name of Ms. Nash.

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

The NDP supported the introduction of the general preferential tariff regime, and we continue to support it; however, our amendment would require the government to report to Parliament any proposed changes to the list of countries that are subject to the general preferential tariff rate and the reasons for removing any country from that list. The Conservatives have raised the tariffs on thousands of goods from 72 countries in this budget implementation act, and will of course raise the cost on Canadians who are paying for everyday goods by over \$300 million.

Our amendment would bring some transparency and accountability to prevent this in the future. If their cost for basic day-to-day goods are going to be increased, Canadians significantly have a right to expect some basic transparency and accountability from their government. That is the proposal contained in this amendment.

The Chair: Thank you for that.

(Amendment negatived [See *Minutes of Proceedings*])

(Clause 62 agreed to)

The Chair: Colleagues, is there any discussion on clauses 63 to 77?

(Clauses 63 to 77 inclusive agreed to)

(Clause 78 agreed to)

The Chair: I have a new clause, 78.1, with amendments NDP-7 and NDP-8.

Ms. Nash, you can address one or both at the same time if you wish.

Ms. Peggy Nash: I'll address both at the same time. I need to ask the officials why this item wasn't included in the list printed in budget 2013. Could the department confirm that the Conservatives neglected to reduce tariffs on hockey helmets? In spite of all the noise they made about cutting tariffs on hockey equipment, they neglected helmets and had to go back and reinsert that.

Thanks to our colleague, Glen Thibeault, who caught this mistake.

It should have been part of budget 2013. Can they say why hockey helmets were not included at that time?

The Chair: Mr. Halley, would you like to respond to that, please?

Mr. Patrick Halley (Chief, Tariffs and Market Access, International Trade and Finance, Department of Finance): Sure. I think it was explained in the House that it should have been included initially, so that's in clause 78 now.

Ms. Peggy Nash: I'll take that it was an oversight and our NDP colleague caught that.

Specifically with reference to our amendments, what they would do is eliminate the new tax the Conservatives put on iPods. They've raised taxes on iPods and other MP3 players by 6%, and here, with this amendment, the NDP is proposing to save consumers from this Conservative iPod tax.

That is the motion we're proposing, Mr. Chair.

The Chair: Thank you, Ms. Nash.

Ms. Nash dealt with NDP-7 and NDP-8 together. Is there any discussion on this?

Ms. Glover, please.

Mrs. Shelly Glover: Thank you, Mr. Chair.

I just want to remind members that the government heard from the Retail Council of Canada in a Senate study on tariffs, and it was suggested that reducing tariffs is going to lead to some savings for consumers. This is in fact a section that applies because we're testing that theory out. It's a pilot project. Not all sports equipment is covered by this pilot project, but we've inserted a number of things that we feel might help us to deal with that.

As far as an iPod tax is concerned, it is only the NDP who is suggesting that there be any kind of an iPod tax. We all know there are exemptions already in place for iPods, and this doesn't affect that in any way. But I do want to say that if this does produce some fruitful results as a pilot project, we certainly are going to be looking at opening the door further and perhaps looking at further reductions in the future.

It is a pilot project, so we've chosen some specific sporting equipment and baby clothes for that purpose only, but not all sports equipment is covered.

The Chair: Thank you, Ms. Glover.

[*Translation*]

Mr. Caron, you have the floor.

Mr. Guy Caron: Yes, I would like to ask the witness a question.

Are you aware of amendments NDP-7 and NDP-8 that we are studying at the moment?

Mr. Patrick Halley: I am sorry, I did not hear the question.

Mr. Guy Caron: Are you aware of the amendments that are presently being discussed?

Mr. Patrick Halley: Yes.

Mr. Guy Caron: What impacts would those amendments have, do you think?

Mr. Patrick Halley: There would have to be some technical corrections, but, in general, we can see that these two tariff systems are much wider in scope and that they include a certain number of products like karaoke systems and other similar systems. So, the scope of the systems is much wider.

For iPods or MP3s, nothing in the legislation has changed in terms of preferential tariff treatment. So products with tariff number 9948.00.00 can get a tariff exemption and that will continue to be the case.

Mr. Guy Caron: To get the tariff number 9948.00.00, they need an end-user certificate. Is that correct?

Mr. Patrick Halley: Products with tariff number 9948.00.00 will get a tariff exemption. Nothing there has changed.

Mr. Guy Caron: What I mean is that, to get the exemption, an item needs a certificate from the merchant or even from the customer buying it. As we understand it, that is not really being used generally and comprehensively. Am I mistaken?

Mr. Patrick Halley: Under chapter 99 of the Customs Tariff, some general conditions apply for tariff exemptions in general. But nothing will change in this case, because products with tariff number 9948.00.00 are admitted tariff free.

Mr. Guy Caron: Okay.

Let's go back to the amendments we are now dealing with. Are iPods exempt or not? You say that they still are. But some economists who have looked into the matter of customs tariffs in depth have come to the conclusion that the government's statements on the matter, and the analysis from officials, were in fact in error. The analysis those economists did is very convincing.

What is your basis for saying that the exemption exists at the moment? Researchers who have looked into this specific matter have come to a conclusion that is completely opposed to yours and they cannot be criticized for being partisan, whatever the party.

Mr. Patrick Halley: Because the Canadian Border Services Agency administers the tariff, so they are in the best position to decide which products are included or not.

In this case, we have been told that nothing has changed for products that were previously admitted with tariff number 9488.00.00. So those products will get the tariff exemption despite the changes to the bill.

[English]

The Chair: Okay.

Ms. Nash on this point please.

Ms. Peggy Nash: I would just like to correct the record. Ms. Glover said there's no change here, and that it's only the NDP who is looking for an iPod registry. I just want to remind the public that it was Sony and other firms that are covered under section 9948.00.00 that came out and criticized the CBSA for telling them they wouldn't need certificates, even while they know they're planning on collecting this tariff. So we've had the private sector, the businesses involved in this sector, who have raised concerns about this, and they have said, yes, they will be subject to, in essence, an iPod tax.

I just want to get that on the record.

The Chair: Thank you.

(Amendments negatived [See *Minutes of Proceedings*])

The Chair: As it was a new clause, there's no need to vote on 78.1; therefore, I'll move to clause 79.

(Clauses 79 to 81 inclusive agreed to)

The Chair: Colleagues, I don't have any amendments from 82 to 101. Do members want to stop me at a clause? Can I deal with all of these clauses? Okay.

(Clauses 82 to 101 inclusive agreed to)

The Chair: We have clauses 102 to 121.

Mr. Brison, on which clause...?

Hon. Scott Brison: I'll speak to clauses 104 to 109.

The Chair: Let me deal with clauses 102 and 103.

(Clauses 102 and 103 agreed to)

The Chair: Mr. Brison, for discussion on clauses 104 to 109.

Hon. Scott Brison: These clauses broadly apply to the residency requirement for financial institutions. Bill C-60 reduces the Canadian residency requirement for committees of directors of financial institutions. These are smaller groups who deal with particular decisions within a board of directors, and they would report to the full board of the directors. However, a significant amount of business is conducted by board subcommittees, in the same way that there are subcommittees of cabinet that deal with issues and then report back to cabinet. It's the same with corporate boards.

A lot of very important work is done by subcommittees. There are, for instance, audit committees, human resource compensation committees.

There's a concern that this provision is actually much more significant in terms of its impact on decision-making in corporate boards of financial institutions than the government would indicate. I mean, it could create a very significant loophole, if you will, and a significant change in terms of who ultimately would be making very important and significant decisions on the future of our financial institutions.

I would like to ask if Ms. Hardy could explain to Canadians what types of business typically would be delegated to committees of directors and what types of business would not be, or could not be, delegated

The Chair: Okay, Ms. Hardy.

Ms. Annie Hardy (Chief, Financial Institutions Division, Structural Issues, Financial Sector Policy Branch, Department of Finance): First, the board is accountable for all the decisions made at committees. The Office of the Superintendent of Financial Institutions supervises financial institutions and ensures that all the important decisions are made at the board and that the board is accountable for all those decisions.

The legislation has rules on what can be delegated. I don't have it in front of me right now, but, for instance, there are two committees of the board that are mentioned in the legislation. There is the audit committee and another committee.

All the decisions have to go back. Financial statements have to be approved by the board, as do the major decisions. The superintendent also issues guidelines to financial institutions to ensure that the board is accountable for the decisions. The residency requirement will remain at the board level.

Hon. Scott Brison: Ms. Hardy, you said you don't have the information with you on what can be delegated to a committee of directors. You don't have that with you now? When would you be able to provide it to the committee?

Ms. Annie Hardy: I'll be able to provide it today.

Hon. Scott Brison: Okay.

Ms. Annie Hardy: The Office of the Superintendent of Financial Institutions is the one that actually can answer those questions, because they're the ones who regulate. Also, there are rules in the legislation, and the superintendent has guidelines on how the board should make decisions. Risk decisions, for example, have to be debated by the board, but I don't have the full details in front of me.

Hon. Scott Brison: Mr. Chair, I propose that Ms. Hardy provide us with that information.

Ms. Glover, my request is based on the same principle as was applied to clause 7—that we would table this until that information is brought to the committee later this morning.

The Chair: Okay.

Mr. Jean, did you want to get in before...?

Mr. Brian Jean: Well, I would if Ms. Glover is of that position. My understanding, and maybe Ms. Hardy can check, is that since subcommittees and their decisions are ultimately the responsibility of the board, and the board has to ratify the decisions of any subcommittees because they would have directors' liability in relation to those decisions, the board as a whole would be the issue and not just one of the subcommittees. But I'm certainly prepared to take Ms. Hardy's advice on this.

The Chair: Ms. Hardy, do you want to comment on that?

Ms. Annie Hardy: It's correct that the directors are liable for all of the decisions. Usually, all of the important decisions have to be reported at the board.

The Chair: Does that address your concern, Mr. Brison?

Hon. Scott Brison: I asked about the specific types of business that could be delegated to a committee of directors and how this would apply to that delegation. Ms. Hardy said that this information exists, but she doesn't have it on hand. It would be helpful if she could bring it back to committee later this morning. Once we have that information, I'd be more comfortable.

The Chair: Okay. I have Ms. Glover and then Mr. Jean on this.

Ms. Glover.

Mrs. Shelly Glover: I was going to say that the information Mr. Brison is asking for in no way, shape, or form is going to change anything about the proposals in the budget.

It's nice-to-know information, of course, but as the witness has clearly testified, it doesn't change anything, because the boards are in fact the people who make the final decision.

I think we should move forward and vote on it. If Mr. Brison wants that nice-to-know information, I think we should provide it to him, but it doesn't affect the vote.

The Chair: Okay.

I'll go to Mr. Jean and then to Mr. Brison.

Mr. Brian Jean: I think it's a novel question from Mr. Brison. But ultimately, the board is responsible for all the decisions of any subcommittee, so I don't see how it would make one iota of difference what can be assigned to a subcommittee. The board is ultimately liable for the decisions of the subcommittee, and the whole board generally has to ratify these decisions. So I don't see how answering Mr. Brison's question would be constructive.

The Chair: The argument, Mr. Brison, is that it wouldn't change in terms of voting on the clause or not. I'm just saying that's the argument; I'm not passing judgment. We would get that information even if we vote on that. Does that satisfy your concern?

Hon. Scott Brison: No. I'll just explain why.

On a very practical level, and not on a financial one, it has been part of boards.... I know that when subcommittees report back, usually their recommendations are carried by the boards, and subcommittees do extremely important work. This does change the residency requirement for subcommittees.

We are uncertain.... Ms. Hardy is able to provide later this morning what types of decisions we're speaking about and what specific subcommittees this would potentially apply to or what subcommittees may be exempt from these changes. I think it's really important.

Our financial institutions and the governance over our financial institutions have helped significantly to protect the prudential strength of our Canadian financial system. There has been, certainly over time, a different culture of lending and borrowing, as an example, in Canada compared to the U.S. and Europe. There was a deregulation of process—

The Chair: Okay, Mr. Brison.

Hon. Scott Brison: —that precipitated that decline in prudential oversight in Europe and the U.S. in the 1990s. We did not follow that route.

I think having Canadian.... It may prove to be materially important that residency requirements continue to be maintained for what are very material decisions being made at the subcommittees.

The Chair: Thank you very much.

I don't think I have the consent of the committee to table. Is that correct?

Mrs. Shelly Glover: That's right.

The Chair: That's correct. Okay.

(Clauses 104 to 109 inclusive agreed to)

The Chair: Let's deal with clauses 110 to 125. They deal with the Federal-Provincial Fiscal Arrangements Act.

Is there any...?

Ms. Peggy Nash: Clause 125.

The Chair: Clause 125? Okay.

Hon. Scott Brison: I have a question.

The Chair: On which one, Mr. Brison?

Hon. Scott Brison: I think the NDP have flagged that they have a question too.

The Chair: On clause 125?

Hon. Scott Brison: Yes. Well, broadly in this area.

The Chair: Okay. Which clause do you want me to stop at?

Hon. Scott Brison: Well, I'd like to.... It applies to the whole....

The Chair: It applies to the whole section?

Hon. Scott Brison: Yes.

The Chair: Okay. Let's have a general discussion, then, on clauses 110 to 125.

Is that okay? Okay.

We'll hear from Mr. Brison on this.

Hon. Scott Brison: Just for clarification, the decision to reduce the CHT escalator in future years from 6% to the greater of 3% or GDP growth was implemented in Bill C-45, was it not?

The Chair: Mr. McGirr is going to respond.

Mr. Tom McGirr (Chief, Equalization and Policy Development, Department of Finance): Thank you.

My understanding is that the government took the decision to limit the escalator last year, but this year all we're doing is confirming the mechanism and how the escalator is going to be calculated.

Hon. Scott Brison: Okay. So in Bill C-60 this is simply a clarification.

Mr. Tom McGirr: Exactly.

Hon. Scott Brison: Okay. That's fine.

The Chair: Next, Ms. Nash, please.

Ms. Peggy Nash: Our concern, of course, is that when you link the Canada health transfer to the GDP, you're creating uncertainty for the provinces. We've heard concerns expressed by provincial finance ministers and others who are concerned about growing health care costs and gradually diminishing increases in the health care transfer. We've heard real concerns about what that's going to mean for the services Canadians receive down the road and also the crunch that's going to mean for provincial budgets down the road, because this is of course the biggest expenditure in most provincial budgets.

I know the decision on this was in the last budget, but this linking to the GDP is part of that decision. It's included in this budget. I want to again express our concern about this.

The Chair: Thank you.

We have Ms. Glover on this point.

Mrs. Shelly Glover: I want to reassure the provinces once again that we enjoy working with them.

The public is viewing that we have seen a trend, unfortunately, with many of the provinces not even using a growth indicator similar to the federal government's. In fact, the federal government has been increasing spending in the area of health by 6% every year.

In 2012, when we look at the provinces and territories, their increased growth was only 3.8%. In fact, in my home province of Manitoba, where we have an NDP government, increased health care spending by only 1.7%, when the federal government was giving them 6% increases every year. This coming year, according to their budget, they will spend only 4.5% in growth, while also charging extra for PST.

I have to say that I would like to see the provinces do their fair share. On this side of the House, we are providing more than our fair share, but we can only spend what is made, which is why it will go eventually to match what the economy is bringing in. That is fiscal responsibility. That is leadership. That is what is required to protect our children and our grandchildren from further and further debt in the future.

Thank you.

The Chair: Thank you, Ms. Nash.

Ms. McLeod, please.

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

I certainly know that the provinces have been very pleased with the escalator that has been there for a number of years. They will have the certainty because they not only know that it could be nominal GDP, but they know it's a minimum of 3%.

Certainly, as we looked at the intended provincial spending by provinces...and actually the federal government is doing a great job in terms of really supporting...and certainly the provinces are not growing their health care expenditures at the rate at which we've actually been increasing transfers to them.

Again, it was good to hear the acknowledgement that it is an increase, because sometimes that wording has not always been clear. Certainly, the certainty is there for them, and it's absolutely a minimum of 3% or nominal GDP.

The Chair: Thank you, Mrs. Glover.

Monsieur Côté, Mr. Jean, and Monsieur Caron.

[*Translation*]

Go ahead, Mr. Côté.

Mr. Raymond Côté: Thank you very much, Mr. Chair.

Clearly, what is hidden in our discussion is the long-term shortfall that even goes back to Liberal governments. Mr. Chair, you are aware that the initial agreement on health transfers was that greater participation from the feds was intended. That is a problem that the government refuses to deal with. At the moment, the discussions we are getting into now are quite pointless because of the planned increases. The provinces are far from being comfortable, given the particular situation each finds itself in. Take Quebec as one example: more than a third of Quebecers have no family doctor. That is a symptom of a far deeper problem, actually.

There is another way of looking at it. Of course, when you restrict growth that way and impose an agreement on the provinces, it also restricts their ability to deliver certain services. When we looked into the matter of GST and HST exemption, we also saw each of the provinces establishing their priorities, but also as a function of their ability to offer the services.

So, unfortunately, the government's proposal simply does not solve the problem.

[English]

The Chair: Thank you, Monsieur Côté.

Mr. Jean, please.

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

I just want to mention that, first of all, as Mr. Côté said, we cannot be responsible for previous Liberal governments stripping social transfers to the provinces. However, I think what I would like to say, and I think Mr. Caron would agree, is that there can't be any better thing to link transfers to than the GDP, than the growth of the economy and how the economy is doing, whether it be enlarging or reducing.

What is a better indicator of what you should do in your future than the economy itself? It's a rhetorical question, so it's not really a question. It's just to say that there are a lot of different options, but I think Finance, in doing this, in this linkage, is using the best possible methodology by which to carry forward.

I know in Fort McMurray, for instance, 60% to 70% of the people don't have general practitioner doctors. We do have an issue with our health care system, and the federal government is doing its part, as Ms. McLeod said.

I think to link it directly to the gross domestic product is probably the best thing we can possibly do in the circumstances.

•(1020)

The Chair: Thank you.

[Translation]

Go ahead, Mr. Caron.

Mr. Guy Caron: I just wanted to express my disagreement with the arguments that the government has been using. The decision to reduce the increase in health transfers to the provinces was made without consultation. Previously, there was consultation. It is wrong to say that the government speaks to the provinces regularly in order to secure their agreement, because, in this case, that was not done. Provinces found out at the same time as opposition members of Parliament and the media that the government had decided to reduce the growth of transfers by half. We do not expect to see consultations anymore. The government acted without consulting.

Consultations would have been important. If the government had been in any doubt about the decreasing growth in health costs compared to previous years, when historically, it was greater than the growth of the GDP, it would have been interesting to have been able to consult the provinces to find out why. The government did no research and held no consultations to find out that information. This is something, perhaps a trend, that could be changed in the future. At

that point, the provinces will be faced with a deficit in transfers in comparison with what was provided before.

In this particular case, the government is showing that it does not understand and that it does not want to understand the provinces' reality, and that is why we are going to vote against this proposal.

The Chair: Okay, thank you.

[English]

I have Mr. Brison on this.

Hon. Scott Brison: I just want to ask a question, to go back to the clarification that Bill C-60 seeks to provide.

Just to be specific, this is simply a clarification of which measurement of GDP, GDP growth, will be used. Is that what Bill C-60 is seeking to do—to provide a clarification of which measurement of GDP growth will be used?

The Chair: Mr. McGirr, please.

Mr. Tom McGirr: Mr. Chair, for clarification, the escalator that's going to be used for the CHT is going to be exactly the same one that's used in the equalization program, so a three-year moving average of nominal GDP.

The Chair: Colleagues, can I group clauses 110 to 125 together? Is that okay? No. Do you want me to separate out clause 125? Okay.

(Clauses 110 to 124 inclusive agreed to)

(Clause 125 agreed to)

The Chair: Can I group clauses 126 to 129? No.

Then we'll go to clause 126.

(On clause 126—*Maximum payment of \$18,000,000*)

The Chair: Go ahead, Ms. Nash.

Ms. Peggy Nash: Briefly, Mr. Chair, we don't have any amendment on this. We support clause 126, but I just wanted to express concern regarding organizations receiving funding in this section. These funds have not proceeded through the proper estimates approval process, so while we support their receiving the funds, we believe the government should engage in better planning that would lead to more, not less, parliamentary oversight.

Our concern is only that it has not gone through the proper estimates process.

The Chair: Okay.

(Clauses 126 and 127 agreed to)

(On clause 128—*Maximum payment of \$20,000,000*)

The Chair: Go ahead, Mr. Rankin.

Mr. Murray Rankin (Victoria, NDP): Mr. Chair, I'd like the record to show that I'm recusing myself from participating on the vote on clause 128.

The Chair: Thank you, Mr. Rankin.

(Clauses 128 and 129 agreed to)

(On clause 130—*Maximum payment of \$5,000,000*)

The Chair: We have amendment NDP-9.

Ms. Nash, go ahead, please.

• (1025)

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

We're certainly glad to see some funding for first nations education. We want to be clear that this funding in no way addresses the gap that exists between education for first nations and other non-first nations students.

The funding that's being offered here excludes Métis and non-status first nations, ignoring their needs with respect to post-secondary education. Métis and non-status students already receive no federal funding for post-secondary education. The government, as a constitutional duty towards all aboriginal people, should be providing this funding.

Our motion is to include Métis and non-status first nations back into this proposal.

The Chair: Thank you, Ms. Nash.

Your chair has a ruling.

Clause 130 of Bill C-60 provides for post-secondary scholarships for students who are registered as Indians under the Indian Act and for Inuit students. The amendment seeks to amend the bill so that unregistered first nations, Métis, and Inuit students would also be eligible for the scholarship. *House of Commons Procedure and Practice*, second edition, states at pages 767 and 768:

Since an amendment may not infringe upon the financial initiative of the Crown, it is inadmissible if it imposes a charge on the public treasury, or if it extends the objects or purposes or relaxes the conditions and qualifications specified in the royal recommendation.

In the opinion of the chair, the amendment expands the groups eligible to receive a scholarship, which seeks to alter the terms and conditions of the royal recommendation. I therefore rule this amendment inadmissible.

That deals with NDP-9.

(Clauses 130 to 132 inclusive agreed to)

(On clause 133)

[*Translation*]

The Chair: We now move to Mr. Plamondon's third amendment.

Mr. Plamondon, you have the floor.

Mr. Louis Plamondon: Thank you, Mr. Chair.

With this amendment, the wording would read as follows:

17. (1) The Governor in Council shall, by order, dissolve the Transition Office no later than July 12, 2013.

This is what was intended. The Supreme Court was consulted and it supported the provinces. Quebec, like three or four other Canadian provinces, disagreed. It has been established that securities are in provincial, not federal, jurisdiction. If we have the slightest respect for the Supreme Court, we must take its decision seriously and abolish the committee that is trying to centralize securities in a single place.

I remind the committee that, among industrialized countries, the current system is considered to be ranked second. In Quebec, at least, business, the four political parties in the National Assembly, academia and everyone consulted are unanimous. They all want to keep the current system because centralizing securities in a single location would harm the economic life of Quebec.

Thank you for your attention.

The Chair: Thank you, Mr. Plamondon.

[*English*]

I have a ruling on this amendment as well.

Bill C-60 would amend the Canadian Securities Regulation Regime Transition Office Act in order to provide for the extension of the transition office until the Governor in Council decides to dissolve it. This amendment proposes to force the Governor in Council to dissolve a transition office no later than July 12, 2013. As *House of Commons Procedure and Practice*, second edition, states on page 766:

An amendment to a bill that was referred to a committee *after* second reading is out of order if it is beyond the scope and principle of the bill.

In the opinion of the chair, the removal of the ability of the Governor in Council to extend the operation of a transition office would be contrary to the provisions of clause 133 of the bill, and therefore this amendment is inadmissible.

[*Translation*]

Mr. Louis Plamondon: But it is a Supreme Court ruling. So you are saying that the committee has more authority than the Supreme Court.

• (1030)

[*English*]

The Chair: Mr. Plamondon, as the most experienced member of the House, you know that once the chair gives a ruling, the chair's ruling can only be challenged by a member of the committee or not challenged.

Okay. Merci.

All right. We'll go to discussion on clause 133.

Go ahead, Monsieur Caron.

[*Translation*]

Mr. Guy Caron: I do not want to repeat everything that my colleague from the Bloc Québécois has said, but it is a fact that the Supreme Court has made a decision. One of our witnesses, from Quebec's Autorité des marchés financiers, spoke very eloquently about Québec's opposition. Unfortunately, we had very little time to hear him. The same thing happened with all the witnesses and with all the clauses we were studying.

However, if we could have had a longer discussion with that witness, he would have confirmed that Quebec is not alone in opposing the establishment of a single regulator. All the provinces oppose it, in fact, except one. If we really wanted to provide financial market regulators with better coordination and better protection against systemic risks, it would have to be done with the agreement of the provinces and with the involvement of the structure that they themselves have put in place.

Establishing this office to prepare for the transition into a regulatory organization that will not achieve the purposes the government wants to see is holding up the process and the protection that our financial system needs. I have trouble understanding why the government is stubbornly moving in that direction. The Supreme Court decision clearly gives this jurisdiction to the provinces and recognizes the federal government's authority to intervene under certain conditions, such as providing protection against systemic risk.

The solution that the government is proposing at the moment runs counter not only to the letter and the spirit of the Supreme Court decision, but also to the achievement of the efficiency and the objectives that the federal government itself has set.

For those reasons, I would encourage the federal government to use the structure the provinces have established rather than stubbornly continuing in the same direction, in order to establish the organization as quickly as possible without going against the provisions and the ruling of the Supreme Court.

The Chair: Okay. Thank you, Mr. Caron.

[English]

We'll go to Mr. Hoback, please.

Mr. Randy Hoback (Prince Albert, CPC): Thank you, Chair.

I'm asking the witness for clarification on the decision of the Supreme Court and what it meant for both the responsibilities and jurisdictional rights of the provinces and the federal government.

The Chair: Mr. Marion.

Mr. Nicolas Marion (Chief, Capital Markets and International Affairs, Securities Policies Division, Department of Finance): Thank you, Mr. Chair.

First, I'd like to specify that I'm not a lawyer, so I can't give a legal opinion on the decision of the court. However, I have read the decision, and the Supreme Court did confirm a role for Parliament with respect to the regulation of securities, particularly as it pertains to preserving the integrity and stability of capital markets. It also confirms Parliament's role in criminal matters with respect to white-collar crimes. It also suggested that both Parliament and the provinces collaborate with one another in administering their respective responsibilities.

It did say it appears that the day-to-day regulation of securities is within provincial jurisdiction.

Mr. Randy Hoback: Thank you, Mr. Chair.

The Chair: Thank you.

Is there anything further to this point?

Monsieur Caron.

[Translation]

Mr. Guy Caron: I have another question for the witness.

I recognize and I understand that you are not a lawyer, but you are familiar with the passport system that the provinces are currently using. In your view, would that current provincial structure allow the government to meet its objectives, with the manoeuvring room that the Supreme Court has provided, if the federal government agreed to work directly with the provinces and use the system that they have established?

Mr. Nicolas Marion: The short answer is no, because there are very specific limits attached to the passport regime. The system does not affect the enforcement of legislation. So the passport regime isn't necessarily intended to improve the law enforcement framework.

In addition, the passport regime has nothing to do with the governance framework related to the study of new policies, the development of regulations or their approval.

The passport regime most certainly has its advantages when you consider the review of documents involving a passport issuer, but that company still has to follow the specific provisions set out for the entire country. It has to—

•(1035)

Mr. Guy Caron: I see what you're saying. The system is being discussed right now.

I believe the provinces understood the Supreme Court's decision, as well as the federal government's responsibility. No province objected to the current structure developing to meet its objectives in accordance with the responsibilities that were set out by the Supreme Court.

My question wasn't about the current system, but more about what the system could become with the cooperation of the provinces, who fully appreciate what the ruling means.

The passport regime is fairly limited at the moment. The provinces are very eager to expand the parameters of the current structure to bring the federal government into the fold. So we could expand those parameters rather than have the federal government impose a regulatory body that the provinces object to.

Mr. Nicolas Marion: Thank you for the question and the comment.

I think what the federal government is trying to do is improve the securities regulatory framework. And to do that, it must indeed work with the provinces to come up with a governance framework that works, is more effective and better meets the needs of suppliers and the various marketplace participants. I think the objective you mentioned is very much in line with the government's, which is to strengthen the securities regulatory framework.

As for the initiatives involving the talks with provinces, I would say that there have been a number of discussions over the past 16 months and even prior to that. A group of advisors from the provinces and territories took part. It brought together the 10 provinces and the territories. The spirit of cooperation continues.

There is no doubt that the approach has changed since the Supreme Court's ruling, but the discussions are ongoing. A number of multilateral meetings have been held, and some of them were attended by representatives from every single province and territory. The ultimate goal is really to improve the securities regulatory framework, to make Canada more competitive internationally, while addressing the recommendations of the IMF and the OECD to establish a national body.

Mr. Guy Caron: I think there is agreement on the objectives. The disagreement has to do with the means being used to achieve the end.

[English]

The Chair: All right. Merci.

(Clauses 133 to 135 inclusive agreed to on division)

The Chair: Colleagues, I'm going to suspend and take a health break here. It's been requested by a couple of you.

Because we are getting into a big area next, I suspect there'll be a lot of debate. Also, you should have before you the answer from DND to Mr. Brison's question. Please review that. Hopefully that addresses all the concerns that have been raised.

We'll suspend and take a brief break. Thank you.

• (1035) _____ (Pause) _____

• (1050)

The Chair: Colleagues, I call this meeting back to order.

This is meeting number 125 of the Standing Committee on Finance doing clause-by-clause of Bill C-60.

We left off at clause 136. I have three amendments by Ms. May.

Ms. May, you can address them separately in statements or you can address them together if you wish.

(On clause 136)

Ms. Elizabeth May: Thank you, Mr. Chair. If I address them together, it's one minute per amendment, so it's three minutes in a block, correct?

The Chair: Correct.

Ms. Elizabeth May: Thank you.

I again wish to place on the record that in submitting to the finance committee's request that I provide amendments, with the instruction to have one minute per amendment to present them, I'm in no way precluding my rights under those that any member of Parliament in my circumstances has at report stage. So I participate without prejudice.

I'm grateful for an opportunity to address the changes I'm proposing. We're now moving to division 6, the Investment Canada Act. I know other parties also have concerns. The first block of my amendments all address definitions found in clause 136. This of course is the attempt, the general effort, which I support, to provide a definition for "state-owned enterprise" and to further amend the definition of "Canadian".

All of my amendments within the Investment Canada Act go to two areas. One, which we'll get to later, is on some concerns that were raised by the competition subsection of the Canadian Bar Association about the way in which state-owned enterprises are valued compared to how WTO private investors are valued. But throughout this you'll also find a thread of concern about the national security implications of increased foreign investment in Canada, particularly by state-owned enterprises. In that, I would flag now for my friends in the Conservative Party that if you were willing to consider an amendment that comes up later, which is Green Party amendment 6, which deals directly with providing an actual definition of national security...when I speak to that, that's the one that I hope and pray you will actually consider, because I think it's important in the national interest.

Speaking to the amendments that I'm presenting as a block right now, they all relate to definitions. Under state-owned enterprise, Green Party amendment 2 attempts to insert the notion that when we're looking at state-owned enterprises of governments that are obviously not Canadian, we're looking at governments particularly that are:

pursuing political or economic objectives that are potentially injurious to Canada's national security

The second amendment within this block, Mr. Chair, is Green Party amendment 3, which is looking at the extent of control. What we're doing here is taking the direction that we support in the government's efforts to provide specificity in this area, but we're tightening the amendment and making the definitions more stringent to reduce the level of ministerial discretion. We are calling on the minister in our amendment to provide guidelines that would be specific to examples of where a foreign government would be considered to have sufficient influence or direction over an entity to make it a state-owned enterprise.

Lastly, Mr. Chairman, it's looking at influence and direction of state-owned enterprises, again tightening definitions.

I hope these will be considered favourably by the committee.

• (1055)

The Chair: Thank you, Ms. May.

I will take these amendments separately...

Sorry, on the amendments, Ms. Nash, please.

Ms. Peggy Nash: I guess the question is, do we get to speak to clause 136, or do we have to address it through these amendments? Will you accept a debate on clause 136?

The Chair: Yes, you can address clause 136 after the vote on the amendments.

Ms. Peggy Nash: Okay.

Regarding these three amendments that deal with the definitions, in general, we share the concerns about the definitions. We just have a concern about Green Party amendment 2. We're concerned that it isn't properly part of a definition of state-owned enterprise, whether or not it's pursuing objectives harmful to Canada. I want to express our concern about that change.

The Chair: Okay. Thank you.

Is there further discussion on the amendments?

Ms. Elizabeth May: Could I respond?

The Chair: I'm sorry, Ms. May. Your time is up.

(Amendments negatived [See *Minutes of Proceedings*])

The Chair: We'll go to clause 136.

Ms. Nash, you wanted to address clause 136.

Ms. Peggy Nash: Yes. I know we'll have a third discussion of the Investment Canada Act under several clauses, but this division and the changes the Conservatives are making here are tinkering with an act that everyone recognizes is broken and needs a wholesale review.

This process has not been working for Canadians for some time now. You only have to ask anybody who has seen their workplace taken over. I look at Mr. Van Kesteren in the Chatham and London area. We've seen workplaces taken over by foreign companies. The review has been in secret. We don't know what the conditions are, and subsequently the facility has closed. People have been left in the lurch, or they've been kept out in a lockout or strike for several months before closure takes place. The impact not just on the people directly involved in working for these employers but for entire communities has been major.

The problem is that the way the act is written now is vague and confusing for all concerned. So much of it, of course, takes place in secret. We don't have proper transparency. The government is tweaking in this omnibus bill, but we're calling for a full parliamentary review of the act, an overhaul of this legislation, to increase transparency and ensure better protection for Canadian workers and their communities.

The Conservatives have promised to take serious action on the Investment Canada Act. We don't see that in this bill, so we'll get into some of the specifics as we go through subsequent clauses.

Thank you, Mr. Chair.

• (1100)

The Chair: Thank you, Ms. Nash.

Ms. McLeod, please.

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

Certainly it is really important that Canada remain open for business. We do have a distinction between free market investments and entities controlled by foreign governments. In my own riding, Sun Peaks was originally Tod Mountain. A Japanese company created a great resort and opportunity within Canada and employed many Canadians.

Could the officials talk a little about what we are accomplishing with clause 136? How does this provide some clarity around state-owned enterprises and private investment?

The Chair: Who would like to address that?

Mr. Paul Halucha (Director General, Marketplace Framework Policy Branch, Strategic Policy Sector, Department of Industry): Specifically dealing with the definition of state-owned enterprises provided in the act, the Bill C-60 proposals to amend the ICA include the definition of state-owned enterprises. If we go back

to December of last year, when the Prime Minister made the announcement around the two SOE transactions that were under review at that time, he provided a policy clarification around state-owned enterprises. We undertook a series of actions, including the updating of the SOE guideline at that time.

The definition we've added into the act at this point effectively repeats the definition that he articulated and that was added into the SOE guideline in December. To that extent, it's not new. I would argue that it's a very clear definition, as follows:

- (a) the government of a foreign state, whether federal, state or local, or an agency of such a government;
- (b) an entity that is controlled or influenced, directly or indirectly, by a government or agency referred to in paragraph (a); or
- (c) an individual who is acting under the direction of a government or agency referred to in paragraph (a) or who is acting under the influence, directly or indirectly, of such a government or agency;

The definition reflects the existing SOE guideline definition, that it is "an enterprise that is owned, controlled or influenced, directly or indirectly by a foreign government".

The issues that have I think attracted a bit of attention in committee, and certainly from legal practitioners who are responsible for dealing with foreign investors in terms of brokering investments in Canada, are around the definition of "influence". It has not been defined in the act. It's to be determined on a case-by-case basis.

It's important to always remember that the Investment Canada Act provides the minister with a discretionary authority. It provides him with the legal obligation to review each transaction on its merits. Therefore, similar to that, the discretionary authority around state-owned enterprises is provided.

So through the review process, investors are expected to address in their plans and undertakings the inherent characteristics of state-owned enterprises, and specifically that they are susceptible to state influence. Investors must also demonstrate their strong commitment to transparent and commercial operations.

In assessing influence, there are many factors that the minister could consider. In undertaking our analysis, we identified a number that we believed would be of extreme relevance, and I would offer them up to the committee in terms of providing further information around how influence could be assessed in the context of specific transactions.

One example would be the special shares of a corporation. Frequently you have companies where there's.... It's not direct control, there's not indirect control, but a foreign state retains a share of the ownership of the company, and with that are associated negative covenants, which often permit it to make veto decisions around important corporate decisions. That's an example of influence.

Secondly, there's the track record of the company. To the extent that foreign states operate around the world, the minister can look at what the experiences are of other state-owned enterprises, or the same one if it's making an investment in Canada, to understand how the foreign state has influenced—if it has—the operations in those foreign jurisdictions.

Thirdly, there's the state's ability to nominate or replace board members and appoint senior management. That's an obvious way of exercising influence that would not be captured by the definitions of control or indirect control.

Finally, there's any authority under foreign law or the corporation's governing documents preventing a foreign state from directing the affairs of business.

Those are examples.

• (1105)

The Chair: Thank you.

Thank you, Ms. McLeod.

(Clause 136 agreed to)

(On clause 137)

The Chair: I have two amendments. The first is NDP-10.

Monsieur Caron.

[*Translation*]

Mr. Guy Caron: Clause 137 seeks to gradually triple the reviewability threshold for foreign investors. The current threshold is set at \$344 million, and the goal is to raise it to \$1 billion. That means a lot more foreign acquisition transactions will no longer be subject to an adequate review under the provisions set out in the Investment Canada Act up to this point.

Ever since the Investment Canada Act came into force, the threshold has always gone up, but never so significantly. Many problems with the Investment Canada Act have come to the fore in recent months. Concerns include a lack of transparency and insufficient guidelines for the minister under the act. This lack of clarity has a tremendous influence on the decisions made by foreign investors looking to invest in Canadian companies, indeed acquire them.

The lack of clarity has been singled out time and time again. The Minister of Industry, who is, of course, responsible for such things, examined a number of acquisitions. And those decisions did nothing to clarify the conditions for acquisitions permitted by the government.

In that respect, the proposed amendments in this bill do nothing to rectify that lack of clarity and transparency, problems that should, indeed, be dealt with. The government had promised to do just that, not only during the election campaign, but also numerous times before and after the election.

The goal of amendment NDP-10 is to increase the threshold at which the Minister of Industry is required to conduct a review. We are proposing that the threshold be raised by \$1 million next year, after which, increases would be tied to inflation. We want to make sure that foreign acquisitions provide a net benefit for Canada, as planned. The government will still have to determine what a net benefit for Canada means.

We're talking about foreigners looking to invest directly in Canada, but we're also talking about direct acquisitions, which often benefit Canada. That is something the review can show. However,

they also regularly conflict with Canadian economic interests. If you don't believe me, just think about recent cases involving Vale Inco, Xstrata-Falconbridge and White Birch Paper. A review is absolutely necessary. If the threshold is increased to \$1 billion, many acquisitions will take place without any evidence to show that the transaction was in Canada's economic interests.

This amendment addresses that problem by calling for a modest increase at first, after which the threshold would keep pace with the rate of inflation. That approach ensures that the government carries out the appropriate reviews.

We would also like to see more clarity and transparency, concerns the bill fails to address.

• (1110)

[*English*]

The Chair: Merci.

Is there further discussion?

The vote will be on amendment NDP-10.

(Amendment negated [See *Minutes of Proceedings*])

The Chair: We'll go next to Ms. May, with amendment PV-5, please.

Ms. Elizabeth May: Thank you, Mr. Chair.

This amendment, as I indicated earlier... My concerns with the Investment Canada Act are drawn from two concerns: national security, and the concerns of the national competition law section of the Canadian Bar Association. This amendment is in line with recommendations that were received by the committee on May 17 from that group of the CBA.

The bottom line is that the way the act is currently drafted creates an unintended consequence, and I will quote from the CBA:

The playing field in a competitive bid scenario would be tilted against private sector investors and in favour of SOE investors.

That's because of what I believe is a drafting mistake. When you get down on page 68, to "subsection 1.1", they don't carry through enterprise value. We're dealing with only asset value, calculated in a manner prescribed. As a result, you could have an SOE that had an asset book value below the threshold level, but an enterprise level that might have been \$1 billion. As a result, in a competitive bid, I think the drafting has accidentally given an SOE a potential advantage over a private sector investor.

That's what my amendment tries to repair.

The Chair: Thank you, Ms. May.

Is there further discussion?

Ms. Nash.

Ms. Peggy Nash: I think I understand what the member is aiming for here, but our concern has to do with raising the threshold for enterprise value to \$1 billion. We think the threshold should remain at \$344 million, and that this should be indexed to inflation. We're not in favour of raising the threshold.

The Chair: Okay, thank you.

I will go to the vote.

It's listed as amendment PV-5.

(Amendment negated [See *Minutes of Proceedings*])

The Chair: Is there discussion on clause 137? Can I go to the vote or a discussion?

[*Translation*]

Mr. Raymond Côté: I'd like to speak.

[*English*]

The Chair: Is there discussion?

Monsieur Côté.

[*Translation*]

Mr. Raymond Côté: Thank you, Mr. Chair.

I won't repeat everything my colleague, Mr. Caron, said, but he mentioned a case that was similar to a situation that happened in my riding of Beauport—Limoilou. The White Birch Paper mill in Stadacona was acquired in 2003 by a foreign investor. It had 1,600 employees at the time; today, there are fewer than 300. The employees, workers and pensioners alike, lost nearly half of their pension fund because of what the so-called investor did.

I would like to remind everyone on the committee that, underneath it all, the market works. But what matters most is not whether it works, but how it works. Once you understand how it works, it is especially important not to lose sight of the fact that the free play of competition is quite easily hampered by a variety of factors, both internal and external.

These are investors. One of the reasons for reforming the Investment Canada Act is, unfortunately, the fact that there are serious flaws and a huge competition problem between investors, or so-called investors, that the act doesn't address in the least. These thieves have no trouble getting their hands on our companies and preventing legitimate investors, both Canadian and foreign, from doing business in Canada. So it's a matter of protecting not only workers and community interests, but also business interests. So the Investment Canada Act needs to be reformed.

Unfortunately, what the government is proposing will make the process symbolic, at best, and virtually eliminate it, at worst. My colleagues in the New Democratic Party share my opinion. And that is one of the reasons why we oppose clause 137. We are concerned about protecting Canada's economic development and interests.

Thank you.

• (1115)

[*English*]

The Chair: Okay, thank you.

Ms. Nash?

Ms. Peggy Nash: I want to speak further about the importance of having a strong review of foreign takeovers.

Of course we want investment when it creates jobs in Canada, when it stimulates the economy, but far too often we've seen foreign takeovers that have resulted in a net loss of jobs, so one has to ask,

where is the net benefit to Canada? Given that there is currently no test in the legislation for a net benefit to Canada, I think many thousands of people, certainly in my province of Ontario, and in other places across the country, would argue that their lives have materially not benefited from a foreign takeover.

I want to refer to one case very specifically, which is Electro-Motive owned by Caterpillar, in the London area. Caterpillar took over a company that was 64 years old, a company that had been profitable, by the way, and that the Prime Minister had visited and championed investment in, and then allowed it to be taken over by a foreign company. Almost immediately, the company said they were going to cut wages in the workplace by 50%—that's 50%—and then locked out the workers in that plant, who naturally refused to comply. Then, the day after right-to-work legislation was passed in the U.S., just across the border, they shut down the plant—after months of these people being on lockout—and moved the facility to the U.S. In essence, Canada lost a very productive and profitable company that had been in operation for more than 60 years.

Of the vast majority of people who worked in that facility—where there were more than 500 good-paying jobs, family supporting jobs—fewer than 20 people were able to relocate to other parts of the country to work there because of family commitments or roots in their community. Most of the others have found very low-paid, precarious jobs that certainly have dramatically reduced their lifestyle.

One has to ask: where is the net benefit to Canada when we allow these kinds of foreign takeovers, with no transparency and no clear rules, that clearly have not benefited the people involved, the workers, the communities, the spinoff businesses that have been involved and linked to a company like this? Again, we're talking about a company that was profitable.

This government is no different from the previous government, because they were asleep at the switch in allowing all these foreign takeovers. In all the many thousands of foreign takeovers that have taken place in this country since the Investment Canada Act came into being, I believe only two have been blocked. Many of the rest resulted in this kind of negative impact for working people in communities across this country.

I think this government is letting Canadians down. It professes to support jobs and growth, but it's not protecting jobs, and it is undermining the prosperity of many communities that rely on these good-quality jobs.

I could go on at length, Mr. Chair, and I know I'm testing your patience, but I do feel very passionately about this and I just wanted to make those points.

Thank you.

• (1120)

The Chair: Thank you, Ms. Nash.

(Clause 137 agreed to)

The Chair: We have NDP-11, new clause 137.1.

I'll ask Ms. Nash to move that.

Ms. Peggy Nash: Okay. I think that's....

The Chair: NDP-11.

[Translation]

Mr. Guy Caron: Mr. Chair, I can speak to that.

The shortcomings in the Investment Canada Act identified by my colleagues, Ms. Nash and Mr. Côté, and myself included poor transparency, a lack of accountability and problems with the decision-making process. In fact, we don't really know what criteria the Minister of Industry uses. We have no idea what the justification would be for granting a request or denying one. And yet, a decision is made.

What's more, where we get into even more trouble with the Investment Canada Act is the fact that the federal government's decision has a direct impact on the community concerned. That decision is made, however, without any regard for what the community might think of the investment. The U.S. Steel case raises concerns that are specific to Hamilton, among others. We could also look to Sudbury and other places, as well as Quebec.

The new clause proposed in this amendment requires the minister to consider all requests and representations made by communities, trade unions, employees and anyone at the local level who would be affected by a potential takeover.

In short, what we're trying to do through this amendment is give a voice to those directly affected by the takeovers.

The Chair: Thank you, Mr. Caron.

[English]

I have a ruling on this amendment as well.

This amendment seeks to amend section 19 of the Investment Canada Act.

House of Commons Procedure and Practice, second edition, pages 766 and 767, states:

...an amendment is inadmissible if it proposes to amend a statute that is not before the committee or a section of the parent Act, unless the latter is specifically amended by a clause of the bill.

Since section 19 of the Investment Canada Act is not being amended by Bill C-60, it is inadmissible to propose such an amendment.

Colleagues, may I call clauses 138 to 140, since there are no further amendments on clause 138?

Ms. Peggy Nash: We just dealt with an amendment that was deemed inadmissible. In a previous ruling of the chair, there was an amendment of ours that was deemed inadmissible on the grounds that it would increase the cost—

The Chair: It had to do with the royal recommendation.

Ms. Peggy Nash: Right.

The Chair: I know what the point of order is going to be.

Ms. Nash, as you know, rulings of the chair cannot be debated; they can only be challenged. You can either challenge it or not challenge it. We can't debate it at committee.

Thank you.

[Translation]

Mr. Guy Caron: Mr. Chair, I'm not trying to get into a debate. I would simply like more clarification on why the amendment was ruled inadmissible.

[English]

The Chair: The chair has given his ruling, so the opposition can either challenge the ruling or not challenge the ruling. This ruling is exceptionally clear. Also, legislative clerks were made available some time ago, to all the parties, to help with the drafting of amendments.

Mr. Jean.

Mr. Brian Jean: If the member was going to challenge the chair, it should have been done at the time of the ruling, not now. In my opinion, based upon the rules we are governed by, it's too late.

The Chair: Thank you.

(Clauses 138 to 140 inclusive agreed to)

(On clause 141)

The Chair: I have amendment PV-6.

I'm going to go to Ms. May for a minute.

• (1125)

Ms. Elizabeth May: Thank you, Mr. Chair.

It's nice being PV—it's *Parti vert*, Green Party, amendment 6.

I want to put on the record that I'm presenting this amendment at the finance committee without prejudice to rights that I would have had at report stage, as a member who is not a member of this committee and who does not have an equal opportunity before it.

This amendment is critical. We go back to the 2008 report of the Competition Policy Review Panel, in which they found:

The panel believes that it is in Canada's interests in a post-9/11 world to have in place an explicit national security test to support its trade and investment policies.

The 2009 amendments to the Investment Canada Act failed to put in place a clear test and definition. When I had the opportunity to ask questions of witnesses from Industry Canada, on May 21 at the industry committee, they agreed that it was to our detriment that there was no study within Canada that would show an explicit test. They told me that the U.S. test exists.

I went to the U.S. test, found under the U.S. Foreign Investment and National Security Act, and adapted it to Canada. You find it before you in Green Party amendment 6. We need to be able to test an SOE's interest in Canada against an explicit national security test.

Thank you, Mr. Chair.

The Chair: Thank you.

On this I have Mr. Rankin and Mr. Brison, please.

Mr. Murray Rankin: Thank you, Chair.

I just want to speak in favour of this amendment. My colleague Ms. Nash spoke about the need for a definition of net benefit, and I entirely agree with my colleague Ms. May that we need to have a definition of national security factors. I can say this as someone who has served as the legal adviser to the Security Intelligence Review Committee for many years and was recently appointed by Mr. Nicholson to be the special advocate under the Immigration and Refugee Protection Act dealing with national security matters.

Of course, under the CSIS Act there is a very clear, cogent definition of threats to the security of Canada, which is the holy grail, the bible, for those doing work in this field. I thought the definition that was provided, 11 factors and a basket clause, was entirely appropriate and useful, and I really speak in favour of the need for such a definition.

The Chair: Thank you, Mr. Rankin.

Mr. Brison, please.

Hon. Scott Brison: I'd like to propose a friendly amendment to amendment PV-6 that makes it clear what the minister can consider is not limited to these specific areas. I would propose that in the amendment, whether it says:

the factors to be taken into account by the Minister in making a determination whether an investment could be injurious to national security include

these words be added:

but not be limited to

Ms. Elizabeth May: Mr. Chair, am I allowed to speak to a friendly amendment?

The Chair: I'm sorry.

Mr. Brison, we need your amendment in writing, please. Can you write it out for us?

Hon. Scott Brison: Sure. I'll write it out.

The Chair: Colleagues, there are no friendly amendments; there are amendments.

Hon. Scott Brison: I've certainly seen some unfriendly amendments over the years.

Voices: Oh, oh!

The Chair: It's all in the subjective view.

Okay, everybody, calm down. Let's just deal with the amendment to the amendment.

Just for clarification, Mr. Brison and colleagues, if you look at:

(8) For the purposes of subsections (1)

at the end of that paragraph, it would say:

whether an investment could be injurious to national security include but not be limited to

That's your subamendment.

Do you want to discuss that further?

Hon. Scott Brison: No.

The Chair: Okay, we'll take discussion on that then.

Mr. Rankin.

Mr. Murray Rankin: I would point out that paragraph (1) in the proposed amendment adds:

such other factors as the Minister may determine to be appropriate, generally or in connection with a specific review or investigation.

As a matter of statutory interpretation, I don't see the utility of the amendment proposed by Mr. Brison.

The Chair: Okay.

Is there further discussion on Mr. Brison's proposal?

• (1130)

Ms. Elizabeth May: Can I respond to that?

The Chair: Ms. May, as I've been directed by the committee, each party has a maximum of five minutes per clause. There was an agreement for about one minute for each amendment, and I've been fairly generous, but that's the decision of the committee. That's what I will have to abide by, as chair, unless the committee directs me otherwise.

On Mr. Brison's subamendment to add "but not be limited to".

(Subamendment negated)

The Chair: We will take the vote on amendment PV-6.

(Amendment negated [See *Minutes of Proceedings*])

(Clause 141 agreed to)

(Clause 142 agreed to)

(On clause 143)

The Chair: I have amendment NDP-12.

Ms. Nash, please.

Ms. Peggy Nash: Mr. Chair, if I may explain this motion, NDP-12, our concern is that vague and arbitrary powers for the minister to determine control by an SOE, a state-owned enterprise, will not increase the confidence in the review process. It only makes it more confusing and unpredictable for investors. We want to try to mitigate the vagueness and arbitrariness of the minister's power here. Hopefully, in the spirit of Mr. Brison, the Conservatives will see it as a friendly amendment.

The amendment would require the minister to report to Parliament the reasons for determining how an investor is a de facto foreign state-owned enterprise. We think the clarification would be helpful for investors and for Canadians.

The Chair: Thank you.

I'll move to the vote on NDP-12.

(Motion negated [See *Minutes of Proceedings*])

(Clause 143 agreed to)

(On clause 144)

The Chair: We have NDP-13.

Ms. Nash.

Ms. Peggy Nash: Mr. Chair, the private sector has already raised some serious concerns about these sections, which give, again, broad powers to the minister to determine that a transaction is de facto taking control of a company by a state-owned enterprise.

We've heard business say that it introduces more confusion and in fact less clarity for investors. What is really needed is a public and accountable process, but the Conservatives seem to be moving more power and more control into the backrooms instead. It's leaving investors with uncertainty and it leaves Canadians in the dark.

What our amendment, NDP-13, would do is require the minister to report to Parliament when it has been determined that a transaction is de facto taking control of a company by a foreign state-owned enterprise. We think that would shine more light on the process and would create more certainty and predictability for business.

The Chair: Thank you.

Is there discussion of NDP-13?

I'll call the vote on NDP-13.

(Motion negatived [See *Minutes of Proceedings*])

(Clause 144 agreed to)

(On clause 145)

The Chair: We have two amendments here: PV-7 and NDP-14.

Ms. May first, please, for your seventh amendment.

Ms. Elizabeth May: Thank you, Mr. Chair.

Again, I'm presenting this amendment without prejudice to my rights at the report stage.

This amendment is in relation to subclause 145(2) of the bill and deals with the general section of the bill that is extending time lines around national security reviews.

My amendment changes one word. Basically, right now what we have in proposed subsection 37(2) on page 76 is:

the Minister may provide the applicant with a written opinion for the applicant's guidance.

I have proposed "the Minister shall provide the applicant with a written opinion", for greater clarity, transparency, and information for those applying to invest in Canada.

Thank you very much, Mr. Chair.

• (1135)

The Chair: Thank you, Ms. May.

Is there further discussion? No.

(Amendment negatived [See *Minutes of Proceedings*])

The Chair: I will go to NDP-14 then. We will have Ms. Nash on that.

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

Again, with NDP-14 the amendment here is that the investment review branch of the Department of Industry would "undertake a review of the performance of the non-Canadian who implemented

the investment with respect to each of the factors set out in section 20", to make sure that all of these undertakings have been satisfied.

Further, the minister would table with Parliament a report of any review conducted in this regard once the review is completed.

Again, it's about holding investors to their commitments and reporting to Parliament, shining light on the process.

The Chair: Thank you very much.

I will go, then, to the vote on amendment NDP-14.

(Amendment negatived [See *Minutes of Proceedings*])

(Clause 145 agreed to)

The Chair: Shall clauses 146 to 148 carry?

Some hon. members: No.

(Clause 146 agreed to)

(Clause 147 agreed to)

(Clause 148 agreed to)

The Chair: Do you still wish to deal with them individually, clauses 149 to 153?

Ms. Peggy Nash: You can group up until clause 153.

(Clauses 149 to 153 inclusive agreed to)

(On clause 154—*Order in council*)

The Chair: We have amendment NDP-15. We'll hear from Ms. Nash.

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

Amendment NDP-15 would delay until at least 2018 the coming into force of Bill C-60's clauses with respect to reviewing the thresholds.

The Chair: Thank you very much.

(Amendment negatived [See *Minutes of Proceedings*])

(Clause 154 agreed to)

(Clauses 155 to 160 inclusive agreed to)

(On clause 161)

The Chair: We have three NDP amendments: NDP-16, NDP-17, and NDP-18.

Ms. Nash, you can address them separately or together, as you wish.

Ms. Peggy Nash: I'll address them separately, Mr. Chair.

I'll speak to amendment NDP-16. This clause concerns the temporary foreign worker program. Bill C-60 introduces the ability of the minister of CIC to revoke a work permit and for the minister of HRSDC to "revoke", "suspend", or "refuse to process" an opinion, and that those ministers shall set out instructions in the justifications for such revocation.

We've raised this many times in the House, but generally our concern about the temporary foreign worker program is that it's bringing in foreign workers to work for less pay, rather than giving these jobs to Canadians. We know there are some labour shortages in certain parts of the country, and yet there are many other parts of the country, including right here in Ontario, where there is persistent high unemployment. As I described with the Electro-Motive situation, through a lockout and a plant closure after a foreign takeover that was encouraged by this government, people's standard of living went down dramatically.

The changes the government is making in this act are tinkering with the temporary foreign worker legislation. They don't go far enough. We need to include guarantees against further abuses to the temporary foreign worker program. We have to prevent it from being used as a substitute for hiring Canadians and paying them a decent wage at the prevailing rate. If the ministers had been doing their jobs correctly in the first place, they certainly would not have been granting temporary work visas and giving bad labour market opinions, which allowed these abuses to take place.

We have three amendments to this clause that will better protect Canadians from being displaced and ensure that temporary foreign workers are not paid at a lower rate.

I'll deal with amendment NDP-16 first. It would require that HRSDC refuse to process a labour market opinion where it is advertised at a salary below the prevailing wage. Canadians may ask how they would be doing that now, but we've certainly seen instances where that has happened, and this government recently made a change that allowed temporary foreign workers to be paid 15% less than the prevailing wage. That is a low-wage strategy; it depresses wages for all workers. Recently the government rolled back this program they had earlier introduced. We believe if the government would just read its talking points about long-term prosperity, they would include people who are being undermined by temporary foreign workers.

We think that depressing Canadian wages is the wrong way to go. We want to make sure that this downward pressure on Canadian wages stops, that Canadian workers always get first crack at the job, and that the wages offered in cases where temporary foreign workers are needed are at the prevailing wage or above, but certainly not below, because it's just too attractive to employers to bring in temporary foreign workers and pay them less than Canadians are being paid.

That's the basis for our amendment, Mr. Chair.

• (1140)

The Chair: Thank you, Ms. Nash.

We'll go to Mr. Van Kesteren and then Mr. Brison.

Mr. Dave Van Kesteren: Well, I thank the member for her explanation.

I want to say first of all that in my region of the country this is a very valuable tool, and I'm quite familiar with it.

I may intervene on some of the other amendments. At this point I want to talk very briefly about how a wage is determined. I can assure the member that somebody working in the farm sector, for

instance, is not just paid that wage. There's transportation for people, in our case from the Caribbean. It also includes health care costs and housing costs. These are all taken into consideration. Those wage guidelines are published. They're published first, and when the farmers have no success, they're allowed to use foreign workers.

I know that—before anybody intervenes on the foreign worker and the farm labourer—there are differences, but there are also areas in which they're similar.

The other thing I'd point out is that this is a very necessary part of our employment. We know we have severe labour shortages. I made reference to my riding, and I know there are ridings in NDP-held territories. As a matter of fact, it has become evident that NDP members have received requests to help get foreign workers too. So it's a reality in the current labour market. I know we have the checks and balances in place to ensure that the wages offered are also offered to Canadians and that those wages are determined to be fair.

• (1145)

The Chair: Thank you, Mr. Van Kesteren.

I have Mr. Brison, Ms. McLeod, and then Ms. Nash.

Mr. Brison.

Hon. Scott Brison: I think, actually, this is a reasonable amendment.

I have the same concern Mr. Van Kesteren expressed, particularly around the horticultural sector, in which temporary foreign workers are an essential part of production, not just in Canada but in other countries as well. I don't believe this amendment would hinder the capacity of the horticultural sector in the Annapolis Valley, as an example, or in the Niagara region or somewhere else within Canada, to attain the temporary foreign workers it needs to fulfill harvest. It's my understanding that in many cases, in fact, temporary foreign workers within the horticultural sector are paid at rates that are competitive with the prevailing wage rates in the communities wherein the activity is occurring. It boils down to the availability of people to do the work at that time, as opposed to a wage issue.

I'm satisfied that the NDP amendment does not prevent farmers or food processing people in the horticultural sector from attaining the workers they would need for the harvest. I'm comfortable with the NDP amendment, and I do not feel it would hinder the capacity of the horticultural sector to get the workers it needs from the temporary foreign worker program.

The Chair: Thank you, Mr. Brison.

Ms. McLeod, please, go ahead on this.

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

I certainly want to make note that a number of years ago now, a number of people came to me and indicated that as the labour market opinions and the prevailing wage were set, in actual fact they were having to pay more than they were paying their Canadian employees because of regional averages. So this was not actually a deflationary measure. It was certainly seen as an opportunity to actually create some balance, rather than having HRSDC determine that someone needed to be paid x, which was more than Canadian employees were being paid.

That being said, it certainly became apparent that adjustments had to be made. The adjustments have been made, and I think this new legislation really reflects an important move forward.

We won't be supporting the amendment by the NDP.

The Chair: Thank you, Ms. McLeod.

I have Ms. Nash, and then I will go to Mr. Rankin.

Ms. Peggy Nash: I want to clarify this. I'm sure Mr. Van Kesteren wasn't attempting to confuse the farm workers programs with the temporary foreign worker program. In his area, he has manufacturing and other industries as well as the agricultural programs that he's familiar with. Nothing in these changes would impede in any way the valuable work of farm workers, who for many years have come to Canada and helped us in the agricultural sector. Nothing in this proposed amendment would inhibit an employer from hiring temporary foreign workers where there is a legitimate skills shortage. What this amendment is aimed at is employers who have used the temporary foreign worker program to undermine the prevailing wage here in Canada.

We've all read about some high-profile cases of this, and we understand how viscerally Canadians feel about it. We saw the reaction to the Royal Bank when it was found that they were laying off highly skilled people. There were a very small number of temporary foreign workers brought in, and a huge reaction came forward. I don't want any confusion. We're not against immigration. We support newcomers to Canada, and we want them to have all the rights to become Canadian citizens that others have had in years past. We support the farm worker program and we support bringing in temporary foreign workers where there is a legitimate skills shortage. We do not support a program that undermines Canadian jobs or undermines the Canadian standard of living. We do not support a program that is more an exploitive measure than anything else. That's what this measure and the changes presented here are designed to prevent.

•(1150)

The Chair: Thank you.

Speaking to points not made previously, we have Mr. Rankin.

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

The point of this is to take away the discretion of the department. It provides that the government would not be able to process an application at a salary less than the prevailing wage rate.

In response to my colleague, Ms. McLeod, there may be circumstances where more money is paid. But the point of this is to clarify that this should not, must not, happen. I know I've received more calls and angry letters against this Conservative policy than I have for anything else since I became a member. People want this clarity. All this does is provide clarity.

The Chair: Thank you.

I have Mr. Van Kesteren on this point.

Mr. Dave Van Kesteren: Ms. Nash makes a point that is dealt with in division 9. That was my second point. Division 9 contains amendments to the immigration and refugee program to allow

authorities to revoke work permits issued by Citizenship and Immigration Canada and to:

increase the Government's authority to suspend and revoke work permits and Labour Market Opinions (LMOs) if the program is being misused;

When that occurs, this legislation gives the authority to make amendments. This is found in the current legislation.

The Chair: Thank you, Mr. Van Kesteren.

I'm going to go to the vote on NDP-16.

(Amendment negated [See *Minutes of Proceedings*])

The Chair: Do you want to deal with NDP-17 and NDP-18 separately?

Ms. Peggy Nash: Yes. NDP-17 adds some important conditions to consider when revoking or suspending a temporary foreign worker permit or a labour market opinion. Most important, it would ensure that no Canadian worker is displaced by a temporary foreign worker and that temporary foreign workers are only allowed where a legitimate labour shortage exists. It's putting into an amendment the point I made in my previous intervention.

The Chair: Thank you.

On this, we have Mr. Van Kesteren.

Mr. Dave Van Kesteren: The amendments will ensure that the foreign worker program is used as intended to fill acute skills shortages on a temporary basis. These provisions are found in this legislation.

The Chair: Thank you.

(Amendment negated [See *Minutes of Proceedings*])

The Chair: Ms. Nash.

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

NDP 18 will require that the minister report to Parliament when a work permit is suspended or when an opinion is suspended, revoked, or refused for processing. The aim of this amendment is to make sure that the minister reports to Parliament when exercising this new power. We've already seen some serious missteps when it comes to the temporary foreign worker program, and we believe that adequate parliamentary oversight would greatly improve the administration of this program.

•(1155)

The Chair: Can we have a vote on this?

Mr. Van Kesteren.

Mr. Dave Van Kesteren: Just very briefly, on the government's side, we feel that the legislation as presented will have those checks and balances—the proper checks and balances in place. So as such we will be voting against this amendment.

The Chair: Thank you, Mr. Van Kesteren.

Do you want to speak to this, Mr. Rankin?

Mr. Murray Rankin: We realize that the government's position is that there are checks and balances. This is intended to provide parliamentary oversight and greater accountability to Canadians, which is something the government, I know, has championed in the past, at least. Not providing Parliament with this kind of information seems surprising, that the government would resist it.

The Chair: Okay.

(Amendment negated [See *Minutes of Proceedings*])

(Clause 161 agreed to)

The Chair: Can I deal with clauses 162 to 165? No.

(Clause 162 agreed to)

(Clause 163 agreed to)

(Clause 164 agreed to)

(Clause 165 agreed to)

(On clause 166)

The Chair: We have amendment NDP-19.

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

Clause 166 again concerns the temporary foreign worker program. It gives CIC and HRSDC instructions included in their annual report to Parliament.

We have certainly seen serious problems and scandals at companies such as HD Mining, RBC, and iGate, and revelations that the ALMOs have not been properly granted to fill lower-skilled positions, which has damaged the confidence of Canadians and the reputation and credibility of the temporary foreign worker program.

Our view is that we need stronger amendments to make sure that the program is properly used and that it is properly enforced. We believe that with more transparency, clarity, and certainty the government will be able to more quickly investigate abuses in the program. Our amendment, NDP-19, ensures that the annual report includes the number of investigations conducted for compliance, that it includes financial resources dedicated to monitoring the compliance of the temporary foreign worker program, and that it includes the total privilege fees collected and the allocation of those funds. We've been concerned that the mismanagement of the temporary foreign worker program has really been obscured from Parliament.

We want, again, better accountability. We want access to the information to better hold the government to account with respect to this important program. That is the rationale for this amendment.

The Chair: Thank you, Ms. Nash.

We'll go to Mr. Van Kesteren, please.

Mr. Dave Van Kesteren: Division 9 contains amendments to revoke work permits if it is found that employers are misusing the system.

Look, I've been to western Canada to some of the mines and I've spoken with the mining officials there. I've seen how this industry is expanding. I've listened to people in the field. There is a severe work

shortage, and they are doing an excellent job of reaching out to the community at large nearby. They have excellent programs with first nations people. However, there still are severe work shortages.

So we recognize that there is a need for temporary foreign workers, but we have put into place legislation to revoke a permit if it is abused, and as such I think the legislation is sufficient.

• (1200)

The Chair: Thank you.

I'll then go to the vote on NDP-19...

Sorry, Ms. Nash.

Ms. Peggy Nash: Not to belabour it, but there have been some obvious missteps with this program. This is not to deny that in some cases there are legitimate skills shortages, and temporary foreign workers can be a valuable remedy for that skills shortage, but we saw the outrage of Canadians with the RBC situation, for example. There have been other examples where clearly there were abuses.

In our view, the fact that the implementation of this program has been in the shadows, if you will, has fostered the abuse of the program. We don't think it was the government's intention that it be abused, we don't think it's in their best interest that it be abused, and we feel that the best way to prevent any future abuse is to shine a light on it and make sure there is accountability in Parliament and therefore to all Canadians.

Thank you.

The Chair: Thank you.

We'll vote on NDP-19.

(Amendment negated [See *Minutes of Proceedings*])

(Clause 166 agreed to)

(Clauses 167 to 169 inclusive agreed to)

The Chair: We have the Citizenship Act, division 10, clauses 170 to 172. Can I group these clauses?

Ms. Peggy Nash: I want to speak on clause 170.

The Chair: Ms. Nash.

(On clause 170)

Ms. Peggy Nash: I just want to go on the record opposing the fee hike, which, as we understand it, is going to double the fee from \$200 to \$400. That's a significant increase. We see it as a tax on new Canadians. People have already had extremely long and growing wait times under this government. It's a concern that the fee hike will seriously damage our credibility, and we don't believe it's necessary.

The Chair: Could I just ask the officials, perhaps, to explain the rationale for the changes dealt with in clauses 170 to 172?

Ms. Alexandra Hiles (Project Lead, Citizenship Modernization, Department of Citizenship and Immigration): I'll just give a brief overview of clauses 170 and 171.

Clause 170 would repeal the existing fee-making authority in section 27 of the Citizenship Act and replace it with broadened authority, permitting the Governor in Council to make regulations governing fees for services provided in the administration of the Citizenship Act in cases in which those fees may be waived by the minister. Existing fees made under the act shall continue to operate following the coming into force of the new authority.

The proposed amendments would ensure that CIC can recover costs for enhanced and modernized services to be provided to clients beyond the cost that can currently be recovered under the Citizenship Act.

Clause 171 would exempt fees for services provided in the administration of the act from the application of the User Fees Act. The fees would continue to be subject to the Financial Administration Act requirements, notably that a fee for service must not exceed the cost of providing the service. There is an extensive process associated with conducting consultations in the manner prescribed under the UFA, which can take years.

The Chair: My understanding is that the reason for the change is to ensure that service is provided much more quickly to people who desire that service. This is the reason for the change.

Ms. Alexandra Hiles: In terms of increasing the fee for the service?

The Chair: Yes.

Ms. Karine Paré (Director, Cost Management, Department of Citizenship and Immigration): The reason we want an increase in the fee is because we want to shift the burden from the taxpayers to the users of the service. Currently the cost of processing the application is significantly subsidized by Canadian taxpayers.

•(1205)

The Chair: But the goal here is to increase the speed and efficiency with which the government deals with those people who want that service.

Ms. Alexandra Hiles: The funding announced in the budget will be put towards citizenship processing, which will increase the number of decisions we're able to make. It will increase the department's capacity to make decisions on citizenship applications.

In terms of the increase in fee, the revenues from the fee go to the consolidated revenue fund, which is not directly linked to the department's A-base capacity.

The Chair: Thank you.

Mr. Brison, on this point.

Hon. Scott Brison: At this point, Mr. Chair, what is clear is that there's no relationship between the increase in this fee and an increase in resources or capacity in processing, based on what the public servants have just told us. This fee goes into consolidated revenue. There's a separate allocation for the processing. There's no direct relationship between this fee and resources for processing.

The Chair: Do you want to respond to that, Madame Paré?

Ms. Karine Paré: As my colleague mentioned, there was some funding announced in budget 2013 that will allow us to make more decisions, but you're correct in the fact that the revenues from the fees are deposited into the consolidated revenue fund.

The Chair: But the increased funding comes out of the consolidated revenue fund?

Ms. Karine Paré: Yes.

The Chair: Okay. That was a roundabout way of answering my question.

Hon. Scott Brison: But the—

The Chair: Mr. Brison, do you want to continue on this?

Hon. Scott Brison: Very roundabout.

To Ms. Nash's point, this is simply a fee or a tax on the applicants that increases the burden on the applicants. At a time when we need more new Canadians, I fail to see why we would be increasing fees. Again, I actually agree with Ms. Nash on this.

To your earlier point, I think you were seeing some relationship between the increase in fee and increased efficacy of the process, and there is no linkage.

The Chair: We'll have to agree to disagree on that, Mr. Brison, as we do on a few issues.

I have Mr. Jean, and then Mr. Rankin.

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

If I understand it correctly, what this amendment is doing is shifting the cost from taxpayers to the people actually using the services.

Ms. Karine Paré: The actual amendment is an exemption to the User Fees Act, so it's not about the fee increase, necessarily. It's about getting an exemption to the User Fees Act so that we can go through the regulatory process to change the fees.

Mr. Brian Jean: Okay, and it's the intention to double the fee from \$200 to \$400. Is that correct?

Ms. Karine Paré: The fee level has not been determined yet. It's going to be determined through the regulatory process.

Mr. Brian Jean: What is the cost right now to process one of these applications? Isn't it about a thousand dollars?

Ms. Karine Paré: To process the actual application for citizenship?

Mr. Brian Jean: Yes.

Ms. Karine Paré: It's around \$550.

Mr. Brian Jean: Oh, okay, and right now the fee is...?

Ms. Karine Paré: The fee is \$200.

Mr. Brian Jean: Okay. So it doesn't cover the actual cost.

Ms. Karine Paré: Exactly.

Mr. Brian Jean: Thank you.

The Chair: Thank you, Mr. Jean.

Mr. Rankin, please.

Mr. Murray Rankin: I have a question for the officials. When you say that this fee goes into the consolidated revenue fund, it's not earmarked for this program, necessarily. It can be used for whatever purpose if it's in the CRF. Is that correct?

Ms. Karine Paré: You are correct.

The Chair: Thank you.

(Clauses 170 to 172 inclusive agreed to)

(Clause 173 agreed to)

The Chair: Colleagues, I'm going to ask for a break.

We have a lot of amendments for clause 174, so I'll suggest another five-minute break at this point. I'll just remind colleagues that if we go into question period, we will obviously be breaking for question period. We'll suspend for five minutes or so.

Thank you.

• (1205) _____ (Pause) _____

• (1225)

The Chair: I call this meeting back to order.

Again, colleagues, we are on meeting number 125 of the Standing Committee on Finance, continuing our clause-by-clause consideration of Bill C-60, An Act to implement certain provisions of the budget tabled in Parliament on March 21, 2013, and other measures.

(On clause 174—*Enactment*)

The Chair: Clauses 174 to 199 deal with division 12, Department of Foreign Affairs, Trade and Development Act.

We have eight amendments dealing with clause 174. We will deal with them in the order they're on your agenda. Therefore, we will go to Ms. May for her eighth amendment, please.

Ms. Elizabeth May: Thank you, Mr. Chair.

I'll briefly repeat that my participation in these hearings is without prejudice to my rights as a member of Parliament when we get to report stage.

My amendment here, Green Party amendment 8, deals with the mandates, powers, duties, and functions of the Minister of Foreign Affairs. The amendment in question here attempts to underscore core Canadian values.

For instance, at paragraph (a) of my amendment, where the current draft ends with the words "economic relations", I propose that the act should go on to say:

ensuring that all economic relationships are founded on the principles of democracy, human rights and the rule of law;

Subsequent parts of the amendment are similar in strengthening language that's already there, in terms of what are core Canadian values, such as promoting development that is socially and ecologically responsible and ensuring that development assistance also extends to mitigation of climate change and disasters caused by the climate crisis.

Thank you, Mr. Chair.

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

Would you like to speak to it, Mr. Brison?

• (1230)

Hon. Scott Brison: We would agree with most of the principles of the amendment. It's our understanding, though, that it does subject our ability to pursue military intervention to the authorization of the UN, or it could be interpreted as such. There are times, including the

Kosovo intervention, as an example, when we did not have UN authorization. There may be times when we would want to pursue military intervention without UN authorization.

The Chair: Thank you.

Is there any further discussion on amendment PV-8?

(Amendment negated [See *Minutes of Proceedings*])

The Chair: We have amendments NDP-20, NDP-21, and NDP-22. Ms. Nash or Monsieur Caron, you can deal with them separately or together.

[*Translation*]

Mr. Guy Caron: Mr. Chair, I am going to speak to the first two amendments, and then I will turn the floor over to Ms. Nash to discuss the third.

We have three major concerns about the merger of CIDA and the Department of Foreign Affairs and International Trade.

First, we want to make sure that the minister's responsibilities and duties include a reference to the Official Development Assistance Accountability Act.

Second, we want to be sure that the provision of humanitarian assistance is neutral and impartial, and will not be subject to Canada's foreign policy objectives.

Third, we want to ensure that development assistance is provided in accordance with international best practices.

Many stakeholders spoke during the consultations. Organizations like the Canadian Council for International Co-operation, Oxfam, World Vision and the Canadian Food Grains Bank want to see these amendments in the legislation; they are concerned about the humanitarian assistance approach that might be taken.

Indeed, the proposed amendments seek to establish an explicit reference to the Official Development Assistance Accountability Act. That would provide clear assurance that the Minister of International Cooperation would be responsible for ensuring that official development assistance was provided in accordance with the three key principles that underlie development assistance. They are the reduction of poverty, regard for the viewpoint of disadvantaged people, and respect for international human rights standards.

The amendments also seek to identify the key principles of humanitarian assistance, including respect for humanity, neutrality, independence and impartiality. In fact, looking at the first two amendments, I see that both of them seek to include the same principles, but in different sections. The basic principle behind the amendments is, therefore, the same.

Consequently, in order to provide a proper framework for the minister's role, the NDP strongly recommends that the minister's jurisdiction and areas of intervention be defined by the existing measures. The purpose would be to limit political involvement in the delivery of development assistance.

The Chair: Thank you.

[English]

Does anyone wish to speak on amendments NDP-20 and NDP-21?

We'll vote on amendment NDP-20.

(Amendment negated [See *Minutes of Proceedings*])

The Chair: We'll vote on amendment NDP-21.

(Amendment negated [See *Minutes of Proceedings*])

The Chair: On amendment NDP-22, Ms. Nash, please.

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

Further to my colleague's intervention, this amendment basically inserts reference to the Official Development Assistance Accountability Act, the ODAAA, into this new law. It de-links humanitarian aid from development assistance and ensures that development assistance follows key international principles on aid effectiveness, including country ownership and alignment, focus on results, inclusive development partnerships, and transparency and accountability. As well, it de-links humanitarian aid from development assistance. This is an added point, just for humanitarian assistance, that lays out the key principles it should be based on.

We've had representation before parliamentary committees from humanitarian organizations such as CARE, Oxfam, Save the Children, and World Vision, who have argued that Canada is a signatory to the good humanitarian donorship principles and that therefore there must be,

...autonomy of humanitarian objectives from the political, economic, military or other objectives that any actor may hold with regard to areas where humanitarian action is being implemented.

This is not only to advance the goal of humanitarian aid, it's to protect those who are delivering that aid because it de-links them from any other economic or military objectives that a given country might have. So it not only benefits the recipients of the aid, but it really helps protect those who are delivering the aid.

We've already signed on to these humanitarian principles. The merging of CIDA and DFAIT allows us the opportunity to actually encapsulate and explicitly reference those principles in the bill setting out this new body. That is the basis of this amendment on behalf of the NDP.

• (1235)

The Chair: Thank you.

Is there further discussion on amendment NDP-22?

(Amendment negated [See *Minutes of Proceedings*])

The Chair: We have LIB-4, LIB-5, and LIB-6.

Mr. Brison, you can deal with them together or separately, however you wish.

Hon. Scott Brison: I'll start off with amendment LIB-4, that Bill C-60, in clause 174, be amended by replacing line 24 on page 90 with the following:

reduction in developing countries, including through the provision of assistance under the *Official Development Assistance Accountability Act*, and provide

We are adding the text, "including through the provision of assistance under the *Official Development Assistance Accountability Act*".

The Chair: Thank you.

Is there further discussion on amendment LIB-4?

(Amendment negated)

The Chair: On amendment LIB-5, Mr. Brison.

Hon. Scott Brison: Amendment LIB-5 would add the text:

assistance activities through adherence to commonly accepted principles of aid and development effectiveness;

The Chair: Is there further discussion?

(Amendment negated)

The Chair: On amendment LIB-6, Mr. Brison.

Hon. Scott Brison: I want to delete the reference to "humanitarian assistance", which is unnecessary, as it already appears in line 25.

The Chair: Okay.

(Amendment negated [See *Minutes of Proceedings*])

The Chair: We will go now to Ms. May's ninth amendment, please.

Ms. Elizabeth May: Thank you, Mr. Chair.

I'm presenting Green Party amendment 9, without prejudice to abilities to present amendments at report stage.

This amendment fleshes out with specificity what is referred to now on page 90 in paragraph 14(d):

ensuring Canada's contributions to international development and humanitarian assistance are in line with Canadian values and priorities.

My amendment sets this out:

priorities, namely a commitment to equality, democracy, social justice, ecological integrity, multilateralism, human rights and the rule of law.

I'm sure everybody will agree and this amendment will be a first and will pass.

Thank you.

The Chair: Thank you very much, Ms. May, for the discussion on PV-9.

We will go to Mr. Rankin, please.

• (1240)

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

I don't have this proposed amendment in writing, but I would just say "including" these values. They may not be inclusive. The values, the priorities, are obviously good Canadian values, without doubt, but there may be other values that aren't there. I'm concerned about voting in favour of them when other key values may be missing. I would like to say "including" rather than "namely".

The Chair: Okay. Mr. Rankin wants to remove the word "namely" in the amendment and put in "including". Is there any discussion on that?

(Subamendment negated)

(Amendment negated [See *Minutes of Proceedings*])

The Chair: Is there discussion on clause 174?

An hon. member: Debate.

The Chair: A debate? Okay. Monsieur Côté wants to debate clause 174.

[*Translation*]

Mr. Raymond Côté: Yes, Mr. Chair.

I just wanted to point out that the government has unfortunately missed an important opportunity. On the weekend, I had the chance to speak with people who run an international assistance agency, fairly high-ranking individuals. They weren't against the merger, in theory, but clearly wondered about how it would work.

I won't elaborate any further on my view of the subject, but I would like to highlight the government's unique talent of turning gold into lead. It is, after all, pretty remarkable. It could have been a great initiative, but unfortunately, we're seeing the government derail how we do things and especially what we want to achieve. It is particularly important to point out that the debate that should basically have taken place in the Standing Committee on Foreign Affairs and International Development will not happen; unfortunately, it wasn't the place. That's very unfortunate, but there you have it. I won't say any more on the subject.

[*English*]

The Chair: Thank you.

(Clause 174 agreed to)

(Clauses 175 to 199 inclusive agreed to)

The Chair: Now we will deal with division 13, Ridley Terminals, which deals with clauses 200 to 212. I have an amendment on clause 207, but colleagues, do you want me to deal with clauses 200 to 207 together? There's a new clause after 207.

Shall clauses 200 to 207 carry?

An hon. member: Let's have a debate.

The Chair: Okay. A debate on those clauses.

Mr. Rankin.

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

I'm the lone opposition member from the west coast, and I want to set out why the official opposition opposes the proposed amendments dealing with Ridley Terminals.

We oppose this division because, in our view, the government has not made the case for privatizing it, nor have they told us why it's in the best interest of Canada to do so. After all, it's a profitable crown corporation. It's well managed. It serves the strategic and economic interests of British Columbia communities. It's been very efficient in its operation.

We don't understand why they want to sell it. Some people on Vancouver Island and my constituents have asked whether they want to do so, now that it's making money, in order to perhaps get some

money so as to claim that the deficit is no longer there by 2015. We think it's just strange that the government would want to sell such a crown jewel.

I understand that one of Mr. Harper's first acts when he became Prime Minister was to cancel the sale of Ridley Terminals by the Liberals—it would have been sold for just about nothing. Now that the terminal is doing very well, why go ahead and get rid of it? We don't understand it.

Nor has the government reassured Canadians that the sale would go to a Canadian conglomerate or would continue to provide equal, open access to Canadian companies to get their products to market. The government has not even explicitly guaranteed that the sale would be in the best interests of Canadians.

For all of these reasons, we just don't understand why we should go ahead and support such an amendment.

•(1245)

The Chair: Thank you, Mr. Rankin.

I have Mr. Hoback, and then Ms. McLeod.

Mr. Randy Hoback: Thank you, Mr. Chair.

I'd like to speak to this, just to get the government's point of view out there.

He is correct. As the member said, Ridley Terminals once lost a pile of money, millions of government dollars. And it is an asset now because the grain market is actually worth some value.

Private ownership will allow the terminal to maximize its contribution to economic growth, jobs, and new investment. Open access to the terminal will also allow a lot more variety in operators using the terminal and in products moving through the terminal.

Moving away from government ownership at Ridley Terminals would align it with other major marine terminals in Canada that are owned and operated by private companies. The Canada Development Investment Corporation will serve as the government's agency to ensure that any sale process is conducted using best commercial practices. The government will only proceed with the sale if it maximizes the value for taxpayers. Of course, continued open access to the terminal will also be a central feature of any sale.

So you can see that this is the time and place to actually move this asset. It has a lot of value. Rather than wait for a time when it is an asset needing millions of government dollars, now is the proper time to sell it.

The Chair: Thank you, Mr. Hoback.

I did have Ms. McLeod. You're okay? Okay.

I'll go to Mr. Jean, please.

Mr. Brian Jean: My understanding is that not only did Ridley Terminals make \$34 million last year, it's also been confirmed by the government that it won't be sold to a state-owned enterprise. I think that's a very good point.

The Chair: Thank you.

(Clauses 200 to 207 inclusive agreed to)

The Chair: We have a new clause proposed, 207.1. It's amendment NDP-23.

Mr. Rankin, on that, please.

Mr. Murray Rankin: I'll speak to that, Mr. Chair. Thank you.

The purpose of this amendment is really quite simple. It would require the minister to table in the House a report specifying how any measure taken under sections 202 and 203 would be of net benefit to Canada, and also what the possible impact of those measures would be on Canadian businesses and communities, including the expected return on investment.

This is in keeping with the theme of many of the NDP amendments today, which is to try to hold the government to a greater degree of accountability—something they used to take seriously.

The Chair: Thank you, Mr. Rankin.

Is there discussion? We'll go to a vote.

(Amendment negatived [See *Minutes of Proceedings*])

(Clause 208 agreed to)

(Clauses 209 to 212 inclusive agreed to)

The Chair: We have clauses 213 to 224, dealing with division 14, “Transfer of Powers, Duties and Functions to the Minister of Canadian Heritage”. Do you wish to deal with these together or one at a time? Together? Okay.

Is there discussion on these clauses?

Ms. Nash, please.

Ms. Peggy Nash: Our concern with this is that there could be a greater politicization of public celebrations in the national capital region. We've already seen that trend with this government, and we fear both a loss of public input and, as I say, greater politicization.

We've seen in the past... I am continually reminded by my constituents about this government using public money for advertising, which, in their view, is more partisan than public service. There is a concern this clause could extend that blurring of the line to public celebrations like Canada Day.

There are other provisions here about interfering with the way Canadians study history in the school system and the remaking of the Museum of Civilization. Now, again, the concern is that they will be monopolizing public celebrations. These are, yes, national in the public service, and they should have local community input and not in some way serve partisan interests. That's our concern.

• (1250)

The Chair: Thank you, Ms. Nash.

I have Ms. McLeod on this section.

Mrs. Cathy McLeod: Thank you, Chair.

We recognize that we have a really important anniversary coming up, and that's the 150th of Confederation in 2017. Certainly, the mandate to promote the national capital region will be transferred to Canadian Heritage—a broad national perspective.

I think it's important to recognize that even by the words, “National Capital Commission”, it speaks to a very local look. If you look at most people in western and eastern Canada, those words don't make any sense. The Minister of Canadian Heritage is intimate and instrumental in terms of the celebrations we enjoy across Canada.

I think this is going to be a strongly positive move, and we're really looking forward to having that national perspective as we head into this very important anniversary and celebration.

The Chair: Thank you, Ms. McLeod.

I have Mr. Brison and then Monsieur Côté.

Hon. Scott Brison: Mr. Chair, I don't think it's been justified to the committee as to why this change is needed. It's not been indicated to committee that there was any dysfunctionality in the governance structure that previously existed. It's not been indicated to committee that the National Capital Commission at any time did not fulfill its responsibilities in a way consistent with celebrating all regions of the country.

I have to express that I have some concerns with the potential of increasing the politicization of yet another agency. When it comes to celebrating history, last year was the 30th anniversary of the Charter of Rights and Freedoms and we heard virtually nothing from the government, from the Department of Heritage, celebrating the Charter of Rights and Freedoms. I guess we were all too busy with the fixation on the War of 1812.

I use that as an example, Mr. Chair, to indicate that I'm not absolutely certain that the priorities of the Minister of Heritage, his department, and the government—

Mr. Brian Jean: A point of order, Mr. Chair.

The Chair: A point of order, Mr. Jean.

Mr. Brian Jean: I just want to make sure Mr. Brison knew that I tweeted the anniversary date. I just want to make sure he knew that. As a Conservative, I don't want him to get away with that.

Some hon. members: Hear, hear!

The Chair: Okay. We'll take that as a point of information. Thank you.

Mr. Brison, you have the floor.

Hon. Scott Brison: That was a “tweet” gesture.

The reality is that I forgot to tweet the War of 1812 celebrations.

Some hon. members: Hear, hear!

Hon. Scott Brison: But I use that as an example, Mr. Chair, just to inform the committee and the three Canadians who are listening to this right now that our view is that there has been a politicization of the celebration of Canadian history; it's been through a very political lens with this government. We are more comfortable with the absolute independence of the National Capital Commission in its current operational governance.

The Chair: Thank you, Mr. Brison.

Monsieur Côté, and then Ms. Glover.

[*Translation*]

Mr. Raymond Côté: Thank you very much, Mr. Chair.

As you know, this year marked the 250th anniversary of the Treaty of Paris, which is likely the most important agreement after the Treaty of Tordesillas, signed in the 15th century. The Treaty of Paris changed the world order and especially North America. Obviously this was another missed opportunity by the government, owing to its selective memory.

There is cause for serious concern about the future, especially as regards the 150th anniversary celebrations, given that the government will be in total control. There is reason to fear that this is a time of national shame. After the clear failure of the War of 1812 celebrations, the government's track record isn't very good.

Unfortunately, Ms. McLeod did not give any reasons that might justify the Minister of Canadian Heritage's taking back so many powers. He simply could have brought something more to the National Capital Commission. The NCC could have kept its mandate and received assistance, the support of the Minister of Canadian Heritage. Had that been the case, we might have hoped for a much more inclusive celebration, instead of a potentially divisive event. Unfortunately, that is the government's way.

I think I've made my point clear.

• (1255)

[*English*]

The Chair: I was taught that the Battle of Thermopylae was the most important historical event.

There are no classicists in the room, I guess.

I know, I know. I didn't mean to start anything.

Ms. Glover, please.

Mrs. Shelly Glover (Saint Boniface, CPC): Thank you, Mr. Chair.

I have to disagree with Mr. Côté. I think Ms. McLeod actually nailed it when she said that the 150th celebration requires pan-Canadian participation. Of course the National Capital Commission focuses on the national capital, and the heritage minister is a minister of the crown who represents the entire country.

But I do want to thank Mayor Watson, while I have the floor, for his favourable response to this very important change. We look forward to celebrating our history with Mayor Watson and all Canadians.

Thanks.

The Chair: Thank you.

(Clauses 213 to 224 inclusive agreed to [See *Minutes of Proceedings*])

The Chair: Now we have division 15, which deals with clauses 225 and 226, dealing with parliamentary secretaries and ministers. Can I group these two together? No? We'll do them separately.

Ms. Nash, discussion on 225.

(On clause 225)

Ms. Peggy Nash: This clause would expand the number of parliamentary secretaries, in our view. We have quite enough, thank you very much. The Conservatives already have one of the biggest cabinets in history, and for a government that pretends at least to care about the public purse, they're now looking to increase the number of parliamentary secretaries with all the related costs. It's completely unnecessary. I don't know if it's because they have a restless backbench and they're looking to hand out more goodies. I'll leave that to others to speculate; I wouldn't want to do that.

It certainly doesn't appear to be in the public interest. We'll be opposing this change.

The Chair: Thank you, Ms. Nash.

I will go to Mr. Jean, please.

Mr. Brian Jean: I just want to clarify that the NDP was opposing bigger government. I'm impressed because I have not seen that before.

I just want to point out to Ms. Nash as well that we do have the biggest population, the largest number of people living in Canada, than ever before, and we also have the most MPs that we've ever had as a country. We are actually expanding democracy by adding more members of Parliament, so we will have again more MPs than ever before. It might be in line with the large population base that we seem to be growing in this country. To suggest then that the NDP are standing against big government is.... I'm curious about how they're going to vote on this. I'd really like to get to it to see.

The Chair: Thank you.

[*Translation*]

Mr. Côté, you have the floor.

Mr. Raymond Côté: I would like to remind my colleague of a little something. In the early 1990s, when Roy Romanow's New Democrats came to power, they had to deal with an operating deficit of some \$7 billion, inherited from the Conservative government. In fact, in the 1990s, the NDP government was the first of any government in Canada to balance its budget.

Peddling stereotypes is well and good, but you can't turn a blind eye to the reality and facts.

There you go.

• (1300)

The Chair: Okay, thank you.

[*English*]

I have Ms. Glover, and then Monsieur Caron.

Mrs. Shelly Glover: I just want to put on the record, Mr. Chair, that presently there are openings for 31 parliamentary secretaries and this government actually only has 28 because we have three cross-appointments. I just want to put that on the record, to be very clear that those are in fact the numbers that exist presently.

The Chair: Thank you.

Monsieur Caron.

[*Translation*]

Mr. Guy Caron: I would just like to quickly respond to Mr. Jean.

I'd like to know this. How many ministers should the British government have, since it has over 600 members in Parliament? If cabinet is supposed to reflect the number of members in the House, some Parliaments in the world would have an overwhelming number of ministers and parliamentary secretaries.

The argument obviously doesn't hold up.

[English]

The Chair: We'll see if he wants to respond.

We will go to Mr. Brison, please.

Hon. Scott Brison: I'm willing to break this impasse and be constructive with a suggestion as to how we can fulfill some of these vacancies of parliamentary secretaries and at the same time demonstrate great respect for tax dollars: perhaps we could use the temporary foreign worker program.

Mr. Murray Rankin: Pay them 15% less.

Hon. Scott Brison: It's just a thought.

The Chair: Thank you for that helpful suggestion.

I'll deal with them separately, then.

(Clause 225 agreed to)

(On clause 226)

The Chair: Ms. Nash.

Ms. Peggy Nash: I just want to be on the record as saying that the New Democrats have long called for an independent, stand-alone economic agency for northern Ontario. While this budget does create a ministerial position, it doesn't add any funding for regional economic development and it does nothing to approve the accountability at FedNor. I just want to make that point.

The Chair: Thank you.

Is there further discussion on clause 226?

(Clause 226 agreed to)

(Clause 227 agreed to)

The Chair: Now we have division 17, "Financial Administration Act", which deals with clauses 228 to 232.

We have a whole series of amendments here, colleagues. First of all, with respect to clause 228, we have amendments NDP-24, NDP-25, and LIB-7. We'll therefore start with amendment NDP-24.

Ms. Nash.

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

This bill is of great concern to the NDP and to Canadians across the country. The provisions in this bill pertaining to crown corporations—we heard several expert witnesses testify with their concerns—pose an unprecedented interference in the management of crown corporations and are an attack on the right to free collective bargaining.

These clauses would threaten the independence of crown corporations such as the CPP Investment Board and the Bank of Canada. These institutions need that kind of independence in order

to fulfill their mandates. This section threatens the CBC independence as established under the Canadian Broadcasting Act. We've heard testimony in that regard that the proposed changes here are unprecedented and exist nowhere else in the OECD.

We have added our voice to the thousands of Canadians concerned with public broadcasting—unions, experts of various kinds, public figures—that the CBC would lose its independence as not a state broadcaster but a public broadcaster. Various groups have asked the government to step back.

Our amendment 24 would exempt the CBC from the new Treasury Board powers. We believe this amendment is essential to ensuring that the CBC can continue to operate without direct government control over the compensation of journalists and managers at the CBC and therefore influence the journalistic integrity of those working there.

Our amendment 25 would neutralize the powers contained in this bill over collective bargaining and non-union employee terms and conditions of employment. It specifies that the bill ensure that these binding powers do not apply. The amendment is essential in order to prevent the federal government from intruding on internal matters of crown corporations. These are arm's-length agencies and should be respected as such.

The President of the Treasury Board and the politics of the Treasury Board and the government have no place in the direct operation of these agencies.

• (1305)

The Chair: Thank you.

I have Mr. Adler next, but before that, I'll point out to Mr. Brison that Liberal-7 is essentially the same as NDP-25.

Mr. Brison, you may want to address a general argument at this time.

I'll put you on the list after Mr. Adler.

Mr. Adler, go ahead, please.

Mr. Mark Adler: Thank you, Chair.

It gives me great pleasure to speak on this. Unlike the opposition, our government remains focused on what matters most to Canadians, and that's of course jobs, growth, and long-term prosperity.

I was listening with interest to Ms. Nash's comments, and I have to tell you, there's not a scintilla of truth in anything that she said. The measures proposed within Bill C-60 do not affect in any way whatsoever—I can't be clearer than that—the independent operation of any crown corporation, including the CBC. Crown corporations are independent in their operations. Their financial bottom line, however, affects the government's bottom line and thus the taxpayers'. Unlike the opposition, this government has demonstrated time and time again its respect for taxpayers' dollars.

Now, as a responsible steward of taxpayer dollars, our government is ensuring that we have a mechanism in place to protect taxpayers' dollars at the bargaining table when and if necessary. Compensation costs can be an important element of the financial viability of a crown corporation, and this amendment provides an option for the government to give specific direction to a crown corporation in this respect.

The measures proposed in Bill C-60 are neither new nor revolutionary. The Quebec government, since 1985, has required similar prior approval of bargaining mandates from the provincial minister of the treasury board, something the leader of the NDP should know all too well. Both the government and crown corporations have a responsibility to spend taxpayers' dollars wisely, and we will work together when necessary to help ensure Canada's long-term growth and prosperity. This is our number one priority, because it is the number one priority of Canadians.

• (1310)

The Chair: Thank you.

I have a long list here. I have Mr. Brison, Mr. Côté, Mr. Rankin. Do I have others? I have others.

I'll go first to Mr. Brison.

Hon. Scott Brison: We are concerned about these changes. According to labour experts, collective bargaining experts, and people who have negotiated on behalf of employers, large companies, who appeared before committee as experts, the status quo has worked very well and Canada has stable labour relations. This has not been a problem, and unintended consequences always arise from fixing problems that don't exist.

I think it would be helpful if Mr. Duggan could help us. I have a few questions.

First, what was the original policy rationale for allowing crown corporations the independence to enter into their own collective agreements?

Mr. Dennis Duggan (Senior Advisor, Strategic Compensation Management, Treasury Board Secretariat): Of course, the first crown corporations were created far before I was born. Generally speaking, it allows them to operate in the areas for which they're responsible and to be able to react more easily to the particular circumstances of whatever market or business they're in, independent of the normal situations one finds in government. That's the overall situation. That's very general, I admit, but that's about as close as I can come to giving you a general rationale. Of course, individual corporations have specific reasons for their existence.

Hon. Scott Brison: Thank you.

To an extent, you're right, it's a very general response, but I was interested in—and I appreciate your candour, Mr. Duggan, that you are not in a position to answer the question.

Another question would be this. Are culturally related crown corporations, like the CBC, currently required to submit an operating budget to the government for its approval?

Mr. Dennis Duggan: Yes.

Hon. Scott Brison: Okay. So there is not an exemption for culturally—

Mr. Dennis Duggan: That particular aspect, sir, is not something I am familiar with. I'm not an expert in that area.

In terms of the FAA, it's part X, but those particular organizations right now are exempt from those particular parts, I to IV, as you're aware.

Hon. Scott Brison: So there is an exemption for culturally related crown corporations like CBC currently.

Mr. Dennis Duggan: I can't speak to it, generally speaking. I can only tell you the ones that are referred to in part X there.

Hon. Scott Brison: Just to perhaps help here, according to a 2005 Treasury Board report, it states that these cultural corporations are exempted in order “to shield the explicit mandate assigned to the organization by Parliament against potential political interference.” That is from a 2005 Treasury Board report.

Has anything changed since 2005 that would affect—to use Treasury Board's words—“the explicit mandate assigned to the organization by Parliament against potential political interference?” Are you aware of any change?

• (1315)

Mr. Dennis Duggan: I'm sorry?

Hon. Scott Brison: Are you aware of any changes that would render the Treasury Board's judgment in the report of 2005 obsolete today? Again, the Treasury Board report in 2005 said that these cultural corporations are exempted in order to “shield the explicit mandate assigned to the organization by Parliament against potential political interference.”

Mr. Dennis Duggan: As I mentioned, that's not my area of expertise, but I'm not aware of anything.

Hon. Scott Brison: Okay.

The Chair: We're sort of straying a bit from the clause and the amendment we're dealing with here.

Hon. Scott Brison: No, it's actually speaking quite explicitly to public policy as it has existed in—

The Chair: But explain how it relates directly to the amendment.

Hon. Scott Brison: Another question I would have is on the policy rationale behind the provision in Bill C-60 allowing Treasury Board personnel to attend all the meetings between a crown corporation and the bargaining agent during collective bargaining. From your perspective, what is the policy rationale for this change?

Mr. Dennis Duggan: The policy rationale?

Hon. Scott Brison: For Treasury Board officials to participate in or to attend all these meetings between the crown corporation and the bargaining agent during collective bargaining?

Mr. Dennis Duggan: That would fit with the notion of gaining a measure of oversight over what happens in bargaining between the corporation and its bargaining agents, in line with the notion of having a strategic approach to compensation management and the expenditure aspects of it.

Hon. Scott Brison: Are you aware of this having been an issue prior to this change? Is this lack of Treasury Board participation something that has caused significant labour unrest in these negotiations previously?

Mr. Dennis Duggan: I don't think it's a question of whether there was labour unrest or not. It is an issue with respect to having a strategic approach to compensation management at a broad level, of course, and dealing with the expenditure and financial viability of organizations, particularly as it relates to pension liabilities, for example.

The Chair: Okay. We can come back to you, Mr. Brison, but I do have a long list here.

I have Mr. Côté, Mr. Rankin, Mr. Caron, Ms. Nash, Mr. Jean.

Monsieur Côté.

[*Translation*]

Mr. Raymond Côté: Thank you very much, Mr. Chair.

Unfortunately, I feel bad for my colleague Mark Adler, but I have no faith in his ability to figure out the truth. I must, however, thank him publicly because his questions about Mr. Moffatt's political affiliation provided a key moment that I listened to again. To be honest, it still makes me laugh and that really calms me down.

I am going to introduce my comments with the old adage, once a thief, always a thief. By moving what we can call an intervention boundary of the government and, more specifically, of the Treasury Board into the negotiating realm, the government is clearly establishing a regime or, rather, expanding its territory. It's an additional step that could go much further than simple involvement in negotiating mandates. Keep in mind that our witnesses were very clear on that point and expressed their concerns to us.

There was much discussion about CBC, where we learned that outright interference in programming, as well as journalistic mandates and work were possible.

In light of the type of confusion that can exist in the Senate and in the Prime Minister's office, we've seen mistakes that are extremely troubling. At that point, what's preventing the government from going outside the simple realm of negotiating to get directly involved or clearly overstep the boundaries to meddle in other areas? Unfortunately, the government has never been able to come up with a satisfactory answer to that question.

Thank you kindly, Mr. Chair.

The Chair: Thank you.

[*English*]

Let's ensure that our comments are directly related to either the amendment or the clause in question.

Let us hear Mr. Rankin, please.

Mr. Murray Rankin: Thank you, Chair.

My concerns relate to the comments of Mr. Adler, who said there wasn't a scintilla of truth in what Ms. Nash said about the failure of this to affect the independence of crown corporations.

The Bank of Canada is one of the crown corporations that will be affected by this proposed amendment. It is a cornerstone of Canada's economic system. It troubles me greatly that we have seen no analysis of what the implications would be for such a fundamental change.

Another crown corporation that people in my riding of Victoria care very deeply about is the Canadian Broadcasting Corporation. Friends of Canadian Broadcasting have had debates. We've had large meetings. The second highest number of letters I've received since becoming a member, after the botch-up of the temporary foreign worker program, has been related to this change. The potential for impact upon the independence of journalism, of journalists, and the CBC is very much a matter for concern.

Mr. Adler said there would be no impact economically. He was talking about their respect for taxpayers' dollars. Let's just talk about the fact that the expert for management, Professor Smith, and Mr. Georgetti, the well-respected Canadian Labour Congress president, testified as to the enormous impact this will have upon the cost of running collective bargaining in this country for all the crown corporations. And let's talk about the legal challenges, which are all but inevitable, and the costs, in those challenges, to defend the indefensible.

• (1320)

The Chair: Thank you.

Mr. Caron.

[*Translation*]

Mr. Guy Caron: I have a few things to say about Mr. Adler's comments, among other things.

If Mr. Adler had been a witness, I don't think he would have been very convincing. What he is basically saying is that we are wrong and they are right. He has no argument. In fact, the government has not provided a single witness who supported what he said about there being no interference or about not calling into question of the independence of Crown corporations, particularly the CBC.

My colleague also spoke about the Bank of Canada. We requested that a specific study be done on the Bank of Canada, and the principle of independence is recognized in this House and by this government.

Be it the testimony of George Smith or, in the case of the CBC, the testimony of Florian Sauvageau, who is a prominent figure in Canada and internationally on the role of public broadcaster, it is clear that the concerns we have expressed repeatedly are founded. The fact that the government refuses to take them into account shows an indifference, perhaps not criminal, but misguided and extremely damaging to the principles of good governance once again.

Mr. Adler told us that the Government of Quebec already has a process to establish negotiating mandates. Yet, the Government of Quebec requires only one of its treasury board employees to be on the bargaining committee. It is completely different. With respect to bargaining, Quebec does not have a public broadcaster equipped with a news service that must have independence. That's another difference.

First of all, the comments from Conservative members of this committee are like comparing apples and oranges. Then, if the government was so sure that there was no threat to the independence of Crown corporations, particularly the Bank of Canada and the CBC, it could have brought in at least one witness, other than the Minister of Finance, who would have confirmed it. The people on the other side of the table are not very receptive to what union representatives say, but George Smith and Florian Sauvageau are not unionists; they are recognized in their field. They clearly said that the worries, the concerns were founded.

The amendments we are proposing are clearly relevant. We hope the government will take them into account. Otherwise, I can guarantee you that there will be serious problems. In fact, the viability of the information services of the CBC, as an independent entity, and the viability of the Bank of Canada's research and independent policies will be challenged.

[English]

The Chair: Thank you.

Mr. Jean, please.

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

I will be very brief, but I have a lot of confidence in Mr. Adler. I would suggest that I listen to unions as well, because I represent more union members, I think, than probably everyone else at the table combined—in Fort McMurray, something I'm proud to say. They elect me with about 72% plurality, so I do listen to unions.

In this particular case, I would suggest that it comes down to management style. We saw the management style.... Mr. Brison asked what has happened. Two things have happened—really, four things. One is a global economic crisis because of which people are watching their pocketbooks now and are worried about debt. They're concerned about that particular issue, especially their own bank accounts.

The other three things are the elections in 2006, 2008, and 2011, which said that the people of Canada don't like the management style of the Liberals—or, apparently, the NDP, since they're taking the same position—and they like the management style of the Conservative Party, because they know that the Conservatives will take care of and protect taxpayers' money.

It makes a lot of sense to have a mechanism in place to intervene, if it becomes abundantly clear that the terms are unreasonable. It frankly makes sense to me in any context, because the money we're talking about and that they want to spend is a huge percentage of the budget, first of all. Second, it is Canadian taxpayers' money, which should be treated with pristine, serious accounting rules to make sure that the money is not spent unreasonably.

I think that mechanism is abundantly clear, and our management style on that is going to be supported in the next election by Canadians.

•(1325)

The Chair: Thank you.

I will move to the vote on amendment NDP-24.

(Amendment negated [See *Minutes of Proceedings*])

The Chair: I shall put the question on amendment NDP-25.

(Amendment negated [See *Minutes of Proceedings*])

The Chair: Mr. Brison, did you want to speak to amendment LIB-7? Did you want to move to the vote on it?

Hon. Scott Brison: We heard from the president of CBC, we heard from friends of public broadcasting. There's a great deal of concern regarding the broadcasting independence of CBC and, more broadly, the principle of public broadcasting.

We feel quite strongly that the direction of the government is wrong-headed, and this amendment seeks to address it.

The Chair: Thank you.

(Amendment negated [See *Minutes of Proceedings*])

(Clause 228 agreed to)

(On clause 229)

The Chair: We have nine amendments on clause 229.

Ms. May, you have two amendments on clause 229, PV-10 and PV-11. You can address them together or separately, as you wish.

Ms. Elizabeth May: Thank you, Mr. Chair. That's very helpful, because they are related.

First of all, again, I'm happy to cooperate with the finance committee, at their invitation, but without prejudice to subsequent rights of members in my position.

I share all the concerns that you've heard expressed so far. I note earlier comments from my friends on the government benches that this government has respect for taxpayers' dollars—except for the \$3.1 billion that can't be located right now by the Auditor General in relation to security spending.

The crown corporations and the extension of crown corporations, the interference in collective bargaining by representation of the Privy Council, is a step too far in terms of changing the arm's-length relationship between these crown corporations. The fiscal control over crown corporations comes in the fact that their budgets are approved. That controls any sense of illegitimate spending.

My first amendment is to the generic question of crown corporations and the interference in collective bargaining.

I particularly was impressed by the testimony of George Smith from Queen's University, who said this was in fact the “antithesis” of legislative reform in public sector collective bargaining, and that it contradicts the “spirit and intent” of the Canadian labour code.

That goes to my amendment 10, which is to specific crown corporations and to exclude them.

My amendment 11 is very much related to CBC and the independence of public broadcasting.

I draw to the attention of committee members the letter to the Prime Minister of Canada from some of the luminaries of Canadian broadcasting, including Joe Schlesinger, Hugh Winsor, Don Newman, and a constituent of my own from Pender Island, Patrick Brown, who used to be a CBC foreign correspondent. They point out that collective bargaining terms include such things as “Journalists cannot be pulled off assignments without good reason”, and “Journalists do not have to fear retribution....” These are collective bargaining terms that go directly to journalistic independence.

The Chair: Thank you, Ms. May.

Is there any discussion on PV-10 or PV-11?

Ms. Glover, please.

Mrs. Shelly Glover: Mr. Chair, just for the record, I remain a little disappointed in Ms. May's intervention.

I'm happy to invite independent witnesses to partake in this discussion, but I find myself forced to correct the record. Outside of the discussion on this bill, Ms. May has raised some concerns about something entirely outside of the scope of what we're doing, which was false. The Auditor General has indicated very clearly that there is no missing money.

I would hope that when independent members come here and try to open a can of worms that really has nothing to do with the bill before us, they remember this for future requests for appearances, etc. We try to work collaboratively here as much as possible, and I would hope that Ms. May would honour that the next time she intervenes.

• (1330)

Ms. Elizabeth May: I didn't try to come—

The Chair: Order.

Mrs. Shelly Glover: Nevertheless, I do want to say that, you know, it is the Conservatives who created the CBC. We have tremendous respect for broadcasting, and for public broadcasting in particular. This has nothing to do with funding daily operations; it has to do with the taxpayers' dollar and whether or not, when the CBC is making decisions about how the long-term effects of their financing are put into place...how that affects the taxpayer.

That is all. It will not interfere with the day-to-day operations in any way, shape, or form. It will not restrict journalistic ability to go after stories, etc. I just want to make that perfectly, perfectly clear.

I have a question for the witness on this process that's being introduced. Is it in practice in other areas of the federal government already?

Mr. Dennis Duggan: A similar process exists with respect to those organizations listed in schedule V of the FAA. They are separate agencies, and that includes the Canada Revenue Agency, CSIS, and a number of others.

Mrs. Shelly Glover: So there is nothing different in this legislation when you are comparing to the ones you just mentioned. We're just making sure they are following the same oversight measures.

Mr. Dennis Duggan: It's very similar, yes.

Mrs. Shelly Glover: Thank you.

[*Translation*]

The Chair: Mr. Caron, you have the floor.

Mr. Guy Caron: I won't ask the witness any questions because, clearly, he works for the Department of Finance, right?

[*English*]

Mr. Dennis Duggan: Treasury Board.

[*Translation*]

Mr. Guy Caron: Clearly, his role is not political. Our concerns are political.

Once again, Mr. Adler and Ms. Glover are assuring us that their intentions are good. Yet, we have heard witnesses say many times that this would open the door to interference and a loss of independence for the CBC, the Bank of Canada and any other Crown corporation. Although the other issues are of concern, we are more concerned with the independence of the Bank of Canada and the journalistic independence of the CBC. Not a single witness confirmed what the Conservative government has been saying since the bill was tabled. Some concerns are clear. The independent witnesses said so.

That the government wants to ignore that absolutely astounds me. Does the government not want to govern in a way that ensures that its institutions maintain the trust of Canadians? I understand that the government wants to reassure us. It is the only one that can, since no one besides us is saying the same thing.

[*English*]

The Chair: Thank you. Merci.

All right. I'll move to the votes on PV-10 and PV-11.

(Amendments negated [See *Minutes of Proceedings*])

The Chair: We have NDP amendments 26 to 31. Do you want to deal with them separately?

Ms. Peggy Nash: Mr. Chair, what I can do is explain each one very briefly and then just generally speak in reference to them.

Amendment NDP-26 would prevent Treasury Board from directing a crown corporation to violate the Canada Labour Code. We heard testimony from experts last week that these changes would violate the Canada Labour Code. These are experts in the field of collective bargaining. The amendment is important, because as the bill now stands, it would allow violations of the code without anyone taking responsibility. We think the government should be responsible for that.

I also want to say, with respect to the Canada Labour Code, that other committee members have talked about the testimony of George Smith. George Smith has four decades of experience in collective bargaining for crown corporations on behalf of management. He wasn't a labour negotiator with the labour side; he was a negotiator for management. He has decades of experience. He understands the challenges of collective bargaining and he understands the process. I don't know if any of the government members here have any of that experience, but he certainly does. I know I have that experience. He was very clear that these changes would impede fair collective bargaining and smooth labour relations in our crown corporations. It is a mystery why the government would want to create that kind of situation.

Let me proceed to amendment NDP-27, which would make it illegal to use the new powers to interfere with the journalistic integrity of the CBC. What has become very clear from numerous witnesses and from a very effective campaign that is being waged on this issue—I've had thousands of constituents contact my office about this—is that there are provisions around journalistic integrity and the nature of public broadcasting that are included in the terms and conditions of the collective agreement for CBC journalists. The fact that the President of the Treasury Board would have the power to override or direct the collective agreement and negotiations could clearly impinge on the journalistic integrity of the CBC.

We heard from Friends of Canadian Broadcasting that no other OECD country has this kind of provision. They were highlighting how dangerous this would be. This is not a power that governments should have. We're very concerned that these are dangerous new powers that the government would have.

Similarly, NDP-28 would make it illegal to impose requirements that interfere with the Bank of Canada's independence. We're very concerned that the Conservatives have chosen to give themselves these powers over the Bank of Canada. It certainly is troubling for Canadians and for the independence of our financial institutions to think that the government would want these powers, that they could perhaps discipline someone who works for the Bank of Canada for producing financial information that the government isn't pleased with. We've seen how public servants like the Parliamentary Budget Officer have been treated by this government. I would think that the employees of the Bank of Canada would be very nervous today contemplating these powers by the Conservative government.

Amendment NDP-29 would require the Treasury Board to make its bargaining mandates public after the ratification of a collective agreement. If the Treasury Board is mandating negotiations at crown corporations on behalf of the Canadian public, the public has a right to know what those mandates are. After ratification, when they wouldn't be able to influence the ratification, would be the appropriate time to inform the Canadian public.

• (1335)

Amendments NDP-30 and NDP-31 would remove the language that clarifies that the Treasury Board does not represent the crown corporation. This is in order to clarify the process at the bargaining table and ensure that the Treasury Board itself is held accountable for its actions, not to be confused with management on behalf of the crown corporation.

Mr. Chair, again, we find it very troubling that the President of the Treasury Board would want to be quarterbacking all collective bargaining of crown corporations in Canada. We worry about the independence of institutions like the Bank of Canada and the CBC. In fact, we find it rather shocking that this government would engage in giving itself these kinds of powers.

We believe that these amendments would go a long way to alleviating some of the concerns people have about these new powers and at least would add some clarity to what the government is undertaking.

Thank you.

• (1340)

The Chair: Thank you.

Is there further discussion with respect to any of the NDP amendments, amendments NDP-26 to NDP-31?

No further discussion? Okay. I will go to a vote on NDP-26.

(Amendment negated [See *Minutes of Proceedings*])

The Chair: Amendment NDP-27.

(Amendment negated [See *Minutes of Proceedings*])

The Chair: Amendment NDP-28.

(Amendment negated [See *Minutes of Proceedings*])

The Chair: Amendment NDP-29.

(Amendment negated [See *Minutes of Proceedings*])

The Chair: Amendment NDP-30.

(Amendment negated [See *Minutes of Proceedings*])

The Chair: Amendment NDP-31.

(Amendment negated [See *Minutes of Proceedings*])

The Chair: We have amendment Liberal-8.

Does anyone want to move amendment Liberal-8?

Mélanie, do you want to move Liberal-8?

Voices: Oh, oh!

Hon. Scott Brison: I just wanted to make sure you were watching, Mr. Chair.

Again, this is consistent with our concerns with regard to these changes. The government has not made the case as to why these changes are needed, and we've heard contrary evidence, not just from the CBC and the Friends of Canadian Broadcasting, but from labour negotiation experts and practitioners who have represented the employers over the course of multiple decades of work.

Again, we are concerned with the direction of the government on this. As such, this amendment reflects those concerns.

The Chair: Thank you, Mr. Brison.

Is there further discussion on amendment Liberal-8?

(Amendment negated [See *Minutes of Proceedings*])

(On clause 229)

The Chair: Is there discussion?

Monsieur Côté.

[*Translation*]

Mr. Raymond Côté: I would like to speak to clause 229.

Mr. Chair, I would like to share with committee members a memory from the 2006 campaign. It was my first election campaign. I met a couple of employment insurance employees who were working very hard. In fact, they were working six days and three evenings a week. I couldn't help but ask them how they could put up with such working conditions. They told me that they didn't want to penalize employment insurance recipients.

Let's go back to clause 229 and government interference. Actually, this also has to do with clause 228. I find it really quite dangerous that the government wants to influence the bargaining process for organizations as sensitive as the Bank of Canada and the Canada Pension Plan Investment Board.

I want to focus on that last example. The Canada Pension Plan Investment Board is an agency that decides the fate and future of millions of Canadians. It really is very important. Obviously, the government is opening up a Pandora's box without knowing the situation, while its lack of judgment and interference in the process could lead to dysfunction.

I don't want to go over it again beyond a certain point, because my colleagues have already spoken about it, but a bargaining process aimed at signing a collective agreement is always delicate. It is already challenging when two parties are involved. When a third party joins the negotiations, it slows down the process. Imagine if it got out of hand and organizations as independent as the ones I mentioned became dysfunctional. It is absolutely unbelievable that we can expose Canadians to this kind of thing.

I'll stop there. Thank you.

•(1345)

The Chair: Thank you, Mr. Côté.

[*English*]

(Clauses 229 to 231 inclusive agreed to)

(On clause 232—*Order in council*)

The Chair: We have amendment NDP-32.

Go ahead, Ms. Nash, please.

Ms. Peggy Nash: Yes, just briefly, Mr. Chair, this would amend clause 232 to say that it would come into force “five years after the day on which this Act receives royal assent”.

The Chair: Thank you, Ms. Nash.

(Amendment negated)

(Clause 232 agreed to)

(On clause 233)

The Chair: The final amendment is NDP-33.

Ms. Peggy Nash: Amendment NDP-33 would change the indexation formula. The way this clause reads today, yes, it increases the moneys that would go to cities through the gas tax, but in hundred million dollar increments. Therefore, without the adoption of our amendment, there would be no increased funds to cities until 2016.

We're proposing that the indexation formula allow increases in thousand dollar increments instead of the proposed hundred million. That would get more money to the cities more quickly than under the Conservative formula. In what we're proposing, it would mean \$22 million would go to the cities for next year, \$64 million the following year, and then \$80 million in 2018. It just accelerates the process by changing the indexation formula.

The Chair: Thank you, Ms. Nash.

I have a ruling on this amendment.

Bill C-60 provides for a maximum payment of \$2 billion with respect to the Office of Infrastructure of Canada or the Minister of Indian Affairs and Northern Development. The amendment seeks to amend the bill so that an additional \$40 million can be paid out of the consolidated revenue fund.

House of Commons Procedure and Practice, second edition states, at pages 767 and 768:

Since an amendment may not infringe upon the financial initiative of the Crown, it is inadmissible if it imposes a charge on the public treasury, or if it extends the objects or purposes or relaxes the conditions and qualifications specified in the royal recommendation.

In the opinion of the chair, the amendment proposes a new scheme that seeks to alter the terms and conditions of the royal recommendation, and therefore I rule this amendment inadmissible.

(Clause 233 agreed to)

The Chair: Colleagues, we now have to deal with two clauses we tabled, clause 7 and clause 36.

You do have an answer from DND. I hope that has addressed all the questions. We'll go to Mr. Brison.

Hon. Scott Brison: The question I posed was which missions in the last decade have at any time had a risk score between 1.5 and 2. The response was that since 2006—first, that doesn't encompass a full decade—no missions with a risk score between 1.5 and 1.99 have been prescribed for income tax relief.

That's actually not an answer to the question. The question was which missions in the last decade have at any time had a risk score between 1.5 and 2, and that question remains unanswered. The answer that no missions with a risk score between 1.5 and 1.99 have been prescribed for income tax relief was not the question I asked. It's a very simple question: which missions in the last decade have at any time had a risk score between 1.5 and 2?

•(1350)

The Chair: Thank you.

Ms. Glover, to this point.

Mrs. Shelly Glover: Thank you, Mr. Chair.

I might note that we were all distributed answers from DND on this question, and they included, of course, the question that was asked. The question that was asked was not the question Mr. Brison just cited, but in fact, as I read from the document, the question was how many missions with a risk score between 1.50 and 1.99 have been prescribed for income tax relief.

The answer has been given. I might add that missions between 1.50 and 1.99 are very low-risk missions, which frankly has nothing to do with the proposed changes in Bill C-60 anyway. If Mr. Brison has further questions about how DND assigns mission numbers and evaluations and assessments, I'm sure the Liberal Party would welcome him to sit in at their next committee meeting. He can sub in and replace whichever Liberal member typically goes there, but it is completely out of the scope of what Bill C-60 is doing.

I might add that when I talk about low-risk missions, I'm talking about, for example, a joint force mission in Tampa, Florida. We're not talking about high-risk missions such as Afghanistan, etc.

I believe DND has answered the questions put to them. I see very clearly what the responses were. I see very clearly what the questions were. To now change the question and ask for more time, frankly, appears to be a delaying tactic. I would suggest Mr. Brison go to the National Defence committee to seek out further information about how DND evaluates their missions.

Thank you. I'm prepared to vote on this.

The Chair: Thank you.

Can I go to the vote on amendment Liberal-1, then?

Mr. Brison.

Hon. Scott Brison: There are two points. First of all, I appreciate Ms. Glover's agreement earlier to tabling the vote on this until we're provided with further information.

Regrettably, I do not feel that the questions posed were answered fully, but it seems we're proceeding with a vote on this. I'll be voting against, but I do appreciate the tabling of it.

The Chair: Just for clarification on voting, we do have to vote on amendment LIB-1, and then we'll vote on clause 7 and then on clause 36.

Hon. Scott Brison: Yes.

(Amendment negatived [See *Minutes of Proceedings*])

(Clause 7 agreed to on division)

(Clause 36 agreed to on division)

The Chair: Shall the schedule carry?

Some hon. members: On division.

Some hon. members: Agreed.

The Chair: Shall the short title carry?

Some hon. members: Agreed.

The Chair: Shall the title carry?

Some hon. members: Agreed.

The Chair: Shall the bill carry?

Some hon. members: Agreed.

The Chair: Shall the chair report the bill to the House?

Some hon. members: Agreed.

● (1355)

The Chair: Thank you very much, colleagues. I appreciate that.

The meeting is adjourned.

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