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## **Standing Committee on Foreign Affairs and International Development**

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**EVIDENCE**

**Thursday, November 19, 2009**

**Chair**

**Mr. Kevin Sorenson**



# Standing Committee on Foreign Affairs and International Development

Thursday, November 19, 2009

• (0900)

[Translation]

**The Chair (Mr. Kevin Sorenson (Crowfoot, CPC)):** Good morning, colleagues.

[English]

This is meeting 40 of the Standing Committee on Foreign Affairs and International Development. It is Thursday, November 19, 2009. Our orders of the day include a return to our committee's study on Bill C-300, An Act respecting Corporate Accountability for the Activities of Mining, Oil or Gas in Developing Countries.

On our first panel today is a witness who's certainly no stranger to West Block—or to Centre Block, or to any of the other buildings on the Hill—and that's the Honourable Perrin Beatty, President and Chief Executive Officer of the Canadian Chamber of Commerce.

We also have Susanna Cluff-Clyburne, Director of Parliamentary Relations for the Chamber.

Welcome to our committee this morning. We look forward to your presentation. We will move to a round of questioning, or hopefully a couple of rounds of questioning, following your presentation.

We thank you for your attendance here today.

**Hon. Perrin Beatty (President and Chief Executive Officer, Canadian Chamber of Commerce):** Thank you very much, Mr. Chairman.

I want to thank you and your colleagues for your warm welcome today. We're delighted to be able to be here. We look forward to having a chance to have an exchange with the committee.

As you mentioned, my name is Perrin Beatty. I am president and chief executive officer of the Canadian Chamber of Commerce. With me this morning is Susanna Cluff-Clyburne, our director of parliamentary affairs.

[Translation]

The Canadian Chamber of Commerce is the organization that is the most representative of Canadian business. Thanks to our network of 325 local Chambers of Commerce, we speak for 175,000 Canadian businesses, of all sizes and in all parts of the country.

The Canadian Chamber of Commerce includes many oil and gas and mining companies among its members.

Our members are very aware of the principles of socially responsible behavior and of the commercial value of sustainable operations. This includes taking account of the economic, social and

environmental impact of their operations. They also understand that a single bad apple can spoil the reputation of all Canadian businesses anywhere.

[English]

Mr. Chairman, businesses and governments worldwide have been working to meet the increasing social and environmental expectations of their operations at home and abroad. The result has been the establishment of internationally accepted norms, of which committee members are all very well aware.

In support of our members' efforts, the Canadian Chamber has provided considerable input into the Business and Industry Advisory Committee's contribution to the *OECD Guidelines for Multinational Enterprises*, the International Chamber of Commerce's work with the United Nations Global Compact, and the United Nations Special Representative John Ruggie's investigation into human rights and transnational corporations. The Canadian Chamber has also been an active player in Canada's contribution to the development of the ISO 26000 guidance standard for social responsibility.

The Canadian Chamber of Commerce's long-standing policy on responsible business conduct has been that socially responsible behaviour should continue to be promoted and supported by government. A process of working with companies before they run into problems, then continuing to work with them to solve any issues that arise, ensures that Canada and Canadian companies are seen as world leaders. To be seen to comply with the highest possible standards is a business benefit to us, Mr. Chairman, which the Canadian business community recognizes.

The Canadian Chamber of Commerce has been expressing our members' concerns with Bill C-300 to members of Parliament in writing or in person since it was tabled in February. So I am certain that the members of the committee are familiar with our position.

*Building the Canadian Advantage* is consistent with the view of the Canadian Chamber and its members in the extractive industries sector that Canada leads best by working with companies to give them the tools to prevent themselves from being drawn into difficulties in developing countries. And if they are, it is even more important to continue working with them to help remedy the situation and preserve Canada's reputation. Simply cutting and running is not the answer.

The government's strategy acknowledges the critical role of host regimes in developing countries and commits to providing additional resources to them through CIDA, Natural Resources Canada, the Department of Foreign Affairs and International Trade, and international bodies such as the extractive industries transparency initiative.

Mr. Chairman, as a former Secretary of State for External Affairs, I believe this is the right approach. For exactly the same reason we would object to foreign interference within Canada, sovereign nations would not appreciate Canadian officials conducting investigations into projects in their territories or having our laws dictate which companies shall and shall not operate in their countries. Bill C-300, if passed, will negatively affect Canadian foreign policy.

The newly appointed CSR counsellor strikes a balance among stakeholders while maintaining the primacy of DFAIT's national contact point in promoting the *OECD Guidelines for Multinational Enterprises*. Some have argued that the counsellor will be able to conduct investigations only with the agreement of all parties. But we know that credible investigations would be impossible without the cooperation of not only the company in question, but, equally importantly, of the host government. It is our understanding that any lack of cooperation by any party would be included in the counsellor's annual report to Parliament and would rightly be criticized. It would hold any party refusing to collaborate up to public attention. This provision is an important incentive to assist in the investigation.

The role of the CSR counsellor significantly differs from the independent ombudsman recommended in the round tables' report and from what is proposed in Bill C-300 only in that the office does not have the power to recommend that government resources be withdrawn from companies found to be behaving deficiently. Again, this is the right approach. Our goal should not be to punish. It should be to ensure that all companies adhere to the highest possible standards. Our goal is to set standards that lead the world, to encourage people to comply with them, and to work with companies to ensure that this is achieved. By doing that, we can have the most significant benefit for everybody involved.

● (0905)

[Translation]

One of the unfortunate aspects of Bill C-300—which will haunt any government forced to implement it—is that it poses an unreasonable risk for the finances and the reputation of extracting companies. This is a very capital-intensive industry which operates on a very long-term basis and is generally active in some regions that are located very far from developed and developing countries. Each project might be challenged, even if the company is acting in a very responsible manner. Those who believe that any type of extracting activity is unacceptable will challenge practically all types of operations. This is the case here in Canada and we have also seen it in other countries. Let me add that their policies are often contrary to those of the communities that benefit from those projects.

Bill C-300 would provide an avenue, based on a piece of legislation, to those organizations the survival of which depends upon their capacity to make allegations against extracting compa-

nies. Complaints based on ideology rather than performance would entail huge costs for taxpayers as well as companies.

● (0910)

[English]

Mr. Chairman, the auditing function proposed for the Department of Foreign Affairs and International Trade in Bill C-300 would tie up dollars and people that the department desperately needs for other purposes. One can only imagine the fallout resulting from one partner in a joint venture losing its Export Development Canada financing. Lawyers would be the only ones to get more wealthy as a result.

Will Canadian companies ever be able to satisfy critics who are opposed to their activities in principle? Likely not. It's hard to see how they could. Yet they'll face the spectre of having to constantly look over their shoulders to see who is, or who possibly could be, launching an attack via the mechanism that Bill C-300 would institutionalize. Does this represent a competitive disadvantage for Canadian businesses? It definitely does. Will any ministerial investigation satisfy the party that submitted the complaint? Probably not. As a former cabinet minister, I have to say that the loosely defined investigation process outlined in Bill C-300 concerns me. On the other hand, the government's strategy outlines a well-defined five-stage process that includes initial assessment, informal mediation, fact-finding, access to formal mediation, and reporting.

Mr. Chairman, in criminal law we're scrupulous in adhering to the principle that people are innocent until proven guilty, and we take considerable care to ensure that their good names are not recklessly damaged. However, under Bill C-300 the damage to the company accused is done as soon as a complaint is submitted and publicized. For those who wish to prevent Canadian companies from being able to do business abroad—including and most importantly our foreign competitors—there's a powerful incentive to make allegations. The publishing of a finding in the *Canada Gazette*, several months after the fact, that a complaint was frivolous and/or vexatious will be too late for the company's reputation and possibly for the financial viability of the project in question.

Such a finding will definitely not receive the publicity in Canada, let alone in a developing country, that the original accusation did. And the company may face years of unnecessary reputation rebuilding. In the meantime, their foreign competition will be doing the business. Talisman Energy is an example of the impact that Bill C-300 would have. Its name is still associated with unfounded allegations of appalling human rights abuses in Sudan, several years and tens of millions of dollars in legal costs after it has been exonerated by the courts. And perhaps most tragically for the Sudanese citizens involved, all agree their circumstances did not improve when this highly regarded responsible Canadian company sold its stake in the project.

The fact is that the vast majority of Canadian extractive companies behave responsibly and are considered global corporate socially responsible leaders. Earlier this year, Talisman Energy was named by *Maclean's* magazine and Jantzi Research as one of Canada's 50 most socially responsible corporations. Another Canadian extractive sector company, Barrick Gold, was named to the Dow Jones Sustainability World Index in 2009 for the second consecutive year. The index, which is one of the world's foremost indices of corporate sustainability practices, tracks the long-term economic, environmental, and social performance of 2,500 leading companies worldwide, using objective benchmarks to identify the top 10% of performers. It provides a very important touchdown resource.

It's important to acknowledge the sustainable benefits that extractive companies bring to communities. Just as they do here in Canada, these companies create economic and social opportunities for the citizens in the countries in which they operate. They also significantly contribute to the host countries' gross domestic products, infrastructure, tax revenue, training and skills pool, as well as sustainable economic development. The positive economic impacts that these activities and investments have are often overlooked.

You've heard from Export Development Canada how Bill C-300 would affect its ability to enter into financing agreements with Canadian extractive companies. You've also heard how government interference in the investment decisions of the Canada Pension Plan Investment Board would affect its mandate to operate at arm's length from government to maximize earnings for those Canadian employers and employees who contribute to it. It would also require amendments to CPPIB's governing legislation.

• (0915)

Some have asked how serious being cut off from EDC financing and/or Canada Pension Plan investment could be. After all, extractive companies are large, with significant financial resources. EDC financing and institutional investments like the Canada Pension Plan are essential financial resources to Canadian businesses, extractive and otherwise. The sanctions proposed in this bill could be very serious and potentially devastating for the companies and their Canadian and foreign employees, as well as for the projects in developing countries involved in the allegations. To be cut off from EDC financing and political risk insurance, as well as being blacklisted for Canada Pension Plan investment, would mean the cancelling of projects and the cutting of jobs. Faced with the uncertainty of being measured against undefined guidelines, many Canadian companies would simply not take the risk of pursuing new ventures in developing countries.

Bill C-300 would affect not only the large extractive companies, but also the dozens of smaller firms that serve them.

One of the greatest ironies is that while we all express concerns about the takeover of Canadian companies and say that we would instead like to see our businesses buy foreign companies, by discriminating against Canadian businesses, this legislation would do exactly the opposite. Bill C-300 would deter Canadian companies from acquiring firms operating inappropriately in developing countries and bringing their operations up to international standards. Why would they do so with the prospect of penalties and reputation

damage lying before them? And yet those who would lose most would be the citizens of the developing countries who would have to settle for companies from countries with lower standards.

Canada's extractive sector companies are experiencing the economic downturn head-on. Their challenges have been exacerbated by having to live with uncertainty in the years since the release of the round tables' report and concerns with the government's response. Bill C-300 adds to the interminable uncertainty under which these companies have been working. Even after passage, there would be more uncertainty while guidelines are being completed. This is a sector that plans in decades and requires as much certainty, consistency, and clarity in policy and regulations as possible.

The Canadian Chamber of Commerce believes that any Canadian company operating abroad must comply with high standards of social responsibility. Our message to parliamentarians is that the government should work with companies and with governments in developing countries before problems arise to ensure that Canada and Canadian companies are seen as world leaders. It is in all of our interests to see this as part of the Canadian brand.

Bill C-300 could result in an environment of minimal compliance rather than one in which competition motivates companies to attain best practices. For companies that get into trouble because of a lack of experience or circumstances beyond their control, being cut off from government resources when they are alleged to have behaved badly leaves the situation unresolved, the allegedly injured parties no better, and potentially worse, and the company in no better position to take measures to make things right, if that's proven to be necessary. It also leaves in tatters the reputation of Canada, the Canadian government, and one of our most important industries and economic contributors.

I don't quarrel for a moment with the motivation of the bill's authors or of its supporters. The author of the bill, like the rest of us, would like Canada and Canadian businesses to have the reputation of following the highest ethical standards in the world. And, like us, he would like to see Canadian companies succeed in the global economy. And yet, ironically, Bill C-300 would push us in exactly the opposite direction by encouraging reckless and untrue allegations and by giving competitors with lower standards a weapon to use against Canadian companies.

Canadian businesses need support from the government in good times and bad. They do not need more bureaucratic burdens, disincentives to invest, and encouragement to move their operations elsewhere.

The government's CSR strategy is barely seven months old and it needs time to be fully implemented before it's judged to be deficient. Once it's had a fair chance to make itself felt, by all means, let's review it and decide whether we should make changes. If improvements should be made then, let's make those changes based on experience. But let's at least give it that chance before we start tinkering with it.

On the face of it, Bill C-300 is good politics. However, upon closer examination, Bill C-300 cannot live up to its intentions as it lacks some important context that could do more damage to the extractive sector than it intends. That's why, Mr. Chairman, we urge the members of the committee to vote against the bill.

I thank the committee for its courtesy in hearing us today, and I would be delighted to answer your questions.

● (0920)

**The Chair:** Thank you, Mr. Beatty.

Mr. Rae.

**Hon. Bob Rae (Toronto Centre, Lib.):** It's good to see you, Mr. Beatty. I would just say to the committee that my friendship and association with Mr. Beatty goes back a very long way, and I'm always glad to see him in the committee.

I hear you. I think you've made your points extremely strongly. You mentioned the example of Talisman. You mentioned other examples with respect to the reputational impact. Surely you would agree that there wasn't a Bill C-300 when the issues around Talisman were raised. We now have a counsellor who is going to be hearing cases that will be publicly known. It will be in the papers and on the Internet and on the web.

Do you really think it's fair to...? There's an alternative line one could take, and that is to say that at least what Bill C-300 does is it establishes a forum where a company can be completely exonerated by a statement by a minister. You stated that it would take a long time.

Looking at clause 4, under subclause 4(3), it states that if the minister decides that:

the request is frivolous or vexatious or is made in bad faith, he or she may decline to examine the matter. Otherwise, he or she shall examine the matter described in the complaint and assess compliance

The implication of that would seem to me to be that the minister could pretty quickly... There would have to be a process established under which the minister would receive these complaints and deal with them, and I would assume that the process would involve the counsellor, but I'm just not sure that it's necessarily the case that the intention of Bill C-300 is to go way beyond the government's position as set out in its own recommendations on CSR.

The other point I would make is that it seems to me that what Mr. McKay has done is perhaps go a little bit beyond the consensus that was arrived at, but I would also argue that what the government has done is well less than what was agreed to. What we ought to be looking for as a committee is a way to find the balance, frankly, that strikes right at the heart of what the consensus was that the parties, including the mining companies and the unions and the environmental organizations, agreed was where we should go.

So what concerns me about the government's strategy is it's less than where we want to go, and I do think we could make improvements to this measure that would allow us to hit the target.

**Hon. Perrin Beatty:** Thank you very much, Mr. Rae, for a very thoughtful question.

Let me start first with the issue of Talisman. You're quite right, the Talisman situation existed before Bill C-300 was even tabled in the House. So even in the absence of this sort of formal mechanism, which in our view will encourage frivolous or vexatious or unfair allegations to be made against Canadian companies, Canadian companies were at risk of having their reputations damaged, with enormous loss for everybody involved. Our concern is that this bill would make that situation even worse. It would actually build in an incentive for the commercial competitors to Canadian companies, whose standards may be well below those of Canadian companies and certainly whose standards would be well below the standards that we would assume we'd want Canadian companies to aspire to, to make these sorts of complaints. It would encourage them to do that.

You're right. There is a provision in the bill, in clause 4, that says the minister may decline to examine the matter, but a decision not to examine the complaint would be subject to judicial review, and generally the standard to *prima facie* dismiss a complaint in these criteria would have to be very high. The minister could not just frivolously throw it out himself and say, this is a group that is known to recklessly damage the reputation of people; I don't take seriously the allegation they make.

There would be a process there. One could easily see the incentive built in when a Canadian company was looking at opening up operations abroad, for example, if it was looking for licences in a country, for its commercial competitors to encourage a series of complaints to be made against Canadian companies on the grounds that they have violated environmental standards or human rights standards or a range of other international CSR concerns, perhaps in another country.

● (0925)

**Hon. Bob Rae:** But they can do that now.

**Hon. Perrin Beatty:** They can do that now.

**Hon. Bob Rae:** They *do* it now.

**Hon. Perrin Beatty:** What they would be able to get with Bill C-300 is that a formal investigation is under way, under Canadian legislation, that could result in the lifting of all government support for this company. Guess what gets the publicity? The allegation gets the publicity—Canadian mining companies or Canadian petroleum companies accused of human rights or environmental abuses. The finding, some weeks or months down the road, that these were frivolous or that the allegations were put up by commercial competitors gets very little publicity, as you know, as a result, and the damage is done in the meantime. We need to find mechanisms that, yes, move ahead from where we are today in terms of trying to ensure that we all follow the highest possible standards, but do so with the minimum of damage to the companies involved.

The other element of your question was whether or not Mr. McKay's bill goes above the standard that the consensus agreed upon and the government falls below that. I guess my answer would be that if we believe that Mr. McKay's bill may be damaging to the Canadian interest, it may be damaging to the host countries as well. Let's hold off from doing things that we think could be damaging.

If the government's approach is found to be deficient once we've had experience with it, by all means let's make improvements to it; let's bring it up to whatever standard we feel is appropriate at that time, but based on concrete experience. The key issue for me, and I'm sure for you as well, is to ensure that we move carefully in an area like this, that we improve the standards of everybody involved, and that we avoid reckless or frivolous damage to the reputations and the welfare of everybody involved.

**The Chair:** Thank you, Mr. Beatty.

Very quickly to Mr. Patry.

[Translation]

**Mr. Bernard Patry (Pierrefonds—Dollard, Lib.):** Thank you very much, Mr. Chair.

Thank you for being here, Mr. Beatty. I will address you in French because I want to make a comment. Since you speak for the Canadian Chamber of Commerce, I must tell you that I would have appreciated it if your brief had been submitted in both official languages, as it should have been. As an ex-MP, you know very well that it is much more difficult to follow your statement through the interpretation instead of being able to read it in one's own language. You have submitted this document in French only and I would have liked to receive it in both languages.

[English]

Now my question, to the Chamber of Commerce. I want to come back to the round tables. Did the Chamber of Commerce have *un mémoire*? Did you submit something to the round tables when you were crossing the country?

**Mrs. Susanna Cluff-Clyburne (Director, Parliamentary Relations, Canadian Chamber of Commerce):** We submitted a submission after the round tables' report was issued.

**Mr. Bernard Patry:** After the round tables' report.

Do you agree with the conclusion of the round tables?

**Hon. Perrin Beatty:** We agree with many of the conclusions of the round tables, not with all of them.

**Mr. Bernard Patry:** Do you agree with the round tables about the creation of an ombudsman?

**Mrs. Susanna Cluff-Clyburne:** No, we do not.

**Mr. Bernard Patry:** What's the reason why you don't agree with the ombudsman? The round tables' report was unanimous, and this unanimous report was signed by all the mining associations across the country. Why doesn't the Chamber of Commerce agree with the creation of an ombudsman?

**Mrs. Susanna Cluff-Clyburne:** First of all, the Chamber of Commerce was not a part of the round tables process. And the issue with regard to the ombudsman was the fact that we felt that the government had the bureaucratic structure in place through the national contact point within DFAIT. We felt that rather than establish another bureaucracy, additional resources should be provided to the OECD-mandated national contact point that already exists.

**Mr. Bernard Patry:** That means you didn't agree because you feel the government has enough power to do so. But do you agree with the counsellor, Mrs. Evans, as someone to represent... Do you

really think that major Canadian companies like Barrick Gold, say, or Inco, that any of these major companies need to have a counsellor? Do you really think they need a counsellor?

**The Chair:** Thank you, Mr. Patry.

**Hon. Perrin Beatty:** Need...? I'm sorry, I'm having some difficulty here.

**Mr. Bernard Patry:** I'm asking about the role of Mrs. Evans in RSC as a counsellor to the company.

• (0930)

**Hon. Perrin Beatty:** Not every company is going to need to have a counsellor, but it's useful to have that office in place to assist the industry and to assist those who need it. Indeed, you really underscore the point I was trying to make earlier, and that's that we have a number of exemplary companies in Canada who set the standard for the world in terms of the responsibility they demonstrate in their operations. Those companies should simply be encouraged to continue for other companies who may not be as well developed as they are. Assistance to them in terms of meeting high standards is something that we'd be strongly in support of.

**The Chair:** Thank you, Mr. Beatty.

We'll move to Mr. Laforest.

[Translation]

**Mr. Jean-Yves Laforest (Saint-Maurice—Champlain, BQ):** Thank you, Mr. Chair.

I do want to say that I find it extremely unfortunate not to have the text of your statement. That would have allowed us better to understand your arguments and to follow your reasoning as well as to ask our questions. That being said, I will question you on the basis of my understanding of your statement.

You started by saying that Chambers of Commerce are generally supportive of economic, environmental and social development and that, unless I am mistaken, your members believe that Bill C-300 will be a significant barrier to their economic development. You also stated that your members are environmentally and socially responsible and you also referred to other methods.

After having looked at the Bill as a group representing business, are you able to tell us if there are in this legislation any environmental or social standards or protections—as well as relating to human rights—which would not be better than the status quo or than the other methods that you have referred to? Is there really nothing good in this piece of legislation?

[English]

**The Chair:** *Merci.*

Mr. Beatty.

**Hon. Perrin Beatty:** Thank you very much, Mr. Laforest, for your welcome to the committee.

Let me respond to you, first of all, with regard to the text of our statement. It was circulated neither in English nor in French to members of the committee. I would have liked to have been able to have had a final version to put in writing in front of all of you. We were fine-tuning that while I was in Washington, as recently as last evening, based on testimony before the committee that took place, I believe, yesterday. So it simply wasn't logically possible to do so. Had we tabled a statement before the committee, we'd have done so in English and in French.

The second question you asked is whether in essence there is anything good about the bill. Yes, I think the intentions behind the bill are certainly good. All of us subscribe to the belief that Canadian companies should adhere to the highest possible standards.

I personally believe, the business community believes, and the mining sector believes that Canada's reputation for maintaining the highest standards in the world is a competitive advantage for us. We do not want to see instances where people fall well off the norm or fall below best practices. We want to encourage everybody to follow the highest possible standards.

So the intent is right; the problem is that the mechanisms contained in the bill could be exceptionally damaging and could undermine the very intentions that the bill expressly seeks to achieve.

[Translation]

**Mr. Jean-Yves Laforest:** In your preliminary statement, you also claimed that the bill is based on ideology. Could you tell me what ideology?

Do you think the ideology of business development, of development at any cost, always trumps the ideology of human rights? Is that your position?

[English]

**Hon. Perrin Beatty:** Mr. Laforest, let me simply clarify. I didn't say the bill was based on ideology—I don't think it is. I think the bill is based on the very best possible intentions, which is to ensure that we adhere to high standards in our activities around the world. My concern is that people whose activities are based on ideology, who are inherently opposed to the extractive industries in principle or to the operations of Canadian companies abroad, and whose approach is essentially ideological could use the mechanisms contained in the bill to damage the Canadian interest and damage the interests of the peoples and the communities where those companies are operating. That's my concern.

The bill builds into it, through these mechanisms, an incentive for people. There are no penalties for somebody who recklessly damages the reputation of a Canadian company. There are very strong incentives for our competitors internationally to do what they can to undermine the competitive position of Canadian companies operating abroad, and this mechanism contained in the bill delivers to them a tool that can be used to recklessly damage the reputation of Canadian companies. That's where our concern was, not, certainly, with the philosophy underlying the bill or the desire that we know the bill's author has to see the highest possible standards followed.

● (0935)

[Translation]

**Mr. Jean-Yves Laforest:** You are aware that there have been cases of very significant environmental damages caused by mining companies these past few years—companies that support regressive governments, the murder of people associated to union groups. Speaking against a piece of legislation that would still allow a modicum of control on the behavior of corporations... Unlike you, I believe that doing nothing would only encourage those ideologues. If we do nothing, they will not stop what they are doing, they will continue to spread their ideologies which can sometimes be very damageable.

[English]

**Hon. Perrin Beatty:** Mr. Laforest, may I get some clarification from you? Are you suggesting for a second that any Canadian company would support the assassination of trade union officials?

[Translation]

**Mr. Jean-Yves Laforest:** That is not at all what I said. I only said that we have seen such situations and that a piece of legislation such as C-300 would allow us better to control the operations of those companies, especially in countries where we have seen such situations. I am not saying that companies have contributed to this, absolutely not.

[English]

**Hon. Perrin Beatty:** Let's by all means address any real issue that exists. If there are deficiencies that are real that exist in the operation of Canadian companies, let's address them. This is precisely the point I was trying to make earlier. We have to be exceptionally careful not to recklessly or carelessly damage the reputation of Canadian companies, particularly when Canadian companies really set the benchmark for the rest of the world today in terms of the standards they meet. Let's improve upon those. Let's work with the companies. Let's ensure there is the maximum benefit for the communities in which they're operating, but let's do so in a way that does not damage those very companies that may be world leaders in terms of the standards they set.

**The Chair:** Thank you, Mr. Beatty.

Mr. Abbott.

**Hon. Jim Abbott (Kootenay—Columbia, CPC):** Thank you for attending, Mr. Beatty.

I'd like to point out—and this has no reference whatsoever to the previous questioning. I wanted to put on the record that it's fashionable in some quarters to not speak too highly of organizations like the Canadian Chamber of Commerce, as if they are some kind of a bogeyman, or whatever the case may be. The fact is that your organization represents the heartbeat of the economy of Canada. I know many of my colleagues have a tremendously high respect for your organization, as we do for you, since you earned an excellent reputation as a former minister of the crown, and I thank you for being here.



The question I have for you is, could you give us your best guess as to the percentage of equity on the Toronto Stock Exchange and on the Vancouver Stock Exchange that would be represented by extractive companies that would potentially be affected by Bill C-300?

**Hon. Perrin Beatty:** I can't give you an accurate figure, but the answer is that it is very substantial.

**Mr. Jim Abbott:** So very substantial—20%, some number like that. I mean, we don't know what the number is, but as you say, it's very substantial.

**Hon. Perrin Beatty:** It's very substantial, and you could certainly get the information from the TSX.

**Hon. Jim Abbott:** As we heard from the EDC, they have basically been backing, in 2008...if I recall, it was way over \$20 billion, in that year, of extractive industry activity—in that one year. If that were removed, as EDC indicated they wouldn't be able to work with this bill, and if CPP were also constrained, what impact would that have on the Toronto Stock Exchange and the Vancouver Stock Exchange, and hence on economic activity in Canada?

● (0940)

**Hon. Perrin Beatty:** It would be very negative for economic activity in Canada.

**Hon. Jim Abbott:** I recognize your caution, and I think I understand your reason for caution, but I wonder if you could give us a better description. What would it do? I'm given the impression that it would be immense. I don't want to use the word "catastrophic", so I won't. Would you agree with my characterization?

**Hon. Perrin Beatty:** It would certainly be very significant. Yes, I try to be cautious in what I say at all times. I would rather understate the impact than overstate it. But suffice it to say, a very significant part of the securities traded in Canada are in fact in the extractive industries. Having said that, much of the activity of those industries is domestic as opposed to foreign, so not all of that would be affected. But a significant portion of that is foreign activity, and it would have a negative impact on the economy of Canada as a consequence, and certainly a negative impact upon the welfare of those people who are working for those companies or invest in those companies.

**Hon. Jim Abbott:** There are many tens of thousands, if not hundreds of thousands, of people employed by those companies even here in Canada.

**Hon. Perrin Beatty:** Yes, and there remain all sorts of pensioners in Canada whose pension incomes depend upon investments they have in those companies as well, who expect those companies to maintain high standards in everything they're doing, but also expect that we as a country and you as a government will do what you can to ensure that these companies are fairly dealt with.

**Hon. Jim Abbott:** Good. Thank you.

**The Chair:** Mr. Goldring.

**Mr. Peter Goldring (Edmonton East, CPC):** Thank you, Mr. Chairman.

Thank you for appearing here today. I do appreciate your comments, and particularly your comments relative to Talisman and

what happened there. I do want to underscore the concerns here expressly expressed by EDC, but also relative, I suppose, to my 30 years of prior experience, too, of being involved in and around the extractive industry, and knowing full well the high standards they maintain—not just high standards, but pride in high standards. It's not just simply a buzzword, it's not just something they put on their letterhead; it's something they actually actively participate in. It's quite something to see, too—the standards.

There is the concern here of the chilling effect, I guess we could say, of EDC's concerns that the industry will look upon this bill as being rather a specification on how to deal with quotations or planning in other countries. If they have to subscribe to the perceived onerous details of this specification to compete in a foreign country, is it better for them, easier for them, to do this competition by locating their corporations in another country and competing from there, much like we have Canada Steamship Lines located in Barbados, because it's obviously a country of preferred flagging source rather than their being flagged from Canada? Is this what can happen? Can these Canadian corporations move out, relocate, so they can operate from an office in another country where they wouldn't have to subscribe to the perception of this bill?

**Hon. Perrin Beatty:** Yes, there are a number of concerns here, but the bottom line is one thing: this bill discriminates against Canadian companies. It puts an onerous regime in place for Canadian companies that does not apply to companies from other countries that are operating in exactly the same context as the Canadian companies are internationally.

Does it create an incentive for Canadian head offices to leave Canada and go abroad? Yes, it does. Does it create a disincentive for Canadian companies to take over operations that are deficient today and bring them up to global standards, up to Canadian standards? Yes, it provides that disincentive.

Does it provide a competitive disadvantage for Canadian companies that may be maintaining higher standards against a foreign company that maintains a lower standard? Yes, it does.

In all of the areas, the perverse impacts of the bill could work directly against the expressed intentions of Parliament and of the bill's authors.

**The Chair:** Thank you, Mr. Goldring. No more questions.

Ms. Brown, you had a very quick one.

● (0945)

**Ms. Lois Brown (Newmarket—Aurora, CPC):** Yes. Thank you, Mr. Chair.

Mr. Beatty, I'd just like to pick up on that thought. I think your quote was that it undermines the objectives that the bill hopes to achieve. I wonder if you could talk about the capacity building that Canadian companies now do in the countries in which they operate. Are they contributing to the social welfare of the countries in which they're operating?

**Hon. Perrin Beatty:** They are. What Canadian companies do, whether in the extractive sector or the manufacturing sector or in other areas as well, is bring Canadian standards, which are at least on a par with international norms, usually better than that in terms of best practices, and we try to ensure that the same practices and standards are followed in the countries in which we do business.

Nobody would advocate that a Canadian company going abroad should do business on the basis of lower standards than it would demonstrate here at home. As a consequence, Canadian companies make massive investments in the countries in which they're operating, whether it's in skills development or in social infrastructure that they may put in place, which helps the countries in which they're operating. The companies see this as part of an element of good corporate citizenship in those areas in which they're operating.

**The Chair:** Thank you, Mr. Beatty.

Mr. Dewar.

**Mr. Paul Dewar (Ottawa Centre, NDP):** Thank you, Chair, and thank you to our guests for being here. It's good to see you, Mr. Beatty.

**Hon. Perrin Beatty:** Thank you.

**Mr. Paul Dewar:** I just want to go back to something Mr. Patry mentioned, and that was around the role... I find it surprising that your organization wasn't supportive of the ombudsman. I say that because we've had testimony here at committee from those who actually represent the extractive industries, who actually are in favour of the ombudsman and would like to see that put in place. I just want to understand a little more. These are people who represent businesses, who are allied with you, aligned with you, I suppose, I would imagine. I'm just wondering, why the divergence?

**Hon. Perrin Beatty:** Perhaps I'll ask Susanna to comment more fully on that.

**Mr. Paul Dewar:** Fair enough.

**Hon. Perrin Beatty:** Let me simply say, Mr. Dewar, that we've consulted very closely with our membership to get a sense as to where their concerns lie. We believe the position taken by the Canadian chamber represents the views of our members, particularly from this sector, because they're the ones who are most affected.

I think it's also important to note that in the process, many of the people from the industry who participated in the consultations that took place did so as individuals rather than representing their institutions, either the industry writ large or a company as such.

We have wanted to go back and speak to our member companies and ask them some questions. For instance, what is the impact on your company? Is this something that's positive or not? How do we try to meet standards that make sense for everybody involved?

Susanna, perhaps you can elaborate.

**Mrs. Susanna Cluff-Clyburne:** Sure.

What Perrin said is absolutely true. I wasn't with the chamber at the time, but I've spoken with a couple of people who actually sat on the round tables, and they've said they were there as individuals. They were brought to the round tables because of their expertise in

the sector. They weren't there necessarily representing their company.

When the round tables report came out, we did have several members come to us. They took issue and had difficulty with the establishment of an ombudsman when the OECD-mandated national contact point already existed and could, through increased resources devoted to it, do the job that the round tables felt it should.

**Mr. Paul Dewar:** The logic that was provided at this committee by those who represent industry—they weren't just umbrella groups, they were people who were actually in the business—was that they were very concerned that there would be a perceived bias if it were housed internally; in other words, in government or in connection to government.

I find it surprising that the chamber would have an issue with that. As was mentioned, a counsellor is a counsellor, right? I say that with all due respect. They wanted to have a space created that would be separate from influence so that all of the issues of concern that you've brought forward would be able to be arbitrated in a fair manner. So I just find that surprising.

I want to come back to a couple of points that were made earlier.

Mr. Beatty, you said that this could.... I'll stay away from the "sky is falling" thesis that one of my colleagues over there mentioned. I'm sorry, but I just don't see it; we didn't have EDC or CPP saying they'd have to pull all their investments from the stock exchange.

What we'd like to see, I think all of us, is fair rules. When you see the litigation happening right now to Canadian companies—it's ramping up, it's not going away—I don't understand how this bill would do anything but improve Canada's reputation and brand.

You know, Talisman has changed their ways. I was referencing CEMA the other day. You would have some experience with CEMA. It was used to ensure that Canadian companies wouldn't continue to invest in Burma. And that wasn't happening before CEMA was invoked; when we were dealing with South Africa and apartheid, that was a dilemma. It was actually a Conservative government that created CEMA.

Some of us might take issue with this bill as being anything but an evolving of what we've seen. I recall very well the debates around South Africa, that we couldn't divest ourselves, that we shouldn't do anything, that we had to just let business go along. Eventually, though, we had a debate in this country, and things changed. I think a smart thing happened with the creation of CEMA as a tool for cabinet to use.

That said, we're still evolving. We don't stand still.

I haven't seen anything in your presentation here, when I look at the bill, that matches your.... I see a lot of modifiers—coulds, ifs, and maybes—but with the bill, there is an opportunity to consult with business and look at regulations, and also a period of time to look into an issue.

I guess what I'm trying to say, Mr. Beatty, is can't you see that there would be many who would argue with you on your premise that this will cause divestment to happen or will tarnish the brand? Some would say that it will actually shine up Canada's brand because we will have a process. When we are litigated against, we can show that we did due diligence.

• (0950)

**The Chair:** Thank you, Mr. Dewar.

Mr. Beatty, very quickly, please.

**Hon. Perrin Beatty:** Mr. Dewar, thank you for your question.

Would some argue with our position? Of course. That's why the committee is having these hearings. But are they correct in the case they're making? We believe not.

You mention that I modify, that I use words like "could" or "may". There's a very good reason for that, and that is because the bill isn't in effect. We can't say with certainty what the impact is. All the more reason, then, why I would say to you that the proponents of the bill can't say with certainty that it will achieve the goals that it's designed to achieve, and why precisely we have to be careful as we move ahead that we do so incrementally, in a measured way, based on experience.

You and I have no disagreement in terms of the goals we want to achieve, but where we are deeply concerned is that it is abundantly clear that this bill puts in place a mechanism that encourages people to make unfounded allegations against Canadian companies, allegations that would be detrimental both to the Canadian interest and to the interest of the communities in which—

**Mr. Paul Dewar:** Those are happening already, though.

**Hon. Perrin Beatty:** And they would be accelerated by this bill.

**Mr. Paul Dewar:** Maybe. We don't know.

**Hon. Perrin Beatty:** Why make a bad situation worse?

**Mr. Paul Dewar:** Well, we disagree.

**Hon. Perrin Beatty:** Again, Mr. Dewar, if the government's plan that it has in place—it has been there for seven months—doesn't work, then based on experience, let's improve it. But let's not do something that will have perverse consequences that we can't undo afterwards.

**The Chair:** Thank you very much, Mr. Beatty, and thank you to the Canadian chamber for appearing before our committee. We appreciate your presentation and the opportunity to question you and the answers that you gave.

I'm going to ask that we suspend very momentarily and that our other guests make their way to the table as quickly as possible. We're running about five minutes behind time.

• \_\_\_\_\_ (Pause) \_\_\_\_\_

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• (0955)

**The Chair:** In the second portion of our meeting today we're going to continue our study of Bill C-300.

Appearing before us on this panel we have, from KAIROS, Canadian Ecumenical Justice Initiatives, Mr. Ian Thomson, who is

the program coordinator for ecological justice and corporate accountability, and Ms. Connie Sorio, who is the program coordinator for Asia-Pacific partnerships. As well, we have from the United Steelworkers, Stephen Hunt, who is the director of District 3.

I understand that each organization has an opening statement. We look forward to your comments.

I'll invite Mr. Hunt to make the first presentation.

**Mr. Stephen Hunt (Director, District 3, United Steelworkers):** Thank you, Mr. Chair and panel.

Good morning. Thank you for the invitation to speak today about this very important private member's bill.

My name is Stephen Hunt. I'm the elected leader of the United Steelworkers, District 3, which is all of western Canada, from the Manitoba border west to the Pacific Ocean and the it involves primarily the extractive industries.

We represent many, many miners, forest workers, and people who work in the oil and gas industry. Many of those people I've just identified would be affected directly by Bill C-300.

Before I begin, I want to tell you where I came from. I joined the steelworkers union as a very young man and worked at Utah mines, an open-pit copper mine at the north end of Vancouver Island. I also worked at Afton mine, a mine owned by Teck Corporation, outside of Kamloops, British Columbia.

I have been closely linked to the mining sector for about 30 years, primarily in health and safety practices in the mining industry. I've travelled extensively offshore to visit Canadian mining operations. I've worked in Peru to help miners fight the new disease of silicosis in Peru. It's something that we eradicated in Canada years ago, but it's now developing in Canadian-owned mines in Peru. I've travelled to Chile to work with miners at Canadian-owned companies who are exposed to high altitudes and suffer terribly from high-altitude diseases.

Also, I'm acquainted with a Canadian mining company in this connection: I was an expert witness in the Westray inquiry. I testified and gave evidence as to why the explosion happened at the Westray coal mine in Stellarton, Nova Scotia, where 26 miners died instantly. Eleven miners are still trapped underground. Their bodies were never recovered. A Canadian mining company....

As you know, the Westray inquiry led to rank-and-file lobbying by the steelworkers to make changes to the Criminal Code of Canada to strengthen it and incorporate corporate responsibility with respect to health and safety when it comes to workplace injury and death.

Now that you know who I am, it will come as no surprise to you that I support Bill C-300 and I support mining, because we represent workers in the mining industry. By definition, that's who pays my bills.

We often refer to ourselves as Canada's mining union. We care about the industry. We care about how well our employers uphold our rights. That's why we have collective bargaining in the first place and why we care about how those same employers uphold rights of workers in communities in developing countries.

But just as we don't think companies should operate here without the balance of collective bargaining to protect rights, nor do we think companies should operate in other countries without formal checks and balances on their treatment of workers, communities, and the environment. We believe that workers' rights are human rights, and that's the context of our support of Bill C-300.

I have one more note about myself. I have been certified by the DeGroote School of Business as a chartered director. I'm qualified to sit on corporate boards in the United States and Canada. The role of these boards has expanded in the 21st century to include not only the interests of shareholders, but those of stakeholders as well. That means workers, communities, and defenders of the environment must be included in the sphere of corporate decision-making.

The steelworkers did not suddenly wake up and discover that there was a Bill C-300. The steelworkers union participated in the national round tables on corporate social responsibility that were carried out in 2006. We anticipated that the Government of Canada would take the consensus report of 27 recommendations and establish a stronger regulatory framework to hold Canadian companies accountable for human rights, labour rights, and environmental protections in their operations in developing countries.

It was not to be. It took almost two years and the government response was as if the round tables had never happened.

• (1000)

The so-called corporate social responsibility, or CSR, strategy was a slide backwards to voluntary corporate self-regulation by corporations, and it suggested that weak host governments in developing countries, not corporate behaviour, are at the root of the problems in the extractive sector.

Mining and oil and gas companies are the face of Canada abroad. They gain further credibility and identity as part of official Canadian policy through the co-financing they enjoy from the Export Development Corporation and the support they receive from Team Canada missions and local Canadian embassy facilities.

Yet, when steelworker members employed in the mining and mineral processing carry out labour exchanges in countries such as Argentina, Chile, Peru, South Africa, and Guatemala, we find a huge disparity between the corporate behaviour of these companies at home and their corporate behaviour abroad.

Our union has negotiated long and hard to establish decent wages and pensions, safe workplaces through joint health and safety initiatives, and environmental measures to protect surrounding communities. The companies claim to take these best practices with them when they go to developing countries, but our experience on the ground shows differently.

Our members employed by Teck, for example, have worked for several years with union members from Teck-owned mines in Chile and Peru. These miners work at operations typically located at 4,000 metres above sea level. Despite an abundance of readily available research studies on the long-term effects of working at altitude and the constant lobbying by worker representatives in both Chile and Peru, Teck refuses to recognize the long-term exposure to high altitude as an industrial disease. Practical solutions are ignored or they are declared too expensive. These conditions mean workers

suffer from headaches, loss of appetite, and an inability to sleep. Exposure leads to significantly increased risk of heart attack and pulmonary and cerebral edema. There is no compensation for workers unable to work to retirement, leaving them unable to provide support for their families. We oftentimes call that "economic blackmail" or "economic heroin", where workers work because they have to work and they have no choice.

While Canadian companies continue to resist protection for high-altitude workers, Export Development Canada has supported the Antamina mine in Peru with \$650 million in political risk insurance.

Earlier this year, in Argentina, the United Steelworkers received a request for solidarity action in response to the unjust dismissal by Barrick Gold Corporation of Jose Vicente Leiva, a labour leader at Barrick's Veladero mine. It received \$75 million in project financing from Export Development Canada in 2004 and \$125 million political risk insurance. Veladero is another high-altitude operation, where workers live in tents without winter gear, while temperatures can reach minus 20 degrees Celsius. Rock slides are a regular occurrence, and two workers were killed in 2006.

Mr. Leiva travelled down 4,600 metres to meet Barrick management with a list of proposals to improve safety practices, and he was told to come back in a week for an answer. He returned, only to be met by management, reinforced by Argentinian officials, with no willingness to address the issues.

Backed by an Argentinian law allowing free association, Mr. Leiva and the other Barrick workers set out to form a new independent union and sought affiliation with the Argentine workers centre, the CTA. Even before the application for recognition was fully processed, Mr. Leiva received notice from Barrick that he was terminated without cause. The cause was that Mr. Leiva and his members had exercised their rights and contested unfair practices at the Barrick mine. Mr. Leiva was recently reinstated, not through any sudden epiphany on the part of Barrick, but because national and international pressure was brought to bear.

The story of Jose Leiva and his members once again proves the adage that we have turned to time and time again as we have fought for dignity and safety in Canadian mines: a mining company is only as good as its opposition. Without a tool like Bill C-300, there are no checks, no balances, and only a fiduciary mandate.

●(1005)

The fact that our mining companies have gone abroad has prompted us to go global as a union. We have followed our managers to countries like South Africa, Chile, and Nicaragua. We are building global networks with workers who share common transnational employers.

The knowledge we have gained of corporate practices and labour conditions in other countries is helping us as we deal with the new challenges brought by foreign ownership in mines in Canada. Yesterday's mining giants, like Inco, Falconbridge, and Noranda are now replaced by companies like Vale Inco and Xstrata. Three of Vale's four nickel operations in Canada have been on strike for more than three months, fighting back as this company tries to introduce two-tier wages and a much weaker pension plan.

Bill C-300 is neither punitive nor restrictive for extractive companies. It simply provides a transparent framework for accountability and can only be invoked when violations become apparent. It refers to internationally recognized standards and ensures that financial and diplomatic assistance is contingent on good corporate behaviour. It is a social contract that allows companies to prosper and thrive, but not with an absolute lack of scrutiny by Canadian taxpayers, who are facilitating their offshore activities.

I want to thank you for the opportunity this morning, and I obviously would really like to answer your questions.

**The Chair:** Thank you, Mr. Hunt. You'll have an opportunity.

Mr. Thomson.

**Mr. Ian Thomson (Program Coordinator, Ecological Justice and Corporate Accountability, KAIROS: Canadian Ecumenical Justice Initiatives):** I'll invite Connie to speak first.

**The Chair:** I'm sorry, I should never assume anything.

Ms. Sorio.

**Ms. Connie Sorio (Program Coordinator, Asia Pacific Partnerships, KAIROS: Canadian Ecumenical Justice Initiatives):** Thank you. Mr. Chair and members of this committee, good morning.

KAIROS, Canadian Ecumenical Justice Initiatives, unites 11 faith-based organizations and seven denominations. It works for social justice here in Canada and overseas.

One of the key areas of our work is supporting partners in the global south to increase their capacity to defend and promote human rights. Basically, as coordinator of the Asia-Pacific program of the global partnerships, I was in countries in Asia, where I visited partners and consulted with communities. One of the things they wanted me to bring to your attention is their resounding support for Bill C-300.

I understand that some of our partners wrote letters to this committee expressing their support for the passing of the bill. I can mention JATAM, the mining advocacy network in Indonesia, who wrote a letter signed by 50 organizations representing human rights defenders, civil society groups that are faith based, and also environmentalists. Also, in the Philippines, the Cordillera Peoples

Alliance wrote a letter expressing their support for the bill. This letter was signed by 198 organizations that are more or less impacted by mining activities in their region.

I also would like to mention the support of the Center for Environmental Concerns in the Philippines on the passing of the bill. And I would like to mention the presence of our partners from the south, from Marinduque in the Philippines, which was affected by Placer Dome, and also from Papua New Guinea.

What I would like to speak about is the concerns and the stories of partners who are impacted by the activities of Canadian mining companies in their region. Many of these communities suffered or experienced human rights abuses at the hands of the military, who are protecting the interests of these mining companies. Many of these communities were displaced and their livelihoods destroyed because of the mining operations.

In the Philippines, for example, the Cordilleras just recently experienced a devastating calamity under Typhoon Pepeng, but it was not really the typhoon that brought that calamity. It was the subsidence of the soil caused by mining. I have here a briefing note from the Cordillera Peoples Alliance mentioning the different Canadian mining companies operating in the region and more or less causing this destruction.

The partners that KAIROS supports in the global south are not anti-mining organizations. They are human rights organizations. They are sectoral organizations of people who just want to live a simple life and be able to stay in their communities and develop sustainable communities. But because of the mining that comes to their place and the irresponsible behaviour of the mining companies, they want their voices heard at this table. They want to register their concern.

If I may remind the committee, it was this very same committee that made the recommendation in 2005—after hearing the case of the Subanons from Mindanao and the case of TVI—to the government that a parliamentary investigation be conducted on the alleged human rights violations committed by the military in complicity with the mining companies and to look into those allegations. Round table consultations on corporate responsibility were conducted in 2006, and many partners from the south came to participate in those round tables, to express their concern, to register their stories, on behalf of what was created by this operation. Up to this point they are waiting for this committee, for this government, to provide leadership in ensuring that Canadian mining companies are behaving responsibly, that the lives of the communities are respected, and that their ability to say yes or no to the mines is respected as well.

●(1010)

My colleague will talk about the overall KAIROS recommendation. As the person who has just come from visiting the partners and talking with communities, this is what I would like to bring to this committee. These communities overseas are supporting the passing of Bill C-300.

**The Chair:** Thank you, Ms. Sorio.

Mr. Thomson, very quickly.

**Mr. Ian Thomson:** Thank you, Mr. Chair. My name is Ian Thomson. I coordinate our work on ecological justice and corporate accountability.

I think Connie has conveyed to you what motivates Canadian churches for their work in this area. It is a response to a call from the south that we hear repeatedly day in and day out from not only human rights organizations and community organizations but also from our church counterparts in the south—bishops from the Philippines, an interfaith commission from Tanzania. These are where the calls are originating for Canada to take responsibility, for action to happen here at home. They are doing what they can to bring about change within their own context, within their own countries.

But it's incumbent upon us. And this is where I think the bill that's before us today is a chance for Canada to rise to that challenge. Church leaders are speaking out on this issue. Churches participated in the national round tables on corporate social responsibility. This is one of the most pressing ethical questions Canada faces on the foreign policy agenda, and it's one of coherence.

Will we, on the one hand, be promoting human rights and trying to do peace building and addressing the problems in conflict zones, while on the other hand some other Canadian actors may be working at cross-purposes and may be receiving support from our own government in some of these activities? This is not to say that all industry players are problematic—far from it. And we've heard that in the testimony earlier today.

Bill C-300 has the full support of KAIROS and all of our members from eight Christian denominations, as Connie mentioned. The bill addresses some of the shortcomings in the CSR strategy, which was announced earlier this year. Actually, it was announced after Bill C-300 was tabled, I'll remind you.

But I think the two can work well together. If we look back to the standing committee report of 2005, there was an explicit call for using financial and diplomatic assistance from the Canadian government as an incentive, as a tool to drive corporate responsibility. Bill C-300 makes this possible by creating a linkage between performance and government assistance.

You'll also find support for the bill in the work of Professor John Ruggie, the UN special representative on human rights. He's a UN diplomat. And he was very diplomatic in his report to the Human Rights Council last year. You had to hunt hard to find a concrete recommendation directed at states.

He does identify export credit agencies as one area, as arms of the state that could actually help states fulfill their obligation to protect and promote human rights. He does say that export credit agencies should be requiring clients to do due diligence around human rights. And he goes on to say that in his informal discussions with several export credit agencies around the world, many said they were looking to their government overseers for specific authority to move in this area. Bill C-300 grants EDC that room.

Now, this isn't unprecedented terrain for parliamentarians. When an environmental review directive was added to the Export Development Act, EDC complied and developed an environmental review process, and it's in effect today. I think when Canadians look

back on the standing committee report from 2005 and the deliberations of this committee over the past few months, they will draw parallels here with the introduction of the environmental standards, the environmental assessments that industry now takes as standard practice.

We are moving into a new field here, which is giving EDC, the Canada Pension Plan, and our foreign missions abroad an explicit mandate to build up their capacity and their policy in the area of human rights and social responsibility. This is, in effect, what the bill can achieve. That is why I would urge all members of this committee to support the bill, to bring about these changes, to find that target that the round table consensus brought us to, as a member of this committee alluded to earlier, which is not where the current CSR strategy that the government introduced earlier this year has brought us. I know it's new, but I think we know, looking at it, that it doesn't address the problems that were raised in the round tables. They will persist under this current strategy.

•(1015)

To hearken back to the national contact point, if there was consensus at the round tables, it was that the current mechanisms are not working and we need new mechanisms. There was consensus around that.

So I urge you to support the bill. I think it does introduce those new mechanisms that will lead us in the direction that Canada is inevitably headed, and can make Canadians proud that our export credit agency, our pension fund, and our embassies abroad are promoting responsible business practices everywhere in the world.

Thank you very much.

**The Chair:** Thank you, Mr. Thomson.

Mr. Pearson and Mr. Rae.

**Mr. Glen Pearson (London North Centre, Lib.):** Thank you, Chair.

Thank you for coming.

Mr. Hunt, I was born and raised in Calgary, Alberta. My father and brother were both in the extraction industry. On the other hand, my life has been spent on the ground in different third world areas, so I'm really wrestling with what's happening as this debate is going forward.

It seems to me that the more we discuss things, corporations are being presented as dragons that are going to break all sorts of laws, and NGOs are being presented in local indigenous communities as groups that would use any excuse imaginable to try to cause grief for companies. So the words "frivolous" and "vexatious" continue to come up.

I have a practical question to ask you, because I know that you know both sides of the industry.

Earlier, Mr. Beatty from the Chamber of Commerce said that what will happen to the Canadian extraction industry overseas...if this bill is passed, it will provide a competitive advantage to our other international competitors. He said that work could be done amongst NGOs in the various regions where the extraction industry is, and they could be working with NGOs on the ground to try to bring forward these frivolous and vexatious complaints. None of us have any interest in seeing that, if they're not justified, but I would like to ask you, do you think that is a real possibility? Also, if Bill C-300 were passed, would it speak to that? Would Bill C-300 have that effect?

• (1020)

**Mr. Stephen Hunt:** I think Bill C-300 would. It would be my opinion, but it's pretty light. It doesn't go far enough.

I do think that Canadian mining companies, first off, export wonderful technology. We know how to mine. We really do. We've got it together. And our expertise and developing mining equipment and mining technologies and processes are probably number one in the world. We have a huge mining industry here. We're really proud of it, and we're really proud of the work we do.

One of the things we learned over the years, as Canadian miners, is that you have to really watch Canadian mining companies. If you let them get away, they hurt people; they do bad things. Not all of them, but there's a bad reputation. We had Elliot Lake, we had Westray, barium in Quebec, asbestos throughout, lead in Trail. We had the biggest penalty assessment in British Columbia history against Cominco for exposing workers.

We're the most regulated industry in Canada when it comes to protecting workers and the environment. We could really lead. The Canadian flag could go way up on the flagpole, to say if you want to invest in a foreign company, you should go to a Canadian mining company, because not only do they have the technology, but they also have the will and the ability to protect workers, the environment, and communities around those mines. That's where we could do it. That's where I think the mining companies would shine. The very responsible ones will do that anyway, and there are many of them.

I think it would really take care of some of the juniors that fall off the edge sometimes. I said this earlier: sometimes it's just economic heroin. If you go into one of these countries, or a community in Canada, and say you're going to open up a mine and you're going to create a whole lot of jobs that will be big paying jobs, people will bend over backwards to accommodate that industry. And sometimes we leave some of the most important things behind. We clearly have the technology to extract, but the important parts that come with the people are oftentimes missed.

**Mr. Glen Pearson:** Thank you, Mr. Hunt.

**The Chair:** Mr. Rae.

**Hon. Bob Rae:** I have to declare that I started my early days as a young lawyer working for the United Steelworkers, and I'm very proud to continue that association throughout my life.

I'd like to ask all the witnesses, really... This does go a bit beyond the consensus with respect to the round tables. I think we're all struggling with whether there is a way of better expressing that

consensus in this bill, rather than the exact wording that's in the bill now. Would you like to comment on that?

You have to admit that in the bill we have gone a little bit beyond where the consensus was. The ombudsman idea that's in the round table, the dispute resolution that's in the round table, that wording is not found exactly in this bill. How do we get it in? How do we get a process into this bill that actually reflects what the round table was talking about?

Are you following me at all, Mr. Thomson, Mr. Hunt or Ms. Sorio?

**Mr. Ian Thomson:** I think it is unfortunate that, when a strategy was announced by the government, the key elements from that consensus around the process that was mapped out in the round tables were clearly missing.

• (1025)

**Hon. Bob Rae:** That's right.

**Mr. Ian Thomson:** It's almost to the point where what the government is doing is actually better done by many of the industry associations that participated in the round tables. In some ways I feel that it is a bit of an abdication of the government's rightful role, to create a centre of excellence, which is now going to be housed in an industry association anyhow, to have a counsellor to advise companies. These are things that often better left to the industry itself.

What we really want to see Bill C-300 introduce is a fair process whereby Export Development Canada, CPP, and the foreign service can, in a consistent manner, apply human rights standards and corporate social responsibility expectations when they offer assistance to our companies. I think the strength of the bill, in having a broad and consistent across-the-board approach, is just that: Canadian companies, and other companies, quite frankly, that are seeking assistance from the Canadian government will know what they're dealing with, and it won't be left to different policies or even conflicting policies with different state agencies. The strength of the bill is really in having a broad approach, a consistent approach, across these different jurisdictions.

If we look at environmental policy, clearly the industry has come a long way on the environmental front, and it has been in part not just by leaving things strictly to voluntary implementation. It has been about having consequences and actually attaching some of those environmental expectations to the public dollars that companies need to pursue projects. That is an important lever that the government is not currently using and that Bill C-300 allows us an opportunity to leverage.

**The Chair:** Thank you, Mr. Thomson.

*Monsieur Cardin, vous avez sept minutes.*

[Translation]

**Mr. Serge Cardin (Sherbrooke, BQ):** Thank you, Mr. Chair.

Thank you, gentlemen, madam, for being here.

Mr. Beatty, CEO of the Canadian Chamber of Commerce, was telling us that those who support Bill C-300 do so on the basis of a specific ideology. In answering my colleague, he stated that this ideology is to be opposed to mining.

Mr. Hunt, you are a perfect example of someone who supports Bill C-300 while at the same time supporting the mining industry. In fact, you only want the workers of this industry to be protected and to be safe, to be able to live with dignity from their work and to respect the environment. That is what you said. Furthermore, you have some international experience. You have seen various countries. You have seen many mining companies operate in various regions under varying conditions.

We have been told that close to 60% of all mining companies are registered in Canada, which seems rather strange.

Would this be an indication that the situation in the other countries that have mining companies, as far as social responsibility is concerned... How does the social responsibility of Canada towards mining companies compare with that of other countries? Is that why so many companies want to register in Canada, to be able to operate mines all over the world?

[English]

**Mr. Stephen Hunt:** I think clearly Canadian mining companies lead the world—I said that earlier—and they lead it in the technology and methodology for extracting resources. The reason they go to developing countries is because developing countries don't have the capital to develop the resource, and unlike in manufacturing or other industries in Canada, you can't take an ore body, a copper deposit, and move it to China or India and re-establish production. You have to go to where the ore bodies are. They again have the expertise to develop, and obviously the capital and the backing to do it. So they could raise funds on the Vancouver Stock Exchange or the Toronto Stock Exchange and promote these. Usually the juniors go down and find the deposits and the seniors or the majors go down and develop them. That's just the process we've developed in the Canadian mining industry.

There's no magic to it; they go where the resources are. There are massive amounts of money. If you think of it this way, why do Canadian mining companies work in other countries? It's simple. The resource is extracted on whatever economy that country has. So if it's a Chilean peso, it's coming out in pesos and being sold on the world market in U.S. dollars—the end. So it's a really easy advantage for companies to look at that.

In some respects, a Canadian mining company... I know when I go to bargaining tables in Canada and sit across the table from Canadian mining companies, they always tell me that we're in direct competition with mines in South America. Oftentimes they own them, so they're competing with themselves. It's a little shell game for them.

• (1030)

[Translation]

**Mr. Serge Cardin:** I seem to have been misunderstood. I'm interested in the social behavior of Canadian mining companies compared to companies of other countries.

Is there in those other countries some legislation regulating their mining companies that operate abroad? Do those countries have more restrictive legislation than Canada to regulate socially responsible behavior?

[English]

**Mr. Stephen Hunt:** We have a labour dispute on right now at Vale Inco in Sudbury and Voisey's Bay. It's a Brazilian mining company and they don't seem to adopt any Brazilian standards when they operate in Canada. In fact, they're trying to drive us down. If they have a standard for Brazil, we don't see it.

[Translation]

**Mr. Serge Cardin:** No, that does not really answer my question. This is a matter of competitiveness. If we pass a piece of legislation regulating socially responsible behavior of Canadian mining companies overseas, this might impact their competitiveness and make them lose some of their markets.

At the same time, some countries have substandard legislation relating to human rights and the environment, and mining companies are more interested in operating there because this makes their life easier. In the context of globalization, we know that companies will try to go first where costs are lower, resources are available, and there is less regulation of labor conditions, the environment and so on. Therefore, a piece of legislation regulating Canadian mining companies would be beneficial to local communities, probably against their managers who would be tempted to be more flexible because of major investments in that country.

I strongly believe that we have this responsibility towards other countries. In a world of international trade and globalisation, when we sign bilateral free-trade agreements, it is not as if we are signing multilateral agreements where standards can be set for everyone. There are dangers in that sense.

Let me ask Mrs. Sorio if she knows what the situation is for mining companies in Colombia, for example.

[English]

**The Chair:** Thank you, Mr. Cardin.

Ms. Sorio.

**Ms. Connie Sorio:** We have a KAIROS partnership coordinator for Latin America, and Colombia is one of our priority countries with regard to human rights and also resource extraction.

I'm not very familiar with our work in Colombia in that area, but I know that just two weeks ago partners from Latin America, from Honduras and Guatemala, were here in Canada and met with some members of Parliament expressing their support for Bill C-300.

If I can just respond to previous questions, the partners overseas look at Canadian mining companies as leading the industry, and the fact that the Canadian government has this opening for organizations, industry, and NGOs to present and have their input on a particular bill shows our democratic process. Partners very much appreciate that because in their countries they don't have that space.



So when we talk about Canadian mining companies impacting communities, they want to come to us and say, your company is doing this—and it's eroding Canada's reputation, from our perspective. So passing legislation that would make companies more responsible would increase Canada's reputation overseas. This is not to say that other mining companies from other countries—for example, Australia—are not being lobbied because of their conduct and behaviour.

**The Chair:** Thank you, Ms. Sorio.

We'll move to Mr. Abbott or Mr. Lunney.

● (1035)

**Hon. Jim Abbott:** I'll start, and then Mr. Lunney will follow.

Mr. Hunt, just to establish my own personal credibility with you, as you did with us this morning, I understand exactly what you're talking about with respect to Westray. I visited there shortly after and was pleased to be involved with Alexa McDonough and what turned out to be an all-party movement to get the legislation through.

I have had a very productive relationship with your union in my constituency, and where we have differences of opinion, we manage to find areas of commonality. So I'm very supportive of what you're doing.

That said, we are talking about Bill C-300. If I understand correctly, the basic tone of what we've heard from you is that you see Bill C-300 as being a way to establish Canadian labour standards or even bargaining practices in other countries. Would that be a fair characterization?

**Mr. Stephen Hunt:** No. We know you can't. For example, you can't compare wages in Peru to those in Canada. It would really skew the economy of Peru. You'd have miners making more than doctors, for example, so we don't advocate that. But we do say at least minimum health and safety standards and environmental standards. The recommendations here are for very minimal standards. It's World Bank standards, so they're not even the standards of the ILO, for example, as a base.

**Hon. Jim Abbott:** So would I be more accurate to say you see Bill C-300 as a way of establishing certain labour standards in other countries through Canadian legislation?

**Mr. Stephen Hunt:** No, I don't think we'd be looking for Canadian legislation.

**Hon. Jim Abbott:** But this is Bill C-300. Your idea is that with the Canadian legislation, Bill C-300, should it pass, your union would see that as being a way of establishing the kinds of standards you're talking about in other countries.

**Mr. Stephen Hunt:** I guess if a complaint was brought and you could establish to the minister that workers were being harmed, made ill because of their work, or dying because of their work, you could at least bring forward a complaint to see if you could advance that to see if there was a standard that was acceptable somewhere.

**Hon. Jim Abbott:** So, really, what you're saying—and I'm not trying to put words in your mouth, we need to find some agreement here—it seems to me, is that you see Bill C-300 as a way for the Canadian government, armed with this bill as enacted, to be able to bring those standards to the Chilean or the Peruvian or the

Ecuadorian governments and have those Canadian standards imposed on those countries.

**Mr. Stephen Hunt:** No. I think what we talk about is before the federal government supports the Canadian mining companies monetarily, we'd look at corporate social responsibility, regulations with respect to health and safety or environment when it affects communities that are in close proximity to a mine.

I'm not suggesting we'd impose Canadian law on those countries; it wouldn't work.

**Hon. Jim Abbott:** Your industry employs 350,000 people, and it has been suggested by EDC and by the Canada Pension Plan that the enactment of Bill C-300 would have a severe impact, as Mr. Beatty said this morning, on those 350,000 workers. Are you prepared to put them in jeopardy?

**Mr. Stephen Hunt:** Of course I am not prepared to put them in jeopardy, but I don't believe Mr. Beatty either. I think he was simply wrong in stating it would put workers in jeopardy. I wouldn't sit here and put workers in Canada or anywhere else in jeopardy. The whole reason for my being here is that I'm concerned about foreign workers who get substandard treatment from Canadian mining companies. That's a pretty good thing to do. I don't feel bad about that. I feel pretty good to sit in front of you on this committee and say I represent workers. I don't care what country they come from. I don't care what flag flies over them. If they are working for a Canadian company, then we ought to be able to export our best practices, and that includes protecting those workers, their communities, and their families. That makes sense to me—it's a good thing.

**The Chair:** Thank you, Mr. Hunt.

Mr. Lunney.

**Mr. James Lunney (Nanaimo—Alberni, CPC):** You are admitting in that comment that you're trying to get Canadian labour laws to apply extraterritorially, and we have a problem with that. We are working on building capacity in other countries, but trying to get those laws to apply in other nations is a problem. I think you'd recognize as much.

● (1040)

**Mr. Stephen Hunt:** I wish I could get them to apply the laws that protect workers in Canada. Then we wouldn't have some of the stories like Westray, Elliot Lake, and other horror stories.

**Mr. James Lunney:** You have to admit that these situations are in the minority. We regulate very strictly in Canada, and most nations would like to have the kinds of regulations we have here.

**Mr. Stephen Hunt:** If they are enforced.

**Mr. James Lunney:** I'd like to go on with our friends from KAIROS.

**The Chair:** Make it quick, Mr. Lunney.

**Mr. James Lunney:** On the round table, you said you are waiting for a response. We appreciate the church community's wanting to help people in other nations. But this goes back to our discussion about the extraterritorial application of our laws. We simply can't impose Canadian laws on other nations. They have their own sovereign issues. Many of the abuses that are described are actually actions of the governments themselves. It is the lack of governing capacity that we're trying to address. We are trying to find ways to address that in Canada.

You mentioned Professor John Ruggie and the United Nations PRI. We have the Equator Principles. We have a whole evolution of CSR principles over the last decade. I'm just wondering if you're not concerned that the punitive measures that would be found in Bill C-300, if it were applied the way it is written, might not be responsible for the kinds of problems we had with Talisman. Here we have a responsible Canadian company being removed, another country moving in with less regulation than we have here, and the people suffering more than they were before.

**The Chair:** Thank you, Mr. Lunney.

**Mr. Ian Thomson:** It is a legitimate concern that the committee members are raising about competitiveness. What impact is this going to have on Canadian companies versus their peers? Canada is a jurisdiction people seek out to raise mining capital worldwide, because we have some of the best geophysicists and mining analysts. People know that when you raise money here you have to do due diligence. The regulations on our stock exchange governing reserves and disclosure are some of the highest, and you can count on them.

If we did the same with our social responsibility, we wouldn't see capital flight. We've built up a reputation for being the best jurisdiction in the world for raising mining capital. If how we accounted for reserves was a voluntary standard, do you think we'd be in the position we're in? No. It is because they are mandatory. It is because they are backed up by government regulation. If we could do the same with social responsibility, we'd continue to attract the same levels of capital. However, we would also be addressing these other social and environmental risks that our extractive companies are facing every day, without a corrective framework within which to act.

**The Chair:** Thank you, Mr. Thomson.

Mr. Dewar.

**Mr. Paul Dewar:** I'm waiting to be enraptured by Mr. Goldring on the Constitution, but I think I can wait. He's giving me more argument, so it is good.

If that's okay with the committee, I'll have seven minutes.

**The Chair:** Yes.

**Mr. Paul Dewar:** Thank you.

Thanks to our witnesses. Sorry for the "inside baseball".

As we look at this legislation, what some have claimed—we heard it just recently—is that somehow we're going to be imposing Canadian law upon other jurisdictions.

We had a legal brief submitted at committee that actually says that clearly it isn't. And I think we've heard from you on this.

I mean, one of the claims is that because we're putting a screen, if you will, on Canadian conduct overseas, there should be some link here. If you're going to get Canadian funds, or if you're going to be investing Canadian funds, you basically should have some accountability.

I'll go to KAIROS first, and then Mr. Hunt.

When you're abroad, you hear from communities that have concerns around Canadian companies and their conduct. What do you think this bill would do to change the discourse, if you will, between the people who are in those communities and the reputation of Canada as a country? How do you think this bill can help with that?

• (1045)

**Ms. Connie Sorio:** First of all, in a community where their human rights, environment, and livelihood are impacted, the first instance is to go to their local community and complain about it. But these complaints are not being redressed. The current economic framework of these countries is that their support is for multinationals who came to invest in their countries.

Basically, Bill C-300 would open up an avenue for communities to be able to come to the Canadian embassy and register a complaint, register a concern, hoping that the Canadian embassy in that country would look into it, would investigate, and would bring redress to these communities.

**Mr. Paul Dewar:** What redress do they have for that currently?

**Ms. Connie Sorio:** Let's take the case of the Cordillera Peoples Alliance in the northern part of the Philippines. Olympus, a Canadian mining company that is doing exploratory activity there, is not following environmental standards. But in the Philippines, you cannot expect the government to enforce its own environmental standards.

Basically, then, the community would hope to come to the Canadian government, where Bill C-300 would provide them with that opportunity or space to—

**The Chair:** Ms. Sorio, I have to interrupt you for one moment.

Procedurally, I have to point out to members that we have a vote coming up. To my understanding, it's a 30-minute bell, and the vote will be at 11:15.

According to our Standing Orders, I have to ask for the committee's unanimous support to continue. I would hope that we would get ample opportunity to get over to the vote.

Do we have unanimous support for that?

**Some hon. members:** Agreed.

**The Chair:** All right.

Ms. Sorio, I'm sorry for interrupting you. Please go right back to where you were.

**Ms. Connie Sorio:** No, it's okay.

**Mr. Paul Dewar:** Basically you're saying that the remedy right now for people who have concerns with the conduct of Canadian companies is limited to non-existent.

Mr. Hunt, I'll maybe go to you on this. I note that right now there are cases in court with regard to that limitation. We have litigation happening. You were very clear on the fact that you think this would actually not only raise Canada's profile but allow Canada to shine up its reputation, if you will. You see us as being able to do that a little bit with Bill C-300.

**Mr. Stephen Hunt:** Yes. Again, I see the positive aspect of it. Whenever you pass a law that says we're going to put a lens on something before we give support, and you have to comply with the lens, that's a pretty good thing.

I don't think it's really unattainable here. I think this is pretty easy. Once again, we have the technology and the knowledge to go forward with respect to extraction and equipment. We clearly have the knowledge of how to protect workers and the environment when we go into somebody else's country.

You know, in some instances, we've been leaving behind some really rotten messes. When you extract a non-renewable resource, you leave a hole along with a whole lot of waste. That's what you leave behind. Oftentimes there's a legacy from that.

Again, we've done that in Canada. If you look at Yellowknife, for example, it's the arsenic capital of the world. There's no more mining up there, but we've got enough arsenic to kill every man, woman, and child in Canada. We have acid leach from tailings dams and waste rocks that leach. In British Columbia, the Equity silver mine will leach for the next 100 years. The citizens of Canada, of British Columbia, are paying for that.

If we don't put any type of regulation on Canadian companies outside of this country, what will they do? In Yellowknife, for example, the Canadian taxpayers paid to clean that mess up. That was gold. It ran for 40 years. A gold mine: do you realize the money they made? And once they closed the doors, they walked away.

It's astounding.

**Mr. Paul Dewar:** Finally, if you have other evidence that you want to provide to the committee, please do so. Whether that is your experience overseas on the ground or recommendations that you think should be strengthened—as I think, Mr. Hunt, you were indicating—that would be most welcome.

Thank you for today.

• (1050)

**The Chair:** Thank you very much, Mr. Dewar.

We have a couple of other bills before the House right now—different free trade bills. Does KAIROS have a policy on the free trade agreement with Colombia? Are you in favour of the free trade agreement with Colombia?

**Mr. Ian Thomson:** As Connie was saying, there's another colleague of ours who focuses on this area of work. I do know that, as an organization, we've supported what this standing committee

has called for, which is a full human rights impact assessment of what this deal would mean to the human rights situation in Colombia before Canada moves forward in any way.

**The Chair:** So in general policy, KAIROS doesn't have a policy to generally oppose free trade agreements.

**Mr. Ian Thomson:** Certainly given the human rights situation in Colombia, to proceed without reviewing what impact it would have on the conflicts and human rights violations would be wrong. It would be very problematic.

**The Chair:** So a free trade agreement with other countries is not necessarily a problem.

**Mr. Ian Thomson:** I think this is the sort of due diligence we would like to see the Canadian government adopt across the board. I don't think we're saying this is a one-off. I think this is about building human rights standards into more of the foreign policy and international trade dealings of Canada. I wouldn't necessarily limit it to this particular case.

**The Chair:** Does KAIROS have a website?

**Mr. Ian Thomson:** Yes, I'd be happy to provide you with a great deal of information.

**The Chair:** Does it give policy on where you stand on free trade agreements?

**Mr. Ian Thomson:** It does indeed.

**The Chair:** Thank you very much. That's all I need to know.

We will suspend—

**Mr. Stephen Hunt:** I'd like to give you an answer to that. We don't support the Colombia free trade deal, and I'll tell you why. If I were in Colombia right now testifying before some committee, I wouldn't make it out the front door without being assassinated. And that's the truth.

**The Chair:** All right. Thank you for your perspective on Colombia.

We are going to... I see Mr. Dewar leaving, and it's his committee business.

Mr. Goldring, on a point of order.

**Mr. Peter Goldring:** Mr. Chairman, I certainly have extremely important comments that I'd like to continue on Mr. Dewar's motion, so from a point of order and a point of process perspective, I would like to know that I will have a chance to make these comments at the next available opportunity.

**The Chair:** Mr. Goldring, I think you can be assured that you'll have as much opportunity as the committee allows you to, and we look forward to your comments.

**Mr. Peter Goldring:** Thank you very much.

**The Chair:** The meeting is adjourned.





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