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Chair

The Honourable Michael Chong

Standing Committee on Industry, Science and Technology

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• (0900)

[English]

The Chair (Hon. Michael Chong (Wellington—Halton Hills, CPC)): Good morning, members, and good morning to our witnesses. We're here at the 23rd meeting of the Standing Committee on Industry, Science and Technology.

I'd like to welcome our four witnesses in front of us today.

We're here pursuant to the order of reference of Thursday, May 13, 2010, to study Bill C-14, An Act to amend the Electricity and Gas Inspection Act and the Weights and Measures Act.

In front of us today we have Madame Marcotte, president and chief executive officer, Association québécoise des indépendants du pétrole. We also have Monsieur Blouin from the same organization.

[Translation]

We also have Mr. Harnois, from the same organization.

[English]

We also have Madame Savage from the Canadian Independent Petroleum Marketers Association.

We'll begin with Madame Marcotte.

[Translation]

Ms. Sonia Marcotte (President and Chief Executive Officer, Association québécoise des indépendants du pétrole): Good morning.

The Association québécoise des indépendants du pétrole represents petroleum companies active in Quebec. They are involved in imports, distribution and retail sales of fuel, heating oil, and lubricants. Retail sales for petroleum companies in Quebec represent \$1 billion a year.

We are aware of the government's concerns about the accuracy of measuring devices. The AQIP feels that it is normal and to be expected that consumers receive the amounts of fuel they are billed for. Therefore, the AQIP is not opposed to implementing the kinds of clauses that Bill C-14 contains. However, we have a hard time understanding why the bill has been called the Fairness at the Pumps Act. That implies that currently the amounts of fuel being measured at the pump are inaccurate.

Yet, when Measurement Canada began consultations on this in August 2008, we asked for a serious study to assess the situation regarding the accuracy of devices or meters used in measuring the fuel being sold. We were never told that this type of study had been

undertaken. What we did notice was that the government seemed to be relying on an article in the *Ottawa Citizen*, which claimed that consumers were not receiving the amount of fuel they had paid for.

Fraud is a serious accusation and must be based on proof rather than a newspaper clipping. We are even more surprised about the direction this debate has taken given that in Quebec, there are regulations under which fuel retailers must ensure that—and I will quote from the regulation—“all fuel distributors with underground tanks must have meters which shall be calibrated at least once every two years”. This requirement is in section 141 of the Safety Code in Quebec's Building Act. In order, therefore, to avoid further red tape, we insist that the federal government refrain from adding regulations, given that the provincial government has already taken on this responsibility.

Mr. Serge Harnois (Chair of the Board of Directors, Association québécoise des indépendants du pétrole): As we stated earlier, we're having a hard time understanding why the government has given this bill a title that implies that there is an unfairness at the pumps. In fact, our experience has shown us that when inspectors calibrate our fuel pumps they end up needing to calibrate pumps that have in fact given the consumers a slight advantage rather than the opposite. Once the calibration is done, the pumps are sealed so that no one can change the work that has been done.

Because of this we are calling for a serious study to determine whether or not we need to correct an unfair situation or whether, on the contrary, the real situation is that consumers have been well served. Furthermore, one mustn't forget that mechanical pumps are gradually being replaced by electronic pumps whose accuracy is well known.

• (0905)

Mr. René Blouin (Senior Advisor, Association québécoise des indépendants du pétrole): In conclusion, we call upon parliamentarians to refrain from making regulations more cumbersome given that the province already ensures that fuel distributors are giving consumers their money's worth. Given that the lack of serious studies demonstrating that consumers have been ill served, we think there should be much greater caution in making unfair statements that unfairly target fuel retailers. There should be much greater caution as well in any measures that are being considered to resolve a hypothetical problem that we feel, until there is evidence to the contrary, is more fictitious than real, at least in Quebec.

[English]

The Chair: *Merci.*

Madam Savage.

Ms. Jane Savage (President and Chief Executive Officer, Canadian Independent Petroleum Marketers Association): Good morning.

I would like to thank the committee for the opportunity to make this submission on behalf of CIPMA members regarding Bill C-14, an act to amend the Electricity and Gas Inspection Act and the Weights and Measures Act.

The Canadian Independent Petroleum Marketers Association represents the interests of independent fuel marketers, that is, the non-refiners, or non-majors, of our industry. CIPMA is a national, not-for-profit trade association, incorporated in Canada in 1996. Leadership for the association is a board of directors made up of owners and senior managers of the member companies.

CIPMA's member companies are the larger independent fuel marketers in Canada. Many are family owned, many are rural in their roots and emphasis, and most are national in scope. All are strong competitors and play a major role in the communities in which they operate.

I would like to name our members. They are, from west to east, PetroValue, based in Vancouver; Parkland Income Trust, based in Red Deer, Alberta; United Farmers of Alberta, or UFA, based in Calgary; Can-Op, of Thunder Bay, Ontario; McDougall Energy, based in Sault Ste. Marie, Ontario; Davis Fuels, of Burford, Ontario; Gales, of Niagara Falls; Pioneer Petroleums, of Burlington, Ontario; Canadian Tire Petroleum, based in Toronto; Max Convenience; Cango of Burlington; Niapen Oil, based in Stoney Creek; MacEwen Petroleum, of Maxville, Ontario; Mr. Gas, of Orleans; Norcan Petroleum Products, of Montreal; Olco Petroleum, based in Montreal; Wilson Fuel, based in Halifax, Nova Scotia; and Co-Op Atlantic, of Moncton, New Brunswick. Collectively, we sell approximately 14 billion litres of fuel products in Canada.

CIPMA members participated in all aspects of the downstream marketing and distribution industry. The majority of CIPMA member companies are in the business of gasoline retailing, and the majority have operations in more than two provinces. Collectively, CIPMA members supply 20% of Canada's approximate 12,500 retail gas stations.

CIPMA believes that consumers have the right to get what they pay for, and CIPMA supports and believes that the retailer is responsible for the accuracy of their measuring devices. We see these as the two fundamental principles behind the current Weights and Measures Act and behind Bill C-14, and, again, CIPMA supports these fundamentals.

CIPMA has been active with Measurement Canada in their deliberations about pump accuracy since 2004. CIPMA provided input to this process formerly in 2008. At that time, we stated that the public has a right to be confident in their purchases at the gas pump and that CIPMA supports a mandatory inspection cycle of gasoline-dispensing devices. We reiterate that position here for this committee.

We support the objectives of Bill C-14, and, combined with robust regulations, we believe it will succeed in meeting its objectives,

namely, providing consumers with confidence in the trade measuring devices used for purchases.

It is important to note that Measurement Canada, in their earlier appearance at this committee, testified that contrary to press reports, fraud or deliberate tampering is not the root cause of pumps found to be out of calibration. Rather, pumps wear, and the more volume a gasoline metering device pumps, the more it wears. This is the primary reason for pumps going out of calibration.

Retailers know this, so they undertake regular inspections and recalibrations of their pumps, even though they are not required to do so under the current legislative regime. Most CIPMA retailers inspect their pumps every two years, and some as often as every year. This is to ensure integrity. Inspections and recalibrations are a fundamental and well-accepted practice in our industry, and this practice explains the high compliance rates of the gasoline retailing industry. At 94%, gasoline retailing has one of the highest compliance rates of all measurement trade sectors.

● (0910)

Summarizing these three points for a moment, fraud and tampering are not the causes of gasoline pumps going out of calibration. Gasoline retailers regularly inspect and calibrate their pumps today, and the gasoline sector has one of the highest compliance rates of all the trade measurement sectors.

We still support the intent of Bill C-14, but given these three facts, we strongly recommend that the short name of the bill be changed. Since we are talking about accuracy, let's accurately name the bill. A more accurate name is the "consumer confidence in measurement act", whether we're talking about gasoline, electricity, natural gas, salami, or green beans.

We are confident that together with properly crafted regulations, this bill will ensure consumer confidence in measurements. We look forward to working closely with Measurement Canada officials in the development of a fair regulatory regime for Bill C-14, soon to be known, we respectfully request, as the "consumer confidence in measurement act".

Thank you. I'll be happy to answer your questions.

[Translation]

The Chair: Thank you to the witnesses for their remarks.

We will now have a 1 hour and 45-minute period for questions and comments from the committee members.

We will begin with Mr. McTeague.

Hon. Dan McTeague (Pickering—Scarborough East, Lib.): Thank you Mr. Chairman.

Thank you to the witnesses, who are people I have known for a very long time.

I'd like to know if you think this bill is focusing on independent retailers. In 2002-2003, Option consommateurs drafted a report that indicated that a large majority of people believed that pumps could be inaccurate, especially those belonging to independent retailers or independent service stations.

Are you happy with the actions and comments of the minister? He has said that—and I will use the English expression—

[*English*]

“you're chisellers”.

[*Translation*]

Do you have problems with that?

Mr. René Blouin: Sir, we did not see this as an attack against independent businesses but rather against gasoline retailers.

First, as the CIPMA representative pointed out, the bill has been given its short title. Then, when the minister announced the bill he gave the impression that gasoline retailers were not acting appropriately. This morning I became aware of a letter that a member sent to her constituents that implies that the government wants to correct a type of fraud on the part of gasoline retailers. I think it's this perception that has to be corrected.

[*English*]

Mr. Brian Masse (Windsor West, NDP): Can we have it tabled, Mr. Chair?

The Chair: Yes, we can have it tabled.

Mr. McTeague, you can give it to the clerk.

Hon. Dan McTeague: Yes.

Mr. Brian Masse: Thank you.

The Chair: We'll have it translated.

Mr. Brian Masse: It appears to be a ten percenter from the House of Commons printing...

Mr. Dan McTeague: I was going to get to that.

The Chair: Give it to the clerk. We'll have it distributed when it's fully translated.

Go ahead, Monsieur Blouin.

•(0915)

[*Translation*]

Mr. René Blouin: As we stated earlier, we agree with the goals of the bill. We simply hope that there won't be overlap with provincial regulation, where it exists, and that the message being sent out will not accuse gasoline retailers who, as officials have explained very clearly, are in no way dishonest and have in no way acted inappropriately.

We know this because 94% and 95% of sales are done under ideal circumstances. Where there are problems, as Mr. Harnois pointed out, based on the experience of our members there may be a slight increase or slight decrease, but only very slight. On a full tank of gas that may represent 25¢, 30¢ or 40¢ more or less. It's very slight.

Hon. Dan McTeague: We received a ten percenter from a certain Conservative member. Like you, I think it is absurd to state:

[*English*]

“It saves Canadian consumers millions of dollars every year.”

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

The Chair: One moment, Mr. McTeague.

Go ahead, Mr. Masse.

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

Sorry, Mr. McTeague.

I would just like to see it tabled. I would like to know who the members is, and I would like the Commons committee here to come back with the cost of that ten percenter. We've had a lot of discussion in the House of Commons about the cost of ten percenters, so I would like that to be brought back to this committee.

The Chair: That's not a point of order, but I'll take that point, and the clerk will ensure that it's distributed when it's in both official languages.

If the member, Mr. McTeague, or the witnesses wish to elucidate who the member is who sent out the ten percenter, they're more than capable of doing so; they have it in front of them. But until it's in...

Pardon me?

Mr. Brian Masse: This is taxpayers' money. This is not—

The Chair: I understand. Just one moment. Let me finish.

Until it's in both official languages I will not distribute it.

If the member wishes to elucidate who the member is who sent it out, he's more than capable of doing that.

With respect to the cost of the ten percenter, I'll ask the analyst to see if they can produce that figure for the next meeting.

Go ahead, Mr. McTeague.

Mr. Brian Masse: Thank you.

Sorry for the interruption.

[*Translation*]

Mr. Serge Cardin (Sherbrooke, BQ): Mr. Chairman, I would like to continue on the same topic. I don't know who brought this to the committee and who wants to circulate it, but if you're saying that we'll have to wait until it's available in both languages...

The Liberals brought this, am I right?

Hon. Dan McTeague: Yes, I brought it.

Mr. Serge Cardin: If they want to keep that document for their own purposes, to refer to it, I have no problem with that. On the other hand, if it is not in both official languages, it should not be circulated.

With respect to its relevance and its content, we'll see, if someone provides an explanation.

The Chair: Thank you, Mr. Cardin. I absolutely agree with you.

Hon. Dan McTeague: I wasn't referring to the individual. It's obviously a ten percenter from—

[*English*]

The Chair: We'll have it distributed when it's in both official languages. And secondly, I'm asking the analyst right now if he could bring forward the cost for you, Mr. Masse, at the next committee meeting, or before, to endeavour to do that.

Mr. Brian Masse: I don't want to take up any more of Mr. McTeague's time, and I have no objection to his bringing this up. But there's been lots of discussion in the House of Commons about the use of ten percenters, and it appears we have a government member, just from what I'm looking at... As soon as I flickered up, I had an idea—

Mr. Mike Lake (Edmonton—Mill Woods—Beaumont, CPC): A point of order. This is not a point of order.

The Chair: Just one moment.

Mr. Brian Masse: —because I've seen Conservative templates done before and it appears to me it's information that has been propagated out there already, influencing—

The Chair: I've heard your point. I've already told you what I've decided to do, as chair.

We'll now go to Mr. McTeague.

Hon. Dan McTeague: Thank you, Chair.

I won't mention the member—you can see that, it's pretty self-evident—but it's a number of members, obviously, from the Conservative Party using it as a template.

What I would ask the witness...

[*Translation*]

I'll say this in French. It says here that for every dollar invested in pump inspection—this will probably be a question put by the NDP—consumers will get \$11.

Do you agree with the comments in the pamphlet from the Conservative Party?

Mr. René Blouin: It's difficult to answer that. In Quebec, in our situation, the government does not pay the inspectors; the retailers do. As in this bill, the government certifies inspectors who have to verify and calibrate the pumps. The government does not pay for that service in Quebec.

[*English*]

Hon. Dan McTeague: *Merci.*

I'm going to turn my questions now to Ms. Savage from CIPMA.

Option consommateurs, on page 46 of its report, well before the Glen McGregor uncorroborated Measurement Canada view on faulty pumps, pointed out that a full 82% of Canadians, back in 2002, felt very confident or somewhat confident about the accuracy of gasoline pumps. Given that, and given what you've just told us about the prospect, the reality of wear and tear, which I've tried to explain to some of my colleagues here, certainly on the government side, how satisfactory or how relevant or pertinent is it for the government and Measurement Canada to boast inspections every two years when throughputs and volumes at some stations in Toronto and Montreal might exceed volumes that would in fact trigger the need for more frequent inspection and a more mandatory inspection, as opposed to this two-year catch-all? It seems to me that they obviously didn't look before they leapt. If you're going to have a station with 14 million or 15 million volume throughput every year, those pumps could wear, obviously depending on the number of pumps that are there.

Do you have any comment on that, Ms. Savage?

• (0920)

Ms. Jane Savage: As I understand it, the two-year inspection cycle is not in Bill C-14 but will be decided in the regulatory regime. From our perspective, the two-year cycle is a logical cycle for the large urban sites. As I mentioned, the greater the volume going through a pump, the more it wears, and logically the more often, from a statistical point of view, it should be calibrated. Some of the rural sites that we are involved with and that many of you here are familiar with would have one-twentieth the volume of a large urban site.

If we have a one-size-fits-all regime—a two-year cycle for all sites in Canada—the rural sites will have a disproportionate burden of the cost of this regime. Again, as I mentioned, we look forward to working with Measurement Canada in the regulatory phase to ensure that there is some understanding of the way pumps wear and of what logical inspection cycles would look like so that we don't burden rural sites with the cost of this bill.

Hon. Dan McTeague: Ms. Savage, in your view, what would be the advantage for someone if they could break through an electronic pump? I understand it's very difficult to do. I don't know if we'll have Gilbarco or Dresser Wayne here, but in your experience, what is the prospect? Why would there be an incentive to play with volumes? In the abstract, if they were to tamper with the pumps, would it not create a skew for a retailer that might cause irreparable difficulty for them?

Ms. Jane Savage: Absolutely. The current regime in weights and measures is clear that deliberate fraud and deliberate tampering are absolutely unacceptable. A retailer is also a business person with integrity, and that person worries about the volumetric balance in their gas station as well as the integrity of their business. Without question, tampering with a pump—especially with a Measurement Canada seal or an inspection seal on a pump—is an egregious act that would be very detrimental to their business. In my view, they would not undertake it.

Hon. Dan McTeague: Finally, I understand that refineries' deliveries to terminals habitually use a tolerance level in their contracts of 0.2 litres or 200 millilitres for every 20 litres of gasoline. Measurement Canada allows a lot more flexibility; it can be up to 1,000 millilitres for every 20 litres, or half of one per cent. Does it concern you that the tolerance level itself is irrelevant in today's modern exchange of product?

Mrs. Jane Savage: The tolerance level is very relevant from an understanding of the mechanical workings of all these meters. The meters are different, depending on the sector, as well as the volume that is being delivered and as well as the material that is being delivered. All these things have an impact on the tolerance that should be defined for each sector, and indeed for each product and each type of meter.

• (0925)

The Chair: Thank you, Madame Savage.

Thank you, Mr. McTeague.

Go ahead, Monsieur Bouchard.

[Translation]

Mr. Robert Bouchard (Chicoutimi—Le Fjord, BQ): Thank you, Mr. Chairman.

Good morning ladies and gentlemen. And thank you for coming here this morning.

My first question is for Ms. Marcotte. Perhaps Mr. Blouin can expand on her answer later.

From what I understand, you're saying in your brief that Quebec already has regulations that provide for obligatory monitoring of retailers. In that case, Bill C-14 is an overlap.

Could you tell us more about this?

Ms. Sonia Marcotte: Yes. The Safety Code in Quebec's Building Act provides for calibration every two years. Retailers have to undertake that calibration. A seal is then put on the pump.

Mr. Robert Bouchard: And this works well?

Ms. Sonia Marcotte: Yes it does. I believe Mr. Serge Harnois can give you more details.

Mr. Serge Harnois: Approximately 30 corporate stations and 140 affiliated clients are members of our network. In order to be able to renew your petroleum licence, to be able to sell fuel, in Quebec, every two years, a series of criteria have to be met, including pump calibration. You have to hire and pay a certified inspector. They inspect the inventory balance, to make sure that deliveries and sales coincide and that there are no leaks. They make sure that retention tanks are under the pumps, to prevent pollution. They inspect pump calibration.

I won't give you the list of all the points that are inspected but if a retailer does not meet one of those criteria, then they do not get their licence. If the pumps are not calibrated every two years, they do not get their licence to sell fuel. It's a rather simple system that works very well. Calibration is done every two years but for bigger businesses that are pumping seven or eight million litres a year, as opposed to two million litres, calibration is done every year.

Mr. Robert Bouchard: Fine.

I'd like to know if Bill C-14 should be withdrawn in order to avoid this overlap.

Mr. René Blouin: Your question should probably be put to a legal expert rather than a witness here. In my opinion, if consumers are well served and the province is ensuring that retailers comply with rules that go beyond what is in this bill, you need to make sure that there won't be two rules or two series of rules that will have to be met.

Mr. Robert Bouchard: We'll have to make sure there aren't two rules and that Quebec and the provinces' rules take precedence when regulations are implemented.

Mr. René Blouin: Exactly, given that the system already works well.

Mr. Robert Bouchard: Mr. Blouin, you said that you support the goals of Bill C-14. Does that mean that if Quebec and the provinces took precedence, given that these rules already exist, you would support the bill?

Mr. René Blouin: We support the goals of the bill because its purpose is to make sure that people get their money's worth. The problem is that it is implying that individuals are almost acting deliberately to not give them their money's worth. It's not acceptable to introduce that kind of bias in the debate.

Basically, establishing a monitoring system to make sure that people get their money's worth is like apple pie: everyone supports it. Furthermore, these criteria do not exist in several provinces in Canada, as the officials already explained to you. They were withdrawn in the 1980s. In some areas of Canada it is felt that it would be safer for consumers to re-establish that system. Regardless, the system already exists in Quebec.

Mr. Robert Bouchard: I don't know who spoke about Bill C-14's title. What do you think the title should be?

● (0930)

Mr. René Blouin: Ms. Savage made a suggestion that we support.

Mr. Robert Bouchard: What do you think the connotation of the bill's title should be?

[English]

Ms. Jane Savage: The current short title of the act, Fairness at the Pumps Act, certainly sends a connotation that there is no fairness today. And I think that is not the case. Measurement Canada has been clear in their testimony and in other activities they've taken on that there is fairness at the pumps today.

Also, the short title unfairly singles out one sector, whereas this bill is clearly designed to cover many measurement sectors, from food to natural gas to electricity to lumber, and many other things. So to single out the gasoline industry is truly unfair. It's also nasty and really unjustified.

[Translation]

Mr. Robert Bouchard: This question is for anyone who wishes to respond.

Do you think that if Bill C-14 were passed with amendments preventing overlap, consumers would have more confidence in retailers? Would there be greater trust in businesses and retailers?

Mr. René Blouin: I don't know how many consumers in Quebec are aware that pump calibration is regulated. I don't think they know. Will consumers have greater trust? I think that when things are done properly, when people are serious and support fairness—and there are no studies that show there is a lack of fairness—I think we need to make sure that there is an accurate perception on the part of consumers.

For my part, I don't think that consumers who are filling up their tanks think they're not getting their money's worth, even though they may think it's expensive. I don't know. Obviously if there are campaigns that are casting doubt on this, they are going to start doubting and believing that retailers are not honest, when this is false. That's what has to be avoided. It is fine to adopt preventative measures that ensure that there is fairness for consumers. However, it is not appropriate to lead people to believe that retailers are dishonest.

The Chair: Thank you, Mr. Blouin and Mr. Bouchard.

Mr. Lake.

[English]

Mr. Mike Lake: Thank you, Mr. Chair.

Thank you to the guests for being here today.

I'm not sure where to start on a couple of things. The ten-percenter question is interesting. We're not the appropriate committee to be dealing with ten percenters, but if you want to go down the road of tabling ten percenters, I have a ten percenter I could table as well from a member of the opposition of this committee. So if we're going to get into the cost of ten percenters and things like that...if I can find it. Anyway, I think that issue has been discussed. It's one of the areas we actually came together to resolve. It's not a road we need to go down now.

Ms. Savage, it sounds as though the only thing you would change about the legislation is the name. Is that accurate?

Ms. Jane Savage: Yes, it is accurate.

I also want to emphasize that the regulatory component of this, the development of the regulations, is going to be a very important part, because the legislation as it is today does not define a violation. The Library of Parliament's legislative review rightfully points out that there are offences that are criminal and there are contraventions that are non-criminal. In the legislation, a violation is currently defined as anything that contravenes the act and can be defined in the regulatory phase.

We think that definition is very important, particularly in this environment of the press that has surrounded this piece of legislation. There seems to be a bit of an atmosphere of witch-hunting or "gotcha", which we certainly don't expect to be translated into anything by Measurement Canada, other than what is absolutely necessary to ensure the confidence of consumers. We want to make sure of that during the regulatory phase, and we'll be working closely with them to ensure that's the case.

• (0935)

Mr. Mike Lake: As we consider the name—it's always a tricky thing to name legislation in a way that consumers, Canadians, will understand what the legislation is doing, and of course this is an example, probably the most prominent example within measures taken in the bill, of the issue of fairness at the pumps. That's the issue that probably resonates most with Canadians. There haven't been many articles written about green bean measurement or anything like that. We don't receive a lot of letters about the measurement of green beans, but we do receive letters about the measurement of gas and fairness.

To be fair, the word "fairness" isn't really implying one thing or another, other than that we want to ensure fairness at the pumps and fairness in all measuring devices.

Mr. Brian Masse: It's not Unfairness at the Pumps Act.

Mr. Mike Lake: It's not Unfairness at the Pumps Act.

I think the point you make about retailers having integrity is an important point to be made. I think the whole point of legislation like this is to protect the vast majority of retailers who are operating with integrity, to protect their names. As you mentioned, most of them are not going to have any problem with this act and with the

requirements of the act, because they're already following the rules and they want to make sure their pumps are accurate.

But in terms of the numbers that did come out and the numbers that have been presented, how is it that twice as many of the pumps that are measured are outside the appropriate range, are not in range, to the benefit of the retailer, as opposed to the benefit of the consumer? I think that's something that is of concern to people looking at this, that when the pumps are inaccurate, twice as often it's to the benefit of the retailer.

Why is that?

Ms. Jane Savage: The data that was presented in the *Ottawa Citizen* article, Measurement Canada's data, has what we call in the statistical world a data skew from what you would expect from a normal distribution. So you would expect that 50% of the time the pump would fail or wear in favour of the consumer and 50% of the time in favour of the retailer.

In the data that was presented—I've heard two different numbers—the *Ottawa Citizen* said 74% rather than 50% were in favour of the retailer. Measurement Canada has since told me the number is 65%. So it's something more than 50%. So there is a skew of somewhere between 15% and 24%, depending on that data.

The question is why, and it's a good question.

Mr. Mike Lake: Just to clarify, the skew is 15 points or 25 points; that's a big difference from saying 15% or 25%.

Mrs. Jane Savage: Excuse me, yes. It's .15.

It's between 50%, where you would expect it to be, versus 74% or 65%. So 50% points to the centre of the normal distribution.

The reason for that skew, in other words, the reason for there being more pumps favouring the retailer than the consumer in that data, is curious, and we do not understand the root cause of that skew. We have asked Measurement Canada for their assessment of whether the data is accurate—and they have confirmed it is—and their assessment of why the data is skewed, and they have not offered an explanation, either publicly or to me directly.

The most important thing about data is whether it's statistically representative. That's the first thing that all data has to be established and vetted for. So there are many possible sources of this variance, which is, in my view, not anything close to what has been represented in the press or by others as being a deliberate attempt to manipulate. For example, were those sites that were sampled indeed random, or did they come from customer complaints where there may have been a problem in the calibration? Was it very close to the inspection cycle? Was it two weeks before the inspector was due in and the pump may have worn to the point where it was at that level, versus being inspected halfway through the inspection cycle? Were there already suspicions about some of the retailers who were being assessed by Measurement Canada, and did they target specific retailers in their audits, in their so-called random assessments?

Pumps are mechanical devices. At least one of the popular kinds of pumps in Canada, the Gilbarco pump, wears in favour of the consumer, not in favour of the retailer. The other type of pump, Dresser Wayne, I'm not sure about. We haven't been able to gather that data, but there is a pump, the Tokheim pump, which is no longer being manufactured but is still in place. Those pumps wear in favour of the retailer.

So again, was the data statistically sound, in that was it representative?

• (0940)

The Chair: Thank you very much, Mr. Lake and Madame Savage.

Monsieur Blouin.

[*Translation*]

Mr. René Blouin: Mr. Chairman, I'd like to add some information in response to the very interesting question that member raised. We were also wondering where that two-thirds, one-third came from, that is that in two-thirds of cases it's unfair for consumers and in a third of the cases it is. As Mr. Harnois pointed out, our experience has shown that it's approximately 50/50.

When we read Measurement Canada's testimony, we noted that there are two kinds of inspections: one kind is done when a complaint is received and another involves random inspections. We assume that when there is a complaint it's because a consumer thinks that they have not been given their money's worth. Perhaps it is because Measurement Canada undertakes inspections when they receive complaints that that ratio is different and that the statistics end up showing that consumers are unfairly treated in two-thirds of cases and fairly treated in one-third of cases. That's the only explanation for this we could see. Otherwise, the numbers do not reflect the reality.

Mr. Serge Harnois: When we give too much there aren't any complaints, but there are complaints when we don't give enough. So it's normal that if an inspection is undertaken when we haven't provided enough, the statistics will change. That's a hypothesis.

The Chair: Thank you.

Mr. Masse.

[*English*]

Mr. Brian Masse: Thank you, Mr. Chair, and thank you for your patience today.

Thank you to our witnesses.

I have a lot of concerns about this bill and also about the industry, because Windsor was very much the focus of some of the discussion by Measurement Canada and the original story in the *Ottawa Citizen*. The fact as well that, according to Measurement Canada, nobody has been charged despite there being all this evidence weakens it.

There is something that is important for this committee. On Bill C-14, An Act to amend the Electricity and Gas Inspection Act and the Weights and Measures Act, I'd like to ask the clerk how many witnesses we've had on electricity to this point in time, since

electricity is the first thing and gas is the second. How many witnesses have we had on electricity in these hearings so far?

The Chair: I will respond for the clerk.

We have not had any witnesses on electricity; however, that is due in part to none of the members of this committee having suggested witnesses from that sector.

Mr. Brian Masse: There hasn't been a resounding—

The Chair: We've called for witnesses numerous times from members of the committee, and nobody has suggested anybody from the electricity sector.

Mr. Brian Masse: That's fair, Mr. Chair. This is a government bill.

How many witnesses have we had other than those from the gas sector on this bill, for example, from the retail sector?

• (0945)

The Chair: A witness from the consumer sector failed to appear. That witness submitted a brief to us, and that will be incorporated and available to you.

Mr. Brian Masse: Thank you for your patience, Mr. Chair.

I just want to point something out for the record, because it is important. This ten percenter, this document we have here—and thank you to Mr. McTeague—is actually an important part of the discussion, because if this actually went out... We don't know. I'm looking at it right now, and it is critical, because I understand these things quite well, and this looks like a template you could easily drop information into. Usually the parties have a central organization that does that. They put the member's franking on it.

This is from Lisa Raitt, who is actually a cabinet minister. What really disturbs me is the fact that your industry has been singled out very much, clearly from the beginning. Mr. Clement was on CTV News pointing down at the camera saying “We're coming after you”, and he was talking about the retailers at the pump. This went out, so now public money from a cabinet minister has gone into influencing the debate while we're actually having hearings today at committee about the subject matter—

Mr. Mike Lake: A point of order.

The Chair: Go ahead, Mr. Lake.

Mr. Mike Lake: I note that Mr. Masse is referring to a document that I believe he received from another member of the committee, but we haven't received any copies of this document, so we have nothing to refer to. It would be nice to—

Mr. Brian Masse: We'll have it translated, and we'll come back to this.

The Chair: I have instructed the clerk not to distribute the document until it is in both official languages. If other members have obtained the document through other means, that is nothing that I, as chair, can prevent.

Mr. Mike Lake: It's okay. If the opposition parties want to hand the documents out to each other, that's fine.

The Chair: Mr. Masse, you have the floor. Go ahead.

Mr. Brian Masse: I'm happy if somebody wants to adjourn and copy the document and circulate it and put it—

The Chair: We're not going to circulate the document in this committee, through the clerk, until it's in both official languages. I've ruled that, as chair, three or four times now.

Mr. Masse, you have the floor. You may continue.

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

What's important about this is that you're testifying in front of us today about a position that I am actually a little concerned about with regard to the fact that no charges were laid. But the minister has been out there basically pushing the issue individually on your organization. Then we have literature paid for by the Canadian taxpayers, with a discussion about the Conservative Party and a picture of the minister and discussion points. Also, if you want to ask who's on the right track to protect consumers, it has the party leaders across the board that you can check off. What ends up happening is that people check them off and that goes into the data bank system they have, which they use for other types of mailings.

How do you feel, in terms of coming forth to the committee...? Once again, I've been concerned about the fact that no charges were laid, so I don't know whether the evidence wasn't strong enough or if Measurement Canada has been too lax. But it doesn't seem like much of a fair court here, when the fact of the matter is that the minister has singled you out in the actual discussion and we potentially have literature going out across the country—and we don't know if this is the only member it's been sent to. This looks like a template to me, where you can pop in the person's name.

The Chair: Thank you, Mr. Masse.

Mr. Lake has the floor.

Mr. Mike Lake: I just want to clarify that under the rules that exist right now, ten percenters go to 10% of one's own riding, not across the country.

I'm curious, because Mr. Masse referred to the way ten percenters are used in the NDP. So I just want to clarify that he's talking about the NDP building databases and stuff with their ten percenters and questionnaires. I'm not sure he can speak for all of the parties. I'll leave it to him to be an expert on his own party, but I would just clarify that when he speaks of his personal knowledge of the way ten percenters work, he's speaking about the NDP.

The Chair: Okay. Thank you.

Now, I'm going to ask members of the committee—

Mr. Brian Masse: On that point of order—

The Chair: Just one moment. Let me finish first.

Unless members of the committee have truly valid points of order concerning the rules and procedures of this committee, I'm going to ask that they wait their turn to be recognized so that we can ensure an uninterrupted flow of questions and comments by members of the committee.

Mr. Masse, you now have the floor. Go ahead.

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

Maybe you could actually provide some guidance, then, as to why no charges were laid, and also the fact that you've been targeted in this particular bill and you are the only organizations coming forth as

witnesses, or who are a problem related to this. I say this because if we take you out of the equation, we won't have any witnesses and we won't have complaints. I don't have my constituency office people complaining about the measurement of their meat at the store.

So maybe you could give us some information or thoughts about why you've been targeted right in the bill.

• (0950)

Ms. Jane Savage: Mr. Lake alluded earlier to the fact that consumer complaints come in from the gasoline sector but they don't come in when green beans are being measured. I don't know why, other than the fact that gasoline is a high-profile sector for consumers. Nonetheless, consumers are just as impacted—in fact, I would think more highly impacted—by the electricity sector and many of the other sectors we're talking about here today.

The fact that it covers all of the sectors is a good thing, because it is about confidence and measurement for consumers. But to single out gasoline continues to baffle me, especially in view of the context that our sector has the highest compliance, I think, at 94% and given that I'm not aware of any prosecutions under the Weights and Measures Act.

Mr. Brian Masse: That's what I really wondered about. Despite all the data assembled by Measurement Canada, no charges were laid. Actually, there was one charge laid.

How is that possible? If we move towards a system that has more measurement compliance or checking, whatever it might be, and there are still no fines applied, will that motivate the industry further? Aside from the name of the bill, is it going to motivate any changes in behaviour by retailers? Once again, we're going back to the assumption that there have been some unfair practices toward consumers. Or are they just going to view the bill as some other process they have to go through versus one that would actually benefit the consumers? I say so because if they're going to have to pay extra to do this, they're going to pass it on to customers. It's not going to come from them.

So what will be the benefit for consumers at the end of the day?

Ms. Jane Savage: I think that question really has to be directed to Measurement Canada and the creators of the bill, asking them what are the expected benefits.

The Chair: Thank you, Mr. Masse and Madame Savage.

Mr. Rota.

[*Translation*]

Mr. Anthony Rota (Nipissing—Timiskaming, Lib.): Thank you very much, Mr. Chairman.

Welcome.

I would also like to welcome you to Ontario in the 1990s. What I see here is truly a repeat of what happened in this province in the 1990s. The current minister in the federal Conservative government was at the time a minister in the Ontario Conservative government, when some groups were targeted, including teachers and nurses. Once they decided they were going to do that, the government created a crisis. The Conservatives were elected and said that they would solve the problem.

When I see a word like “chisellers” in English, I start thinking that this is perhaps more than just politics. It is an attack against retailers to make an impact. It's not a mistake, it's not something that happened by chance. They have created a crisis, as they said at the time. Now it's been done and it's a thing of the past.

Ms. Marcotte, you mentioned that you were surprised that there hadn't been a study? There was a small report. Can you tell us a little more about what you were expecting in a report or a study. What should happen before a bill like this is considered?

Ms. Sonia Marcotte: I think that a serious study has to be undertaken, with representative and random sampling. That would be the best way to proceed. We need statistics in order to truly assess what's happening. It would probably become apparent that in Quebec the situation is different because we already have a regulation that requires that retailers calibrate their pumps every two years. There truly has to be a serious study with serious random sampling as opposed to using data that may, for example, come from studies on consumer complaints. Obviously, that sampling is not representative. It is important to have random sampling.

• (0955)

Mr. Anthony Rota: Thank you very much.

Mr. Harnois?

Mr. Serge Harnois: Maybe things are different in Quebec and maybe they're not. We have legislation requiring pump calibration every two years. Before implementing this legislation throughout Canada it may be a good idea to assess, through serious sampling, what is happening in the rest of the country compared to what is happening in Quebec. If the Canadian industry is managing to discipline itself without legislation just as well as Quebec is doing with legislation, then why create red tape for no good reason? I think this is important.

If we realize that in Canada the situation is not regulated as well as it is in Quebec, then legislation could be passed and we could take that route. However, why fix something if it isn't broken? It would be a good way of establishing a point of reference.

Mr. Anthony Rota: What you're saying is that we may be creating legislation where it isn't needed, on top of creating red tape where it isn't needed.

Mr. Serge Harnois: We should at least start by assessing the situation properly. Currently, we're using data that I think does not really have any scientific basis.

[English]

Mr. Anthony Rota: *Merci beaucoup.*

I have a question for Ms. Savage. Just to clarify this a bit, we've created the dragon slayer, but I'm not sure we have a dragon out

there. How is this legislation different from what we have now? Maybe you could just provide some highlights of how this legislation differs from what is in place at this time.

Ms. Jane Savage: I think the most important difference that Bill C-14 brings is the mandatory inspection cycle. As a consumer, it makes sense that when I buy anything that's measured, I know that the measuring device has been subject to some level of an inspection cycle, to some measure of oversight. Again, the consumer confidence side of this is what we're talking about, and the mandatory inspection cycle is what creates this.

The fact that it is already happening and there are already inspections going on—at least in our sector and at least every two years, and sometimes more frequently—is one thing. But if it does serve to help consumers to have confidence when they buy a product by measurement, then that's the benefit of Bill C-14.

Again, we have to be judicious in this. We have to be careful about how we implement these additional powers and how the random inspections will proceed to ensure that there is not an atmosphere of witch hunting of retailers, whose names can be published if they get a fine or an AMP under this legislation.

Mr. Anthony Rota: Inspections already exist. Mandatory systems should be put in place.

Ms. Jane Savage: It's an oversight.

Mr. Anthony Rota: An oversight—which is usually just a modification to a law. It's almost like we've created a crisis and said, okay, look, there's a big problem, let's run out there and save it, and we're going to do it by a minuscule change. Would you say that's correct?

Ms. Jane Savage: I have a member who calls this a solution looking for a problem.

Again, consumer confidence is important, especially when our industry is under a lot of the spotlight. If we get consumer confidence...I leave it to this committee to assess whether that's an important goal or not.

There is a regime in place today. There are inspections going on voluntarily.

Mr. Anthony Rota: I have about a minute left, and I'll ask one quick question that I'll open up to the floor, to all the witnesses, regarding mandatory inspection and what this bill puts in place every two years.

What I've heard is that you'll need more frequent checks in high-volume pumps or gas stations, maybe less frequent in rural. Much of my riding is rural. From what I've heard, rural and small stations will bear the brunt of the costs. The costs will be prohibitive to them or cause them some problems.

Could you elaborate on that? How can we make changes, or what you would suggest to allow smaller pumps or smaller gas stations maybe more time, less time? Or would that, as Ms. Marcotte says, require a further study to find out what the right period is for an inspection? Is two years reasonable?

The Chair: Okay, very briefly. We're running out of time here.

•(1000)

Ms. Jane Savage: More study is absolutely required, no question.

The Chair: Thank you.

We'll go now to Mr. Lake.

Mr. Mike Lake: Thanks again, Mr. Chair.

I guess I'll start by just referring to something Mr. Rota said. He talked about the dragon slayer and the dragon. The dragon, to me, is the \$20 million more that consumers are paying for gas products they're not getting, according to Measurement Canada. To me, that is a problem that needs a solution. From our standpoint, that's what this is about.

I did get clarification from the Measurement Canada folks, Ms. Savage, that sampling is random. So when we're talking about twice as many of the inaccurate pumps being in favour of the retailers versus the consumers, that is based on a random sampling.

I go back to the conclusion that my constituents would come to and the concern they would have when they hear this. I don't know that the conclusion they're coming to is that people are taking screwdrivers and manipulating pumps. I think the more reasonable conclusion is that if a pump is inspected and it's to the benefit of the consumer, it gets fixed pretty quickly. But if it's out of whack to the benefit of the retailer—in some cases—the conclusion that some reasonable people might come to is that it doesn't get fixed quite as quickly.

That would be something that's been expressed to me as a concern anyway. I don't know if that's a concern you've heard or not.

In terms of the conversation around using the word “chiselling”, or whatever word that some people might have used—I think Anthony used that word—what we're talking about is that we want to make sure the vast majority of retailers who are following rules aren't affected by the few who would break the rules. We want to make sure that Canadian consumers are protected against unfairness at gas pumps and other measurement devices.

We know the cost of that is \$20 million a year—a very significant cost.

When we talk about the importance of this legislation, we talk about the importance to consumers. But again, maybe the reason your retailers are in favour of this legislation is because they know it will protect the reputation of the majority of those retailers who are following the rules. Is that correct? Is that accurate?

Ms. Jane Savage: Certainly, as opposed to being called names, yes, from that perspective, it is a much better thing than being called things that we aren't.

Mr. Mike Lake: But you would say that the vast majority of your retailers are not in that category anyway, right?

Ms. Jane Savage: Right, and there's no proof. The point is that the number of prosecutions is zero or very small, so there is a disconnect between the intensity of the language around this bill, including its name, and the reality.

Mr. Mike Lake: I guess I would argue that the name “fairness” isn't that really intensive language, but Monsieur—

[*Translation*]

The Chair: Mr. Lake, I think that Mr. Blouin—

[*English*]

Mr. Mike Lake: I wanted to actually get to one other question, if I could. I'll just throw the other question out and then you can answer both of them, if you want.

We did have a consumer advocate at the committee at the last meeting who argued fairly intensely that the penalties are simply not strong enough to deter the type of behaviour that she purported was happening in the industry—negative behaviour to the detriment of consumers. She made an argument that significantly stronger penalties were needed.

I'd like to hear your comments on that and on whether the penalties within this legislation are strong enough or whether you think significantly stronger penalties are needed. I have a feeling I know which direction you might go with that, but I would like to hear it for the record, if we could.

Hon. Dan McTeague: A point of order, Mr. Chairman. For the benefit of the witnesses, very clearly, on Mr. Lake's question to that individual representative who came forward from the consumer organization, she said that she had not “read the bill”. That's just for the benefit of the witnesses who weren't here.

Thank you.

The Chair: Thank you.

Monsieur Blouin.

[*Translation*]

Mr. René Blouin: I have two comments to make in response to your first question.

First, with respect to a retailer being able to take a screwdriver and make adjustments, that can't happen because seals have to be used and they are put on the pumps. So it's not possible to do that.

My second comment is on the \$20 million that you spoke about. If you're talking about \$20 million being taken away from consumers because some pumps aren't calibrated, then you also have to take into account those pumps that are giving too much to the consumers. When you talk about \$20 million you're only referring to the money that consumers are losing, you're not talking about the money that some might be making.

I think you need to remember that overall—this is what I think and I stated so earlier—there are probably as many pumps that are giving a little bit too much as those that are giving too little. So from our point of view those amounts cancel each other out.

•(1005)

[*English*]

Mr. Mike Lake: On that point, though, yes, the \$20 million is net. So it's a net detriment to the consumer of \$20 million, from my understanding.

[Translation]

Mr. René Blouin: That's what you understand from this but we haven't seen any documents on that. That's simply an opinion.

[English]

Mr. Mike Lake: That's Measurement Canada's information.

[Translation]

Mr. René Blouin: Fine. They say that this is money that has been lost but they did not state whether or not they were taking into account the money that had been made by consumers and whether or not that was a net amount. I did not read that.

[English]

Mr. Mike Lake: Yes, they did actually. It was net. So the amount of money to the benefit of the retailers minus the amount of money to the benefit of the consumers was \$20 million.

The Chair: Madame Savage, go ahead.

Ms. Jane Savage: On the subject of the \$20 million, I have not been able to recreate that number using the data of 130,000 meters in the country, 12,500 sites, and a dollar a litre of gas, and the statistics that were in the report. In fact, in the *Ottawa Citizen* report it says here:

...using the most conservative figures, pumps that fell outside the tolerance zone would have shortchanged consumers by at least \$17 million annually... .. however, fast pumps would give out \$8 million in free gas.

So on the small percentage of pumps outside the tolerance zone, consumers come out about \$9 million behind, versus the \$20 million that seems to be running around. I can recreate the \$9 million, but I cannot get close to the \$20 million.

Mr. Mike Lake: Just to be clear, I can't speak for the *Citizen's* report. I'm talking about Measurement Canada's information when I'm using the numbers I'm using.

Ms. Jane Savage: And we can't corroborate that.

The Chair: Thank you, Mr. Lake.

Monsieur Cardin.

[Translation]

Mr. Serge Cardin: Thank you, Mr. Chairman.

Ladies and gentlemen, good morning and welcome.

With respect to your concerns about the bill's title, if it's helpful, I would say that I also don't think it makes any sense. It means... How can I put it? It's precisely because the government cannot measure its own words that it chooses these types of titles.

I'm going to use an example to show you how the Conservative government works. When we were talking about minimum sentences and law and order, Sébastien's Law was created. This law made people emotional. Another act amending the Criminal Code referred to "trafficking in persons". That meant that the government, if we didn't agree on certain parts of it, could say, for example, that the Bloc Québécois was protecting pedophiles. So you can see how this government doesn't know how to measure its words.

Now, in terms of fairness at the pump, it should be pointed out that Bill C-14 deals with all weights and measures for electricity and gas, obviously. On the other hand, we also know that the federal

government has to market its message. We know that it hasn't received good press over petroleum, with western petroleum companies and everything that's happening. Therefore, it's making the retailers shoulder the responsibility. I don't think that's the way to do things. The title of this legislation could simply have included words such as "fairness in measuring", "accurate measuring" or something like that that involves all devices for weights and measures.

The government refers mainly to petroleum because it does not want to give more power to the Competition Bureau. You know, collusion is much more profitable than inaccurate instruments and differences of 0.5% at the pump. Neither do they want any sort of monitoring agency. They know that this affects many individuals and people who buy gas. So they come up with a pompous title for marketing purposes, simply because they're concerned with their image, it's obvious. They think they can improve their image by doing that.

That said, we know perfectly well, as Mr. Lake said earlier, that the government is surprised by that \$20-million loss to the consumer. Obviously, that's not right. However, it's a relatively small amount compared to the \$40 billion worth of gas sold every year in Canada. If retailers wanted to, rather than manipulate their instruments—this is what Mr. Lake is claiming—they could simply increase their costs by a tenth of a cent, or a cent, and that would easily cover it.

Generally speaking the Weights and Measures Act covers all measuring devices. What's important is that consumers can feel confident that when they buy something they're getting the right amount.

I do not believe that retailers are going to manipulate their pumps to get a price that will set them a few cents more. Not everyone sells 10 million litres annually. In any case I don't believe it. That would be rare. They should not be accused without any proof. Accusing them offsets to some degree everything the Conservatives have done on the other side. Twenty million dollars is a lot of money for Mr. Lake when the issue is pump adjustments, but \$1 billion over three days doesn't appear to be a problem. We could pay for a lot of inspections with that money.

With respect to inspection costs, I've heard that they would vary between \$50 and \$200. How much are they now? How much does a retailer pay currently for inspection and calibration, approximately?

● (1010)

Mr. Serge Harnois: I can try to give you an approximate figure, but it has to do with the number of pipes. Stations with large volumes can certainly have up to 8 or 10 meters per station. Small stations may have from 2 to 4 meters, as the case may be.

In Quebec, they are not doing only calibration. They are doing all kinds of inspection. However, it costs less than \$1,000 per site, on the average. This is because the certified inspector has to come and he must be paid. For calibration, I could not tell you exactly, but I could give you an answer fairly quickly.

Mr. Serge Cardin: There is inspection and calibration. The same inspector does not do both these things.

Mr. Serge Harnois: No. The inspector checks the calibration that has already been done. The person in charge of calibration makes his report, and the certified inspector checks to see if it has been done and imposes the seals. He checks the results.

I could call the office to ask for that data.

Mr. Serge Cardin: Thus, the cost is not actually what puts retailers off. In fact, it is a normal practice, and they must simply go along with it.

There is also the environmental aspect, that we touched upon several times. Appropriate measures must be taken, even if it is only to make sure that there are no leaks or losses.

Mr. Serge Harnois: This is part of the routine. There is reception and there are the sales. The sales and the deliveries must balance out. However, if the meters are inaccurate, it may be difficult to find out whether there are any leaks in the tanks.

[English]

The Chair: Okay. *Merci, monsieur Cardin.*

Mr. Brown.

Mr. Gordon Brown (Leeds—Grenville, CPC): Thank you very much, Mr. Chairman.

And thank you to our witnesses for coming today. My family was in the gasoline retailing business when I was a boy, so this one hits a little closer to home. I understand a fair bit about this.

Over the years the industry has been characterized in a fairly negative light, much of which has to do with the public's perception about gasoline pricing, but also with this article in the *Ottawa Citizen* about the accuracy of the pumps.

Madam Savage, you mentioned that the pumps have wear and tear. Mr. Lake got into this as well, in questioning the accuracy of that in terms of the 74%—maybe it's 65%—but if there's wear and tear, you would think it would actually benefit the consumer.

Maybe you could address that a bit. If there's wear and tear on the device, you'd think it would be letting more gas out rather than restricting it more. Can you tell us your thoughts on that?

•(1015)

Ms. Jane Savage: I can't really comment on the internal mechanics of the pump, to be honest. It's not my area of expertise. I can only go from my understanding in talking to the industry that manufactures these devices, as well as some inspection companies that inspect the devices. That is where my data comes from. And the data I have is that some pumps wear in favour of the consumer and some pumps wear in favour of the retailer. That's all I can contribute to that.

Mr. Gordon Brown: Has either of your organizations had any internal audits in checking the accuracy of the pumps? It was a big issue when it came out in this *Ottawa Citizen* article, and obviously there would have been concern in your organizations about retailers being put in a negative light.

Were there any internal audits or efforts by your organizations to check the accuracy of what was in that article?

Ms. Jane Savage: Well, in terms of the accuracy of the data, we did attempt to understand where the data came from and to gain some understanding of why there was the data skew, as I explained.

Mr. Gordon Brown: Were there any attempts to check this out yourselves, independent of the Measurement Canada data?

Ms. Jane Savage: Again, the data is Measurement Canada's data, so there are many, many inspections in that. As far as our own sites, obviously the accuracy of our own pumps is an ongoing exercise and we work very hard at that. That's already in place.

Mr. Gordon Brown: The article, as we talked about, put the industry in a negative light.

Was there any effort, driven by retailers themselves, to ensure they weren't going to get caught up in that? Were there any extra checks? Would there have been retailers who would have called in Measurement Canada to ensure their pumps were accurate? They didn't want to get caught up in any negative stories. As you said, it could be devastating to a retailer to get identified or in fact charged.

Ms. Jane Savage: Absolutely. Again, in the absence of charges and prosecutions, and with the knowledge they are checking their pumps regularly, there was no reason for a retailer to be concerned. But I obviously cannot speak for every individual retailer.

Mr. Gordon Brown: Right. You've said that you're generally happy with what's in the legislation. You're not happy with the short title, but you would be happy with "Confidence..." Tell me exactly what—

Ms. Jane Savage: "Consumer Confidence in Measurement Act".

Mr. Gordon Brown: So you might be happy with "Confidence at the Pumps" as the short title. You just want to make sure—

Ms. Jane Savage: It's general.

Mr. Gordon Brown: —that consumers have confidence that they're going to be getting what they've paid for.

Ms. Jane Savage: Right.

Mr. Gordon Brown: Is there anything else that you'd like to see in the bill, taken out, or added? Is there anything that we're missing here?

Ms. Jane Savage: No. I think there is, as I mentioned earlier, the concern that the term "violation" has not been defined and is left to the regulatory regime. We see that certainly as an opportunity, and having spoken to Measurement Canada, we expect a fully open and strong consultation period here for the regulations and that they will listen to stakeholders like ourselves and other stakeholders in the industry to ensure we have good, robust, statistically sound regulations.

Mr. Gordon Brown: To our other witnesses, is there anything that you think might be missing or should be taken out?

[Translation]

Mr. René Blouin: Sir, I would simply like to remind you that should this bill be adopted, we would not want Quebec to be subject to double inspections, given that Quebec is already enforcing a system that is almost exactly like this one.

[English]

Mr. Gordon Brown: Thank you.

[Translation]

The Chair: Now let us continue with Mr. Masse.

[English]

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

I'll just ask the panel, would you happen to know, if the government is correct—let's assume they're correct—in terms of the \$20 million net loss to consumers, approximately how much in taxes they would have actually received from the \$20 million?

Ms. Jane Savage: About 40¢ on the dollar.

• (1020)

[Translation]

Mr. Serge Harnois: It varies from province to province.

[English]

The Chair: They said about 40¢ on the dollar or close to half. *Près de la moitié* 40¢ on the dollar.

Mr. Brian Masse: Maybe we can have the researchers bring back a real figure for us on that per year, around \$20 million in taxation benefits the government would have received from that.

There has been a lot of to-do about the original article that appeared, and then the number and the volume of violations that took place, and still no charges were laid. One of the issues that we've been discussing recently in this hearing is the real effect... The repercussions will come later through regulations. But we'll play no role around that here. If there are retailers out there who are benefiting from manipulation at the pump, what would be the penalty figure that you would suggest would have a fair effect upon them to curb that behaviour?

And it's hypothetical. I think there's a problem, to some degree, but at the same time I'm looking for some type of fairness here in that. But if there were problems in the system... The problem if we let regulation deal with this is that we have no input whatsoever as members of Parliament. It can ebb and flow.

It could be nothing, so the whole Fairness at the Pumps Act—which is actually ironic. That's why I actually am really stunned at a flyer that's gone out with public money by a cabinet minister on this issue. It's not just a member of Parliament deciding to freelance on an issue and get out in front of even hearings at a committee. The actual cabinet of this government has decided on communications that they want to put forth before we even have a report tabled to the House or amendments to the bill. There could be a bias there—

Mr. Mike Lake: A point of order, Mr. Chair.

The Chair: Mr. Masse, Mr. Lake has the floor.

Mr. Mike Lake: Just to clarify, the use of a ten percenter is hardly a cabinet decision. I'll just clarify that it goes to 10% of one's own

riding, so as an MP, of course, people send out ten percenters to 10% of their own riding to communicate what they might be doing or what the government position might be on something. I just wanted to clarify.

The NDP, of course, use franked mail more often than ten percenters to send out to the whole country.

The Chair: Thank you, Mr. Lake.

Mr. Brian Masse: On a point of order, I want to clarify that a member of Parliament—you're right, it is not cabinet—has to authorize the franking of the material. They sign off on the expense, the development, and the messaging at the end of the day.

So Lisa Raitt, a cabinet minister, has decided that on this issue, before we have the witnesses come forth and the legislation once again tabled in the House of Commons. I want to make it clear that a cabinet minister—we don't know if others have done this, and we'll find out perhaps later on—has decided they want to use public money to influence debate within their riding on this issue. Perhaps it went to other ridings. We don't know; maybe we'll find out later.

I'm going to consider a point of privilege about this, because it affects my capability and my opinion when you have a cabinet minister doing this. They have a vote at the end of the day that's significantly different from that of regular members of Parliament like myself. When we try to sit at committees, where we're supposed to be—in the history of Parliament, at least—working on issues instead of partisanship, this is significant. It could have happened before, but I haven't seen this before. So to me it's fairly significant.

As far as those regulators, or those who perhaps are poor operators, do you think there's a fine level that would be appropriate to curb them or put them in order? Do you have confidence that it can be done through regulations versus legislation? Legislation means we decide here; regulations mean it can ebb and flow, depending on what the department says at that time. It goes to cabinet.

• (1025)

[Translation]

Mr. René Blouin: In my opinion, if it is proven that a retailer has broken the inspector's seal, that he has tampered with his pump—and not everyone knows how to do that—to steal from consumers, then his licence should be revoked. This kind of behaviour is really unacceptable.

[English]

Mr. Brian Masse: Thank you, Mr. Chair. I have no further questions.

The Chair: Thank you.

Mr. Van Kesteren.

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

Thank you, guests, for coming here. I want to tell you that normally we really get along—really well.

Voices: Oh, oh!

Mr. Dave Van Kesteren: I want to make clarification on the tax part; I owe this to my good friend, Dan McTeague. It's probably more like 25%, because some of that tax is already taken at the refinery. That's just to get the facts straight.

I do want to say something else, too, just in line with what Mr. Lake said. The intent of the bill—I think, Ms. Savage, you laid that out very well—is consumer confidence.

You know, not to lay any charge here, it's human nature; I think it's probably safe to say that if the findings indicate that the leaning is toward the benefit of the retailer, that, to me, probably means that if you have a faulty pump, you're going to find out really quickly if it's costing you money. And if it's not, there is a tendency—we can turn a blind eye to this, but it's just human nature—to let this thing go.

I think what the bill says, and I think what the minister was saying at the same time, too, is that if you're allowing this to happen, we're going to catch you.

The other point, of course, is that this bill encompasses much more than gasoline, but gasoline is the thing that people tend to zero in on.

To drive my point home, I was thinking of an example of how this bill probably reflects other bills, and it's the Accountability Act. This is an act that basically has stripped the members of Parliament from being unduly influenced by any group.

I think we can all agree—Mr. McTeague, I'm sure, would certainly agree—that when we come to this committee, when we have the witnesses sitting in front of us, by and large we pretty much can see a clear vision as to where we're going to go.

Oftentimes we're accused by the other side of being on the banks' side, or big oil. Well, that's absolute nonsense. There was a time when a member of Parliament could be solely funded by one group. That was very dangerous. The Accountability Act says you can no longer take money from organizations. You can no longer take money from unions. You can only take money from people like your mom and your dad and your brother and your sister. They maybe will give you that top-notch amount, but for the most part it's \$100 here and \$100 there. We all have to struggle to get to that point where we can run a campaign.

The end result is that when we sit, especially in this committee, we get a pretty good idea of what has to be done—and it's to the benefit of the consumer. I just wanted to point that out.

I commend you, too, Ms. Savage, for pointing out that this is more about consumer confidence, just as the Accountability Act was about confidence for politicians. We can all go out to our ridings now and say, “You know what? I'm not influenced by this group or by that group. They have no bearing on what my decision is.”

So this is to your benefit. When I think about what needs to be done in Parliament and when I think about what acts need to be passed, I'm thinking about the benefit to the consumer. I think we've

demonstrated that very well in this committee. For the most part, at the end of the day, we all have the benefit of our voters in mind.

I don't know if that really asks for a comment from you. I think you've pretty much laid out the facts. But doesn't this act—not to lay any charge or to condemn any retailer—guarantee, or at least give us some consumer confidence, that if there is a pump, the onus now will be, “I'd better get that thing fixed”?

Ms. Jane Savage: I think the act is, as I mentioned before, for consumer confidence. I'm not sure it's going to change retailer behaviour.

I think if retailers today are doing something egregious—tampering with the pump, or purposely ignoring a calibration that favours them—there are measures in the current Weights and Measures Act to deal with that. The fines have been increased, and the jail terms, etc., for that kind of intentional criminal behaviour, but we do have to note that there hasn't been a prosecution.

The intentional stuff I think is being taken care of today. Bill C-14 raises the fines for that. We can debate—I'll leave that to you—whether that will make a difference. I'm not sure it will, because we don't see any intentional behaviour today.

● (1030)

The Chair: Monsieur Harnois.

[*Translation*]

Mr. Serge Harnois: Let me add another detail. I was told that the taxes amount to 25%. Now, in some cases, when independent dealers buy the product at the ramp, it is not at this stage that they pay their taxes. For Quebec, for the GST and the QST, the payment comes at the end of the month. On the contrary, all the producers, namely the big companies, pay their excise tax once the product has gone through the pump. The same applies to those who have concluded agreements with the provinces.

Most of the sales in Quebec are made by the big oil companies. Taxes are paid once the products have gone through the pump, and not at the ramp. In Quebec, the percentage is not 25%; it is higher than 40%.

[*English*]

The Chair: Okay. *Merci*.

Monsieur Garneau.

[*Translation*]

Mr. Marc Garneau (Westmount—Ville-Marie, Lib.): Thank you for coming to testify.

I agree with you when you say that the scope of the so-called problem has been greatly exaggerated. In fact, I believe that allowing the spread of rumours regarding all kinds of abuses committed by retailers is nothing more than petty politics. Unfortunately, it leaves us with the impression that retailers are dishonest, and this is certainly not the case.

Ms. Marcotte, you described a program that already exists in Quebec and that seems to be very similar to the one proposed in Bill C-14. Have you taken any steps to find out if the government intends to exempt Quebec, given the fact that Quebec is already enforcing its own system?

Ms. Sonia Marcotte: No.

Mr. Marc Garneau: All right. Do you know whether other provinces have programs similar to Quebec's?

Ms. Sonia Marcotte: I have heard nothing about this. Thus, I cannot give you an answer.

Mr. Marc Garneau: Do you carry out inspections from time to time to measure the pressure in pumps in Quebec? Have you any data regarding this?

Ms. Sonia Marcotte: Calibration is required by law, but our association does not do any inspections.

Mr. Marc Garneau: When you do random inspections—

Ms. Sonia Marcotte: Measurement Canada does random inspections, but in Quebec, the system requires that retailers calibrate their pumps every second year.

[English]

Mr. Marc Garneau: Madame Savage, are you aware of whether other provinces have similar provincial regulations for mandatory inspections?

Ms. Jane Savage: I'm not aware of any provinces that have mandatory regulations for inspections.

Mr. Marc Garneau: Okay. So Quebec may be unique in that respect.

The alleged amount is \$20 million, and it may be half of that over what amounts to \$40 billion or \$45 billion worth of gasoline purchases, not to mention, I think, that we're talking about all of the industry, including heating oil, which is another \$20 billion. By my calculation, \$20 million over \$65 billion or \$70 billion is infinitesimal. Would you agree that it's a pretty small amount?

Ms. Jane Savage: Yes.

Mr. Marc Garneau: Okay.

When asked whether you support the objectives of this bill, you say yes for consumer confidence. I have to say, maybe I'm going around in the wrong circles, but in my conversations with people, the issue of pump accuracy had never really come up until this article appeared and the bill came forward.

Have you heard a lot about consumer confidence in the accuracy of the pumps and as opposed to the price of gasoline?

[Translation]

In the past, was there any issue with the precision of pumps more than with the price of gasoline, which remains an important concern?

[English]

Perhaps each of you could provide your opinion on that.

•(1035)

Ms. Jane Savage: No, not in my experience, other than what has been in the press.

[Translation]

Ms. Sonia Marcotte: People are much more concerned about the price, and we hear a lot about it. This is not the case with the accuracy of the pumps.

Mr. Marc Garneau: Thus it was not a hot topic around the dining room table.

[English]

The Chair: Thank you, Mr. Garneau.

Mr. Braid.

Mr. Peter Braid (Kitchener—Waterloo, CPC): Thank you very much, Mr. Chair.

Thank you to our witnesses for being here this morning.

We've spent a lot of time on the issue of ten percenters, which has been unfortunate, but I'll just quickly touch on this—I feel compelled to clear up any misperception that our witnesses may have been left with. The way the discussion has been framed, one might be led to believe that only government members of Parliament use this particular communications tool, and I want you to know that in fact members of Parliament from all parties across the House of Commons have access to and use this communications vehicle—just to clear up any misperceptions that may have been left.

Mr. Garneau may have touched on this already. I believe he addressed this question to you, Madam Savage. Perhaps I'll address the question to our delegation from Quebec.

You indicated that according to Quebec regulation, there are mandatory calibrations every two years. Are you aware of whether or not that regulation exists in any of the other nine provinces?

[Translation]

Ms. Sonia Marcotte: No, I do not know that it was.

[English]

Mr. Peter Braid: Monsieur Blouin, perhaps it was you, then, or Monsieur Harnois, who indicated in your presentation that the calibration in Quebec is in favour of the consumer.

[Translation]

Mr. René Blouin: We said earlier that according to our experience, when there are small differences, they can be to the consumer's advantage as well as to his disadvantage.

[English]

Mr. Peter Braid: Okay, so it's a 50-50... And why does the experience seem to be different in Quebec from what we have received in testimony?

[Translation]

Mr. René Blouin: We are not about to go over all the explanations that we just heard.

We think that the data from Measurement Canada has not been gathered through a scientific and random inspection method. However, if that were the case, I think that we would notice that some calibration settings can very slightly be in favour or to the disadvantage of the consumer. In fact, 94% of the pumps are accurate. This could cost 30¢ for a full tank of gas worth \$50 if the consumer is cheated, and, likewise, a consumer might also gain 30¢ for a \$50 tank. Thus, the amounts are very small.

[English]

Mr. Peter Braid: *Merci.*

With respect to the calibration that's done every two years in the province of Quebec, could you elaborate a little bit on what calibration involves? Is it a tweaking, is it a servicing, is it a repair? Does it depend on a situation? What do you mean by "calibration"?

[Translation]

Mr. Serge Harnois: This is not repair work, this is compulsory inspection that is done every two years. The inspector, with his measurement tools, calculates the temperature compensation of the gasoline, to make sure that the pumps comply with established standards. If the pumps are not compliant with the standards, they are readjusted and a new seal is put on to certify the calibration. This is automatic. This is not repair work.

However, there can be repair work, because the company does a monthly follow-up of its inventories for each station that operates on consignment. When the inventories do not balance out or do not work, the first thing to check is the calibration. If the calibration of the pumps is precise, then we can suspect a leak or something of that nature.

[English]

Mr. Peter Braid: *Merci.*

Madam Savage, in some previous testimony, some witnesses have suggested that there may be a concern, a potential conflict of interest, with respect to having the same individual who measures the accuracy of the pump also service it. Do you feel this is a concern? Is there a potential conflict of interest there, in your mind?

● (1040)

Ms. Jane Savage: Again it comes back to the certification process that Measurement Canada undertakes today and will undertake to a greater degree under the new regime, so that inspectors are trained and certified in a very rigorous way.

Yes, on the surface there is a conflict between the person's doing the work and then inspecting the work. You could liken it to a home renovation. We have building inspectors, not the contractor, doing the inspections.

However, going back to the certification process, I think we have a very robust process here, such that inspectors who are suspected of doing or who do anything that's egregious—in other words, they are not inspecting the pump properly—would, if they were also the ones doing the work, be rooted out and not recertified, or in fact perhaps discharged.

On balance I would say that our conclusion on that is that we are aware of the situation, but we can accept the fact that the same

individual will do both of those functions, as long as the oversight is in place.

Mr. Peter Braid: We've heard from Measurement Canada officials that in fact the certification process is extremely involved and rigorous.

Finally, Bill C-14 has an element that introduces administrative monetary penalties. That element seems to have received a fair degree of widespread support. Could you comment on that element of this bill?

Ms. Jane Savage: The intent of the Weights and Measures Act and of Bill C-14 is to ensure that the pumps are accurate. It is also the intent of the retailer to ensure that their pumps are accurate. So to the extent that the administrative monetary penalty enables a non-criminal violation when the pump is not accurate...

To be clear here, this does not mean that the pump has been tampered with or that there's been any criminal intent. What it means is that an AMP will be applied, as I understand the legislation, if the pump is out of calibration. The concern with it is that a random inspection might take place on the 700th day of a two-year cycle, right before it is to be recalibrated, and the pump is found to be out of calibration. An AMP may be applied in that scenario. Certainly there is no criminal intent.

To the extent that this occurs—and possibly the name of the retailer is then published—it is something we have had to think long and hard about, because we worry that while there is no intent to do anything nasty, or even negligence, on the part of the retailer, this may result in the reputation of the retailer being impacted. That is of concern to us.

The Chair: Thank you very much.

[Translation]

Mr. Bouchard or Mr. Cardin, have you any questions?

Mr. Robert Bouchard: We will share our time. Thank you, Mr. Chair.

Let me come back to the subject of overlap. I understand that when a retailer sells gasoline, the retailer is subject exclusively to the Quebec government regulations. Just now, I thought I heard Mr. Blouin, unless I am wrong... Does Measurement Canada have many representatives who show up from time to time?

Mr. Serge Harnois: Yes, Measurement Canada occasionally carries out inspections.

Measurement Canada inspects measurement units, both with regard to gasoline as with regard to meat or to other products. They are responsible for checking whether things are done correctly and whether the calibration is accurate. The head office receives reports, because Measurement Canada sends a document that certifies that the inspectors have checked our site. If we are compliant, then everything is all right. If there is some non-compliance, they advise us.

● (1045)

Mr. Robert Bouchard: Is there overlap currently?

Mr. Serge Harnois: I do not think so.

Mr. René Blouin: No, there is no overlap. The certified inspectors do their work every two years, it is mandatory.

Mr. Robert Bouchard: Are they from Quebec?

Mr. René Blouin: Yes they are, whereas Measurement Canada does an additional random check to ensure the pumps are well calibrated. It is not really duplication.

Mr. Serge Harnois: It is within their jurisdiction.

Mr. René Blouin: It is not really a burden.

Mr. Robert Bouchard: Would the situation be different than it is today if Bill C-14 were to be passed?

Mr. René Blouin: If our retailers were subject both to Bill C-14 and to Quebec legislation the same devices would be inspected twice. That does not work.

Mr. Robert Bouchard: I have another question. We will have to decide on this bill. Do you believe there are steps to be taken or consultations to be done before a recommendation can be made on this bill? What should we do? What steps should be taken?

Mr. René Blouin: All members know that it is important to avoid having retailers subject to two sets of concurrent regulations. That is obvious. I think everyone would admit that. The legislation must provide that there would not be duplication.

Mr. Robert Bouchard: Thank you.

Mr. René Blouin: You're welcome.

Mr. Serge Cardin: Thank you, Mr. Chairman.

What do you see as being very different or new here? Clearly we've increased penalties, etc. There is an accreditation and a registration program. I would like to get back to Mr. Bouchard's question. At this point inspections are carried out by Measurement Canada. That is done randomly, but if the legislation is passed, it would probably be through regulations, at least every two years.

You are saying that you have inspections done every two years. Are your inspectors certified by the Government of Quebec or by Measurement Canada?

Mr. René Blouin: By the Government of Quebec.

Mr. Serge Cardin: Very well. So, the change would be that you would have auditors and inspectors from Measurement Canada carrying out inspections, is that correct?

Mr. René Blouin: No, that should not happen, as they would be doing exactly the same thing.

Mr. Serge Cardin: That is it, I want to know what the difference would be.

Mr. René Blouin: That makes no sense.

Mr. Serge Cardin: These people did not use to exist, they will now. That is precisely the overlap you feared.

Mr. René Blouin: That is correct. And when you refer to fines, things are much simpler in Quebec. Someone who breaks the law loses his licence and must shut down. It's even simpler.

Mr. Serge Cardin: That means that today you have your own inspectors. When Measurement Canada comes in, randomly, with its inspectors, they use a seal to attest to the fact that it is—

Mr. Serge Harnois: They do not. Inspectors ensure that it is working.

Mr. Serge Cardin: They put the gas into a one-litre pail?

Mr. Serge Harnois: It is actually 20 litres; it is called a "Seraphin" in French. They take measurements and if there's non-compliance, they advise us of it. However, they do not do anything mechanical and do not touch the seal. They simply check to see if things are working correctly.

Mr. Serge Cardin: If there were a big discrepancy, they would have to recalibrate wouldn't they?

Mr. Serge Harnois: In that case, the pump would be repaired. It can happen, that is a mechanical problem.

Mr. Serge Cardin: Who is currently giving the people that do the repairs the authorization to do so?

Mr. Serge Harnois: In fact, oil companies have the authority to do that.

Mr. Serge Cardin: Measurement Canada is responsible for that?

Mr. Serge Harnois: No, that would apply in Quebec. I would not want to presume. I do not know exactly whether it is through Measurement Canada or—

Mr. Serge Cardin: Very well. So, there's the fact that the government is adding inspectors and also intends to authorize and accredit auditors or people specializing in calibration. That is what will—

Mr. Serge Harnois: We are already paying out-of-pocket every two years for a certified auditor to do a check. It would not be pleasant to have to pay for another person to do the same work.

Mr. Serge Cardin: The people doing the audit should also be automatically accredited by Measurement Canada, shouldn't they?

Mr. Serge Harnois: That would be a solution.

[English]

The Chair: *Merci.*

Mr. McTeague, I understand you have some questions about the draft regulations.

Hon. Dan McTeague: I have questions for the witnesses first. Is that all right?

The Chair: Yes. Go ahead.

Hon. Dan McTeague: Chair and witnesses, I'm concerned that we've lost perspective of what really drives consumers and the concerns they have. In 2008, when this article was written, the real issue driving prices through the roof had a lot to do with derivative trading and speculation following the NYMEX between January of 2008 and somewhere around July 4, 2008, with the highest prices we had ever seen. At the time, this committee had spent one day—before the Prime Minister pulled the plug on the election, and I know Mr. Van Kesteren and Mr. Masse were there—in which we were able to ferret out or focus on the real driver of the cost of fuel to consumers.

Having said this, the concern I have heard expressed by some of you here is one that I think deserves more consideration. The government contents itself with the possibility of a \$20 million penalty or hit to consumers; however, the half-percent tolerance by Measurement Canada that I referred to a little earlier, if I am to extrapolate that among the 45 million litres of gasoline and another 20 million of diesel, could potentially lead to a \$200 million skew against consumers.

So rather than deal with the smoke and mirrors this legislation is providing, I'm wondering if you have any comment as to your concern about the absence of draft regulations. The devil truly is in the details, and I think Ms. Savage you referred to this. I'm not sure I'm comfortable as a member of Parliament giving a blank cheque without understanding the details. Have you had any consultation with Measurement Canada that gives you any relief from the possibility...that you know what is in those draft regulations? They really are the meat and substance of what we're talking about here.

•(1050)

Ms. Jane Savage: No, we don't know if there are draft regulations in existence yet, but certainly in my discussions with Measurement Canada, they're not available at this point if they are in production.

From my perspective, there's a lot of work to be done in the regulations of this bill. We must balance the need for consumer confidence with the details that are going to come forward in these regulations, particularly around the definition of a violation, as I've mentioned. If those draft regulations are available, I think it would be very instructive for all of us to see those as soon as possible.

Hon. Dan McTeague: Ms. Savage, if I could just interrupt very quickly, the question of violation has not been defined. Are you comfortable with what the penalty regime is currently, as it's proposed under the legislation? There was some confusion.

Ms. Jane Savage: Yes.

Hon. Dan McTeague: With respect to measurement itself, with respect to the traceability or accreditation programs, who does the inspection? How is the inspection done? Is the inspection done in a provable environment that meets international standards? Are those things, which are important and germane to your industry, that you believe are in the bill or are those hidden somewhere in draft regulations that we haven't seen yet?

Ms. Jane Savage: They're not in the bill.

Hon. Dan McTeague: Mr. Chair, those are all the questions I have.

The Chair: Thank you.

The last member for today will be Mr. Masse.

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

If Bill C-14 passes, will the cost of implementation from these inspections and the regulations that we don't know all the details of be passed upstream to the oil industry or will it be passed downstream to the consumers, in your opinion?

Ms. Jane Savage: We have no way of knowing how the competitive environment will play out.

Mr. Brian Masse: If you're a retailer right now, if you're going to have to pay three or four times as much for an inspection, do you

think you're going to be able to go to Exxon and hand that bill to them and have them pay that bill, versus putting in the prices and passing them on to the consumer?

Ms. Jane Savage: I can say with some level of assurance that our suppliers won't pay for it. What I can't comment on is how prices will be impacted by this bill.

Mr. Brian Masse: Right. I just want to clarify that consumers are going to pay for this at the end of the day. I know a number of different independent and also even chain retailers are selling chocolate bars, potato chips, coffee, all these different things to be able to make it through the day. My concern is adding another burden on the retail side versus that of the supplier side.

In terms of corporate tax cuts, who benefits more, the retailers or the suppliers?

•(1055)

Ms. Jane Savage: Can you explain that?

Mr. Brian Masse: The general corporate tax credit, as we're lowering it until 2012—who will benefit more, retailers or the suppliers?

Ms. Jane Savage: It's not my area of expertise, sorry.

Mr. Brian Masse: Okay.

In terms of corporate tax reductions, you're going to have those independent businesses that are actually providing the retail side of this that are going to have some benefit. But I suspect that the oil and gas industry supply side, Ms. Savage, is going to benefit much more from those reductions.

[Translation]

Ms. Sonia Marcotte: We have not determined what our expertise was. We did not assess the impact it could have.

[English]

Mr. Brian Masse: I just have a suspicion that it's not my local independent gas retailer, as corporate taxes are reduced, who is going to benefit the most, versus Exxon, BP, Petro-Canada, and a series of those. My point is that the pressure still seems to be on the retailer here, who faces the brunt of the customer assault, who fear that they're not getting fairness at the pump or on the price of gasoline in general.

Thank you, Mr. Chair.

The Chair: Thank you, Mr. Masse.

That will be it for today.

I would ask members of this committee, if they do have draft amendments to move on Thursday's clause-by-clause review of this bill, that they send them to the legislative clerk so that they can be translated into both official languages and so that the clerk can ensure that they are in order.

Mr. McTeague.

Hon. Dan McTeague: Chair, thank you for this.

In light of what we have not heard up till now, we are very uncomfortable with providing a blank cheque to this bill. We think that going to clause-by-clause would be premature. We have no idea what the impacts are going to be with respect to retailers and consumers. I'm not even clear as to whether Measurement Canada should be back here to explain the \$20 million extrapolation that is being cited by the parliamentary secretary, and ostensibly in other documents that are being provided.

The witnesses, the few who we have had, have talked about the need for a proper empirical study. I may be able to get around that, but I think we need to examine the details that may be in the draft regulations, and we are not prepared to accept or to provide amendments at this point.

The Chair: Thank you. I understand.

Monsieur Bouchard.

[*Translation*]

Mr. Robert Bouchard: My comment has precisely to do with that. I think that before we move to clause-by-clause consideration of this bill, it would be interesting to hear from Industry Canada representatives about this potential overlap. I would not want to see us pass a bill that would force retailers to deal with two laws, one that applies to Quebec and one that has to do with Industry Canada. I think it is important to obtain some information from Industry Canada on the way in which Bill C-14 would apply, given current regulations already in existence in Quebec.

[*English*]

The Chair: *Merci.*

Mr. Masse.

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

As you know, I voted, and my party did, against this bill because of the lack of information provided from the original position, and I agree with my colleagues on that.

As well, too, I think we have to deal at this committee at some point in time with the fact that Bill S-5 has been tabled in the House of Commons, or an approach has been made there. That's with regard to opening up the automotive market to Mexican vehicles and having, basically, preferred access to our market for used vehicles. We have had no process because it's been a Senate bill.

Thank you.

The Chair: Mr. McTeague, quickly.

Hon. Dan McTeague: Chair, on the point I made earlier, it might be easier to have Measurement Canada just send a letter to the committee, to yourself, explaining how that extrapolation of \$20 million came about.

Thank you.

The Chair: What members are telling me, then, is that you don't want to go to clause-by-clause on Thursday.

An hon. member: No.

The Chair: Okay. It's going to be difficult for us to get further witnesses on Thursday from Measurement Canada, but we will endeavour to do that.

We also need to be aware that we need to get through all this legislation. We have about six or seven bills in front of us now. I just received notice from the clerk that we received yet another piece of legislation. We just can't keep backing these things up.

I take your point. We won't go to clause-by-clause on Thursday. We'll ask Measurement Canada, Industry Canada, officials to appear to further explain the bill, but when we get back in September, we need to get through these pieces of legislation. We can't rag the puck on this. We've already asked for an extension on two other pieces of legislation. We need to get through this stuff expeditiously. If you don't like the legislation, you can amend it or defeat it at committee. But we need to make decisions on this; we just can't keep delaying.

Mr. Lake.

• (1100)

Mr. Mike Lake: I was just going to make the point that we have some important private members' business to discuss. I know there is Anthony Rota's private member's bill. We have private members' bills from each of the other two parties regarding Nortel pensions and regarding the Competition Act, actually, as it relates to, particularly, the price of gas. These are things that we have to get to. As we delay this, we delay those.

We'll ask the Measurement Canada officials if they can come before committee on Thursday to answer some of the questions we have, with the hope that with the first committee meeting back in the fall we can go to clause-by-clause.

The Chair: Absolutely.

Thank you very much.

This meeting is adjourned.

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