



House of Commons  
CANADA

# Standing Committee on Industry, Science and Technology

---

INDU • NUMBER 009 • 1st SESSION • 39th PARLIAMENT

---

EVIDENCE

**Tuesday, June 6, 2006**

—  
**Chair**

**Mr. James Rajotte**

Also available on the Parliament of Canada Web Site at the following address:

**<http://www.parl.gc.ca>**

## Standing Committee on Industry, Science and Technology

Tuesday, June 6, 2006

• (1205)

[English]

**The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)):** I'll call the meeting to order.

Welcome, Mr. Minister, and welcome to your officials from the Department of Industry. We have a meeting for an hour. I know your last meeting went a little late, so I'm told you can have the full 60 minutes before the committee.

The orders of the day are to discuss the minister's priorities. But we sent you a letter, which I have before me, in which we asked you to talk, obviously, about your priorities in the area of industry, science, and technology, but highlighted to you some of our areas, which we would like you to respond to. Specifically, these include: the telecommunications policy regulations; the commercialization of research, about which two reports have recently been finalized; also, members wanted you to address the state of competitiveness of the Canadian economy; the manufacturing sector, which we are currently studying before the committee, including prosperity research and development; another area, the high gasoline prices on the Canadian economy; the effect of the U.S. western hemispheric travel initiative; and Canada's policy on data protection for patent pharmaceutical medicines.

We're asking you to do this within about ten minutes. And I, of course, have an interest in your reaction to last night's hockey game with the Edmonton Oilers.

**Some hon. members:** Oh, oh!

**The Chair:** Mr. Minister, I know it's your first time before the industry committee and I think the first time before a parliamentary committee, so welcome to you and your officials.

If you would, please introduce your officials and then speak to us for as close to the ten minutes as possible. I know it's a lot to fit into a ten-minute period.

Welcome to the committee. We look forward to your presentation.

**Hon. Maxime Bernier (Minister of Industry):** Thank you, Mr. Chair. Before starting, I want to present my deputy minister, Richard Dicerni, and the associate deputy minister, Carole Swan.

I'm very pleased to be here today. It's a great day for me; this is my first appearance before this committee. And it's a nice challenge, so thank you for the invitation.

Industry Canada and its portfolio partners, as you know, touch upon a wide range of responsibilities, including small business

financing, consumer protection, industrial sectors, competition law, basic and applied sciences, and practical research. Overseeing such a diverse group of organizations is both interesting and sometimes daunting.

The approach I am taking is consistent with the approach Conservatives are taking with government. We are careful stewards of the economy and we are focused, deliberate, and fiscally responsible. We are determined to govern programs the way the programs should be governed, consistent also with federal responsibilities.

Canadians want a government that manages their public funds wisely and with accountability. I take their trust seriously. Mr. Chair, the last Conservative government put in place the environment for the Canadian economy to grow at a nearly unprecedented rate. Despite challenges in some sectors, Canadian companies continue to grow and create more jobs. This is not to say that from time to time our economy does not face significant and sometimes fundamental challenges and uncertainties. In response, we have to establish the conditions so that those who wish to work, save, invest, and innovate have the opportunity to do so.

This involves creating fair and effective frameworks for business. This work can be accomplished with the help of our provincial and territorial partners by completing the final chapters of the agreement on internal trade. We have an internal trade agreement, but we don't have the best free trade across all provinces.

Recently I met my colleague in Alberta and congratulated him on the great strides he and his counterpart in British Columbia have made toward improving trade and labour mobility between their two provinces. That's a very good agreement, and I'm pleased; I hope the other provinces will do the same.

• (1210)

[Translation]

The federal government, the provinces and the territories must unite to advance certain issues and to strengthen the economic union. Even though economic forecasts are optimistic, it has become very clear that certain manufacturing sectors and certain regions in Canada are finding it hard to adapt to world economic trends, such as increased competition in the area of consumer goods from emerging economies, a climbing Canadian dollar and fluctuations in the prices of natural resources and energy.

In the course of his presentation before your committee last week, David Dodge, the Governor of the Bank of Canada, pointed out that these same trends are also having a positive impact on many Canadian families. Consumer goods are less expensive and families are making ends meet more easily. Canadians who work in the area of natural resources production, of building materials, of machinery and in the energy sector are receiving higher salaries.

In the manufacturing sector, production continues to climb and many manufacturing businesses, faced with stronger competition, have decided to invest in machinery and equipment, which will improve their productivity. However, certain areas within this sector are going through a transition period. None of this is easy for employees, their families, communities and businesses. Nevertheless, the way companies react to this situation will enable them to become more competitive internationally and better prepared to deal with eventual economic upheaval.

The new government will continue to work with companies and industry to ensure that they fully benefit from the opportunities which are emerging within the changing world economic context.

I appreciate the detailed study your committee has undertaken of the manufacturing sector. I also intend to put forth a program of action based on certain key pieces of legislation which define the parameters of Canada's market. We must ensure that our laws are in line with the current economic reality.

For instance, I am in the process of working with my colleague, the Minister of Canadian Heritage, on potential amendments to the Copyright Act. In the knowledge economy, we must strike a delicate balance between the protection of copyright holders and a reasonable access to those rights for learning and teaching purposes. That is the challenge we must all face together.

The last Parliament adopted An Act to establish the Wage Earner Protection Program Act, to amend the Bankruptcy and Insolvency Act and the Companies' Creditors Arrangement Act and to make consequential amendments to other Acts. This act contains important measures to protect the salaries and pensions of employees working for companies which have gone bankrupt.

We would like this legislation to take effect as soon as possible, but we must first address some technical issues. It is important that framework legislation be efficient and drafted in a spirit which reflects the various recommendations made by committees.

We must also adopt a strategy to promote the growth of research and innovation activities in Canadian institutions.

● (1215)

[English]

Over the past few months, I have met with businesses, universities, and research leaders to hear their views on the state of science and technology in Canada. As stated in budget 2006, I have been mandated to develop a science and technology strategy in collaboration with the Minister of Finance. That strategy will take into account the entire range of support that the federal government provides for research. It will be mindful of the jurisdiction for post-secondary education, which we share with our partners in the provinces and territories, as well as the role in support of research.

Above all, it will ensure that we seek excellence in our science and technology endeavours.

Government initiatives shall focus on results and value for money. Most importantly, they need to make life simpler for Canadians. Industry Canada helps small and medium-sized businesses with information on financing, business planning, etc. This ties in with your study of the manufacturing sector. You've had witnesses here talking about cutting red tape and reducing the paperwork that people must fill out to meet government requirements. We need smarter regulations on our part. We need to ask how we can protect consumers and protect the safety and environment of Canadians in ways that draw out innovation and competitiveness, not stifle them.

[Translation]

We should also mention the Paperwork Burden Reduction Initiative, which is being carried out in partnership with the Canadian Federation of Independent Business and other private sector organizations. This joint initiative has established priorities and reduced the paperwork of small businesses, which allows all Canadian companies to save time and money.

The study on the cost of complying with regulations is one of the very practical tools which will be developed within the framework of this initiative. The study will help us clearly understand what it costs a company to comply with regulations and how much it costs that company on a daily basis. The study will establish a point of comparison which will enable us to measure any progress we make. The first results of the study should be available this fall.

I would also invite committee members to hear for themselves what the people responsible for developing the Paperwork Burden Reduction Initiative have to say on the project. They have a concrete and personal vision of the obstacles which small and medium sized enterprises face when they must deal with different levels of government.

When small and medium sized enterprises are in a growth period, they often look at the possibility of expansion. Given the fact that our economies are integrated, these companies usually look towards the United States as the first international market in which to expand. Despite several decades of work, we must continue to strengthen the economic relationship between the countries of North America: Canada, the United States and Mexico. For many years now, our countries have been integrated up to manufacturing, logistical and financial levels, and it will only take a small disruption to trigger significant economic consequences in many sectors and regions.

•(1220)

[English]

Canada's new government wants to encourage the creation of innovative products and ideas. We look to Canadian businesses to continue their investment in people, equipment, and research. My colleague Minister Flaherty spoke recently about seeding a culture of innovation, particularly among Canadian businesses, and he is not the only one who sees that need. The telecommunications policy review panel, for example, recently presented the government with an interesting and thoughtful report. The panel's members explored important questions such as how to ensure that reforms to telecommunication policies will benefit Canadians. I am now reviewing their report and recommendations as we consider future investment in these areas.

Our recent budget demonstrates our commitment to keeping this strong economy moving forward and seeing how we want to proceed as a government. One way is through the economic boost that will come from 29 tax cuts for Canadian businesses and individuals, reductions worth \$20 billion over the next two years. For example, small-business owners will have more money to invest in their businesses thanks to our decision to raise the income setting of small-business income tax rates and to cut that tax rate from 12% to 11% by 2009.

We are reducing the general corporate income tax rate from 21% to 19% by 2010. We eliminated both the federal capital tax and the corporate surtax.

Finally, budget 2006 provides an additional \$100 million per year for research funding, increasing the budgets of research granting councils and additional funding for the indirect costs of federally funded research.

[Translation]

Mr. Chairman, I addressed many issues in just a few minutes, but I could have addressed many more. I want to first and foremost highlight the fact that our government has acted in a targeted and responsible manner. We are carefully managing the economy in order to create a climate conducive to improving the productivity and competitiveness of Canadian companies, which will benefit all Canadians.

We are focusing on results-based policies and programs which will enable us to optimize the resources which fall under federal jurisdiction. We are determined to create an investment-friendly climate in Canada in the areas of research and infrastructure, including attracting significant investment from the private sector. This is a key element of Canada's continued growth in productivity and in the competitiveness of our companies on international markets. By building a solid economy and by exercising vigorous financial discipline, we will create a situation conducive to discussing new initiatives to improve productivity and to foster Canada's competitiveness.

Thank you. I will now be pleased to entertain any questions and comments you might have.

[English]

Thank you very much.

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

We'll have our question and answer session at this time. For the first round, we have six-minute sessions. Just to explain, that is the time for both the question and the response. I'm told by the first vice-chair that if anyone finishes under their time he will buy them dinner. Mr. McTeague will do that. We have not yet accomplished that.

We'll begin with Monsieur Lapierre.

[Translation]

**Hon. Jean Lapierre (Outremont, Lib.):** Thank you, Mr. Chairman.

Mr. Minister, welcome to the committee.

I would like you to address something which you did not mention. You have been the minister for four or five months now. Therefore, I imagine you have had time to think about what you would like to do with the National Aerospace and Defence Strategic Framework. You know that your predecessor and colleague announced this project last November with the near unanimous support of the entire aerospace and defence sector. It took years of work on the part of your officials and all stakeholders.

What do you intend to do with it? What do you plan on doing with Technology Partnerships Canada? Many people are awaiting for answers as far as the latter program is concerned.

Lastly, as minister of Industry, you are responsible for government contracts. In the case which we are currently dealing with, namely cargo aircraft, the Boeing C-17 to be precise, have you prepared or are you in the process of studying any regional economic benefits which might accrue from this type of government contract? I imagine that this is your responsibility, since you are the Minister of Industry.

I will begin with those three questions, and if I have any time left, I will ask you some more.

**Hon. Maxime Bernier:** Thank you for your question, dear colleague.

The defence and aerospace industries have a very significant presence throughout Canada. Our government recognizes the importance of this industrial sector in Canada's economy; it's a fact. We know full well that this sector faces major challenges when it has to compete with international competitors. We have to make sure that our sector can compete with its aerospace and defence competitors. That is what we are trying to achieve. That is also why, in our budget, we reduced general taxes on the aerospace industry.

In the weeks following my appointment, I met with the major players of this sector. They told me about the challenges they face on a regular basis. I understood their concerns.

As I already pointed out, we will study the various budgets which might help this industry. You alluded to the Technology Partnerships Canada program. Thirty days after our government was sworn in, I took certain measures with regard to this program. As you know, our new government has established five priorities, including government accountability and transparency. These principles apply very well to Canadian industry and to my department.

We published all the details concerning the Technology Partnerships Canada program. In the past, some MPs criticized this program for its lack of transparency. We published on our website information relating to the number of contributions made by government to certain sectors, and the amounts involved, as well as the rate of reimbursement. I am very proud of having done this. Indeed, taxpayers' money goes to finance this industry sector. We want government operations to be carried out with the greatest degree of transparency.

Further, we assessed all the ins and outs of this program. I have already publicly stated that we are evaluating it. We did not hide the fact that we might choose to improve the program, but we might also decide that the industry should not benefit from any program. In that regard, what I told industry representatives whom I met with was crystal clear. I said exactly the same thing to the media a few weeks after my appointment.

We are still in the process of evaluating the program. When the time is right, after our study is completed, I will gladly appear before this committee again and tell you what our priorities will be in the area of aerospace and defence. Whatever the case may be, I can assure you that industry representatives have said they were very satisfied with the measures announced in the first budget presented by this government.

The other part of the question dealt with the potential acquisition of aircraft by the Department of Defence. Note the word "potential". Indeed, since I am a member of cabinet, I know that no decision in that regard has yet been taken. I would like to put this issue into context. First, any acquisition of defence equipment is a decision which would be taken by my colleague, the Minister of Defence. He will make recommendations to cabinet when the time is right. Second, such a significant government procurement contract would also involve my other colleague, Mr. Fortier. Mr. Fortier's job is to make sure that any call for tenders respects the laws which you, the members of Parliament, have adopted.

That being said, this is all theoretical for now. Indeed, I would like to insist on the fact that the government has not yet decided whether or not to buy any defence equipment, be it aeronautical or other. As you know, when huge contracts are involved, we must also assess any regional and national economic benefits.

• (1225)

We have a policy on that, and it falls under the authority of the Minister of Industry. Members can rest assured that the regional economic benefits policy will be applied, which does guarantee high-level economic benefits for all Canadians. This policy provides a framework under which federal government procurement acts as a lever to promote regional and industrial development objectives, and Industry Canada, with the support of regional development organizations, is responsible for applying it. We intend to apply this policy as we always do for any significant government contract.

• (1230)

**Hon. Jean Lapierre:** Does that also apply to over-the-counter contracts?

[English]

**The Chair:** I'm sorry, Monsieur Lapierre. We are over time.

We will now go to Mr. Crête.

[Translation]

**Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ):** Thank you, Mr. Chairman.

Good morning, Mr. Minister.

Are you telling us that after having been appointed five months ago, you still cannot tell us whether there will be a successor program to Technology Partnerships Canada? The previous government had announced a program called Innovative Techniques.

When will we find out what is happening with that program? Many companies need the support of that program.

**Hon. Maxime Bernier:** As I said, as soon as the detailed study of the efficiency and costs and benefits of the program is completed, we will be pleased to tell members of Parliament how we intend to follow up on the Technology Partnerships Canada program.

**Mr. Paul Crête:** When will that be?

**Hon. Maxime Bernier:** I don't have a deadline in mind. We will take our time to analyze the request so that, when the time comes for us to unveil a policy, it will be based on facts and previously completed studies.

**Mr. Paul Crête:** The Canadian textile industry has not had the same opportunity as the aerospace industry. The textile industry has asked to meet with you on February 17, but no meeting has taken place yet.

What do you think lies in the future of the textile and apparel industry, and what kind of strategy do you intend to adopt, particularly as regards the external sourcing of Canadian textiles, which is what the Canadian industry wants, as well as the countries of the Caribbean, which intend to raise this matter at the next Canada-Caribbean summit?

**Hon. Maxime Bernier:** As far as meeting with representatives from the textile industry is concerned, my staff will meet with them this very afternoon.

**Mr. Paul Crête:** But, Mr. Minister, they have been calling for a meeting with you since February 17.

**Hon. Maxime Bernier:** In fact, I have spoken with businessmen from the textile sector. As you know, I am the member for the Beauce region, which has a varied industrial sector which includes several textile companies. I've therefore had the opportunity to speak with businessmen from the textile industry who have told me of their concerns, which are the same of those of their association.

**Mr. Paul Crête:** Do you intend to meet with representatives from the Canadian Textile Association over the coming days or weeks?

**Hon. Maxime Bernier:** Yes. We will meet with them this very afternoon.

**Mr. Paul Crête:** Your chief of staff will meet with them, but not you yourself.

**Hon. Maxime Bernier:** Indeed, my chief of staff will meet with them, and as soon as I am available, I will gladly meet with them as well. I understand what their concerns are, since high-ranking business people from my riding working in the textile business have told me of their concerns.

**Mr. Paul Crête:** Can you tell us what you think specifically regarding the program to outsource Canadian textiles, which is what our textile industry, as well as Caribbean countries, among others, are calling for?

**Hon. Maxime Bernier:** We are aware of the challenges that the textile and clothing industries are facing. We are committed to fostering the long-term viability of these industries. The last budget was very supportive of the textile industry. Taxes were reduced, thereby giving the industrial sector, as I pointed out earlier in my opening remarks, an opportunity to reinvest their tax savings in equipment and machinery in order to increase their productivity.

**Mr. Paul Crête:** They told us that they needed decisions and action. For three years, they have been hearing more or less the same statements on both sides.

**Hon. Maxime Bernier:** Clearly the textile industry, like any other industry, is very pleased with our last budget. They know full well that a decrease in taxes will be helpful.

**Mr. Paul Crête:** In their testimony earlier on, they mentioned that they were heading into a storm. I would say that they didn't strike me as being very well dressed for a storm.

**Hon. Maxime Bernier:** I have confidence in the textile industry and in our government because we have recently provided some very significant support to the textile industry by decreasing those taxes that apply to their industry.

**Mr. Robert Vincent (Shefford, BQ):** Earlier, you mentioned facts and investigations. There is a tool at the disposal of those manufacturers who believe that dumping is occurring in their sector. That tool is called the Canadian International Trade Tribunal. The industry has invested more than \$100,000 in making representations to that tribunal. They obtained a favourable ruling and a surtax will be imposed temporarily — and I emphasize the word temporarily — for three years.

Are these manufacturers being led to believe that those rulings will be enforced simply for the purpose of impressing them? Who reimburses the employers for their costs when a favourable ruling is handed down but the government does not enforce it? What is the purpose of this tribunal if their rulings cannot be enforced?

•(1235)

**Hon. Maxime Bernier:** I believe you're referring to the tribunal's ruling on barbecues and bicycles.

**Mr. Robert Vincent:** That is what I was referring to. Raleigh invested \$100,000 in that case.

**Hon. Maxime Bernier:** I should point out that in terms of that industry and bicycles, a 13 per cent duty has applied to imports of bicycles from China and Taiwan since 1992.

**Mr. Robert Vincent:** Minister, I believe we're going off topic. My question was on the \$100,000 that was spent on that case. There was a favourable but non-enforceable ruling. What happens to the money? Do the manufacturers appeal to courts whose rulings are not enforceable?

[English]

**The Chair:** We have to let the minister respond.

**Hon. Maxime Bernier:** Thank you, Chair.

What I want to say, and I'm going to add to that, is it's very simple. We had a decision and the government has to take its responsibility, and what we have to look at is the interest of all Canadians. And it's not in the interest of all Canadians to pay \$67 more for a bicycle. So I think we have to look for a larger portrait, and that's what we did in this decision, and I'm very proud of that. I'm very proud that we fight for the general public, we fight for mothers and fathers who are going to buy bicycles for their children so that they don't have to pay \$67 more. So it's a very good decision and it's a decision we're going to follow. I think we must go ahead. This industry is very competitive. I have the good fortune to have some bicycle industries in my riding, and they're doing pretty well.

So I think it's a good decision for Canadians and we're going to follow that path.

[Translation]

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

[English]

We'll go to Mr. Shipley now.

**Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC):** Thank you, Mr. Chairman.

I also want to welcome you to the committee and thank you, Mr. Minister, for being here today.

We talk about a lot of things that happen, and one of them that is obviously important is the budget, the budget that came out on May 2. It resonated well, I think, across this country in all areas. But since we're talking about manufacturing and research and development, I think certainly with business and universities in research and development it's been positive.

There have been some comments, one actually that came from the Canadian Federation of Independent Business. Those are companies that employ the majority of our citizens in this country, and they said, "This budget exceeds our expectations"; and then it ends by saying that it would be great if all the political parties in this minority government could support these initiatives.

This next comment is from the president of the Association of Universities and Colleges of Canada: "We are pleased with the budget's support for university research, as well as the government's recognition of the important role that research plays for Canadians." The president said: "These increases in research funding underline the government's commitment to promote a more competitive, more productive Canadian economy."

I think those are fairly strong words that we would hear. And then we have the Canadian Manufacturers and Exporters, whose president, Perrin Beatty, said, "This is encouraging—a better budget for business than we have seen in the last five years." .

Those are coming from fairly significant individuals, who are well recognized, and companies or associations of credibility. I'm wondering if you were not just to take those comments at par value maybe, but rather, I wonder if you could take those and expand somewhat on what actually they mean for Canadians and what value that actually means for Canadians.

**Hon. Maxime Bernier:** In answer to your question, yes, our budget was a very important step towards a stronger Canadian economy. We decided to reduce the income tax for the companies from 21% to 19% by 2010.

Also, concerning my own portfolio, the science and research portfolio, in this budget we provide additional funding for scientific research and technological development.

For example, we put in this budget \$40 million per year for the indirect costs of research programs; another \$20 million per year for the leaders opportunity fund of the Canada Foundation for Innovation; another \$17 million per year into the Canadian Institutes of Health Research; another \$17 million per year for the Natural Sciences and Engineering Research Council of Canada; and another \$6 million per year for the Social Sciences and Humanities Research Council of Canada.

All these new funds follow a discussion that I personally had with members of the scientific community and the business community in Canada. What they told us at the beginning of February and March is that it's very important fundamental research in Canada and it's in line with our values. We think R and D and experimental research are important to the development of a strong country, so we want to be in line with the other countries all across the world. That's why I'm proud of what this budget delivered.

Also, last week I was in Edmonton and in Vancouver, where we had a round table with business people and members of the scientific community and researchers. They all told us that this budget was very good and was a big step for bigger and smarter research in Canada.

From this expert panel report, as we said in the budget—it's a very important piece in the budget—my colleague Finance Minister Flaherty and I are in charge of building a strategy for science and investment, and we're going to deliver that before the end of this year. That's why I did some consultation and I'm going to do consultation during the summer, to make sure that we have a strong strategy for science and technology all across the country.

• (1240)

**Mr. Bev Shipley:** I have another quick question, until I run out of time.

Could you expand a little bit on the positive business climate that you feel has been developed by this 2006 budget?

**Hon. Maxime Bernier:** I think it's important, and as I said in my speech at the beginning, the tax reductions for small businesses that we delivered in budget 2006 reflect our intention to improve the productivity and success of small businesses and medium-sized businesses in Canada, by reducing the time and resources they devote to being in compliance with all the regulations that we put on our small enterprises.

So in our budget, \$6 million over two years has been allocated to help expand Biz PaL. Biz PaL, as you know, is a program that will help enterprises to deal with the new technology. It is a partnership of federal, provincial-territorial, and municipal governments that streamlines and harmonizes permits and licence requirements. We're going to be sure that each small and medium-sized company is able to meet permit and licence requirements in a more effective way.

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

We'll go to Mr. Julian for six minutes.

[*Translation*]

**Mr. Peter Julian (Burnaby—New Westminster, NDP):** Thank you very much, Mr. Chairman.

Minister, thank you for coming today.

I would like to come back to the softwood lumber issue. In April, you stated that you did not agree with providing loan guarantees to the softwood lumber industry. The government obviously followed your advice, because one of the outcomes of the negotiations on the agreement reached at the end of April included the threat of not providing loan guarantees if the industry pursued this issue with NAFTA.

We have an agreement that is experiencing problems, if not on the verge of collapse. Last week, industry representatives stated that they were concerned that each new draft was worse than the previous one, that our rights under NAFTA were being surrendered and that all kinds of privileges were being granted to the American industry.

My question is very simple. Have you changed your mind? Would you be willing to state today that if the agreement collapses, as many people predict it will, the government will be willing to provide loan guarantees in order to allow the process to run its course under NAFTA and to defend our rights under NAFTA?

• (1245)

**Hon. Maxime Bernier:** Thank you for the question; it's most appreciated.

In terms of the softwood lumber industry, that is a file that my colleague, Minister Emerson, has managed with great knowledge and tact, and we are very pleased to have him with us in cabinet. Mr. Emerson has been a leader in the softwood industry and he is very familiar with that sector.

We were therefore able to reach an agreement in 80 days, something the previous government did not manage to do in 13 years. We can now focus on improved prosperity for the softwood lumber industry workers. This agreement guarantees free access to the American market at current market prices and puts an end to all litigation. It's not the lawyers who will be better off as a result of this agreement, but rather the people in the industry.

**Mr. Peter Julian:** Minister, that does not answer my question. My question was on loan guarantees. Are you willing to provide loan guarantees to the softwood lumber industry if the agreement collapses?

**Hon. Maxime Bernier:** I'm telling you that the agreement will be signed. We have a process, lawyers are reviewing the final details, and the agreement will be signed and abided by. We therefore have no need of loan guarantees. What we are providing workers with is the guarantee of stable employment in a stable market for the next eight years.

**Mr. Peter Julian:** So if I understood you correctly, there will be no loan guarantees if the agreement collapses. You answered my question, but you say that there will not be...

**Hon. Maxime Bernier:** The agreement is on the verge of being signed. I trust in the officials of the International Trade Department and in Mr. Emerson on this file. The agreement will be signed as agreed to in Washington a few months ago.

As I said in the House — this is not a new statement — there will be no loan guarantees for the forestry industry because we have reached an agreement that respects... Ninety per cent of Quebec stakeholders approved this agreement as negotiated and a vast majority of softwood lumber businesses in Canada also supported it. [English]

**Mr. Peter Julian:** Mr. Minister, we heard from the industry last week and they were not saying that. They were saying that they had very serious concerns about where this is heading, and very serious concerns about the fact that each draft is worse than the last one. I am appalled that this government is not thinking of loan guarantees for an industry that urgently needs them.

I take issue with your comment around free and guaranteed access to the American market. You've said that before. The benchmark price has already changed. We're already subject to volume caps and an export tax, which actually makes our current situation worse than the illegal penalties are currently, and certainly much worse than what we can anticipate receiving after the NAFTA panel rules in August. You've said a number of times that somehow we are going to get free access. Under the current benchmark price, we don't. We have a volume cap, we have an export tax.

So will you take back your words? And what measures will you take—

**The Chair:** Mr. Julian, we have less than a minute for the minister to respond.

**Hon. Maxime Bernier:** What I just want to add is that I believe we have an agreement—that's a reality right now—and I'm very pleased that it is a very good agreement for all Canadians.

**Mr. Peter Julian:** Given that we do not have free access now, that there is an export tax that would take effect as soon as we sign this agreement, and that we have a volume cap as well on the current benchmark price, do you concede that your comments are misplaced and that we do not have free access?

**The Chair:** Mr. Minister, do you have a quick response?

**Hon. Maxime Bernier:** Yes. The quick response would be that I don't know what the market price is right now. I haven't checked the newspaper. As we know, in the agreement, when market price is at a certain level, we have free trade, and when this market price is lower than the level, the provinces are going to choose. They are going to choose whether they want to have an export tax or another procedure. So it depends on the market price.

To answer your question, I don't know what the market price is today, so I'm not able to answer your question. I didn't check that today.

**The Chair:** Okay, thank you very much, Mr. Julian.

We will go to Mr. McTeague, for five minutes.

• (1250)

**Hon. Dan McTeague (Pickering—Scarborough East, Lib.):** Mr. Chair, thank you.

That dinner offer might be on. I understand from my colleague Mr. Fontana that there are some people in his riding who build barbecues and who would certainly like to have the minister over for a roast—literally.

**Some hon. members:** Oh, oh.

[Translation]

Welcome, Mr. Minister, to our committee. I realize that this is the first time you appear before us.

We expected you to give us an overview in your opening remarks and that is not what we heard. We will ask you questions and perhaps we will be able to glean your best ideas in terms of consumers. I am very concerned about the Competition Act specifically, and I would like to ask you some questions in that regard.

[English]

Minister, consumers are robbed of millions of dollars each year as a result of either deceptive practices in marketing or anti-competitive behaviour by certain businesses. Consumers in the United States, Australia, and Europe seem to have recourse to much stronger competition law to protect them, particularly when it relates to providing something more than simply a cease and desist or an injunction—something with teeth in terms of monetary penalties. What's your plan as far as your portfolio in your new days as minister, to ensure that businesses that rip people off face meaningful, legally defensible administrative monetary penalties?

The second question would deal with consumer protection in this country as it relates to organizations that tend to advocate for consumers. Industries tend to be very well organized and they receive rather generous support from governments to continue their advocacy work. We see that often with good bills meant to reform—agreed to by, for instance, your Competition Bureau—constantly being stalled by these groups. Will your government significantly increase the support it provides for institutions that protect consumers?

Minister, this committee spent a considerable amount of time on Bill C-19, which was before the House until the government was defeated. Will you commit now to reintroducing Bill C-19 to protect consumers and to ensure we have a level playing field in Canada both for business and for consumers?

**The Chair:** Mr. Minister.

**Hon. Maxime Bernier:** Thank you for your questions.

[Translation]

The Canadian economy must be competitive. In order to achieve that, we must have competition legislation that is up to date. We attach great importance to having competition that complies with those principles laid out in the Competition Act. In order to be more competitive globally, businesses have to comply with this legislation. We currently, and I say currently, have no intention of revisiting the Competition Act.

**Hon. Dan McTeague:** That is not your intention, despite all the recommendations put forward by this committee.

**Hon. Maxime Bernier:** Currently, that is not one of this government's priorities. It is not our intention to revisit the Competition Act. The Competition Bureau recently began investigations on price-fixing, more specifically in the oil sector. It has been fulfilling its mandate perfectly satisfactorily. We are very pleased that the Competition Bureau can fulfil its mandate and that it does so very satisfactorily.

**Hon. Dan McTeague:** Minister, the same Competition Bureau appeared before this very committee and stated that a reform was necessary. There has been no reform since 1986. There is a great deal of competition, and as Mr. Shipley said earlier, small businesses are becoming less profitable. Consumers are concerned because the Competition Act was [Editor's Note: *Inaudible*] by the oil companies. You have no intention of undertaking a reform even if your department supported the idea a few weeks ago. I find that astonishing.

**Hon. Maxime Bernier:** I can't tell you anything other than what I have already said. A review of the Competition Act is not one of our priorities.

[English]

**Hon. Dan McTeague:** Minister, have you ever looked at the Competition Act? Have you not taken the time to look at the concerns Canadians have expressed to this committee? Parties from both sides have looked at it, as well as your own provincial conservative members from Ontario who have supported this change.

Are you prepared to say you're not interested at this time? I realize it isn't part of the five priorities. Surely, Minister, you would be interested in helping protect consumers and ensuring that Canada finds itself in a competitive environment.

**The Chair:** You have about 15 seconds, Mr. Minister, if we could have just a very brief response.

• (1255)

**Hon. Maxime Bernier:** A brief response would be that, yes, I read your concerns about the legislation. It's not one of our priorities right now to review this legislation. I think it's very important that your committee tells us about the patent legislation. I think it's Bill C-55.

**Hon. Dan McTeague:** No, I'm talking Competition Act; you're talking drug patent—

**The Chair:** Mr. McTeague.

**Hon. Maxime Bernier:** This bill is very important also. And as I said in my note in the beginning of this appearance, it's important

that this bill has to be followed. So we're going to look at that and as soon as possible come back with something.

**Hon. Dan McTeague:** That's very disappointing.

**The Chair:** Okay.

I would just remind committee members, if we put a question, especially if we're putting substantive questions, we want to allow the minister the opportunity to respond.

Now we'll go to Mr. Carrie, for five minutes.

**Mr. Colin Carrie (Oshawa, CPC):** Thank you very much, Mr. Chair.

I wanted to thank the minister for his very thorough opening comments.

One of the points that you brought up, one of your first points, you mentioned internal trade. We've had different witnesses and we've heard how sometimes we have these interprovincial barriers that can be fairly significant. We see that the provinces, by themselves, are moving towards more of a free trade or internal trade improvements. I was wondering, what is the federal government's position on the Ontario-Quebec labour mobility agreement that has recently been signed?

**Hon. Maxime Bernier:** I think it's great news, and it's good news for Canadians. This agreement is based on the same agreement that Alberta and British Columbia just signed a couple of weeks ago. So when you have that kind of agreement that permits a person to work where they want to work, it's always good news.

As a federal government, we respect the provincial jurisdiction, and in international trade I will do what I can do to speak with my colleagues and be sure that we can have other kinds of agreements like that with other provinces.

**Mr. Colin Carrie:** You mentioned British Columbia and Alberta. I was wondering, why do you think these two provinces entered this agreement on their own?

**Hon. Maxime Bernier:** Because they have a vision. They have a vision, and what they did is an agreement based on mutual recognition. So these two provinces recognize that when you have a permit for work in Alberta, that permit can be recognized and applied in B.C. They are doing that in line with the internal trade agreement. The internal trade agreement permits that kind of agreement between provinces. So that's a very good example of the collaboration with provinces on the international trade agreement.

I just want to emphasize that if other provinces want to jump in... What is interesting in this agreement is that other provinces can jump in this agreement, and this benefit can be applied to other provinces. So that's good news. I hope that other provinces will jump into this agreement and will benefit. I'm sure that Canadians will benefit from this kind of agreement.

**Mr. Colin Carrie:** I agree with you very much, because I do think that this is the way to go; it's the common-sense way to go.

I wanted to ask you a more specific question. What do you think of using mutual recognition to further progress in improving these interprovincial trade agreements?

**Hon. Maxime Bernier:** As a federal government, we must argue and push that. The next meeting I will have with my provincial colleagues, I will be beside B.C. and Alberta and Quebec and Ontario and try to argue that mutual recognition is very important. They did that in Australia, they did that in New Zealand, and they have freer and more competitive countries. So if we can build another kind of agreement inside the international trade agreement, another kind of agreement between provinces based on mutual recognition, that will be a big step for a more competitive economy in Canada.

**Mr. Colin Carrie:** All right, thank you.

You mentioned in your opening priorities minimizing the paperwork burden for businesses. I understand there's the Biz Pal program. Could you expand on that and explain that a little bit more?

• (1300)

**Hon. Maxime Bernier:** Yes. This program was a pilot project. We had some information from the business community that they wanted to have this kind of program being followed for every small-business enterprise. We have an agreement, and we will be sure that all small and medium-sized businesses will be able on the Internet to have access to all the permits that they need from the federal government. We're going to try to reduce their regulatory burden. We want them to be more efficient and us to be more efficient on what we ask from them. It would be one place where they're going to be able to have all the regulations they must follow, so it will be more efficient for them, and also for us, the federal government.

**Mr. Colin Carrie:** Thank you.

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

We'll go now to Mr. Vincent—no, to Mr. Crête.

[Translation]

**Mr. Paul Crête:** Minister, Mr. Beaudoin, from Bombardier, and Mr. Perrin Beatty, representing the Canadian Manufacturers Association, have spoken out quite strongly on the subject of interest rate increases.

I would like to hear your opinion on the subject. Should we not put the brakes on rate increases so as to breathe a little life into our economy, particularly the manufacturing sector?

**Hon. Maxime Bernier:** You know as well as I do that it is the Bank of Canada that sets interest rates. You had the privilege of hearing Mr. Dodge when he appeared before your committee. I believe that he clearly expressed the position of the Bank of Canada.

**Mr. Paul Crête:** But it is your position that I am interested in hearing.

**Hon. Maxime Bernier:** My position is very simple. I look at what the Bank of Canada is doing when it sets the long- and short-term rates, and, as a consumer, I adjust. Canada's industrial sector is efficient, innovative and productive. I think that, as it always has in the past, it will be up to the challenge.

**Mr. Paul Crête:** Yes, but Mr. Beatty is the spokesman for the Canadian Manufacturers Association and Mr. Beaudoin represents a large corporation. The entire forest industry has said the same thing.

I understand that the Bank of Canada is an independent body, but you are entitled to your opinions. Since, as Minister of Industry, you

are responsible for the country's economic vitality, I would like to know if you feel that the Bank of Canada should slow down a little. There have been nine rate increases in less than one year. Would it not be time to take a break?

**Hon. Maxime Bernier:** I think that the Canadian industry has had to face the upswings and downturns of the Canadian dollar and has always managed to adjust. I am confident that the industrial sector will continue to adjust.

**Mr. Paul Crête:** So you want our economic activity to continue to move freely.

**Hon. Maxime Bernier:** Market forces affect the value of the Canadian dollar and the Bank of Canada has a role to play in setting currency exchange rates; that is a fact of life in every industrialized country. We have to look at both sides of the coin. When the dollar is high, these same companies can buy lower-cost goods and equipment that will then be used to increase their productivity, since they source these goods and equipment mainly in Europe, for example, in Germany, as well as in other developed countries. So it costs less to acquire goods and equipment when the dollar is high.

**Mr. Paul Crête:** So, you don't share the opinion expressed by the president of the Canadian Manufacturers Association, which represents all of the exporting manufacturers and people from the forest industry; you think that everything is fine.

Are we not witnessing a two-tier economy emerging here in Canada, with manufacturing job losses in Quebec and Ontario, on the one hand, and an overheated energy sector, on the other? Are you not worried about having a two-tier economy? In a few years, the oil boom will be old news, and we will be left to pick up the pieces.

**Hon. Maxime Bernier:** As I said earlier, I put my faith in the industry, in business people.

**Mr. Paul Crête:** That is what they are asking of you, sir.

**Hon. Maxime Bernier:** They are in the best position to know what their company needs, and I think they have already shown that they can adjust to interest rates, to the value of the Canadian dollar, and that they will continue to do so in the future.

• (1305)

**Mr. Paul Crête:** Do you think that the price of gas has anything to do with the increase in the value of the dollar? Mr. Dodge told us that the price of gas has increased significantly in the last year or two; do you feel that this is the main reason for the increase in the value of the Canadian dollar?

**Hon. Maxime Bernier:** I don't intend to speculate on the increase or drop in the value of the dollar or on the ins and outs of these fluctuations. Market forces are working and the dollar reflects the strength or weakness of our economy according to the value that investors put on the Canadian dollar.

I know full well that Canadian companies are able to adjust to competitive situations, just as they do when facing competition from Asian countries.

**Mr. Paul Crête:** I'm not asking you to look to the future, I am asking you to analyze the past. Do you think that the sudden increase in the dollar's value over the past two years can be explained in part by the increase in the price of gas?

**Hon. Maxime Bernier:** I couldn't tell you.

**Mr. Paul Crête:** You couldn't tell me?

**Hon. Maxime Bernier:** It isn't something that I have taken a very close look at. That is not the role of my department. It is up to the Department of Finance to examine the impact of interest rates on Canada's economy, and the like. So I really can't speculate or tell you why the dollar has increased or dropped in value.

**Mr. Paul Crête:** After 12 years, I really thought that I had seen it all, but, Minister, you surprise me.

**Hon. Maxime Bernier:** Fine.

[*English*]

**The Chair:** Merci, Monsieur Crête.

We have two minutes left in the minister's time.

We have Monsieur Arthur, for two minutes. We'll try to stretch it a little bit.

[*Translation*]

**Mr. André Arthur (Portneuf—Jacques-Cartier, Ind.):** Good afternoon, Minister. Canada has a new government. The public is taking notice and it is slowly dawning on parliamentarians as well. The government seems to be telling Canadians that it will be taking a hands-off approach. Of all of the ministers who are involved, you seem to be the one who best represents the willingness to give free reign to the economy and let the citizens and companies fend for themselves.

In past years, one of the federal organizations that has best illustrated the tendency to want to control everything is the CRTC, which has recently come very close to disgracing itself. After having told Canadians that it had no intention of controlling the Internet, it then attempted a back-handed approach by ruling on voice over IP. So either the CRTC has not grasped that, notwithstanding the fact that the decision was overturned, the government has different policies now which means that it will continue to operate as it had under the previous government, or someone at the CRTC thinks that these are not firm intentions and the corporations can still hope to slip between the Minister of Industry and the Minister of Canadian Heritage.

What should we be thinking?

**Hon. Maxime Bernier:** That is a good question. As you know, Mr. Arthur, a group of experts has provided me with a comprehensive report containing 127 recommendations, some of them relating to the CRTC and its mandate. We are in the process of reviewing all of the recommendations. We are taking the report very seriously. I hope that I will soon be able to provide you with the government's position on the future of the Telecommunications Act and that of the CRTC. Once we have a position — we are in talks with the Heritage Department and my other colleagues — I will be happy to provide as complete a response as possible to the 127 recommendations, a follow-up to what was brought forward by the panel of experts. Among the challenges to be met by the government, we must determine how we will manage this along with the Heritage Minister in a way that will meet the expectations of the public and of parliamentarians.

Mr. Arthur, we are taking a very close look at this file. I have joined with my department in reviewing these recommendations so as to quickly define our position. As you have said, our review of the CRTC decision on voice over IP has sent them a clear signal. The CRTC has 120 days to respond. I look forward to seeing how the CRTC will respond to our request to review its decision.

[*English*]

**Hon. Joe Fontana (London North Centre, Lib.):** Point of order, Mr. Chair.

• (1310)

**The Chair:** Point of order, Mr. Fontana.

**Hon. Joe Fontana:** Mr. Chairman, I can appreciate the minister's timelines. In fact, I don't expect the Conservative minister to be liberal with very much of his time. But I wondered if you could ask the minister a question on my behalf, albeit now the time has run out.

It's been five months, and we've only had an hour and five minutes with the Minister of Industry. You know how important the subject matter is, and I'm sure that he does. There are a number of us who in fact were on the roster to ask some questions on the wage earner protection program, the auto sector, and science and technology. I'm wondering whether we can have the assurance that the minister will be back with us very soon for an additional hour before we leave for the summer, or if he can't, by the time we leave, that at least he answer the questions you posed in the letter, so that we have an opportunity to take his comments into account as we move to look at the stresses and strains in the manufacturing sector.

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

We did ask the clerk, but the minister has informed us that his time is very limited. In fact, he did leave a cabinet meeting to come down and see us, so I think we should appreciate that.

I have a bit of corporate knowledge myself, Mr. Fontana. I recall some ministers in past Parliaments doing the same thing. So you're not dealing with a rookie here.

**Some hon. members:** Oh, oh!

**A voice:** I'm the rookie here.

**The Chair:** Mr. Minister, thank you very much.

I think it is a valid point of order in the sense of the areas that have been raised in the letter.

I know with past ministers, from Tobin to David Emerson, we did have your department provide some substantive advice and guidance in terms of your priorities and plans. Obviously we look forward to presenting you something on the manufacturing study.

Thank you very much for being with us. And thank you to your officials.

And thank you, members.

The meeting is adjourned.







**Published under the authority of the Speaker of the House of Commons**

**Publié en conformité de l'autorité du Président de la Chambre des communes**

**Also available on the Parliament of Canada Web Site at the following address:  
Aussi disponible sur le site Web du Parlement du Canada à l'adresse suivante :  
<http://www.parl.gc.ca>**

---

**The Speaker of the House hereby grants permission to reproduce this document, in whole or in part, for use in schools and for other purposes such as private study, research, criticism, review or newspaper summary. Any commercial or other use or reproduction of this publication requires the express prior written authorization of the Speaker of the House of Commons.**

**Le Président de la Chambre des communes accorde, par la présente, l'autorisation de reproduire la totalité ou une partie de ce document à des fins éducatives et à des fins d'étude privée, de recherche, de critique, de compte rendu ou en vue d'en préparer un résumé de journal. Toute reproduction de ce document à des fins commerciales ou autres nécessite l'obtention au préalable d'une autorisation écrite du Président.**