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## Standing Committee on International Trade

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EVIDENCE

**Thursday, February 26, 2009**

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**Chair**

**Mr. Lee Richardson**

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## Standing Committee on International Trade

Thursday, February 26, 2009

• (0905)

[English]

**The Chair (Mr. Lee Richardson (Calgary Centre, CPC)):** Welcome to the fifth meeting of this session of the Standing Committee on International Trade.

We're continuing our discussion of Bill C-2, An Act to implement the Free Trade Agreement between Canada and the States of the European Free Trade Association (Iceland, Liechtenstein, Norway, Switzerland), the Agreement on Agriculture between Canada and the Republic of Iceland, the Agreement on Agriculture between Canada and the Kingdom of Norway and the Agreement on Agriculture between Canada and the Swiss Confederation.

Appearing today is the Honourable Tony Clement, the Minister of Industry. With Minister Clement we have the deputy minister, Richard Dicerni. Thank you for coming. We also have the assistant deputy minister, industry sector, David Maloney. And we have the director general, aerospace, defence and marine branch, Chummer Farina.

I appreciate your coming again today. We have a particular section of this bill that is relevant, and a request was made for you to discuss it.

In practice, we have one hour. We'll go to a vote at...I think it will now be 10 o'clock, because we're a little slow starting.

If you could, Mr. Minister, I'd like you to give us a brief opening statement. Generally I think the questions are prepared. We've studied this for about eight months now, so I think most of us are very familiar with the situation. I'll let you open, and then we'll go to questioning.

We'll begin the questioning with seven-minute rounds, and we'll try to keep our questions and answers in each case to seven minutes in the first round.

With that, Mr. Minister, thank you again for coming. I'll let you begin.

**Hon. Tony Clement (Minister of Industry):** Thank you, Chair.

It's a pleasure to be here today to outline some of the measures our government is taking to support the Canadian manufacturing industry and, of course, in particular the shipbuilding industry. As the member of Parliament for Parry Sound—Muskoka, I'm used to only dealing with and talking about steamships, so it's a real pleasure to talk about larger vessels and how they are important to our industry here in Canada.

As you know, the Canadian manufacturing industries are facing some significant economic pressure across the border. The current context is challenging for our businesses and our workers, and global economic conditions, as we know, have deteriorated to the point where the IMF is forecasting just a 0.5% world growth for 2009. You may know some of these statistics already, but the IMF expects Canada to outperform other G7 countries, largely because of the measures previously taken by this government and the relatively sound and effective financial system we have in place in Canada.

This is not to say that we're out of the woods—far from it. We know that Canada is not immune to the global economic situation. We also know that the IMF is forecasting a contraction of the Canadian economy for 2009.

• (0910)

[Translation]

Canada's government recognizes the importance of the shipbuilding industry. This industry is commercially viable and promotes the enforcement of government policies in terms of the sovereignty, safety and security of all Canadians.

Recently the government announced supply contracts for shipbuilding materials of an approximate value of \$43 billion over the next 30 years. We are aware that the maintenance of the competitive nature of the industry is critical for the country in order to ensure that Canada can ensure the achievement of these projects and be able to derive the maximum benefit from them.

[English]

In 2008, the Canadian shipbuilding industry employed about 5,000 people and had revenues of approximately \$525 million. Today's levels are far lower than those of the 1980s and 1990s, of course, but the industry has experienced a significant upswing since 2001 whereby employment numbers have grown over 20% during that period.

You probably know this, but the industry is comprised of 13 large yards and 20 smaller yards spread out all over the country. Of these yards, effectively five yards—the Washington Marine Group in B. C.; Seaway Marine in St. Catharines, Ontario; Davie in Lévis, Quebec; Irving Shipbuilding in Halifax, Nova Scotia; and Kiewit in Marystown, Newfoundland—could currently fulfill major federal government procurement requirements.

With regard to our discussion today on the European Free Trade Association agreement and the impact it will have on the shipbuilding industry, I believe it is important to note that for Canada's most sensitive shipbuilding products, which include ferries and offshore supply vessels, tugs and pusher craft, dredgers and salvage ships, and light vessels, there will be a 15-year phase-out of Canada's existing 25% tariff. For less sensitive products, including tankers, fishing vessels, drilling platforms, production platforms, cable ships, and research vessels, the total phase-out period is 10 years. In all cases, however, there will be no reduction in the import tariff for the first three years of the agreement. Moreover, the CEFTA also includes a safeguard mechanism, which offers additional protection to the Canadian shipbuilding industry. If imports from EFTA are found to be causing injury to Canadian shipbuilders within the 10- or 15-year phase-out period, then the tariff rate can revert to the pre-free trade rate of 25% for up to three years.

[*Translation*]

Canada will not open its government procurement market for the shipbuilding industry within the framework of negotiations of free trade agreements. Federal and provincial governments will always have the right to limit their calls for tender to Canadian shipyards for purchase, rental, repair or retrofits for all types of ships.

Under the provisions of CEFTA, Canada is not obliged to modify its Buy Canada policy for shipbuilding supplies. As you all know, within the framework of the Buy Canada policy, the government has committed to maintaining its acquisition policy for repair and retrofit of ships in Canada, conditional upon of course the necessity of the service and the existence of a competitive market.

[*English*]

Clearly, Canadian negotiators have been sensitive to the importance of shipbuilding. The length of the phase-out periods included for shipbuilding is unprecedented, and these long phase-outs provide Canadian shipbuilders with time to benefit from government measures.

Included in these measures are domestic procurement, the structured financing facility or SFF, accelerated capital cost allowance, export financing by the EDC, and the tax measures for capital investments announced in the last budget.

I want to turn my attention, Chair, if I may, to the first two items.

As I mentioned, the government announced its intention to procure over \$43 billion of maritime vessels over the next 30 years. More recently, budget 2009 announced the investment of \$175 million on a cash basis for the procurement of new coast guard vessels and for undertaking vessel life extensions and refits for aging vessels. Given our commitment to the Buy Canada policy, these procurements will mean significant opportunities for domestic shipbuilders for many years to come.

As many of you know, the shipbuilding and repair industry is relying on a speedy solution to this issue of federal naval procurement. The continuous challenge with naval procurement has been the cyclical nature of the procurement process. Many of the major shipyards rely on government procurement for revenue, yet project continuity has been lacking. The peak and valley characteristic of the cycle makes Canadian shipyards extremely

hesitant to invest in new internal infrastructure projects, as there is no guarantee that the shipyard will have use for the expanded infrastructure after the completion of a project. This diminishes Canada's naval new build capability, and that's an important element of Canada's naval defence strategy.

It's for this reason that when renewing the national shipbuilding policy in 2007, the federal government committed to using government procurement as a policy tool to support the shipbuilding industry once the larger volume of government procurement started to be realized. To improve upon the situation, Industry Canada has been working diligently with our counterparts at DND, the Canadian Coast Guard, and Public Works, along with a variety of outside actors and stakeholders, to ensure that an acceptable and efficient outcome is met. While we recognize that this task is a challenge, we are confident that we will meet an outcome in the near future that will satisfy the industry's need for predictability and the navy's and coast guard's extensive technical requirements, all while taking into consideration the federal government's budgetary constraints.

It's important to mention that a commercially viable shipbuilding industry in Canada must exist to ensure that these federal procurements are realized. To this end, the government announced on June 7, 2007, the renewal of the structured financing facility until March 31, 2011. Through the \$50 million SFF, the government has made financing support available to domestic and foreign ship-owners while providing interest relief when companies choose a Canadian shipyard for vessel constructions or modernization. Currently, \$28.3 million of the original \$50 million budget remains available for support.

While our officials continue to have high-level discussions with potential applicants, unfortunately the current global economic situation has had some serious impacts on shipbuilding order books domestically and indeed internationally.

• (0915)

[Translation]

Earlier on, I spoke about procurement policy in Canada and the Structured Financing Facility. These two elements are part of a group of four components of Canadian shipbuilding policy. The other two components are the accelerated capital cost allowance which will allow companies to write off their costs over a four-year period; the final component is the 25% tariff on imports which is imposed on vessels that are built outside Canada, with the exception of countries with whom we currently have trade agreements.

[English]

Our shipbuilding policy does not include direct subsidies, but rather is a more comprehensive and, I believe, robust strategy focusing on the long-term viability of the industry via innovation, opportunities, technologies, trade, and investment. It's designed to encourage innovation and growth by focusing on developing the technology and skills related to high value-added work rather than providing new forms of protection. It is a reasonable and balanced approach designed to help the industry resolve the difficulties it faces in a world where, as we know, competition is fierce.

Ultimately, the success of the shipbuilding industry is dependent on new ideas and solutions developed by the industry itself. Given that the shipbuilding and the industrial marine industry is a forward-looking industry with a strong high-technology component, we're confident that the industry, with the support of the Canadian shipbuilding policy, is well positioned to weather the current economic storm and to exploit new export markets in the future.

The continued viability of this industry will lead to downstream economic benefits for other Canadian industries as well. Industries that benefit from a strong shipbuilding industry include the industrial marine and the oil and gas industry.

We know that global trade in the shipbuilding sector is distorted by a variety of measures taken by other governments, including subsidies, border measures, and procurement preferences.

[Translation]

As far as subsidies are concerned, the government will continue to work together with the World Trade Organization in order to plan for new disciplinary sanctions and also to create a more competitive environment for the shipbuilding sector and other Canadian industries. But its action will not be limited to the WTO. For example, the Government of Canada has actively participated in discussions with the OECD on the reintroduction of standard competitive conditions for the world shipbuilding industry.

Moreover the government and the Export Development Corporation of Canada will continue to play an active role in the formulation and development of international disciplinary measures targeting export credits in order to carefully monitor and ensure that exporters around the world will be competing on an equal footing.

• (0920)

[English]

I want you to know that our government is committed to undertaking efforts to make Canadian companies more productive

and competitive in the global economy. One of the most important ways, of course, is through trade. Trade and investment flows are key drivers of productivity and innovation. We know that, and those are key themes for our government. As such, the government has and continues to negotiate free trade agreements with countries around the world.

Ultimately the result will be the achievement of several key objectives: negotiation of better and more secure access to other markets for Canadian exports through lower tariffs and the elimination of non-tariff barriers; clarification of rules pertaining to the provision of certain funding or enhanced rules for foreign investment; and focusing on specific sectors, given their importance and prominence to the economy.

The EFTA agreement is an example of such an approach. This agreement eliminates tariffs on all industrial products, with the exception of Canada's tariff on imported ships, upon entry into force of the agreement. Canadian sectors that could benefit from tariff elimination include newsprint and wood products, cosmetics, and prefabricated buildings. Chief benefits will be seen in the agricultural sector, which anticipates immediate duty savings of \$4.4 million.

Furthermore, as you know, our government has engaged Canadians and industry leaders in broad consultations to discuss how Canada would weather the current economic downturn. Our economic action plan has put forth a broad range of measures to stimulate the economy, protect those hardest hit by global recession, and ensure that Canada exits this economic phase an even stronger country.

I could go on about our plan, but I know time is short. I would just say finally that we are intending to work with the Canadian manufacturing industry, and in particular with the Canadian shipbuilding industry, to ensure that it remains a strong, competitive, and vital part of our economy. We expect that by working together as industry and government we can overcome the current challenges facing us and emerge from this experience stronger and more competitive than ever.

Thank you, Chair.

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

We will begin this first round of questioning with Mr. Savage, followed by Monsieur Cardin and Mr. Julian. Each will have seven minutes for questions and answers, for the first round at least. The questions can be directed to the minister or any of the witnesses, or answered by any of the witnesses.

We're going to begin with a visitor from Nova Scotia, Mr. Savage.

**Mr. Michael Savage (Dartmouth—Cole Harbour, Lib.):** Thank you, Chair. I'm delighted to be here to take the place of my Nova Scotian colleague Scott Brison, who is away.

Minister, thank you for coming to the meeting. Thank you for your comments.

You're aware that shipbuilding is an issue for a number of us who represent areas where shipbuilding is an important part of the economic landscape, and for somebody from Nova Scotia, it's about as historic and traditional as it gets. Nova Scotia used to be a world leader in shipbuilding. We still have a number of people in the industry. It's high-quality work. But we are concerned about a number of issues, and one of them is the EFTA deal.

It's not our intention to vote against this. We support free trade in principle. Norway is clearly the country we have an issue with on shipbuilding, but Norway is a country that I look up to immensely because of the way it conducts itself in the world. So I'm not condemning Norway, but I am concerned about shipbuilding.

Being new to the committee, I haven't been part of all of the discussion, but I've followed it. One of the concerns the shipbuilding industry has, apart from the fact that they simply don't like the EFTA agreement because Norway has had a policy of supporting its shipbuilding industry that's been much more generous than the policy supporting the Canadian shipbuilding industry.... That in itself is a problem. But at the very least, we think we need to have a national shipbuilding strategy. Some people might say we have one. I don't think we have one; not many people would say we have one. We need to have a national shipbuilding policy that takes into account things such as a strengthened Buy Canada policy. The whole procurement policy is very important: continuous procurement, direct allocation—these are all things that shipbuilders and shipbuilder unions have talked about for years. I find remarkable the extent to which the workforce in the shipbuilding industry and management in the shipbuilding industry are aligned on a lot of these key issues.

My overarching question is, when are we going to get a serious, robust national shipbuilding strategy in Canada? Is that something you're prepared to lead on as this EFTA deal goes forward?

• (0925)

**Hon. Tony Clement:** Thank you for the question.

I'd almost reframe the question: are there ways to improve the shipbuilding policy? We're certainly open to discussion about how to do that.

We have a policy in place right now. It involves the new coast guard vessels procurement, of course, and the SFF, which I've talked about as a way to extend another \$50 million into our policy and programs. But it's basically about procurement and about eliminating some of the peaks and valleys over the next 30-year period—having a steady stream of procurement to the domestic industry and working with the industry to make sure those peaks and valleys don't occur, so that they can have some confidence, when they make a capital investment, that it will be put to good use and won't be lying fallow after a few years of usage. Those are the elements of the policy.

I take your point, though, that there are always ways to improve policies. I'm not saying that these are chiselled in stone, by any stretch of the imagination, and we look forward to your collaboration. If there are ways we can make the policy better, we'd certainly look at them.

**Mr. Michael Savage:** One of the issues the shipbuilders have had is this up-and-down cyclical approach to shipbuilding in Canada, and that up-and-down approach seems to have continued recently.

Back in December, the Minister of Defence gave some very strong signals that shipbuilding would be a major part of the stimulus program that was being formed for the budget, which came out in January. In fact, let me read you a couple of headlines. From the *Red Deer Advocate*, here is a headline from December: "Funding shipbuilding may be major part of stimulus program". The *Chronicle-Herald*, from the beautiful community of Dartmouth-Halifax, said, "Shipbuilding may raise economic tide". And then by February the headlines were these: "Canadian shipbuilders 'left in the doldrums'"; "No shipbuilding stimulus despite Tory promise in '08"; "Industry had been left waiting for plan". Peter Cairns, the president of the Shipbuilding Association, said they have to shift their focus and just convince the government to move faster on projects it has already announced.

So there was great disappointment that there wasn't more for shipbuilding in the 2009 budget. There was \$175 million, which in the scheme of things these days is not an awful lot of money.

I'll ask you a specific question. One issue that has come up a lot on shipbuilding is about combining the structured financing and the ACCA. This committee heard this: "Although the original intent was for the SFF and accelerated CCA to be mutually exclusive, the Committee also heard that Canada's international obligations do not prevent the two programs from being combined, should the federal government wish to do so."

Is that something you will do for the shipbuilding industry?

**Hon. Tony Clement:** Let me just say that obviously you're right. Right now, as I understand the interpretation by Revenue Canada, it is that they are mutually exclusive. So that would require a change in tax policy, which is a little bit outside of my scope. The SFF is there to be used, if it is a preferred option, by a particular applicant. It's not there to solve every issue, by all means, but it is there to be used as an option if it is helpful.

**Mr. Michael Savage:** I appreciate that it's not in your realm of expertise. It's not in mine either, but I'd like to see it. I'm asking whether you as industry minister, having these voices from the shipbuilding industry, would be prepared to advocate for combining the SFF and ACCA.

**Hon. Tony Clement:** I've noted your concerns and I'll take them under advisement.

The other point I'd like to make, though, is that—

**Mr. Michael Savage:** Is that a yes, Chair? Did I get a yes?

**Hon. Tony Clement:** The other point I'd like to make is that we're talking about \$43 billion in procurement over the next 30 years. That's government policy. It doesn't have to be repeated in the budget; it's government policy. And \$43 billion over the next 30 years, if we do it right—it's not going to happen overnight and it's not going to happen automatically—should end the peak-valley, boom-bust kind of approach in the life of the shipbuilders in Canada. That's why we're working with the industry, why we're hearing their concerns, why we have a continued dialogue as we move forward on procurement.

I'm not the procurer; that's Public Works. I'm not the recipient; that's DND. But I am the industry guy, and I want to keep working with the industry to make sure that we can maximize the potential of this massive rebirth of our defence capability in this area.

● (0930)

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

Thank you, Minister.

[*Translation*]

Mr. Cardin, you have seven minutes.

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

Good morning, gentlemen.

This week—Tuesday, if memory serves me well—we heard from the Canadian Manufacturers and Exporters Association as well as the Canadian Council of Chief Executives. Following our discussions and the answers they provided to us, it seemed clear that both organizations supported the principle of equality of opportunity in terms of trade for all industry sectors.

We know very well that Norway has benefited for many years, if not decades, from substantial subsidies for the development of its shipbuilding industry. That was not quite the situation here in Canada. And yet here we are, talking about equal opportunity.

There are mainly two measures being presented to us that concern the shipbuilding industry. I imagine that the Minister of Industry is an integral part of any free trade agreement negotiations, specifically with the objective of giving this industry the opportunity to get off the ground over this long period of time. For the rest, we might have to look a little further. Furthermore, several people were saying, as did Mr. Laurin from the Manufacturers and Exporters of Canada, that certain components should be taken out of the accord that should not necessarily be considered as subsidies.

Other than the two measures you presented today, does the department intend to provide stimulus to the shipbuilding industry over this period? Has it done any analyses that would help it bring this about?

**Hon. Tony Clement:** As I said, it is very important to have a policy for the shipbuilding industry. We do of course have several programs, but we also have the advantage of having a naval materiel procurement plan for the next 30 years.

It is clear that a free trade agreement is good for Canada in several areas, including agriculture and the manufacturing sector. Industrial products benefit from the elimination of tariffs. It is important to provide protection against anti-free trade activities. As I indicated in

my remarks, this kind of situation is possible. If there is a problem within the Free Trade Agreement, we have the possibility of offering that industry protection.

Perhaps the deputy minister would like to add something else.

**Mr. Richard Dicteri (Deputy Minister, Department of Industry):** The Structured Financing Facility which was renewed in 2007 is intended to facilitate the transition. The other component, as the minister was mentioning, would be the purchases by the coast guard and the Department of Defence. The government hopes that these acquisitions will maintain continuity in employment, once the process to build these ships or to proceed with refits over the coming years has been launched.

We hope that the four components, that is to say the depreciation program, the purchase in Canada program, that is to say Buy Canada, the Structured Financing Facility as well as acquisitions will allow us to provide sustained support for the shipbuilding sector.

● (0935)

**Mr. Serge Cardin:** At the beginning of his statement, the minister spoke of \$43 billion over 30 years. This financing may, of course, require the immediate support of the project by the shipbuilding industry, but there are no guarantees of that. What is certain is that the current budget contains approximately \$175 million. Other measures might have been taken in the past and could perhaps still be taken.

These include, for example, work carried out by various companies over the years, whether it be in the repair or reconstruction of ships; there have been several. Had the government granted credits or refunds to Canadian shipowners—something it could still do—when they transformed or rebuilt approximately 16 ships abroad, it would have drawn their attention. Four or six of these ships might have represented \$100 to \$150 million in business. The budget talks about \$175 million, but refundable tax credits for shipowners might get their interest.

A whole range of measures could be implemented to assist the shipbuilding industry during this transition period. This is what we would expect from the government.

**Hon. Tony Clement:** Budget 2009 contained several programs intended to support the manufacturing industry, such as tax reductions, access to financial credit and increased support for innovation. These programs are also important for this industry. The challenge today is to include these measures in the budget in order to support this industry. That is our government's policy.

**Mr. Richard Dicteri:** First, the budget amount that you are referring to is in addition to existing credits. As the minister stated, several credits were already included in previous budgets allocated to the various departments. The \$175 million amount is simply an addition.

We must also remember the significant support given to the Export Development Corporation. Recently, this corporation came to the assistance of Davie Shipbuilding in order to provide support for them during a period of transition. The budget also contributed to assisting both banks, the Business Development Bank of Canada and this bank, so that they would have more capital and be able to help different businesses, including those with ties to shipbuilding.

**Mr. Serge Cardin:** Do I have any time left, Mr. Chairman?  
[English]

**The Chair:** No, I'm sorry, it's eight minutes. Thank you, Monsieur Cardin.

Mr. Julian.

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

Thank you, Mr. Minister, for being before us today.

I particularly enjoyed your reference to Buy Canada. It's the first time I've heard those forbidden words come out of the mouth of a Conservative minister, and hopefully that'll be a habit that other Conservatives will pick up.

Since you're responsible for the relative health of our major industrial sectors, the first question I want to ask you is in terms of job loss figures, the tracking your ministry does on job losses. Can you tell me the number of jobs that have been lost in the softwood sector since October 12, 2006, which is the date of implementation for the softwood sellout?

**Hon. Tony Clement:** I don't have that figure with me because I'm prepped for shipbuilding, but we can get that figure to you, for sure.

**Mr. Peter Julian:** Okay, so you do track them.

**Hon. Tony Clement:** It's called Statistics Canada, yes.

**Mr. Peter Julian:** Yes, so you do track job losses. Now, you also make projections about future job losses. My next question would be this. What is the impact analysis on the number of jobs that will be lost in the shipbuilding industry if EFTA goes through without a carve-out for shipbuilding?

• (0940)

**Hon. Tony Clement:** Well, you know, actually, usually projected job increases or decreases are the responsibility of private sector commentators or the chief economists of banks and what not. Statistics Canada is there to provide us with, in as real time as possible, what the current industry looks like or what has happened over the last couple of months, that kind of thing.

I can tell you we have 5,000 employees right now, in terms of industry employment. Industry shipments are approximately \$525 million, so that's the state of play right now. Obviously we want to grow that. We want to stabilize it and grow it, which is why our policy is what it is.

**Mr. Peter Julian:** That's a little worrisome, then. You haven't done any impact analysis on EFTA.

**Hon. Tony Clement:** I'm sure somebody has done it.

**Mr. Peter Julian:** Well, Trade hasn't either, so I think what you've confirmed is that the government departments that are most concerned with shipbuilding have not done an impact analysis.

**Hon. Tony Clement:** No, I think you're putting words in my mouth right now, Mr. Julian.

**Mr. Peter Julian:** No, no, I asked you if you had figures and you don't, and I understand that. I'm just remarking that we've heard—

**Hon. Tony Clement:** Okay, so my answer is no.

**Mr. Peter Julian:** —from Trade as well that they haven't done an impact analysis, so neither ministry has. And that is a matter of some concern, I think, for those who are in the shipbuilding industry and those who want to see a carve-out.

Now, Mr. Minister, you mentioned hearing the concerns of people in the shipbuilding industry. My colleague Mr. Savage mentioned the concerns they have around the lack of an economic stimulus package for shipbuilding. He did mention some of the articles, and it's very clear that no contracts have been awarded and actual work on any project is years away, as the *Ottawa Citizen* reported. The shipbuilding industry can't rely on a promise that sometime between now and 30 years from now there'll be some investment in shipbuilding. They need action right now.

We've heard some of their voices. So far we've had one witness from the shipbuilding industry come before this committee on Bill C-2 who said, "So this EFTA deal is a bad deal for Canada. ... I know we're going to destroy our shipbuilding industry..." We have two others who have requested to come before this committee. George MacPherson, representing shipyard workers, said, "Under the FTAs...Canadian shipbuilding jobs are in serious jeopardy". We also have Andrew McArthur, who wants to come before this committee as well and has said, "...our position...has been that shipbuilding should be carved out from the trade agreement".

The shipbuilding industry's been very clear on their concerns around EFTA, and so my question to you is this. Since they've been very clear, even though this committee hasn't heard from all these individuals yet, wouldn't that or shouldn't that provoke much more action from your minister?

**Hon. Tony Clement:** I just want to correct the record on one issue. The Halifax class modernization project is ongoing right now, so I didn't want your contention to go unchallenged on that front.

Certainly, we believe we have enough protections in the EFTA agreement to protect the industry. If untoward trade issues come forward that, in our view, violate the spirit and the intent of this agreement, then obviously we can restore the tariffs that are currently in place. We believe that, given our current strategy and current pipeline of work that is projected to be occurring in the future, this industry can not only survive but thrive and, indeed, have access to other markets as a result of a free trade agreement.

The funny thing about the NDP, Mr. Chair, is that they always look at the downside; they never look at the upside. I would encourage you to be more enthusiastic and supportive of our industry and how we can compete with the world.

**Mr. Peter Julian:** Well, Mr. Chair, we've been right. We were right on the softwood sellout: tens of thousands of jobs lost. We were right that the iron and steel components of Buy America would go through U.S. Congress. We've been right all along: no action in the automotive sector. So we can have a debate, but I think it's very clear that when we talk about job loss concerns, the NDP has been right on the money. It's the Conservatives who have had the rosy thinking.

The reality is that no contracts have been awarded in the so-called economic stimulus package for the shipbuilding industry. We also have the SFF. Now, within 10 months nearly half that fund, which is supposed to go over a three-year period, has been effectively subscribed. The shipbuilding industry has been calling for an increase in the SFF. They've been calling for ACCA, as Mr. Savage and Mr. Cardin both referenced, the ACCA and SFF being used in tandem. The shipbuilding industry has also been calling for a portfolio management contracting system just to avoid that boom-and-bust syndrome.

My question to you is this. Why aren't these things moving forward, when very clearly the shipbuilding industry is concerned about the impacts of EFTA unless there is a carve-out?

• (0945)

**Hon. Tony Clement:** I can't let that statement go unchallenged. Twenty years ago, the NDP was spectacularly wrong about NAFTA, which created millions of jobs for Canadians—

**Mr. Peter Julian:** Most Canadians are earning less.

**Hon. Tony Clement:** —and I've yet to see the apology.

**Mr. Peter Julian:** Most Canadian families are actually earning less under NAFTA.

**Hon. Tony Clement:** So you're against NAFTA. I'm sorry to hear that, because that is a lot of unionized jobs too. Explain that to the CAW.

**Mr. Peter Julian:** Most Canadian families are earning less, and you should have those statistics.

**Hon. Tony Clement:** But in answer to your question, the accelerated capital cost allowance gives the Canadian-built registered ships a thirty-three-and-one-third straight line reduction in the rate, so that might be preferable in certain circumstances to the SFF. If that is not preferable, we want to give some break to shipbuilders, and I think that's the kind of balanced approach the SFF represents. It's an alternative to the accelerated capital cost allowance, if that is not a preferred option by a shipbuilder. In that sense, I think it's a more holistic policy, and that's why we think it's defensible.

**Mr. Peter Julian:** Are you excluding, then, the tandem in this recent funding?

**The Chair:** That's seven and a half minutes.

Mr. Keddy.

**Mr. Gerald Keddy (South Shore—St. Margaret's, CPC):** Thank you, Mr. Chair.

Welcome to the minister and the department officials. I appreciate your coming to this committee.

This is an important treaty. It is Canada's first free trade agreement in some time. It is certainly an important one and allows us onto the doorstep of Europe, with bigger things hopefully to come.

I'd like to welcome Mr. Savage to committee. He's another Nova Scotian MP. I appreciate his comments on supporting this piece of legislation, because it's an important piece.

**Mr. Michael Savage:** You're welcome.

**Mr. Gerald Keddy:** Well, I appreciate it.

Especially while we're talking about shipbuilding here this morning, I think we would be remiss not to recognize the good work of the sailors and the skipper of the *Leonard J. Cowley*, who rescued a skipper, 20 seamen, and international fishery observers off the Grand Banks the day before yesterday.

I would like to say for the record, Mr. Chair, that I find reprehensible some of the comments made by some of the NDP members of Parliament on this particular issue. I'll take that up at the fisheries committee after this.

To the minister directly, I think one of the issues that have really been in flux here and that we do need a clear answer on, quite frankly, is the application to the shipbuilding industry of how the structured financing facility and the accelerated capital cost allowance work together. I think that is really the nub of what we've been trying to grapple with here.

The issue that continually is missed by the opposition here is the fact that if we had both vehicles available, some private industry companies actually would be at a disadvantage. They may not be in a position to accept the accelerated capital cost allowance, but they would be in a position to accept the structured financing facility. So what you would do is actually make winners and losers because some companies, some owner-operators, wouldn't be able to access both. Is that correct?

**Hon. Tony Clement:** I'm going to let Mr. Farina walk us through with more detail on that question.

**Mr. Chummer Farina (Director General, Aerospace, Defence and Marine Branch, Department of Industry):** I think the two programs are quite complementary. The structured financing facility is an interest buy-down program for shipowners who purchase vessels in Canada. That works in the international market. Most of the uptake of the SFF has been for boats built for the international market. The accelerated capital cost allowance is solely a domestic program and is designed to help shipowners in Canada buy new boats. They work together. They are complementary. That's how they were designed and put in place.

● (0950)

**Mr. Gerald Keddy:** To go back to my original question, I understand how both of them work. The question is, if you had both for Canadian shipbuilders, you would have some owner-operators, some private companies, that wouldn't be able to access both, because they would qualify for the structured financing, but if they weren't a profitable company they wouldn't be able to qualify for the accelerated capital cost allowance. So in fact, we would put some owner-operators at a disadvantage.

**Mr. Chummer Farina:** Yes, that's true.

**Mr. Gerald Keddy:** I just want to know if that's correct.

**Mr. Chummer Farina:** That's correct.

**Mr. Gerald Keddy:** Okay, thank you. I appreciate that very much.

We talked about the \$43 billion in procurement over the next 30 years. We talked about the number of vessels. But what we really haven't talked about in the shipbuilding industry is the private industry's role here, with the offshore platforms, the offshore supply vessels, the independent ferries, and all of those vessels being built by private companies.

In terms of the future of the shipbuilding industry, the government did step up to the plate. In 2007 we launched a very aggressive procurement policy for Canadian ships that will be built in Canadian yards. I think the two ingredients that we're missing here is the private industry's own ability to put bids into the shipyards and our industry's ability to compete internationally. Because we have a very, very good professional shipbuilding industry in Canada that, when the final barriers come down in 15 years' time, I would expect to be on equal footing with any shipyard anywhere in the world.

**Hon. Tony Clement:** Yes, I think that's an important point. It really springboards from one of my comments during the exchange I had with Mr. Julian.

But we already have agreements to remove duties on ships with the U.S.A., Mexico, Chile, Israel, Costa Rica, Colombia, and Peru. So that's not a bad start. I think when we get the EFTA done, if that is the will of Parliament, then that will certainly help us expand our markets as well. And that's what we really need.

You're quite right, domestic procurement for military purposes is obviously a lot of money; there's no question about that. But if this industry is to be truly successful and world-class, we do need to have access to other markets, and those are civilian markets as well as military markets. So I think that's got to be part of the strategy. That's why we want to maintain our current yards as best we can, even with the world economic downturn. That's obviously part of our strategy, and if the military procurements help us with that—for the coast guard and so on—that obviously helps us reposition ourselves. But generally we think we can be poised to gain.

I subscribe to the theory that there can be a renaissance of North American manufacturing. That could be one of the things that come out of this current downturn. The supply chains have been found to be more expensive than previously predicted. People, on other matters, are....

I'm sorry, I'll stop expounding, Mr. Chair, but the fact of the matter is that I think there is a real opportunity for manufacturing to really shine in the future across all sectors, not just shipbuilding.

**The Chair:** Thank you.

I'm sorry, Mr. Keddy, that is seven and a half minutes.

**Mr. Michael Savage:** You've got to be fair to us, Mr. Chair.

**The Chair:** Exactly.

We're going to move along with Mr. Cannis, and I understand you're going to share your time with Mr. Silva.

**Mr. John Cannis (Scarborough Centre, Lib.):** I'll be very brief.

Minister, welcome to the committee, and welcome to your colleagues as well.

As supportive as we all are to see this file move forward, because we believe we have a specialty here in Canada, especially in the expertise that's been built over decades and decades of work, there are a few things you said....

And I want to also ask a question of Mr. Farina, because he responded to Mr. Keddy's question in terms of combining the two programs. There is a disadvantage when foreign purchasers have the ability to access one of our programs and yet can access their local program, putting Canadians at a disadvantage. Am I correct on that?

● (0955)

**Mr. Chummer Farina:** Foreign firms can get access to the structured financing facility—

**Mr. John Cannis:** And their own local programs.

**Mr. Chummer Farina:** —and they can get access to their own local programs if those exist.

**Mr. John Cannis:** Generally they do—

**Mr. Chummer Farina:** Well, no—

**Mr. John Cannis:** —and that's part of the problem, because as much as I appreciated what the minister said earlier in his presentation, with all due respect, from what I heard from Karl Risser—I met him a little while ago, he came as a witness—he says just turn this damn proposal down, that it doesn't make sense. Could we pinpoint why? He made some suggestions. The minister today made several suggestions as to why we move forward.

Mr. Dicerni, I want to put this to you in closing, because you talked about subsidies with respect to other countries—and of course we'll do our best to challenge those when we feel other countries are out of line. Won't this be a challenge? Why can we not look at these two programs to help our industry here locally? If indeed we're going Buy Canadian right now, why can't we put the SFF and the ACCA programs together? I know the minister said he'll take it under advisement and it's a revenue issue. I'm sure the minister will bring it around the cabinet table. But why can't we combine it and worry about a challenge, if it is a subsidy, or if it is impeding on WTO guidelines? Can we move in that direction?

**Mr. Richard Dicerni:** I think, as the minister noted, those matters are the purview of the Minister of Finance in regard to who is eligible for what, because these are tax expenditure type programs. I believe we will indeed note the views of the committee, and the minister can share those with the Minister of Finance.

**Mr. John Cannis:** I appreciate the comment, Mr. Dicerni, and I'll accept that, but we're looking also here at industry, a sense of who we are as a country as well. We're trying to support it, not just allow it to survive, and make sure that we are just as competitive.

I'll close with this. If we are having problems today to be competitive, 15 years down the road, Minister, when all the barriers come down, what do you think would be the problem? If we're having problems today, do you not see us having more problems to be competitive 15 years down the road?

**Hon. Tony Clement:** I think there are challenges, but there are also some great opportunities. We can't survive just by catering to a domestic market, so we have to adapt, and that's how we'll thrive. I really do believe that.

**Mr. Mario Silva (Davenport, Lib.):** Thank you, Minister, for coming before committee.

I agree with you. I don't share the politics of doom and gloom. I think there are also opportunities here, and I am supportive. I have spoken before in the House in favour of this agreement, and I know that there are great opportunities as well as we expand also the European markets.

My question was not that different from my colleague's, which was on the two programs that you do have. If there are going to be challenges, and there seems a great concern from the shipbuilding industry, what are we going to do outside the agreement to help that industry?

There are programs out there. I think one of the programs, the SFF, has a \$50 million budget, but about \$28 million still remains to be disbursed. So what are we going to do to accelerate that? What can we do to help that industry? Is there also going to be an announcement from you, saying that we recognize this is a concern and we are prepared to put moneys as well on the table to alleviate that concern?

**Hon. Tony Clement:** I recognize that we'd like to maximize these programs. We don't want to throw money out the window without any accountability. I don't think anybody around the table is suggesting that. But what we want to do is make sure that if there are willing and able companies that should by virtue of this program be assisted, then we should make sure that they are.

So I'll certainly take note of your concern—it's a concern that has been shared around the table here—and we'll have to be more aggressive perhaps.

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

Thank you, Minister.

That is the time we have. Unfortunately we can't go on. I know there were several members who also wanted to ask additional questions.

We very much appreciate your taking the time to come, again on short notice, and your officials. I very much appreciate what you've brought to the committee today.

• (1000)

**Hon. Tony Clement:** Thank you, Chair.

**The Chair:** Thank you for that.

We're going to take a short break while we bid farewell to our witnesses.

Thank you again for coming.

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\_\_\_\_\_ (Pause) \_\_\_\_\_

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**The Chair:** We'll reconvene.

[*Translation*]

**Mr. Serge Cardin:** Mr. Chairman, I have a point of order.

[*English*]

**The Chair:** Yes. We have some business arising from a previous meeting. Monsieur Cardin wished to raise a point of order. He was prepared to do that at the outset of this meeting today, but out of courtesy he kindly consented to wait until we finished the first round of questioning with the minister.

I appreciate that courtesy, Monsieur Cardin.

Before we proceed with the Parliamentary Secretary to the Minister of Agriculture and our next witness, I'm going to go now to that point of order.

Monsieur Cardin.

[*Translation*]

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

You will recall that at the beginning of the session, I set the record straight regarding situations that might arise. In fact, I also cautioned the committee about certain accelerated procedures in a context that requires translation and where one must hear all of what is being said.

Last Tuesday, that is more or less what happened. I find this situation unfortunate and I feel that it is all the more unacceptable because of the way in which it happened, given the rules and procedures. The incident obviously concerned Mr. Keddy's notice of motion, proposing that we move to clause-by-clause study by the 3<sup>rd</sup> of March. During the discussion, Mr. Julian took the floor, although I myself had asked to speak. The atmosphere had become more or less tumultuous and chaotic. On such occasions, it often happens that exchanges are made directly and that people use procedures that I would qualify as accelerated, which give no reaction time at all. You asked that we call the question, whereas I felt that I had asked for the floor in order to be able to express myself, which was not possible. We moved very quickly to the vote and we are all aware of the results. I wanted to speak but I was not able to. The vote, as the expression goes, was quickly a done deal. I find that terribly disappointing, particularly as this also created a rather negative atmosphere for the committee's discussions.

I challenge the decision taken last Tuesday. I would like us to go back to the debate that had begun and in which I wanted to participate.

Mr. Chairman, it is within this context that I challenge the way events unfolded last Tuesday and that I automatically challenge your position in this respect. I would like us to proceed with a new vote on Mr. Keddy's motion, with proper form and decorum. I would also like us to have a short discussion, as soon as possible, in order to clear up the situation and to avoid it happening again.

Right from the outset of this session, I honestly and humbly advised you that I am unable to follow the discussions that other members are having rapidly in English at the same rate as the others. I grasp some parts but I lose others. It is even more difficult for the interpreters to quickly render what is being said.

I reiterate my request. When we find ourselves in such situations, we must take the necessary time in order that the decisions taken reflect the will of the committee as a whole, without any voluntary or involuntary exclusion.

That is why I truly challenge what happened last Tuesday, Mr. Chairman, and I would like us to return to that issue as soon as possible.

• (1005)

[English]

**The Chair:** Thank you. That is a point of order. Let me first deal with your point of order and your recollection of events as they were concluded on Tuesday last.

I think it's important to note that it was very late in the day. It was 11 o'clock. The meeting time had come to an end. The meeting is to conclude at 11 o'clock, particularly with the circumstance that another committee is scheduled to be in this room, where we have the meeting, at 11 o'clock. That's well known to members. We allotted time at the end of the meeting, at the will of the committee, to deal with this motion, this matter. That was not a surprise to anyone. It should not have been a surprise to anyone. People knew we had to conclude by 11 o'clock. In fact, we had given people an opportunity to speak briefly on the motion. I think there was a clear sense—as chair, I got a clear sense—of, in your words, the will of the committee. The will of the committee was to pass this motion. We had representatives of the majority of the committee speak to the motion, in favour of the motion. We then entered what appeared to be a filibuster by Mr. Julian, just delaying, and the will of the committee was to pass the motion.

The chair then made the judgment to proceed. We had a point of order from Mr. Cannis, at which time the question was called. As chair, I recognized the question. We called the question. We had a vote. The vote was passed. The matter was dealt with, and we won't go back to that matter.

You can't challenge the chair after the vote has been cast on that matter. A matter once dealt with has been dealt with, and we won't be going back to it. So that would conclude that point of order.

• (1010)

**Mr. Peter Julian:** I have a point of order, Mr. Chair.

**The Chair:** Very well, Mr. Julian, on a point of order.

**Mr. Peter Julian:** I challenge your decision on that. With respect, I think you've been an excellent chair of this committee, and I think we've been very lucky. I've been the longest-serving member here, serving under Mr. Cannis in the 38th Parliament and under you in the 39th and 40th Parliaments.

You have been an excellent chair, and normally I find you go right by the rules. You didn't in this case. Everyone has a bad day. But Mr. Cardin's point is very well taken, and I contest your decision on this.

**The Chair:** You're certainly welcome to object, Mr. Julian, but at this point you can't object to a matter that has been concluded.

But as long as you're on the point, I think the chair has been very reasonable with all members, but at some point we also have a job to do, in terms of committee, to get on with the work of the committee. We have dealt with this matter now for eight months. I think it's very clear where everyone is. We're not dealing now with the free trade agreement per se; we're dealing with the implementation bill. We can't amend that bill at this committee.

The will of the committee clearly is to pass this bill. We have passed a motion that we will do clause-by-clause next week and complete clause-by-clause next week. My sense is that this is clearly the will of the committee. As you wish, you can use the rules to filibuster or to drag this out, but I think, in fairness to the rest of the committee, we have business to do. We want to get on with this. There's no doubt where the will of committee is on this matter. We can't continue to allow the tail to wag the dog. We want to get on with the business.

I think I'm just being very candid, very clear, and hopefully you'll understand too, Mr. Julian, that there are other members who feel they have an obligation to do their duty as well.

Mr. Keddy. Oh, I'm sorry, we have a list.

Mr. Cannis.

**Mr. John Cannis:** Thank you, Mr. Chair.

This is not necessarily a point of order, Mr. Chairman, but a point of clarification. I feel obligated to clarify certain things, if I may.

When we were discussing this issue, I was facing you, sir, and addressing my remarks there. As I think I pointed out that day, given the constraints we had in terms of time—as you clearly pointed out, people were coming in—I simply wanted to make sure that we were going to get our business finished within the time allocated for us in this room.

I must also address Monsieur Cardin's concern. If I need to apologize, I have no problem. I think all brave and wise men know how to apologize. They are better people for doing so. I didn't notice that his hand was up on a point of order, because I was facing you, sir. That being the case, I extend an apology.

But I will make note of the two words the gentleman used during that debate. If I may quote him verbatim, he used the words “cacophony exchanged”. To me, if we look up the word “cacophony”, it describes certain adjectives, and I don't believe those types of adjectives were used in this room. I believe it was a heated debate, a vigorous debate, but certainly there was no cacophony—on my part, anyway, and on other members'—exchanged in this wonderful committee. Do we get excited and hot under the collar? That's part of democracy. That's part of debate.

Mr. Chairman, I'm going to close with this. I understand Monsieur Cardin's problem in terms of the English-to-French translation gap, because I experience the same thing. I only speak English—Greek too, by the way, and I don't expect a translation in Greek. But there is that delay, and I appreciate that.

To continue with what Mr. Julian said earlier, we've always had a wonderful committee. In years past, I chaired, and now it's you, sir. My experience in the last little while tells me that we're going to do some great work. Let's move towards a positive environment, not a toxic environment.

Thank you for the time, sir.

•(1015)

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

Your point causes me also to address another point raised by Monsieur Cardin.

Monsieur Cardin, I should say to you that, as was discussed at the outset when we formed the committee, there is the question of recognizing speakers. I too try to follow the debate. My general intention is to have my eyes on the speaker at the time. Rather than miss anyone, we established very early on that I would not keep a list of speakers but would defer to the clerk. As he has today in front of me here, he keeps a list. I have asked members, if they have an interest in speaking, to not try to get my attention but to get the attention of the clerk in order to be put on the list of speakers.

I can tell you, Monsieur Cardin, that unfortunately you did not get the attention of the clerk, and your name was not on the list of speakers. The last speaker was Mr. Julian, and that was the last speaker of the day on the list. The only other one to speak, other than the chair, was Mr. Cannis on a point of order. It was, by that time, after 11 'o clock. There was no disrespect at all to you, Monsieur Cardin. I simply did not recognize that you had indicated an interest in speaking on the point until after the meeting had been adjourned.

The business of the meeting was conducted in order. There was some difference of opinion at the end of the meeting, but in these events, and because of the shortness of time—in fact, we were over time, and the other committee was coming into the room—at some point the chair has to simply make a decision. I made that decision. The decision has been made, and I'm afraid that will have to be the end of matter.

Monsieur Cardin, did you want to address that again?

[*Translation*]

**Mr. Serge Cardin:** I congratulate you Mr. Chairman, on having consulted the list.

You said, and in fact repeated, that you were under the clear impression that Mr. Julian wanted to launch into a filibuster and that you decided to put an end to it. Under Standing Order 116, you cannot do so until the speaker has finished speaking. Furthermore, as it was a little after 11 o'clock, the wisest decision would have been to defer the discussion. It is obvious that Mr. Keddy, in his notice of motion, was talking about March 3. If I am not mistaken, that is next Tuesday. According to the will or wishes of Mr. Julian, that would have brought us to only the 5<sup>th</sup> of March. It is not a big difference. If you had respected the standing orders, you could very well have let Mr. Julian speak and, with unanimous consent, deferred the debate. That would have caused fewer problems.

I consider that my right to speak has been denied and that there were significant breaches of the Standing Orders. That is why I challenge your decision. I said that at the outset of my remarks and I maintain my position. You should call the question on this challenge as soon as possible.

[*English*]

**The Chair:** Thank you.

Mr. Keddy.

**Mr. Gerald Keddy:** Thank you, Mr. Chairman.

I certainly respect the decision you've made on this particular point of order. The point I would like to raise, however, to Monsieur Cardin is that certainly on this side of the committee we will attempt to be very clear that interpretation is flowing when we're speaking, instead of three or four people speaking at the same time. I think that's only respectful and only correct. We all need to be able to understand what's being said at committee.

**The Chair:** We still have to hear from Mr. Julian.

**Mr. Peter Julian:** Mr. Chair, I'm just asking for clarity from the clerk. The procedure for challenging the chair normally is that the person who challenges explains his or her position, the chair responds, then there's a vote by the committee.

•(1020)

**The Chair:** I have to consult with the clerk on the point. We have a difference of opinion with regard to matters that must stand once they are made.

So that we're clear, Monsieur Cardin has raised a procedural matter. He wants to challenge the chair. I could probably explain to members what's going on, but why don't I have the clerk explain it.

We're really talking about two different matters here. We're talking about a decision that has been made. We have voted and that's that. We now have Monsieur Cardin challenging whether the chair will go back on the point and his challenge to the decision that was made. The chair has said he is not going back; we have made a decision. The challenge is whether or not I have the will of the committee to say that the matter is behind us.

When you challenge the chair, that is not debatable. All we need is clarity on what the challenge is. The challenge is on the decision I made about not going back to the vote. That is the question.

So we are clear, Monsieur Cardin, I have made a decision that we are not going back to the vote from the last meeting. The matter is behind us; the matter will stand. You now want to challenge that ruling, and it is not debatable.

If everyone is clear, the challenge is on my position, as chair, that I do not wish to go back to the previous meeting's vote. I would suggest that those who will be voting in favour of Monsieur Cardin's challenge will challenge my decision to carry on. That's the extent of it.

Is that clear to everyone? It is not debatable. I just want to know if it's clear to people.

**An hon. member:** It's clear to me.

**Mr. Peter Julian:** With respect, I believe the question is, do you uphold the decision of the chair?

**The Chair:** Yes, but I want to be clear that upholding the decision of the chair is not to change the vote, but to my decision that the vote stands.

**Mr. Peter Julian:** Yes.

**The Chair:** That's the decision.

Did you want to add something, Madam Clerk?

[Translation]

**The Clerk of the Committee (Mrs. Carmen DePape):** Mr. Cardin, I wanted to tell you that in the Marleau and Montpetit, on page 495, it clearly states that: "A decision once made cannot be questioned again but must stand as the judgment of the House." It is the same thing for committees. It also states: "It is not in order for Members to "reflect" on votes of the House [...] and, when this has occurred, the Chair has been quick to call attention to it".

•(1025)

**Mr. Serge Cardin:** You are talking about the Standing Orders. In this context, a decision was made despite the fact that, technically speaking, we did not have the right to call the question so long as someone had the floor who was still speaking, and normally, there should have been a name on the speakers' list. Therefore, there were speakers remaining. Therefore, in my opinion, the chair had no right to call the question at that point in time.

On the other hand, you are saying that a decision that has already been taken cannot be challenged. But when a decision has been made, it is challengeable. Does the Marleau and Montpetit provide something for a case or an event in which things unfold as they did?

[English]

**The Chair:** Very good. I think it's important to have the clarity so Monsieur Cardin knows.

You're absolutely correct, Monsieur Cardin. I don't challenge what you've said, but I did explain to you that your name was not on the list. By our practice here, I did not see you wanting to enter the debate. The time for the meeting had expired.

Having said that, beyond the point that you raised with some validity, the rule of the chair will supersede that. The chair made a decision. You are now challenging the decision of the chair, and at that point we will carry on one way or another. If the will of the

committee is to accept the decision of the chair, then we will move on, and that's all there is to that.

Having had the motion explained, Monsieur Cardin wishes to challenge the chair and my decision to let the matter stand, as we decided at the last meeting not to go back.

[Translation]

**The Clerk:** If you wish to do that now, the question to ask is if the chair's decision is sustained.

[English]

**The Chair:** Please go slowly.

**The Clerk:** I'm sorry.

[Translation]

If you wish to do that now, you must ask the following question: "Is the chair's ruling sustained?"

[English]

If you want to proceed, you ask, "Is the chair's ruling sustained?" It is based on what is in Marleau and Montpetit.

**The Chair:** There is the challenge: is the chair's ruling sustained by the committee?

(Ruling of the chair sustained)

**The Chair:** We're going to carry on with business.

Monsieur Cardin.

[Translation]

**Mr. Serge Cardin:** I would like to raise a point. When you asked the clerk to slow down as you were speaking, you proved how difficult this can be. Personally, I understood the clerk very well when she was speaking French. However, when she began to speak English, there was a long delay before the simultaneous interpretation was heard. The interpreter, unfortunately, ended up with a partial sentence that did not mean anything at all. I must therefore repeat what I said at the beginning of the meeting: people must learn to breathe deeply through their noses and speak more slowly, in order to allow the interpreters to do their job. This element has to be taken into consideration. Following that, when the time comes to make decisions and vote, everyone would be aware of the issues, on the same wavelength, and able to make enlightened decisions. This is what I hope for because if you want to have my cooperation throughout the session, until the summer, you will have to take that into account. It is a priority for me.

[English]

**The Chair:** I thank you for that, Monsieur Cardin. Your point is well taken, and I found myself speaking to the clerk in that regard. I think the committee now understands, and we'll try to do that.

Mr. Silva, on a point of order.

**Mr. Mario Silva:** Mr. Chair, first of all I want to say that it's not my practice to challenge the chair and I appreciate the fact that you've been a good chair. I apologize, but there's been a bit of confusion over here in the sense that I'm following the lead of my vice-chair of the committee. We're supposed to not be voting, to abstain, and I think we need to have that vote again. Nothing against you, Mr. Chair, of course.

•(1030)

**The Chair:** The matter again is not dissimilar to the previous one, a matter to be dealt with has been dealt with, voted and dealt with, so there we go.

**Mr. Peter Julian:** On a point of order, Mr. Chair—

**The Chair:** Thanks anyway, Mr. Silva.

Mr. Julian, we have a list of points of order, and the next one goes to Mr. Harris.

**Mr. Richard Harris (Cariboo—Prince George, CPC):** Mr. Chair, with all due respect to my colleagues across the way, we have had a parliamentary secretary waiting patiently while the political back and forth has gone on here. I'm sure the parliamentary secretary has much better things to do than sit here and listen to the back-and-forth games of the opposition party.

At least, Mr. Chair, if they plan to continue, would you as the chair give our parliamentary secretary the option of leaving to do better things, if those are what he has to do? There's no reason he should have to sit here while these guys play their games.

**The Chair:** Well, I think we appreciate all of the witnesses who come before the committee, particularly the witnesses who were called by the members who are now raising points of order.

**Mr. Richard Harris:** It's embarrassing.

**The Chair:** Mr. Julian.

**Mr. Peter Julian:** Mr. Chair, as you know, we can ask for a recorded vote on votes. For the purposes of the vote that has just been taken, I request a recorded vote. Very clearly, Mr. Chair, there are members here who were voting in an opposite way to what they intended.

**Mr. Ron Cannan (Kelowna—Lake Country, CPC):** Too late.

**Mr. Peter Julian:** We've heard that expressed. The recorded vote clarifies that issue, Mr. Chair, so I request a recorded vote.

**The Chair:** Well, Mr. Julian, I think a recorded vote has to be requested before a vote is taken. In this case, the vote has been taken, the decision has been made, and we're moving on.

**Mr. Peter Julian:** Mr. Chair, on a point of order, I then challenge your decision.

**The Chair:** We have Mr. Cannan next, Mr. Julian.

**Mr. Ron Cannan:** To challenge the whole structure—

**An hon. member:** My point has been made, Chair, that the recorded vote has to be requested before the vote is taken, and Mr. Julian knows that better than anybody around the room.

**Mr. John Cannis:** Challenge the rules.

**The Chair:** Mr. Julian, did you have a point of order?

**Mr. Peter Julian:** No, I have challenged your decision. That's not debatable, as you know. So we proceed to a vote on your decision.

**The Chair:** What is you are challenging now?

**Mr. Peter Julian:** I'm challenging your decision not to hold a recorded vote on this vote.

**The Chair:** It's not a question of my saying no, Mr. Julian. If you want to have a recorded vote, you have to ask for a recorded vote before the vote is taken. In this case, the clerk did quite clearly count

the votes, and it wouldn't be a difficult thing to do. I'm sure with the unanimous consent of the committee, we could record it as such. We know who voted which way. It won't change the vote, Mr. Julian, if that's your intent.

So it's not really my decision here; it's simply the rule that you can't ask for a recorded vote after the vote is taken.

**Mr. Peter Julian:** I challenge that decision, Mr. Chair.

**The Chair:** You want to challenge that decision?

Okay, Mr. Julian is now challenging the chair.

**Mr. Ron Cannan:** I have a point of order, Mr. Chair.

**The Chair:** He's challenging decision that we can't go back and record a vote after the vote is taken.

Those who wish to sustain the chair, raise your hands.

•(1035)

**Mr. Ron Cannan:** Mr. Chair, could I just have clarification from the clerk if the motion is even in order? The fact is that we're following the rules. If not, what's the use of having this 400- to 500-page book that we follow and then make changes?

**The Chair:** Thanks, Mr. Cannan.

This is not debatable. We're in a game. Mr. Julian has challenged the chair on whether or not we should have gone back to attempt to record a vote that had already been taken.

Those who wish to sustain the decision of the chair that the vote had been taken and, therefore, that we can't go back and record the vote, please raise your hands. There are five.

Those opposed? We have six.

All right, the vote was recorded.

**Mr. Peter Julian:** Mr. Chair, a recorded vote is that you ask each one of us individually. As you know, we've done this procedure. Actually, prior to your becoming chair of this committee, we did have a number of voice-recorded votes, and simply what that means is each member is then asked how they vote individually. So the members—

**The Chair:** I'm quite aware of what a recorded vote is, Mr. Julian. But in this case, because a vote was taken, the matter has been dealt with. The rules are quite clear in that regard. Once a vote has been taken on an issue, we can't revisit that issue. If you wanted to have a recorded vote, you should have done it before.

**Mr. Peter Julian:** Mr. Chair, we've overturned that decision.

**The Chair:** No, you haven't overturned it.

**Mr. Peter Julian:** Please proceed.

**The Chair:** Well, you have simply overturned my decision to go back and record a vote. But the vote, in fact, has already been taken. So you can't go back and take a vote on a matter that's already been voted on.

**Mr. Peter Julian:** Mr. Chair, we overturned that decision. The committee just had a vote—

**The Chair:** It's not a question of that decision. It's the rules of order.

**Mr. Peter Julian:** Please proceed. It's pretty simple. We've made a decision. Please honour that decision and record the vote individually.

- \_\_\_\_\_ (Pause) \_\_\_\_\_
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- (1050)

**The Chair:** We're ready to resume.

**Mr. Mario Silva:** Mr. Chair, I hear there is a vote in the House happening right now.

**The Chair:** Yes. We have a motion on the floor. We're just going to—

**Mr. Mario Silva:** I hear it's not the 30-minute bells. I hear the vote is happening now.

**The Chair:** There's no bell. We don't have the light.

In any event, we have a motion before the committee, and that is for a recorded vote on the preceding motion. The motion was to sustain the chair on the previous motion of the last meeting. We're now going to proceed to a recorded vote on sustaining the chair's ruling.

(Ruling of the chair sustained: yeas 8; nays 3)

**The Chair:** Again the chair is sustained. For a matter of record, we are sustaining the vote of the committee. Democracy reigns.

We are going to do a complete clause-by-clause of Bill C-2 at Tuesday's meeting, and we have the delegation on Thursday. So Tuesday at the next meeting we will go clause-by-clause and complete Bill C-2 at committee.

Mr. Cannis wanted to raise a point for clarification. Out of respect for Monsieur Cardin's point earlier, I apologize for any concern you had, Monsieur Cardin. I think you made your point very clearly with regard to rushing motions. I don't want to go too quickly. We are trying to stay within the time allotted to the committee. We have had discussions regarding unintended time restrictions on debate of motions. We will do our utmost to ensure that doesn't occur again. It certainly was not the intent to limit anyone's ability to speak at the committee. I want it to be absolutely clear that I didn't see your name on the list. In fact, your name wasn't on the list, but it wasn't my intention to limit debate in any way. With the consent and the will of the committee, we will do our utmost to make sure that debate on motions is allowed in future.

Mr. Cannis, did you have something you wanted to add?

**Mr. John Cannis:** For the purpose of saving time, Mr. Chairman, I think you've covered what I really wanted to say very well, but I'll simply add that I think we will seek support that there's more flexibility in terms of the timing if that, Mr. Chair, means dismissing the witnesses a little bit earlier and not confining ourselves to that 15 minutes we initially talked about when we set the guidelines from the outset.

**The Chair:** Thank you.

Mr. Julian.

**Mr. Peter Julian:** Mr. Chair, thank you for holding that vote. We have witnesses who were both on the Liberal list and the NDP list who have said they're available and are coming to Ottawa on Tuesday morning. Might I suggest, given the motion the parliamentary secretary put through, that we hear from them on Tuesday morning, that we take the time to have those discussions, and then in keeping with the motion we move to clause-by-clause. That would allow those individuals to speak to the motion.

I should say that if we go to clause-by-clause and the carve-out is achieved on Bill C-2, that would mean the Conservatives could not filibuster this bill. In a sense they are handcuffing themselves, but I'm comfortable with that. I believe we should be respecting people who have already indicated they want to come before this committee and people whom both the Liberals and the NDP have submitted to come before this committee for Bill C-2.

- (1055)

**The Chair:** I appreciate the interest of many people. Obviously, over time, we have had many people who wished to appear before the committee. In fact, many people, including some of those you suggest would like to appear again on Tuesday, have appeared before the committee on the EFTA free trade agreement.

This bill is an implementation bill, and it may be that such testimony will be redundant in this case. In any event, we did receive from all parties their lists of potential witnesses. We went to great lengths to contact those witnesses. The clerk's office did extend invitations to several, including to some of those you said wished to appear on Tuesday. They weren't available to appear at the time the committee was dealing with this matter and hearing witnesses. So we proceeded in the manner that we have done, and today was a day for witnesses.

It was the will of the committee to hear from the Minister of Industry and the Minister of Agriculture, so this day was dedicated to them. Unfortunately, we've not been able to hear from the Department of Agriculture because of procedural matters that delayed us.

We do have a motion to deal with and to complete the clause-by-clause Bill C-2 consideration by the end of business on Tuesday.

I guess the only thing I would suggest, if you want some latitude, Mr. Julian, is that our purpose here is to get on with the business of the committee. We have, I think, in fairness, heard from these witnesses. We've heard from them before. We can certainly hear from them again. I think we have heard their testimony, as I say. We do want to get on with the bill. The business of the committee is to pass the bill. The will of the committee is to do this on Tuesday.

I'm sorry that we didn't have them here today, but I think the motion has been carried. If you could guarantee me that we could complete clause-by-clause consideration of the bill in less than the full two hours, then that time could be used, I'm sure, to accommodate witnesses. But I would have to have an assurance that we could complete the bill by the end of Tuesday.

**Mr. Peter Julian:** Well, Mr. Chair, is the NDP the only party that submitted amendments?

**The Chair:** Yes.

**Mr. Peter Julian:** Then, Mr. Chair, you can have that assurance from me.

**The Chair:** Okay, so we—

**Mr. Gerald Keddy:** Mr. Chair, we've got a motion, but we just keep going around and around here. I don't know if there's a place in the rules to sanction members who are simply trying to delay the process on a continuing and regular basis. I mean, sooner or later...

We have a motion, we voted on it, and we went back and voted on it again, and voted on it a third time—

• (1100)

**The Chair:** We're running out of time again. I don't wish to limit debate here. These are points of order, but I think our motion is that we complete clause-by-clause consideration on Tuesday. I'm trying to accommodate the committee and everybody's opportunity to participate. If we have the agreement of the committee, and I believe we have its consent and agreement, and we have the word of Mr. Julian that we will complete clause-by-clause on Tuesday....

That was to be my understanding, was it not, Mr. Julian?

**Mr. Peter Julian:** Yes.

**The Chair:** Yes, it is. Then frankly, I think we could probably give the first hour to hearing the remaining witnesses, with the concurrence of the committee and agreement that we are going to complete the clause-by-clause.

**Mr. Gerald Keddy:** We need some clarification.

**The Chair:** Excuse me, Mr. Keddy.

We also have the outstanding matter of the witness who has been sitting here patiently throughout the day, and I wonder if it is the will

of the committee to have the Department of Agriculture and the parliamentary secretary come back on Tuesday and also appear with the witnesses that Mr. Julian wants to bring.

I'm at the will of the committee. Again, we are out of time. What's the will of the committee?

**Mr. Mario Silva:** It seems reasonable, Mr. Chair.

**Mr. Pierre Lemieux (Parliamentary Secretary to the Minister of Agriculture):** Chair, I won't be available on Tuesday. I'm actually off the Hill on Tuesday.

**The Chair:** Well, that solves that problem. Thank you very much.

**Mr. Pierre Lemieux:** That's your prerogative; I'm just letting you know my schedule.

**The Chair:** Mr. Keddy, are you...?

**Mr. Gerald Keddy:** My only point, Mr. Chair, is that these witnesses have already been heard at this committee during the discussion of this bill. They would be coming back—

**The Chair:** Mr. Keddy, do you have a point to make?

**Mr. Gerald Keddy:** Yes, that's the point. So it's not as though a lot of witnesses haven't been heard.

**The Chair:** Okay, fine. The point has been heard and taken. We have also heard that those witnesses spoke on the free trade agreement, but did not speak on the bill.

In any event, I think we have consensus here. I want to try to maintain some cooperation and coordination in the committee.

I thank everyone for their participation today. My apologies to Monsieur Lemieux, the Parliamentary Secretary to the Minister of Agriculture. And I thank the committee for its cooperation today.

The meeting is adjourned.

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