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Chair

Mr. James Rajotte

Standing Committee on Finance

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● (1530)

[*English*]

The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)): I call to order meeting number 18 of the Standing Committee on Finance. We are continuing our examination of Bill C-9, an act to implement certain provisions of the budget, tabled in Parliament on March 4, 2010.

We have two panels before us this afternoon and evening. I want to welcome all the witnesses and thank them for coming in today. We have six organizations here with us. We have the Canadian Environmental Law Association, the Green Budget Coalition, MiningWatch Canada, the Canadian Union of Postal Workers, and Ecojustice Canada. We have by teleconference from Calgary the Alberta Wilderness Association.

We have five minutes for an opening presentation for each organization and for logistics. We'll start with the Alberta Wilderness Association.

Ms. Kwasniak, can you hear me?

Mrs. Arlene Kwasniak (Representative, Alberta Wilderness Association): Yes, I can.

The Chair: Can you begin your presentation? You have five minutes for an opening statement, please.

Mrs. Arlene Kwasniak: Okay. Thank you. I wasn't expecting to go first, but here we go.

Thank you for this opportunity to connect remotely. I represent the Alberta Wilderness Association, which is the oldest conservation organization in Alberta, dating back to 1965. We promote wilderness, wild lands, and ecosystem protection generally, so of course environmental assessment is very important to us.

We'd like to stress the importance of strong, effective, federal environmental assessment in Canada. The federal government has exclusive constitutional legislative jurisdiction over a number of heads, including our fisheries, navigation, oceans, and others. If the federal government doesn't appropriately assess projects that impact these heads of power, no other level of government can constitutionally do it. So it's really important that the federal government keep its very strong role in environmental assessment.

I'd like to say that what is happening now in Bill C-9 and some other events that preceded it in the last couple of years is defying a long tradition of legislative requirements and general comprehensive consultation for the CEAA and its regulations and policy.

I'd like to highlight a couple of things, and they're all set out in my brief. The CEAA took five years to develop. Obviously the government considered it to be very important legislation that impacted people, the environment, and the whole face of Canada. That is why it had such extensive consultation. The government formed the regulatory advisory committee, which advises the federal minister on CEAA matters. It was very instrumental in developing the key regulations under the CEAA, and has worked for several years to assist the government in the development of regulations and policy.

The first five-year review took three years, because it took that long to make sure the act was properly reviewed. The second review is scheduled to happen later this year. The act itself requires a comprehensive, substantive review of the provisions of the act.

I would like to suggest that there has been a recent demise in consultations having to do with the CEAA and an avoidance of the legislative requirement for consultations for substantive changes. This is very clear in the budget implementation bill of 2010.

In my brief I lay out a number of events prior to this budget bill, but I'm going to leave it to you to look at them, because I certainly don't have the time in these five minutes. I want to go right to the budget bill itself, because a number of destructive substantive changes to CEAA are buried in this bill.

For example, proposed section 15.1 would give the environment minister the right to slice and dice projects so that only one component was assessed. This provision completely undermines the potential application of the act and could result in significant environmental impacts not being assessed and mitigated. It will certainly diminish public participation. It also overrides a recent Supreme Court of Canada case that says a project is a project is a project, and the CEAA requires the assessment of projects, and not bits and pieces of them.

Finally, this provision opens the door for uneven and unfair application of the CEAA. There are no statutory conditions governing the exercise of the minister's discretion, except that the minister must set some conditions, whatever they might be. So I think that all interested persons, including regulated industry, should be very concerned about this.

There are also provisions that exempt most Building Canada plan projects from environmental assessment. These provisions, which are currently in the exclusion list regulation, have been challenged by the Sierra Club of Canada. Curiously, this bill purports to put these exclusions in the act, making that part of the challenge moot.

The exclusion list regulation can only, by the act itself, include projects that are known to have insignificant environmental effects. It's clear that this list of Building Canada plan projects could have any range of environmental impacts, so they certainly don't belong in the exclusion list legislation.

● (1535)

The addition to the act gets around that problem, but what it also does is completely undermine the logic and coherence of the CEAA. The CEAA requires that a project that triggers the act because there's a federal interest in the project be assessed no matter what its environmental impacts are, unless it's on the exclusion list. Putting this exemption in the act completely undermines that. Also under the act, the level of assessment depends upon the level of environmental impacts.

I'm done?

The Chair: We're getting close. Could I ask you to wrap up very briefly?

Mrs. Arlene Kwasniak: Okay.

I just wanted to finally say that an omnibus budget bill is really no place for such amendments. There's been no public stakeholder and aboriginal consultation. There could be environmental degradation and impacts on human health through the lack of environmental assessment of projects. It defies, I would say, the will of Parliament by pre-empting the seven-year review, disregards a twenty-year tradition of broad consultation, and undermines the logic and coherence of the act.

I want to close by citing the Senate Standing Committee on National Finance report on the budget implementation act of 2009, which strongly criticized using budget bills to essentially sneak in substantive provisions to other legislation, and asked the government to cease using these bills for that reason.

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

We will now go the Canadian Environmental Law Association, please.

Mr. Richard Lindgren (Counsel, Canadian Environmental Law Association): Thank you, Mr. Chair.

I'd like to begin by thanking the committee for inviting us to speak to Bill C-9.

As you know, CELA is a public interest law group that was founded in 1970. Our mandate is to use and improve environmental laws in order to protect the environment and to protect public health and safety. We basically represent citizens and public interest groups before the courts and tribunals in order to protect the environment and human health.

CELA has long advocated for effective and enforceable and equitable environmental assessment legislation at the federal level. For example, about 20 years ago I appeared before a parliamentary committee to speak to CEAA when it was first being debated. It seems like only yesterday, but I guess it was 20 years ago. I also participated in the five-year review that occurred from 2000 to 2003.

I should also note the fact that we have intervened in the Supreme Court of Canada in various cases involving federal EA requirements. For example, I was counsel for the six environmental groups that intervened in the MiningWatch case decided by the Supreme Court of Canada earlier this year.

Mr. Chair and members of the committee, based on our experience and our public interest perspective, we have very serious and fundamental concerns about the Bill C-9 proposals to amend CEAA. Our main concerns were outlined in a letter that I sent to Prime Minister Harper back in April, before the bill was referred to this committee. I have provided a copy of my letter to the committee clerk for distribution. My understanding is that it has been translated and distributed to the committee.

In essence, our letter raises three main concerns about the Bill C-9 proposals to amend CEAA. First, CELA objects to the process that's being used to enact these amendments. In our opinion, proposed changes to CEAA should not be buried in a budget bill. Instead, any proposed amendments to the act should be brought forward and proceeded with as stand-alone legislation that's subject to full parliamentary debate and meaningful public consultation, neither of which has occurred in this case to this point. That's our first objection.

The second objection is to the timing of the proposed amendments. As the committee is aware, these amendments have been introduced just as the mandatory seven-year review of CEAA is about to commence. In our opinion, the 2010 review is by far the preferable forum for discussing and debating and developing changes to Canada's national EA statute.

Thirdly, and perhaps most importantly, we object to the content of the proposed amendments. In our opinion, Bill C-9 does not reflect sound public policy. To the contrary, it is our view that most of the amendments weaken or roll back existing EA requirements under CEAA and do not adequately address the various priorities or matters that really do need some legislative attention under CEAA.

Like the previous speaker, I am particularly concerned about the proposal in Bill C-9 to empower the environment minister basically to redefine the scope of projects as they go through the CEAA process. In our opinion, Mr. Chair, that proposal is likely to result in more delay, more uncertainty, and more litigation as the minister attempts on a case-by-case basis to scope out or screen out the most contentious or most environmentally significant components of a project. That's the very type of project-splitting that the Supreme Court of Canada disallowed in its MiningWatch decision. So why would we revisit it through this proposed amendment?

For those reasons, Mr. Chair, CELA does not support the proposed amendments to CEAA. We would respectfully request that this committee do everything in its power to delete or defer or defeat the proposed amendments to CEAA.

Thank you.

● (1540)

The Chair: Okay. Thank you very much for your presentation.

We'll now hear from the Green Budget Coalition.

Mr. Andrew Van Iterson (Manager, Green Budget Coalition): Mr. Chairman, honourable committee members, thank you for inviting me to speak to you today. I'm here on behalf of the Green Budget Coalition, which as some of you know is unique in bringing together 21 of Canada's leading environmental and conservation organizations, representing over 600,000 Canadians, including Ducks Unlimited, the Nature Conservancy of Canada, Nature Canada, Équiterre, World Wildlife Fund Canada, as well as three of the groups speaking to you today: Ecojustice, CELA, and MiningWatch.

The Green Budget Coalition has been working cooperatively since 1999 to assist the federal government to develop and implement strategic budgetary and fiscal measures critical to achieving long-term environmental sustainability, with a particular emphasis on achieving a green economy by implementing a fair price on pollution and the consumption of non-renewable resources.

We make public statements on rare occasions. This is one instance when it was obvious to us there was a need to speak out. We issued a press release—which should be in front of you—on April 21 to that effect. We sent it to you that day as well.

The Green Budget Coalition essentially has two clear messages to convey to the committee regarding the proposed changes to the Canadian Environmental Assessment Act in Bill C-9. Firstly, we feel it is not acceptable to use omnibus budget legislation to weaken Canada's environmental protection laws. Second, the Green Budget Coalition requests that you remove the amendments to CEAA from Bill C-9 in order that these proposed changes can receive full parliamentary review, including a thorough review by your esteemed colleagues on the House of Commons Standing Committee on Environment and Sustainable Development.

Canada's environmental protection laws play a fundamental role in preserving and improving Canadians' enviable quality of life and in guiding us toward sustainability by reconciling the economic, social, and environmental elements of development projects. In the interest of transparency and accountability, any proposed changes to these laws deserve the full benefit of government review, including the consideration of the environment committee and a separate vote by parliamentarians without an election hanging in the balance.

As you know, the CEAA contains a statutory provision for review scheduled to begin in the next few months. By making amendments to the CEAA part of the budget bill and subject to a confidence vote, the important stakeholder consultation process involved in this review will essentially be pre-empted, as MPs will be forced to either accept these changes in CEAA or else trigger an election. This leaves little room outside of this 90-minute session for the full discussion, consultation, and debate that these amendments deserve and would otherwise receive.

I would also like to draw your attention to the Senate finance committee's report on the 2009 budget implementation act, dated June 2009. Among only nine recommendations that the Senate finance committee made, the majority of the Senate committee specifically recommended that the government cease the use of such omnibus legislation to introduce budget implementation measures. It also included four options as observations regarding how the Senate finance committee might respond to a future omnibus bill. These included dividing the bill into parts so that the relevant committee could address each component, deleting all non-budgetary provisions, and considering only those elements that are budgetary in nature.

You might be interested that a majority of those Senate finance committee members are still in place on that committee for both the government and the opposition, so they may not be so eager to receive the budget act as it stands right now, either.

In closing, I would like to reiterate the Green Budget Coalition's prime recommendations. In the interest of transparency and accountability, and given the great importance of environmental protection laws to Canadians' well-being now and for generations to come, please remove the amendments to CEAA from Bill C-9 in order that these proposed changes can receive full parliamentary review, including a thorough review by the House of Commons Standing Committee on Environment and Sustainable Development.

Thank you for your time. Merci.

● (1545)

The Chair: Thank you for your presentation.

We'll now hear from MiningWatch Canada.

Mr. Jamie Kneen (Co-Manager, MiningWatch Canada): Mr. Chair, members of the committee, good afternoon and thank you for the opportunity to speak today.

By way of introduction, MiningWatch Canada is a pan-Canadian coalition of 20 environmental, aboriginal, social justice, development, and labour organizations that advocate for responsible mining practices and policies in Canada and by Canadian companies operating internationally.

Environmental assessment is one of the areas MiningWatch has worked closely in, in terms of policy development, as well as working directly on a number of project-specific environmental assessments.

One of the most surprising aspects of this work has been the level of interest from the public. Communities potentially affected by mining projects are naturally very interested in the assessment of those projects, but so is the broader public, and we receive a constant stream of inquiries and requests for information and assistance.

Environmental assessment, or EA, is sometimes seen as a somewhat technocratic and esoteric process. It can certainly be complex and inaccessible. Yet people are adamant that we need strong and consistent EA processes, and they are willing to invest considerable time and energy in trying to understand the process and participate effectively in project assessments. They tell us what an important part of working together for sustainable development it is.

On January 21 of this year, not four months ago, the Supreme Court of Canada unanimously decided a case brought by MiningWatch Canada over the federal government's handling of the proposed Red Chris copper and gold mine in north-central British Columbia. The court ruled that the federal government cannot assess only part of a project, or split projects into artificially small parts, to avoid rigorous environmental assessments. The ruling guaranteed that the public would be consulted about major industrial projects, including large metal mines and tar sands developments.

The bill before you today includes amendments to the Canadian Environmental Assessment Act that would effectively reverse the Supreme Court ruling. These amendments should be removed from Bill C-9.

With support from Ecojustice and the broader environmental community, we have fought through the courts for three and a half years to try to correct profound deficiencies in the application of CEAA. It is with great dismay that we now see those same deficiencies being deliberately re-created, only now in the text of the act itself. What's perhaps most unfortunate about the proposed changes is that they won't address the actual issues with the act that they're supposed to resolve. There is in fact a structural problem with the way CEAA is framed that creates delays through a late triggering of an environmental assessment. By the time a permit or licence application is filed triggering the act, a project can be well along in its planning stages. A major projects management office was created a little over two years ago to help resolve this contradiction by identifying projects earlier on, although it's hard to determine at this relatively early point how effective it has been.

The Supreme Court decision on Red Chris should also help eliminate delays by clarifying the decisions that responsible authorities are required to make under the act. The Department of Fisheries and Oceans, for example, does not have to spend months and months trying to figure out how to avoid triggering an environmental assessment or how to reconfigure a project proposal to avoid a comprehensive study, if it simply accepts the project as proposed and assumes its responsibility.

By the same token, if there is a clear mandate behind the federal involvement in joint processes with other jurisdictions, then there is no need for protracted negotiations around the EA process itself. By putting arbitrary ministerial discretion on scoping into the act, the proposed changes will essentially re-create the situation that we fought through the courts to clarify.

MiningWatch Canada has always pressed for a strong federal role in environmental assessment, partly because of the consistency and accessibility that it brings, but primarily because of the federal jurisdiction in a number of critical areas, as has already been mentioned. But let me provide a concrete example.

The proposed Prosperity copper and gold mine in British Columbia is currently undergoing both a provincial assessment and a panel review under CEAA. If the project were to proceed as presented, it would have serious detrimental environmental effects, including the draining of Teztan Biny or Fish Lake to make way for the mine. I have provided you with a picture of this, so that you have an image of Fish Lake. The project would also have serious impacts on the Xeni Gwet'n and Tsilhqot'in people.

The federal panel review has been hearing evidence from the affected communities, independent fisheries experts, and social scientists. Serious shortcomings in the proponents' proposals have been identified and are being reviewed. Meanwhile, the provincial review has been completed and the project has been approved by the B.C. government.

● (1550)

The other picture I have is of the Kemess mine, just so you have an idea of what will take the place of Fish Lake. It's a large open-pit copper-gold mine, barely a few hundred kilometres away and very similar in ecological terms. But if it weren't for the federal review, there would be no meaningful consideration of significant issues around the project's impacts on water and fisheries, and the interests of the Xeni Gwet'in First Nation and the Tsilhqot'in national government.

The Canadian Environmental Assessment Act is a critical element in Canada's legal framework for sustainable development and environmental protection. It has its strengths and shortcomings, but there are also processes established to build on those strengths and to address those deficiencies, and they should be used to their fullest. Substantially weakening the act will deprive Canadians of one of the best and in some cases one of the only tools they have to ensure that vested interests and poorly considered projects do not compromise environmental, social, and economic sustainability.

Thank you for your consideration.

The Chair: Thank you very much for your presentation.

We will now hear from the Canadian Union of Postal Workers.

[*Translation*]

Mr. Denis Lemelin (National President, Canadian Union of Postal Workers): Thank you, Mr. Chairman, committee members. I'll be making my presentation in French.

On behalf of the Canadian Union of Postal Workers, I want to thank you for the opportunity to appear before this committee on Part 15 of Bill C-9. CUPW represents 54,000 workers in rural and urban communities from coast to coast to coast. A majority of our members work for Canada Post.

CUPW would like to urge this committee to give this very small part of Bill C-9 a very large amount of attention as it amounts to partial deregulation of our public post office. In Canada, letter mail is regulated for a reason. Canada Post has an exclusive privilege to handle letters so that it is able to generate enough money to provide affordable postal service to everyone, no matter where they live in our huge country. This privilege includes both domestic and international letters. We believe it will become increasingly difficult for Canada Post to provide universal postal service if the government erodes the very mechanism that funds this service—the exclusive privilege.

Canada Post's exclusive privilege to handle letters has received remarkably little attention over the years. But international mailers, who are currently carrying international letters in violation of the law, have recently taken issue with this privilege and waged a campaign to undermine our post office's right to handle international letters. Canada Post estimates that international mailers siphon off $60 million to $80 million per year in business. Its concerns with remailers have grown as the international mail business has grown and as remailers have unfairly competed for international mail by exploiting the two-tier terminal dues system adopted by the Universal Postal Union in 1999.

It is our understanding that Canada Post attempted to address its concerns with international mailers through negotiations and finally through legal action against two of the largest companies, Spring and Key Mail. One ruling by the Court of Appeal for Ontario stressed the importance of the exclusive privilege in serving rural and remote communities and noted that international mailers such as Spring Canada are not required to bear the high cost of providing services to the more remote regions of Canada. The corporation won this legal challenge all the way to the Supreme Court of Canada.

After this victory, a coalition of private Canadian and international mail companies called the Canadian International Mail Association (CIMA), hired a lobbyist in an attempt to convince parliamentarians to remove international letters from Canada Post's exclusive privilege to handle letters. The government initially defended the importance of the exclusive privilege but it was not long before it started to reconsider its position, presumably because of the CIMA lobby. Nevertheless, the government did promise, in a letter to CUPW, that no changes to Canada Post's exclusive privilege would be considered without thorough policy analysis. We would like to point out that, to date, there has been no serious review or thorough policy analysis of the international mail issue or the impact of removing international letters from Canada Post's exclusive privilege.

The government's recent strategic review of Canada Post did not look at these issues. Unfortunately, this did not stop the review's advisory panel from recommending against deregulation of letter mail, with the exception of international letters. It simply doesn't make sense to be proposing legislation before you look at the relevant issues. The proposed legislation doesn't make much sense either. Canada Post's letter mail volumes declined for the first time in 2008 and again in 2009. The corporation clearly needs international letters as a source of revenue to maintain and improve public postal service. Furthermore, most people in this country are opposed to deregulation of Canada Post. They do not support eroding or eliminating Canada Post's exclusive privilege. Close to 70% of people oppose postal deregulation according to a 2008 Ipsos Reid poll.

● (1555)

Some remailers have argued that the French version of the Canada Post Corporation Act should carry no weight and that the English version would prevail. This argument has been rejected by the courts, as a result of which those businesses are now outlaws.

I draw your attention to the two recommendations we are submitting to the committee. They appear on the last page. We are asking that Part 15 of Bill C-9 be withdrawn. We're also asking that measures be taken to shut down the five or six international mail companies that are violating the law and that there be consultations with Canada Post and CUPW concerning the possibility of offering employment to workers at these companies. That's important for us. I think we'll have to debate the question of the jobs that are at issue.

Thank you for listening. I'll be very pleased to answer your questions.

The Chair: Thank you.

[*English*]

Next we will hear from Ecojustice Canada.

Mr. Stephen Hazell (Associate, Ecojustice Canada): Thank you, Mr. Chair.

Thank you for the opportunity to speak before the committee today.

I'm here on behalf of Ecojustice, as well as Sierra Club Canada. Ecojustice, formerly known as the Sierra Legal Defence Fund, is Canada's largest public interest environmental law organization. Ecojustice is a charitable organization with a mission to protect the environment through litigation and law reform.

Sierra Club Canada is also a national environmental organization that is grassroots in nature and devoted to protecting global ecosystems.

● (1600)

[*Translation*]

I'm going to speak in English. However, we can answer questions in French.

[*English*]

There's a broad consensus among people who concern themselves with environmental assessment that the Canadian Environmental Assessment Act needs reform. That's not really the question. The question is who's going to undertake the reforms. Ecojustice and Sierra Club Canada are extremely concerned that the act is being weakened through a series of piecemeal statutory amendments and regulatory changes without benefit of serious parliamentary or public discussion, when a more comprehensive and integrated response to reform is required.

I would ask two questions. First, what's the rush in getting this bill through as part of the omnibus budget legislation? What's the big hurry? As my colleagues have mentioned, we have the seven-year review coming up. Under law, it must be initiated in June of this year.

Second, are members of this committee comfortable addressing this environmental law? You're a finance committee. Why are you being asked to deal with environmental assessment legislation, which is complicated? It's important, but it's also complicated. You have a committee of the House of Commons whose job that is. The environment and sustainable development committee has that job. It's done reviews of CEAA before. Why isn't it being asked to do it this time?

As I've mentioned, there have been a number of piecemeal changes, of which this bill is only the most recent. Last year there were a number of changes to environmental assessment law that were also introduced through omnibus budget legislation. There were amendments to the Navigable Waters Protection Act, which had the effect of eliminating thousands of environmental assessments of projects, such as dams and bridges, that obstruct navigation and also sometimes have adverse environmental effects. These amendments were also not related to the budget, just as the provisions of part 19 and part 20 in this bill are not related to the budget. They also receive little discussion in Parliament.

This wasn't the only piecemeal change that we've seen before. In the budget from last year, we also had some regulatory changes that were announced, which also removed environmental assessment requirements. These regulations were not gazetted in *Canada Gazette* part I, which is very common, and the fact that they were not so gazetted is a breach of the government's regulatory policy. Secondly, these regulations were not referred through the regulatory advisory committee set up close to 20 years ago by the government of Brian Mulroney to provide assistance to the government in regulatory changes and statutory changes in environmental assessment issues.

We also understand the government is considering another bill on environmental assessment to be brought forward, we're not sure when. The minister spoke on this a year ago. We'll just have to see when that bill comes forward. There was a presentation from the Canadian Environmental Assessment Agency, which I have included as part of my package.

Ecojustice and Sierra Club Canada don't accept the arguments that these changes are needed to avoid overlap and duplication. There have been several studies done on the extent to which there is overlap and duplication with federal environmental assessments. Both of these studies have found that there is very little. There was a 1997 study by the House of Commons environment committee, and in 2001 the federal environment minister reported that the federal EA system had been successful in avoiding duplication with the provinces.

Here are some suggestions for what this committee can do about all of this. Ecojustice and Sierra Club Canada are recommending that these environmental assessment provisions, parts 19 and 20, be deleted from Bill C-9. That's the first step. But we also suggest that this committee request that the House of Commons refer part 19 and part 20 to the environment and sustainable development committee for its consideration as part of the upcoming seven-year review of the Canadian Environmental Assessment Act.

● (1605)

We would suggest that the House of Commons environment committee should be allowed to do its job and carry out its legal mandate to have a considered, deliberate discussion about federal environmental assessment so that Canada can have an effective and efficient law, something that I think all of us around the table want to have.

Thank you, Mr. Chair.

The Chair: Thank you very much for your presentation.

We'll now go to members' questions. Mr. McCallum, you have seven minutes.

Hon. John McCallum (Markham—Unionville, Lib.): Thank you, Mr. Chair.

Thank you all for being with us today. The individual from Calgary I believe is still with us.

Mrs. Arlene Kwasniak: Yes, I am.

Hon. John McCallum: Good. Let me begin with the environment, because there are five presenters. I think I know the answer, but I just want to make sure that everybody's on the same page. I believe all of you would agree that this bill isn't just a case of streamlining or reducing overlap and duplication. It substantively weakens environmental protection. Is that correct?

Mr. Stephen Hazell: Absolutely.

A voice: Yes.

Hon. John McCallum: Everybody agree?

Mrs. Arlene Kwasniak: Yes.

Hon. John McCallum: The second question I want to ask is one of process. To what extent were any of you or the groups that you represent consulted by the government prior to this legislation appearing before us?

Mrs. Arlene Kwasniak: Not at all. This is Arlene Kwasniak from Calgary. I've been a member of the RAC for years, the regulatory advisory committee, and have also been very active in environmental and academic communities. There was no consultation whatsoever, either with respect to this or with respect to other things that Stephen Hazell has mentioned, such as the regulations that were put out last March, which were also very destructive of environmental assessment. Not even the RAC was consulted.

Hon. John McCallum: Okay. The other four?

Mr. Richard Lindgren: I would advise that the Canadian Environmental Law Association was not consulted directly or indirectly, on or off the record, before Bill C-9 was introduced.

Mr. Andrew Van Iterson: The Green Budget Coalition itself was not consulted. I can't speak for the individual member groups, but if these three groups were not consulted, it's unlikely that any others were.

Mr. Jamie Kneen: MiningWatch, either as a member of the Green Budget Coalition or on our own, were not consulted in any way, shape, or form. I want to add, though, that the regulatory advisory committee is precisely a multi-stakeholder body that involves representatives of industry, provincial governments, and non-government civil society.

Hon. John McCallum: Thank you.

Mr. Hazell?

Mr. Stephen Hazell: Neither Ecojustice nor Sierra Club Canada were consulted on Bill C-9.

Hon. John McCallum: Does any one of you know of any other environmental group that was consulted?

Mr. Stephen Hazell: I think we can say with some certainty that no other group was consulted, because we did receive briefings from the Environmental Assessment Agency some weeks before Bill C-9, and there was no mention that any of this stuff was coming.

Hon. John McCallum: Okay.

I certainly agree with the point that this is not the best place for this bill to be, because this is the finance committee and not the environment committee. I don't quite understand. There's a statutory seven-year review coming up in June. Is that correct? If this legislation were to pass, would that make a mockery of the review? Would it go ahead anyway, or would it not have to happen? What would happen in terms of this review if this legislation were passed?

The Chair: Mr. McCallum, can you direct your questions, just to be helpful?

Hon. John McCallum: Okay. Mr. Lindgren.

Mr. Richard Lindgren: I'll start. I suppose it's conceivable that the Bill C-9 amendments could be passed and in place prior to the commencement of the statutory review, which must as a matter of law begin by the end of June. I guess the main purpose of the review, first of all, would be whether we should undo these changes.

Hon. John McCallum: Does anyone have anything to add on that point?

Mr. Stephen Hazell: No, he's right.

Hon. John McCallum: Okay. In principle, I would not be opposed to changes that made things more efficient, streamlined things, or reduced overlap and duplication without weakening the environmental assessment. Mr. Hazell seemed to imply that there wasn't much overlap and duplication. Let me just pick randomly. Mr. Van Iterson, do you agree that there is very little overlap and duplication?

● (1610)

Mr. Andrew Van Iterson: [*Inaudible—Editor*].... I'll pass this to Mr. Lindgren.

Hon. John McCallum: Okay, Mr. Lindgren, then.

My impression, as a non-expert, is that there was quite a lot of overlap and duplication.

Mr. Richard Lindgren: That's certainly a perception, sir, but I would characterize that as a misperception. And to the extent that there is overlapping jurisdiction on a project that would require both federal and provincial EA, there are already built-in provisions in CEAA and provincial law to accommodate coordinated EA review. So it's a complete red herring and a myth to suggest there are all kinds of costly overlaps or duplication.

[*Translation*]

Hon. John McCallum: I now have a question for Mr. Lemelin.

The Canada Post people feel they may lose $60 million to $80 million in revenue. Do you think that's a reasonable estimate? If this bill is adopted, is there a risk that we may see the number of these businesses increase even more sharply and that the loss of income will be more significant?

Mr. Denis Lemelin: Canada Post's estimate is indeed $60 million to $80 million. However, I believe that deregulation is the central component of this part of the bill. By taking away our exclusive privilege, we're enabling businesses to start up in this sector, which is allegedly profitable. These private businesses that will be exploiting a profitable sector and that will have cheap labour will probably gradually capture other aspects of the exclusive privilege. For us, that's the danger of this deregulation.

[*English*]

Hon. John McCallum: In English, it's sort of the thin edge of the wedge or the beginning of a bigger trend?

Mr. Denis Lemelin: Yes.

Hon. John McCallum: I would have thought that if something that is officially illegal now were to become legal... Certain companies might have been afraid to enter when its legal status was in question, but you could get a substantial growth if it were to become legal. Would you agree with that?

Mr. Denis Lemelin: Yes, that's absolutely right. The most important thing for us is the fact that it goes. We have the exclusive privilege, and this exclusive privilege is attacked now. And it's the remailers who are really the first to go around and try, by the back door in some way, to privatize, and use this tool after that to expand.

We already know that the population of Canada doesn't want deregulation. They really want the post office to stay a crown corporation and a public service. So that's the situation for us.

The Chair: Thank you.

Hon. John McCallum: Thank you.

The Chair: Thank you, Mr. McCallum.

We'll go to Monsieur Paillé, *s'il vous plaît*.

[*Translation*]

Mr. Daniel Paillé (Hochelaga, BQ): Welcome.

It's obvious to everyone that Bill C-9 is an unpalatable stew that the government has put on the table, betting, even though it's a minority government, that the bill will be adopted. If the ranks of each party were respectable enough, this bill would not pass. The government wouldn't have tried to introduce this mess. As proof that we're being served up this stew, we have both people from the environment sector and a union president defending his business. That's what this leads to.

Mr. Lemelin, earlier we were told that no one had been consulted among the people in the environment sector. I'm going to continue down the road by asking you a first question. Were you consulted on Part 15, which concerns you?

Mr. Denis Lemelin: Absolutely not; we weren't consulted. We know that this part, which is now included in Bill C-9, existed in other forms in the past. For example, there was Bill C-14 and Bill C-44. However, we were never consulted. We have always tried to be publicly accountable and we've always called for public debate on the postal services issue, since it's a service we provide to the public. This is a roundabout way of avoiding public debate on the issue.

● (1615)

Mr. Daniel Paillé: With regard to Bill C-9, if this was a minority government and there was an opposition with backbone—some opposition parties have backbone—we could continue by saying we are in favour of it and that we agree to withdraw Part 15. However, we aren't sure that everyone will agree with us that Part 15 should be withdrawn.

One of the reasons why you're opposed to it is that Canada Post's mandate is to distribute the mail at the same rate, regardless of whether you are in downtown Montreal or in the confines of a very remote region in Canada. This is somewhat like Hydro-Quebec's situation. It's national and, as a Crown corporation, it can't bill the Magdalen Islands at a different rate from the one it charges in downtown Montreal. We understand that.

You mentioned that there has been lobbying. The people from the Department of the Environment told us that too, in view of the fact that none of the environmentalists here before us were consulted. What lobbyists could make us swallow this postal mess? Can the people from the Department of the Environment—perhaps Mr. Lindgren could do it—identify the lobbyists that would be strong enough to have bills passed amending all this, in an omnibus bill that has nothing to do with us? Which, if the official opposition had backbone, could even risk bringing down the government? Who are these super strong people?

Mr. Denis Lemelin: In our presentation, we talk about the Canadian International Mail Association. It's an organization representing remailers as such.

The act was changed on the international side, for example, to allow remailing to be done. Then there was the court case starting in 2004. It was after those results that Key Mail Canada and Spring Canada had the opportunity to request that the court decision be set aside. So it was from that point, in 2006 and 2007, that we saw this was developing.

We warned the government. We also sent letters to the government saying this sector couldn't be opened up to the private sector without a major public debate. The government confirmed that for us in 2006-2007, saying that the issue was important and that an economic study had to be conducted. No economic study was conducted by any party or by the independent committee that looked into postal service. So there's nothing. There's no evidence of the impact this may have.

Mr. Daniel Paillé: If I go back to my question, is the lobby essentially private?

In environmental terms, can people identify specific lobby groups?

[*English*]

Mr. Richard Lindgren: Well, sir, I cannot speculate what parties or sectors may have been consulted or who may have been lobbying the government for these kinds of changes. I would presume it would be proponents of large-scale environmentally significant projects who undoubtedly would like to see themselves exempted from EA or subject to whittled down or speeded up EA. But as I indicated earlier, sir, I would caution those folks to be careful what they wish for, because they may end up with a slower, more uncertain EA process if you turn it into let's make it a deal approach and you start negotiating the scope and scale of the EA requirements that have to be undertaken.

[*Translation*]

The Chair: Mr. Paillé, you have 30 seconds.

Mr. Daniel Paillé: All right.

Mr. Lemelin, I'm coming back to you. On page 5, you identified differences between the English and French versions. Could you enlighten us on that subject? Some say the French version of the Canada Post Corporation Act carries no weight and that the English version should take precedence. What does that refer to?

● (1620)

Mr. Denis Lemelin: It was simply one of the arguments raised by Key Mail Canada and Spring Canada when they appeared before the court. They said that the English version of the Canada Post Corporation Act was different.

According to the English version, the perception was that they in fact were entitled to do it without any amendment being made to the Canada Post Corporation Act. The judges said no. They found that the two versions were official versions and that, in their view, the two versions were equivalent and they had no right to do it. It was somewhat in those circumstances.

[*English*]

The Chair: Thank you, Mr. Paillé.

Mr. Menzies, please.

Mr. Ted Menzies (Macleod, CPC): Thank you, Mr. Chair.

Thank to you our witnesses for joining us here today.

I think I should put it on the record to start with that I am an environmentalist. Having grown up in agriculture, having grown up during a lot of my younger years in the wilderness, I'm a strong advocate of protecting the environment. I'm just a little concerned by some of the language that's been raised here today.

In our budget bill last year we made some changes to navigable waters so we could get the stimulus spending out quickly so we wouldn't have duplicate environmental assessments, unnecessary duplicate environmental assessments, but rather make sure that we had one good, comprehensive one.

We had many environmental groups, mostly the canoeists, here telling us how the sky was going to fall. I haven't heard from the canoeists in a year, so I just take a your concerns with a bit of a grain of salt.

Mr. McCallum posed a very articulate question, and very well worded—

Mr. Daniel Paillé: As usual.

Mr. Ted Menzies: Absolutely, as usual. He's a very articulate gentleman. I've heard him quoted in the House of Commons many times.

He asked all of you groups if you were consulted on these changes in Bill C-9, and I truly believe that you probably weren't consulted on Bill C-9. But going back over history, this discussion about this process has gone on for a long time. Most of you here are on the record as suggesting that these changes should take place, and that rather than having 40 or 50 federal authorities spread across government, we should narrow the focus down on environmental assessments.

In fact, Mr. Hazell, when you were executive director of the Sierra Club you said that the conduct of comprehensive studies could be transferred from federal authorities to the Canadian Environmental Assessment Agency. That was back in the mid-nineties at some point.

My good friend Elizabeth May, in her former role as executive director of the Sierra Club, made a similar statement in 2002 in front of the Standing Committee on Environment and Sustainable Development, and I will quote her as well.

Now, Liberals, stay seated in your chairs.

> So we were extremely hopeful with the 1993 red book,

—I'm not sure which iteration of the red book that was—

> where there was a commitment that CEAA would receive royal assent, but it would be with significant strengthening and the creation of an independent Canadian environmental assessment agency that would be more like the CRTC in its functions. That would take us a step away from self-assessment, it would create rigour and professionalism in that body, it would create more predictability for industry, and it would create decisions that were not merely advice to a minister, as, if it was like the CRTC, those decisions would be binding unless cabinet overturned them.

Having said that, you've been consulted over the years—most groups, I won't say all. You've put your positions on paper. So if this bill, as part of Bill C-9, is doing what you'd asked for previously, for a comprehensive study of the environmental assessment of most major projects, moving that over to the Canadian Environmental Assessment Agency, have your views changed?

Can I first direct this to Ms. Kwasniak of the Alberta Wilderness Association? I used to be a member of that association, so we'll give her the chance to answer that first.

Mrs. Arlene Kwasniak: Sure. Thank you.

Yes, I think it is true that a lot of us have made that specific recommendation. But I think that is, with all due respect, irrelevant to the larger question here about the way this is being done. Moreover, one possibly good thing is in with a whole lot of provisions we have never been consulted on, we would not agree upon, and that would be destructive to environmental assessment in Canada and really need a full airing.

I think the fact that there is something in the bill we would agree with is neither here nor there, and certainly most of the things in the CEAA amendments are definitely very bad for environmental assessment and bad for Canadians, and even bad for a regulated industry, as has been pointed out.

● (1625)

Mr. Richard Lindgren: I noticed in the preamble to your question that you didn't quote anything I ever wrote on behalf of CELA, and that's simply because we have never endorsed, supported, or recommended any of the changes we see in Bill C-9. That's all I can say on that.

Mr. Ted Menzies: That's why I tried not to point to everyone.

Mr. Stephen Hazell: My name was mentioned, so I think I should have an opportunity to respond.

First of all, Mr. Menzies, I'm glad you're an environmentalist, because you live in a very special part of the world. I hope you will be able to support the Sierra Club in getting the Andy Russell Park established in Castle-Crown. We'll just leave it at that.

Neither the Sierra Club nor Ecojustice has ever supported any of the amendments in Bill C-9, and there are a number of movable pieces in this. We all want the most efficient and effective law we can get, but we need to look at it comprehensively. We can't come at it with piecemeal, ad hoc, quick-and-dirty types of amendments, which this committee is being asked to sanction.

There are lots of good ideas on the table, but let's take some time, deliberate, have some public involvement engagement, have some considered review by the parliamentary committee that has the most expertise in this matter, I would submit, and do it that way.

The Chair: You have 30 seconds.

Mr. Ted Menzies: l must comment that I had the greatest respect for Andy Russell. I first met him in about 1965 up in the northwest branch of the Oldman River. I was privileged to be invited, along with our premier, to his funeral in Pincher Creek.

I'm done. Thank you.

The Chair: Thank you, Mr. Menzies.

Monsieur Mulcair, *s'il vous plaît*.

[*Translation*]

Mr. Thomas Mulcair (Outremont, NDP): Thank you, Mr. Chairman.

First, I'm going to make a general comment to thank all the environmental groups that have made their presentations here today. They were to the point and extraordinarily clear. They concerned the entirely foreseeable harmful effects of the amendments provided for under Bill C-9. What you said is entirely consistent with my analysis. My friend and colleague Linda Duncan, an NDP member from Alberta, was one of the first to sound the alarm on this subject.

I also want to tell you that your presence here today is essential. Last week, we heard from departmental representatives who tried to stuff our heads. They told us a lot of nonsense about the foreseeable effects of this legislation, and it's scandalous. We are elected members. We agree or we do not agree, we dispute but we do our jobs as best we can. On the other hand, officials, agency leaders, the people who are paid to serve the government—if we literally translated the English term, we could say functionaries—are supposed to be a little more neutral. However, neutrality comes more from your side because you have an enormous amount of experience. You examined the bill and you say it cannot produce the anticipated results.

I also take the liberty of thanking you particularly, Mr. Lindgren, for your comments on what you call “the red herring”. It's true that the feared duplication and overlapping of roles is nonsense.

When I was Quebec's minister of the environment, I had no difficulty signing agreements with the federal government. We brought together two members of the Bureau d'audiences publiques sur l'environnement and a federal government assessor. The results were excellent. The concerns that are expressed in piecemeal fashion by the Canadian right, that all this is too complicated and we have to try to simplify matters for the public, are nonsense and bunkum. It's not true.

What we have before us is an attempt to destroy a system that exists to protect future generations. Earlier I was listening to my friend and colleague Ms. Menzies, who said that last year an attempt was made to improve matters so that infrastructure spending would be done more quickly. In fact, they ruined a 100-year-old act respecting the protection of navigable waterways. That's what they did, period.

Now I want to come back to Mr. Lemelin, from the Canadian Union of Postal Workers. I'd like to ask him whether he received a signal from the Liberal Party. The Bloc Québécois and the New Democratic Party share the idea that Part 15 must simply be deleted from Bill C-9. On the Liberal Party, you have a worthy representative of the left wing in Mr. Pacetti, of the centre in Mr. MacKay and of the extreme right in Ms. Hall Findlay. This will depend on the group that wins the internal battle. That's why I would like to know whether the people from the Liberal Party told you whether they were going to support you in the effort to delete Part 15 from the bill.

● (1630)

Mr. Denis Lemelin: You probably have more indicators than we do on the subject. We're obviously here to invite the opposition parties to take a firm position.

Mr. Thomas Mulcair: All the opposition parties?

Mr. Denis Lemelin: We invite all the opposition parties to take a firm position on this matter. We've had discussions with the people from the parties and this isn't the first time we've discussed this issue. We did it with regard to Bill C-14 and Bill C-44. We went across the country to meet with members of Parliament. We think the only way to resolve this matter is to hold a public debate on the entire issue. That's also what the Conservative government thought before it included this part in the omnibus bill. The Conservative government said it wanted to hold a public debate, but it ultimately put this part in the omnibus bill. So we invite all opposition parties to take a firm stand and to ask or suggest that it be withdrawn.

Mr. Thomas Mulcair: The people in your union can be assured of one thing, and that is the unconditional support of the New Democratic Party.

How much time do I have left?

The Chair: Three minutes.

Mr. Thomas Mulcair: I'd just like to offer a bit of a wink and a reminder.

[*English*]

I'm going to do it in English so nothing gets lost literally. The translators are superb, but I want this to be understood.

It's a corporate message on behalf of all elected members. I'm saying it with half a smile, Mr. Hazell, and I don't want you take it badly, but I was taught in the first year of law school by a wonderful old judge that you catch more flies with honey than with vinegar. Frankly, to come before a group of elected members to tell us that we're just not up to the task of reading the statute, that it's far too complicated for us, is a bit insulting.

Even though we have our fights on these substantive issues all the time, and you see us sometimes publicly and in the House doing that, that's our job. I think we all do it well, irrespective of the party we're in. I was not only the Minister of the Environment in Quebec, I wrote Quebec's law on sustainable development. I changed Quebec's charter of rights to put in the right to live in a clean environment, respectful of laws and regulations. By the way, one of the first books I published was a 300-page bibliography on the drafting and interpretation of legislative documents, published by the *Éditeur officiel du Québec* some 30 years ago.

I know how to read a statute. I know how to write a statute. And by the way, I am a contributing member of Ecojustice as well.

I just find that it was a bit cheeky to tell us that we were incapable of reading this statute because it might be a bit too complicated for us, even though I'm on your side when it comes to the environment.

Mr. Stephen Hazell: Can I respond?

I certainly apologize for any disrespect. I certainly intended none. I certainly didn't intend to impugn the capability of members of this committee to read statutes and interpret them.

The key point I wanted to make is that a seven-year review is required by law to begin next month. It's a parliamentary review. Parliament in its wisdom could ask this committee to do it.

My only suggestion is that the logical place to do that would be with the environment and sustainable development committee. There's a process in place to do a comprehensive review of environmental assessment. Why not ask the body that I would submit is best suited to do that task, to take it on?

I certainly intended no disrespect. I apologize if it came out that way.

[*Translation*]

Mr. Thomas Mulcair: Thank you, Mr. Chairman.

[*English*]

The Chair: Thank you, Mr. Mulcair.

Mr. McKay for a five-minute round.

Hon. John McKay (Scarborough—Guildwood, Lib.): Mr. Hazell, you didn't need to apologize. I understood completely your intention, that in fact this bill and this segment of the bill is inappropriately in front of the finance committee. It should properly be before the environment committee. That was what you intended, and you did not intend to insult any of us. There's no point making mountains out of molehills here.

I did want to get to some of the substance of the issue. Could you put some flesh on the bones of what this is going to mean? Frankly, we have been told by various groups that there are all kinds of jurisdictions, provincial, federal agencies, and others, and they're falling all over each other doing various environmental assessments, and that this is an attempt to rationalize it and streamline.

It seems to me that in the notes given to us by the Department of Finance, this gives the Minister of the Environment the power to establish the scope of any project in relationship to which an environmental assessment is conducted. I take it that's the core of the objection. What's not clear to me is how that minister would exercise that scope of jurisdiction.

Mr. Lindgren?

● (1635)

Mr. Richard Lindgren: Thank you.

Probably the best way to answer that question is to refer to the Red Chris Mine case itself, where the proponent came forward with a proposal to construct and operate a very large-scale mine. It was so big that it was on the comprehensive study list. The responsible authorities were initially required to do a comprehensive study, which is a very rigorous form of environmental assessment. It includes various opportunities for public review and input.

Somewhere along the way, a project scoping decision was made in the absence of public input, and basically, although the EA was supposed to be looking at the environmental impacts of the mine, the mine and the mill were removed from consideration. So you have an EA that's supposed to be looking at the impacts of the mine, except the scoping decision removed the mine from consideration. That's why the Supreme Court of Canada said that's nuts.

Hon. John McKay: Who makes that kind of scoping decision?

Mr. Richard Lindgren: Nobody should. Once Parliament has said that an oil or gas facility or a nuclear facility or a mine facility... If it's on the comprehensive facility list, do a comprehensive study of all the core components and all the related ancillary infrastructure that goes with it. You can't be severing parts you don't want to assess or that might be too contentious.

Hon. John McKay: Am I being overly paranoid by saying that if a very influential mining company got to a minister, it could—how would I say this—limit the review of the proposal?

Mr. Richard Lindgren: That's exactly what happened in the Red Chris Mine situation, and there is nothing in Bill C-9 that would prevent that from happening again. In fact, proposed subsection 15.1 (1) of the bill purports to give the minister that very power. That's exactly what our fear is.

Hon. John McKay: Is this unfettered discretion?

Mr. Richard Lindgren: It is unfettered discretion. And more importantly, it's a discretion that he or she can delegate to a responsible authority, if you read the portion carefully.

Hon. John McKay: Or not.

Mr. Richard Lindgren: I'm at a loss to understand the rationale for that provision.

Hon. John McKay: An unfettered discretion in the hands of a minister would necessarily be subject to political considerations. If it were subject to political considerations, it might not necessarily always be subject to environmental considerations. Is that effectively what's being proposed here?

Mr. Richard Lindgren: What effectively is being proposed is an opportunity to do an end run around the EA process that Parliament says is necessary to fully identify and evaluate environmental impacts before a project goes forward.

Hon. John McKay: Mr. Kneen, your organization has been—

The Chair: You have one minute.

Hon. John McKay: —the plaintiff in this lawsuit.

Mr. Jamie Kneen: Yes.

Hon. John McKay: First, I want to publicly note your support for Bill C-300—and I appreciate it—during this past year and a half of battling the forces of evil.

Mr. Thomas Mulcair: And darkness.

Hon. John McKay: They were the forces of darkness, yes. Evil for Mr. Mulcair, darkness for me.

I want to understand the implications of what you see as the point of this proposal. Is this an attempt to reverse the court decision?

Mr. Jamie Kneen: It would appear to be precisely an attempt to reverse the court decision. It takes the elements the court ruled on and reverses them in law, because they're not there now. The Supreme Court was very clear as to the intentions of Parliament in passing the law in the first place.

Hon. John McKay: Thank you.

The Chair: Thank you.

[*Translation*]

Mr. Carrier, please, you have five minutes.

Mr. Robert Carrier (Alfred-Pellan, BQ): Yes, thank you.

Good afternoon, gentlemen. I'm also quite disappointed to see that we are studying the entire environmental issue in only one part of a budget implementation bill. I'm not a litigant like my neighbour, I'm not a lawyer, but I feel that preventing all possible discussion on the importance we have increasingly been attaching to the environment for a number of years now is an abuse of democracy. We are being denied the right to discuss this.

There is a Standing Committee on the Environment and Sustainable Development, on which some of our colleagues sit on a permanent basis. They have thus become specialists on all these issues. Our finance committee is examining a budget implementation bill. That doesn't prevent us from having opinions about the environment, as you heard today. You are representatives of the corporation who have come to tell us how disappointed you are that all discussion on a decision contained in a bill is being terminated, especially since the government is also making this a matter of confidence. So some opposition parties feel they have an obligation to give the government their confidence. That prevents all discussion. It's really too bad for you, who are people concerned about the environment. In politics, MPs are supposed to be representatives of the people. We are here to represent the population. Some groups involved in environmental protection, some of the best groups, come and tell us they weren't consulted. We virtually can't introduce amendments. We can't assess the entire importance of certain measures in a part that only affects a bill's implementation. That's really too bad. I have the same opinion as you, but I can't say more.

However, I'm going to ask Mr. Lemelin a question about Canada Post Corporation. There are some technical details I would like to clarify.

Coming back to an important problem for a Crown corporation, the activities of a Crown corporation are evaluated in the context of the review of a budget bill. However, I would like to have some clarification of certain figures. We're talking about $60 million to $80 million in losses as a result of the remailers. I want to know from Mr. Lemelin, who is quite familiar with this file, whether these are actual losses as a result of businesses that are breaking the law or estimated losses as a result of the bill's implementation?

● (1640)

Mr. Denis Lemelin: In actual fact, the $60 million to $80 million represents Canada Post's losses. This is a decline in revenue of $60 million to $80 million for Canada Post. That money goes directly into the hands of the remailers. This is revenue that should enable Canada Post to maintain the universal service. That's what this amount represents. Businesses like Key Mail and Spring are acting outside the law in doing this work. They are taking this revenue away from the Crown corporation.

Mr. Robert Carrier: Has Canada Post Corporation already begun to record losses?

Mr. Denis Lemelin: Yes, absolutely.

Mr. Robert Carrier: After the bill is adopted, other remailing contracts will no doubt be awarded to those businesses. Will there be additional losses? Is remailing already being done in a manner—

Mr. Denis Lemelin: Remailing is already being done. These businesses are acting outside the law. They will be officially recognized after the bill is passed. They will expand across the entire sector. This sector consists mainly of five or six large businesses. They don't necessarily represent thousands of employees, but rather a few hundred workers who mostly earn minimum wage. They work for those businesses.

Mr. Robert Carrier: In your view, if this isn't currently allowed by law, how do you explain why it's already being done?

Mr. Denis Lemelin: The legality issue was raised with the Conservative Party. The court decision is currently set aside until December 2010. Perhaps that's why these companies are actively working to change the law.

The Vice-Chair (Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.)): Perfect. Thank you, Mr. Carrier.

[*English*]

Mr. Wallace, for five minutes.

Mr. Mike Wallace (Burlington, CPC): Thank you, Mr. Chair.

Thank you to our guests for coming today.

I'll start with the Canadian Union of Postal Workers. I understand that we'll be seeing the actual management side of Canada Post either tomorrow or another day to ask the same questions.

Following up on Mr. Carrier's questions, the remailers have been in business for a number of years now. Is that correct?

● (1645)

Mr. Denis Lemelin: Yes.

Mr. Mike Wallace: On the money you're talking about, the $60 million to $80 million of potential revenue loss isn't potential revenue loss. It's what they're making now or what you estimate they're making and have been making for a while. Is that correct?

Mr. Denis Lemelin: Yes, that's the last estimate they had for Canada Post.

Mr. Mike Wallace: Okay. Can you tell me if the union has been decreased in terms of its size? Has the number of people in your union decreased?

Mr. Denis Lemelin: No. We have 54,000 members. We represent people in urban areas and we now represent people in rural areas. We have 54,000 members

It's clear that the mail volume went down during the years. I said that in my presentation. There was a loss in 2008-2009. But the people working at Canada Post have job security.

Mr. Mike Wallace: Is the mail volume actually up now, or is it still down?

Mr. Denis Lemelin: No, the mail volume is down. One of the big impacts on the mail volume has been the fact of the financial and economic crisis.

Mr. Mike Wallace: What have the growth of UPS and all the courier companies done to Canada Post's business?

Mr. Denis Lemelin: It's not about exclusive privilege. The exclusive privilege is the letter.

The big corporations came in within the last 20 years. They're competing on the parcel industry, overnight delivery, and that type of work. They are competing directly with Canada Post. They're in the commercial sector, and Canada Post has the right to compete with them.

Mr. Mike Wallace: Yes, I know. I send stuff through Canada Post. They compete.

Is there something stopping Canada Post from directly competing with the remailers?

Mr. Denis Lemelin: In some ways, that would be the view of Canada Post. They say they will compete with them. But at the same time, it's part of the exclusive privilege. Why not keep it in the exclusive privilege and give it to the private sector and compete with them?

That's the irrational part of it. That's our sense of it. It's already part of the exclusive privilege. To maintain the public service to everybody in all the regions of the country, Canada Post needs that exclusive privilege.

Mr. Mike Wallace: Okay. Thank you very much.

I don't think we're kidding anybody here; the folks who are here on the environmental issue disagree on a couple of points and don't like it in Bill C-9. I don't think, wherever it is, you would like the changes that are being recommended, whether that's in a separate bill or in Bill C-9 or not. I don't think that's really a secret.

I do take some offence to Monsieur Mulcair's comments about the public servants. To that end, Mr. Yves Leboeuf was here. He's the vice-president of policy development of the Canadian Environmental Assessment Agency, and he was asked by John McCallum:

> I wonder if you could give us examples of the types of projects that, through these new measures, might not require any assessment at all, which currently do require assessment.

This is his response:

> Sure. First, there is nothing in the proposed amendments that would exclude projects from the requirements of environment assessments that are not already excluded.

And then he goes on to say:

> When you look at the package of amendments being proposed here, they essentially cover three things. The first is to make permanent some exclusions that are already in existence and that were introduced by regulations a year ago and make them permanent now. These are exactly the same exclusions that were covered in those regulations a year ago and the same circumstances when public infrastructure projects are to benefit from federal funding under specified programs. Those programs are the same as those that were set out in those regulations last year.

The Chair: You have 30 seconds.

Mr. Mike Wallace: So you would agree with that, that this is actually what we're doing. We've made the exemptions before, for the stimulus package. All this is doing is making this more permanent. Would you agree with that statement?

The Chair: Who are you directing this to?

Mr. Mike Wallace: I'll take an answer from any or all of them, because Mr. Mulcair indicated that he didn't trust the answer from the bureaucratic side.

I want to know whether you agree with what the bureaucrat had to say.

● (1650)

The Chair: Okay.

We'll start with Mr. Hazell, please.

Mr. Stephen Hazell: Yes, that's right. What we're doing is making permanent in statute changes that were made last year under a completely flawed process, the same thing we're going through this year that were done by regulations.

Mr. Mike Wallace: That's not my question, though. I asked you if —

The Chair: Order, order.

Mr. Mike Wallace: I think bureaucrats help you design your laws too, my friend.

The Chair: Okay.

Mr. Amos, did you want to comment?

Mr. William Amos (Staff Lawyer, Ecojustice Canada): In brief, I think it's germane to note that those regulations were the subject of litigation. Sierra Club, represented by Ecojustice, was before the Federal Court arguing the vires of those regulations.

Mr. Mike Wallace: The bureaucrats said they were making them permanent. There was a suggestion from my colleague from the NDP that they were misleading comments. They were not misleading comments; they were facts.

Thank you, Mr. Chair.

No, Mr. Mulcair, you don't like the answer there.

The Chair: Order.

Is there anything further to add to that?

Mrs. Arlene Kwasniak: I would just say one thing. This will certainly reduce the scope of a number of environmental assessments and thereby reduce environmental assessment in Canada by virtue of section 15.1.

Again, as was just suggested, it will render moot the lawsuit of arguing that those exclusion list regulations are ultra vires.

The Chair: Thank you, Mr. Wallace.

I want to thank all our witnesses for being with us here, for your presentations, your submissions, and your responses to our questions.

Colleagues, I want to point out that we do have a vote today. We also have a vote in the middle of tomorrow's committee. Can I ask you all to speak to your whips? I've asked our whip if we can move the vote to after question period so we don't have our meeting interrupted. If you can do that, I'd appreciate it, for tomorrow. We have one vote today and one vote tomorrow, so if we can get that moved, that would help the chair mightily.

I do want to thank you all for your presentations.

We'll suspend very briefly and then bring the next panel forward.

● _____ (Pause) _____

●

● (1655)

The Chair: I will call the committee to order again.

We have five organizations on our second panel. The organizations before us here for this panel are the Mouvement Desjardins, the Credit Union Central of Canada, the Society of Professional Engineers and Associates, the Organization of CANDU Industries, and Atomic Energy of Canada Limited.

The first witness is Mouvement Desjardins, *s'il vous plaît, pour cinq minutes*.

[*Translation*]

Mr. Hubert Thibault (Advisory Vice-President, Corporate Affairs and Desjardins Group Management, Desjardins Group): Thank you, Mr. Chairman.

Ladies and gentlemen, thank you for your invitation to come and give you our comments on this important legislative measure.

The Mouvement Desjardins hails the initiative that has been tabled before you to permit the recognition and creation of credit unions and caisses populaires under federal jurisdiction. The Mouvement Desjardins understands that it responds—perhaps not completely, which is virtually impossible—to wishes expressed by the credit union system, mainly outside Quebec. Those wishes have been expressed on numerous occasions over the past 15, 20, if not even 30 years. In that sense, the Mouvement Desjardins hails the initiative that is before you today.

Having said that, the Mouvement Desjardins must also say that it is extremely comfortable with the legal framework to which it is currently subject, that is to say the Quebec legislation governing it. We think two aspects in particular are conducive to the success of the Mouvement Desjardins. As a result of them, we are tempted to suggest further improvements to the act before you for the future. They also explain the fact that the Mouvement Desjardins would not be able to use the provisions that Bill C-9 will include in the Bank Act.

First of all, the Mouvement Desjardins is an integrated system of caisses populaires. The possibility of establishing a federation—a league, to use the English term—and pooling powers as well as responsibility for the network is fundamentally important for us. We get the impression that, in a second component of the House of Commons' initiative, that would be something you could consider with interest to permit greater cooperation among the credit unions of Canada, indeed cooperation within the credit unions and the Mouvement Desjardins within Canada.

There is another very distinctive feature of the Quebec legislation. In Quebec, as in many European countries, the constituted general reserve cannot be shared. In the bill before you today, the membership shares have no par value. Consequently, a transfer or migration from a Desjardins caisse populaire under federal jurisdiction would be unimaginable since the share's par value, which has been $5 since the first caisse was founded in December 1900, would overnight become several tens of thousands of dollars. In fact, it would have a value pro-rated to the market value of the entire Desjardins group. So are these are two factors that are very different for us.

When we look at the needs of the Mouvement Desjardins in terms of operations, both in Quebec and the rest of Canada, there is an aspect that is fundamentally important for us, and that is the ability to follow our corporate members who have commercial operations across Canada. The Mouvement Desjardins has been examining this question for a number of years. There is one vehicle which we think is suited to enabling us to render these services to our members, and that is a traditional bank as you know it under the Bank Act.

That said, in the cooperative world in Quebec, as in many other places, the term “bank” has a connotation for our members, in our caisses, which is somewhat shaded by our everyday competitive experience. In fact, if the Mouvement Desjardins had one request to make to the committee or to the federal government in connection with Bill C-9, it would be, if a bank is held solely by caisses populaires or cooperative entities or a mix of caisses populaires and credit unions, that they be able to use the name of federal credit cooperative so that it reflects their cooperative nature.

Thus, a simple amendment could enable the Mouvement Desjardins to better discharge its obligations and better serve its cooperative members.

Thank you, Mr. Chairman. That's what we wanted to bring to your attention.

● (1700)

The Chair: All right. Thank you for your presentation.

[*English*]

Next we will go to Mr. Phillips with Credit Union Central of Canada.

Mr. David Phillips (President and Chief Executive Officer, Credit Union Central of Canada): Thank you, Mr. Chair.

Ladies and gentlemen of the committee, thank you for the opportunity to speak to you today on part 17 of Bill C-9, the Jobs and Economic Growth Act, which proposes, among other things, to amend the Bank Act in order to allow for the establishment of federal credit unions.

My name is David Phillips and I'm president and CEO of Credit Union Central of Canada. Presenting with me today on behalf of the Case for Progress group of credit unions is Tracy Redies, president and CEO of Coast Capital Savings.

[*Translation*]

In 2009, Canadian Central called upon the federal government to establish a federal charter option for credit unions. We believe that a useful, attractive, accessible and distinctive federal charter would achieve several objectives.

First and foremost, a federal charter would enable those credit unions that wish to do so to reach beyond provincial boundaries and pursue business strategies that are not constrained by provincial regulation. Expanding across provincial borders has become more pressing as the growth and consolidation of the credit union system is approaching the point where the lack of a federal charter option may become a competitive disadvantage for some credit unions and for the credit union sector as a whole.

[*English*]

Credit Union Central of Canada has expressed a preference for establishing federal credit unions under the federal government's existing cooperative financial institutions legislation. However, Canadian Central did not preclude alternative legislative approaches if such legislation could provide a federal charter option for credit unions that meet these conditions.

The federal government has chosen to provide for the establishment of federal credit unions through the Bank Act, and Credit Union Central of Canada supports the enactment of part 17 of Bill C-9 as a good first step towards the establishment of a useful, attractive, accessible, and distinctive federal charter option for credit unions.

While it has many positive features, the placement of the federal credit union charter in the Bank Act does raise some issues of compatibility between the framework proposed for federal credit unions and a number of provisions in the Bank Act that are primarily designed for commercial banks.

The federal credit union legislation, while welcome, is lengthy and complex. For this reason, Canadian Central is still analyzing the proposed amendments. We expect that some issues will result from this analysis that Canadian Central will want to discuss with the Department of Finance at some point in time. These issues include matters such as the granting to members of a federal credit union access to the membership list of that credit union—Ms. Redies will speak to that in just a minute—and the position of the federal credit union in the payments clearing and settlement system.

Canadian Central, nevertheless, wishes to express its support for the enactment of the legislation in Bill C-9 that will provide existing credit unions and those desiring to establish new credit unions with the option to operate under a federal charter. We believe that the proposed legislative framework is a positive step forward in achieving this purpose.

Thank you very much for the opportunity to address you today.

Ms. Redies will now say a few words about the proposed framework.

● (1705)

The Chair: You have about a minute and a half, Ms. Redies.

Ms. Tracy Redies (President and Chief Executive Officer, Coast Capital Savings Credit Union, Credit Union Central of Canada): Thank you, David.

Mr. Chair, ladies and gentlemen of the committee, thank you for the opportunity to speak to you today on behalf of the Case for Progress committee. I'm pleased to have the opportunity to offer comments to the members of the House of Commons finance committee regarding part 17 of Bill C-9, which proposes to amend the Bank Act to allow for the establishment of federal credit unions.

Formed in 2006, the Case for Progress committee has been a strong advocate for federal legislation to enable credit unions to expand beyond their provincial boundaries. The committee is comprised of large credit unions interested in developing a national presence, mid-sized credit unions focused on becoming regional financial services providers, and small affinity-based credit unions wanting to serve members of their communities wherever they are located in Canada.

Coast Capital Savings is one of the founding and largest members on the Case for Progress committee, but the diversity of the committee underscores how the option of becoming a federal credit union could appeal to any credit union in the system. The Case for Progress committee applauds the government's decision to allow for the creation of federal credit unions through amendments to the Bank Act, as outlined in Bill C-9. The proposed legislation is a historic milestone that will enhance the strength and stability of the credit union sector and financial services industry as a whole.

The proposed legislation recognizes the hallmarks of a credit union and provides an attractive option for those credit unions interested in expanding outside their province of origin under one national regulatory authority. It will give credit unions the chance to develop greater economies of scale and more competitive cost bases while remaining true to cooperative principles. This, in turn, will allow the development of a wider range of enhanced products and services that credit union members now expect.

Increased competition from federal credit unions will provide Canadian consumers more choice, drive innovation, and lower prices. The charitable sector will also benefit, as credit unions have a proud history of significant involvement and philanthropic investment in the communities where they operate.

While the Case for Progress committee supports the federal credit union charter, we have a concern with regard to a provision dealing with access to membership lists.

The Chair: Be very brief, Ms. Redies.

Ms. Tracy Redies: For a credit union, the membership list is also the credit union's customer list. The provision in Bill C-9 dealing with membership lists could therefore provide a competitor of a federal credit union with the means of obtaining access to a list of all the credit union's customers. This could be a major impediment to take-up of the federal credit union option.

Fortunately, there is a simple solution, namely to change the rules to correspond to the rules for federal insurance companies, whereby par policyholders and shareholders are not permitted to obtain the list of par policyholders. This is appropriate for policy reasons and also to prevent a competitor from buying shares and using the entitlement to obtain a full list of par policyholders.

The Chair: Okay.

Ms. Tracy Redies: Therefore, the Case for Progress committee would like to propose that it would be better if clause 1958 were amended and clauses 2009, 2010, and 2011 of Bill C-9 were deleted to ensure the protection of membership lists.

The Chair: Thank you.

Ms. Tracy Redies: We believe these amendments would strengthen the proposed legislation and help ensure take-up of the federal credit union option.

I'd like to close by reiterating the Case for Progress committee's support for enactment of this legislation, which will allow credit unions to expand beyond their provincial boundaries. We believe this is a positive development for consumers, the financial sector, and the Canadian economy.

I'd like to thank the House of Commons finance committee for the opportunity to comment.

The Chair: Thank you very much.

We'll now go to the Society of Professional Engineers and Associates, please.

Mr. Peter White (President, Society of Professional Engineers and Associates): I believe Mike Ivanco is going to make a statement.

The Chair: Okay.

Dr. Michael Ivanco (Vice-President, Society of Professional Engineers and Associates): My name is Dr. Michael Ivanco. I'm vice-president of the Society of Professional Engineers and Associates, or SPEA, as we're called. I'm also a scientist who works for Atomic Energy of Canada Limited. With me is Peter White, president of SPEA and a nuclear engineer.

We represent engineers, scientists, technicians, and technologists who work for the CANDU reactor division of AECL. Our members work in Ontario, Quebec, New Brunswick, and internationally. Collectively we represent most of Canada's nuclear design expertise. Indeed, the intellectual property associated with CANDU technology is resident primarily within our members. To design and maintain nuclear reactors, you need experience in all fields of engineering and natural science. It took decades for AECL to acquire this unique capability through our members.

Part 18 of Bill C-9 contains proposed legislation that allows for the sale of AECL—but, essentially, it's our members who are for sale. As a company, the CANDU reactor division of AECL does not hold a large number of patents. It holds few physical assets such as buildings or property. The sale consists primarily of the transfer of the knowledge, skills, and experience of the employees who work there, namely, our members. Hence, we have a keen interest in this bill.

Given the size of the industry and the fact that AECL is its cornerstone, we were somewhat shocked to see that the sale was buried in a few pages of a 950-page budget implementation bill. We do not believe that a crown asset with the distinguished history of AECL, and created through an act of Parliament, should be dismantled through an “act” of cabinet. We think that Canadians deserve better.

Seventy percent of Canadians polled by the government last year actually opposed the privatization of AECL. It's difficult to imagine how a 100% sale would lead to a positive outcome for the Canadian industry. No private sector Canadian company can be of sufficient size to give potential buyers the assurance that they will still be around to support the CANDU product for decades to come. A 100% privately owned Canadian company would have little chance of selling reactors abroad. It would likely be relegated to the refurbishment of existing units—the nuclear equivalent of a VCR repair company.

A foreign company with its own technology would likely only be interested in our members, not our technology. If this were to be the outcome, our members would rather leave AECL on their own terms and not wait for any sale. Indeed, a critical mass of our senior members is on the verge of doing so. This subset consists of those who can retire early but have chosen not to, or those who could get jobs next week with a competitor—and likely earning more money in doing so. They're understandably frustrated by the secrecy of the privatization process, the inappropriate inclusion of AECL in an omnibus bill, and the lack of consultation with SPEA, which represents their interests. If they choose to leave, the asset value of AECL would drop like a stone.

SPEA has grave concerns about the nature of part 18 of Bill C-9. It allows for cabinet to make deals with potential buyers behind closed doors, without scrutiny by Parliament. The interests of Canadians can only be assured when they know all the facts. A national debate in Parliament on the sale of AECL would at least be one step in the right direction. Canadians have made an investment in AECL that has created an industry and given us a stature and place among the world's scientific elite. Nuclear science, research, and production are an important policy objective worthy of continued support.

This committee hearing should not be the last chapter of that story. There's still much that Canada can contribute, and there are thousands who would be proud to make that contribution. Do not allow us to lose an industry and our leadership position internationally without a proper national debate on the future of AECL.

That's all.

● (1710)

The Chair: Thank you very much for your presentation.

We'll now go to Mr. Alexander, please.

Dr. Neil Alexander (President, Organization of CANDU Industries): Good evening. My name is Neil Alexander. I'm the president of the Organization of CANDU Industries.

OCI is an association of about 165 companies, with bases here in Canada, that have an interest in the ongoing health of the nuclear industry here. One of those companies, Laker Energy Products, is represented by its president and owner, Chris Hughes, who's sitting in the audience.

OCI's private sector member companies employ more than 30,000 people directly on nuclear work. They represent a significant proportion of the 70,000 people who owe their livelihoods to the investment by Canada in its nuclear industry.

OCI is an independent organization, and while it works closely with stakeholders and the plant operators, it does not represent their views.

We see a great opportunity for Canada. Canada is one of the few nations that can benefit significantly from the worldwide renaissance in nuclear power. This renaissance will likely lead to a market opportunity of $2 trillion to $3 trillion as between 400 and 600 new reactors are built around the world. The benefit to Canada will arise from sales of CANDU plants into which Canadian companies supply many of the components, as well as the sales of components to the other reactor designs that are built around the world. These components will be built by companies like Laker Energy Products and our other members, and they will create high-quality jobs for skilled workers throughout Ontario and the rest of Canada.

As an example, we see what the Koreans are doing. They have spotted this tremendous opportunity in the nuclear business, and they recently signed their first export order for four units from the United Arab Emirates. Their newspaper celebrated this success by announcing that this single project was worth the same as the export of a million cars, or one hundred and eighty 300,000-tonne supertankers.

I leave you to imagine how beneficial such an announcement would be in Canada in the present economic circumstances. To gain these benefits, Canada needs to remain at the forefront of the technology. We need to continue developing and innovating, and CANDU Inc. has a very important role in ensuring that happens. It is also essential that the existing fleet of CANDUs is properly supported by a team of sufficient size and competence to deal with any arising operational issues.

OCI has been a long-time and consistent supporter of the restructuring of AECL to achieve the objectives that are very clearly defined in Rothschild's investment summary. We agree that CANDU technology has to be properly capitalized to be successful, that the management team of AECL does need a significant injection of commercial capability, and that the sales team at AECL does need a much greater international outreach.

We believe that all of these things can be achieved through seeking an appropriate business partner for the organization, again as specified in the investment summary. We also believe that to gain access to the wave of opportunity that's currently developing, the restructuring needs to be completed promptly. Further delay will likely cripple the opportunities for CANDU sales, as other reactor designs find footholds in new markets and then become entrenched. And of course we're concerned about the issues that Michael Ivanco raised concerning the retention of the high-quality staff at AECL.

Additionally, continuing uncertainty increases the risk of the loss of our talent. We need to maintain them, and we need to retain that talent in companies like Laker Energy Products, which have very highly skilled craftsmen working within their organization.

As a result, we support the language in Bill C-9 and encourage all parties to ensure that AECL is restructured as quickly as possible.

As well as the need to make the decisions promptly, achieving the stated policy objectives is also important. In the investment summary we remind people that there are three policy objectives, five evaluative criteria, and eight desired outcomes. We believe these policy objectives are effectively a contract with the people of Canada and that the government is obligated to deliver on them.

Two of these policy objectives, three of the evaluation criteria, and three desired outcomes are focused entirely on the prospects of the industry, including expanding access to markets and growing jobs in design and engineering.

One policy objective, one of the evaluation criteria, and two desired outcomes are focused entirely on safety and performance.

The issues are complex and we believe that the restructuring team should demonstrate how it is ensuring that these objectives will be met. But we do conclude that the restructuring of AECL has to proceed promptly and that the process should ensure that the policy objectives are met in an optimum way.

Thank you very much.

● (1715)

The Chair: Thank you very much for your presentation.

I do have consent from the committee, I believe, to finish the presentations, so we will let AECL do their five-minute presentation.

[*Translation*]

Mr. Hugh MacDiarmid (President and Chief Executive Officer, Atomic Energy of Canada Limited): Thank you, Mr. Chairman. I appreciate the opportunity to be here today.

[*English*]

First of all, let me provide the committee with an update on our most urgent priority at AECL, namely the repair and return to service of the NRU reactor at AECL's Chalk River Laboratories.

Intense repair operations continue around the clock. They involve over 300 highly qualified AECL staff and industry partners. As of today we are working to repair the last of ten sites that required repair on the reactor vessel. The process has been painstaking. Our rate of progress has been dictated by the need to inspect, analyze, and understand irradiated metal behaviour and to measure and evaluate stress on the vessel structure. What we are doing, simply put, has never been done before in the history of the nuclear industry. It is probably the most complex and sophisticated welding operation ever undertaken in a radioactive environment.

As we stated last March, the NRU will resume isotope production by the end of July 2010. That schedule does include prudent contingency to reflect the difficulty inherent in these final repair sequences. AECL is making every effort to return the NRU to service as quickly and as safely as possible. At AECL we do understand the importance of critical projects that we must execute successfully. We understand the need to control our costs and the imperative that we prepare for the upcoming restructuring of the company, which is a process being managed by the federal shareholder.

In terms of our first-of-a-kind CANDU reactor refurbishments in New Brunswick and Ontario, we have experienced cost overruns and scheduled delays due to the highly complex nature of deconstructing and rebuilding reactors that were built in the 1970s. However, we have instituted corrective measures to improve project management and financial reporting systems in order to enhance performance.

As for AECL's ongoing market development, there is strong interest in many countries in CANDU technology, both in our proven 700-megawatt reactors and our larger 1,200-megawatt advanced CANDU reactor. In terms of supporting and preparing for the restructuring process being led by the federal government, we have divided AECL into two internal divisions. One is the commercial part of AECL, the CANDU reactor division, which is the part of the AECL being divested by the federal shareholder. The other division is the research and technology division, which comprises Chalk River Laboratories in Ontario and Whiteshell Laboratories in Manitoba. As has been stated, the nuclear laboratories will continue to be owned by the federal government.

To conclude, Mr. Chairman, there is a bright future for the nuclear power industry in Canada and an important role for nuclear laboratories to support world-class Canadian nuclear technology.

Thank you.

● (1720)

The Chair: Thank you very much for your presentation.

As I mentioned, we will suspend. We will go down to the House for the vote, and we will come immediately thereafter and start with questions from members.

Thank you for your patience. We will be back as soon as possible.

● _____ (Pause) _____ ●

● (1745)

The Chair: We will come back to order, please.

I want to thank all the witnesses for their patience.

We will start with Mr. McCallum, for a seven-minute round, please.

Hon. John McCallum: Thank you, Mr. Chair.

Thank you to all the witnesses for waiting for us to vote and for being here today.

I'd like to start with Mr. Alexander. I would think that a number of the members of your organization might be potential buyers. Does that not put you in a slight conflict of interest position?

Dr. Neil Alexander: No one that I'm aware of that is a potential buyer had an involvement in the preparation of our statement.

Hon. John McCallum: Okay. The next question is also about AECL. I've noticed that two witnesses seem to be saying quite different things. So I'd like to ask both Mr. Ivanco and Mr. MacDiarmid a couple of questions.

First of all, I've heard the fear expressed that if AECL is sold to a foreign company 100%, or even a Canadian company, it would be much more difficult to sell CANDU reactors overseas, because they have a lifespan of perhaps 50 years, and without some government backing it would be difficult to sell. How would you react to that, Mr. MacDiarmid?

Mr. Hugh MacDiarmid: The first thing I would say is that clearly the goals of the Government of Canada are to strengthen us, to make us more successful internationally, and to ensure that we do sustain the CANDU brand and sustain AECL's competitive position.

So my belief is that all of the actions that we're taking are designed with that in mind. I believe we can compete internationally with the best of them. We have excellent products, outstanding people, and strong market opportunities for our CANDU brand and CANDU design. It fits very well. So with respect to the impact of the future structure on the specifics of any negotiation, I think it's simply impossible for me to speculate on that.

● (1750)

Hon. John McCallum: I guess that doesn't quite answer my question. I'm not really talking about the government's intent. I'm saying if your company is acquired by a purely private owner and no longer has any government backing, will countries like China, Korea, or whatever want to buy an asset that no longer has any guarantee or backing from a government?

Mr. Hugh MacDiarmid: I certainly believe it is possible that will happen. Yes, I think it can happen.

Hon. John McCallum: What would you say, Mr. Ivanco?

Dr. Michael Ivanco: We've been on record as stating the opposite. I'm not a businessman, but I know who our competition are. Our competition are large companies generally owned by governments, or private multinationals with many lines of business, like General Electric, Westinghouse, and Toshiba, which were founded in the 19th century. When people buy from those companies they know they're going to be around for 40 or 50 years because they've been around for over a century.

Our concern is that when you have competition that is this big and you are a 100% Canadian-owned company, because the products cost so much money it is hard to imagine that we would have credibility. The example I mention to people is that 12 years ago the biggest company in Canada was Nortel, and if they sold reactors instead of telecommunications equipment the people that bought those reactors would be in big trouble today.

Hon. John McCallum: Thank you.

I'll start the second question with Mr. Ivanco. Another concern I've heard is in terms of the existing nuclear reactors in Canada, which will need refurbishing in coming years, and if AECL is acquired by some competitor company that might want to end the existing technology, those Canadian reactors would not be able to be refurbished and the cost would be much higher and they'd have to buy new ones. In your view, is that a legitimate concern?

Dr. Michael Ivanco: It might be. There are a couple of issues. One is, we have an international obligation to maintain in Canada a nuclear safety capability. For that you need a large organization, as Neil mentioned, of critical size that has the capability to demonstrate this. Right now AECL is that organization. I believe we are the only one. At one time it might have been Ontario Hydro, but when they were broken up they lost that capability. So when it comes to Canada, we're kind of it.

If we were bought by a foreign company it's possible they may see all kinds of ways to make money that won't include refurbishment. I guess the point is, it will be out of our control.

Hon. John McCallum: Mr. MacDiarmid, how would you respond to those owners of CANDU reactors?

Mr. Hugh MacDiarmid: I think the most important response is that the Government of Canada has made it very clear that the ability to support the CANDU fleet on a sustained basis is one of the primary objectives in the restructuring. So it is being made very clear to all concerned that the ongoing support for that fleet is a critical objective that will be maintained throughout the restructuring process.

The second comment I'd make is that the refurbishment and the life extension of reactors is an economically compelling proposition, and that will speak for itself.

Hon. John McCallum: Thank you.

I only have one more minute, and I'd like to get one last question to both of you. I've heard the number of 60,000 jobs directly or indirectly associated with AECL. Whether the number is correct or not, there is some large number of jobs. Is there any kind of analysis being done on job impact or any kind of effort to preserve the jobs of this company? Mr. MacDiarmid, and then Mr. Ivanco.

Mr. Hugh MacDiarmid: We did commission a study by the Conference Board to look at the economic and job creation impact of different scenarios of the future of CANDU technology, in terms of our ability to generate both domestic and international business opportunities, and I would say that the future of employment in Canada is tied directly to our ability to be successful and compete in the marketplace, as opposed to the debate about what our corporate structure should be. So as long as we're successful in the marketplace, we will preserve those jobs.

● (1755)

Hon. John McCallum: Mr. Ivanco.

Dr. Michael Ivanco: We haven't done a study. We have just read what other people have done. The kinds of jobs are twofold. There are the jobs we have. There are about 2,000 people in our company. There are the 30,000 jobs in the private sector that essentially exist because we exist as a company, and they're jobs in operations of reactors. Those jobs will grow if we sell new products. If we don't sell new products, those jobs will decline slowly, and I think most of them will disappear eventually.

The Chair: Thank you, Mr. McCallum.

Monsieur Paillé, *s'il vous plaît.*

[*Translation*]

Mr. Daniel Paillé: Mr. Chairman.

I thank our witnesses for coming to meet us. I'm going to focus my questions on the cooperative movement. In the second round, Ms. Brunelle, the member for Trois-Rivières, can ask questions about AECL since she is much more qualified than I am in that area.

To begin, Mr. Thibault, I would like to ask you two brief questions. You no doubt agree that a specific act would have been a better vehicle than a stew pot bill, an omnibus bill. Were you one of its instigators, or were you consulted about the specific part concerning cooperatives?

Mr. Hubert Thibault: In fact, everything depends on what the House of Commons wants to do with a legal framework for a cooperative system, particularly for the credit union system. In that sense, my colleagues might perhaps be in a better position to comment on that point.

In my presentation, I referred to the usefulness of the potential creation of a federation or of establishing entities related to systems. One may nevertheless think that it would be more difficult to introduce that kind of thing in an act like by Bank Act.

The large international cooperative groups—whether it be in Europe, Japan, Canada or elsewhere—are normally two-tier organizations: a system of local caisses or local credit unions organized and headed up by a federation and often provided with a security fund, a central caisse and other entities. One can imagine that, if you went that route, a lot of chapters would be added to the current Bank Act.

Mr. Daniel Paillé: The House of Commons passes the laws, but it's the government that introduces them. We have the government we have.

You said that might perhaps be an arrangement to use in order to folow your major clients. Desjardins already has operations in Ontario and Manitoba. How does this legislation give Desjardins an additional tool that it doesn't already have?

Mr. Hubert Thibault: In fact, in the case of the Mouvement Desjardins, the act doesn't afford an additional tool. What I was saying is that, to the extent we would like to establish a support agency for the system of caisses—which provide a lot of the service to individuals and to small and, to a certain degree, medium-size businesses—that would enable us to follow slightly more important clients of corporate Desjardins which have operations across Canada. I'm thinking of those that, in some cases, start out small and become big enough. We would therefore need a slightly more specialized arm that would take over the primary caisse system.

In response to your question, yes, indeed, we have operations in Ontario. There is a system of francophone caisses populaires, which moreover was originally founded by Mr. Desjardins, who was very active in the House of Commons at the time. That system is affiliated with the Mouvement Desjardins. It is a full-fledged member, like any caisse in Quebec, with the same rights as the other Desjardins caisses.

We also have a credit union, which is affiliated with the Fédération des caisses Desjardins. It is the Desjardins Credit Union. It is essentially active in Ontario. There are also affiliation agreements with auxiliary members in Acadia, New Brunswick and Manitoba.

Mr. Daniel Paillé: To all intents and purposes, you don't need Canada's cooperative banks or caisses populaires?

Mr. Hubert Thibault: In fact, what we need is a second-tier arm that will support the Caisses Desjardins, whether they are in Quebec or Ontario, and that will specialize in service to large corporate members. This is a specialized occupation that also requires the ability to act within a single jurisdiction, which would be simpler.

Mr. Daniel Paillé: We know that if the banks want to merge, that has to be done at the level of the large corporations, as a result of which Toronto Dominion may not buy a branch of the Royal Bank of Canada. Would the act permit a war over the acquisition of a coop that comes from one province, and would it allow anyone to come and use, acquire or bring in someone from a local caisse populaire into its system, in short to disaffiliate a caisse populaire in order to move it into another system?

● (1800)

Mr. Hubert Thibault: I would say that's an entirely hypothetical question. When we talk to our colleagues about changes in market share or cooperative businesses, we very rarely discuss competition amongst ourselves. The competitors are the commercial banks. The credit unions, like the Caisses Desjardins, are an important alternative—and should become increasingly important—to a more widespread model which is that of the commercial banks.

I believe that my colleagues will agree that there is not really any competition among us in that regard.

Mr. Daniel Paillé: So there is a non-aggression agreement.

Mr. Hubert Thibault: It's not a non-aggression agreement in that sense. However, let's say that, as regards market share, there's enough room for the credit unions and the Caisses Desjardins to grow for several more years.

Mr. Daniel Paillé: Wouldn't the fact that we're using the Bank Act be a signal to the banks? I don't want to stroke your ego, but could it be that, at one point, seeing the cooperatives enter the system, the banks might say to themselves that, now that the cooperatives are subject to their act, they would like to have exactly the same opportunities? Since what's good for the goose is good for the gander, since the caisses sell insurance, the banks could do so as well.

The Chair: You have 30 seconds.

Mr. Hubert Thibault: We've had occasion in the past to speak out on the banks' demands in that regard, and the Mouvement Desjardins has never come out against them.

For us, the idea of having competition or fair ground rules isn't something we find repugnant, quite the contrary, even though we sometimes hear the banks complain that the fiscal arrangements for the Caisses Desjardins are different from their own. However, we're still waiting for that to be demonstrated.

Mr. Daniel Paillé: I will cooperate with you, Mr. Chairman, even though I still have 15 seconds left.

The Chair: Thank you, Mr. Paillé.

Mr. Wallace, go ahead, please.

[*English*]

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

I want to thank our guests for being here tonight and waiting until after the vote.

Mr. Thibault, just to be clear, you started your conversation with us—and I might be losing a little in the translation—by saying you were in favour or supportive of us moving forward on this as it is in Bill C-9. Is that correct?

Mr. Hubert Thibault: Yes, absolutely, that is correct. We see it as a good first step in answering the demands and requests of particularly the networks of credit unions of English Canada, and in that sense, we salute this initiative.

Mr. Mike Wallace: Okay. I just found out from my colleague behind me that Mr. Desjardins was a Conservative member of Parliament from Quebec, a very good guy.

Mr. Hubert Thibault: In fact, his brother was.

Mr. Mike Wallace: Oh, it was his brother.

Mr. Hubert Thibault: He was a stenographer in the House of Commons.

Mr. Mike Wallace: Oh, really? That's very nice.

I have a question for you, Ms. Redies. You had a couple of issues, but in general, the credit union movement outside of Quebec, in the rest of Canada, is supportive of what we're doing here, and you have some concerns about access to your membership. Is that basically what it is?

Ms. Tracy Redies: That's correct.

Mr. Mike Wallace: Have you expressed that as an organization to date, or are you still working through that process you were talking about, which would be part of your commentary that will come in the future?

Ms. Tracy Redies: We have tabled our concerns with the Ministry of Finance, and again, we think we can continue to work through this. As long as it's addressed in the near future, I think it will help us encourage a greater take-up.

Mr. Mike Wallace: Okay. I appreciate that.

I'll now go to the nuclear group.

I have to tell you this, and I have to be frank with my colleagues. I actually worked at the Bruce nuclear station as a summer student for three years. My father worked there at the heavy water plant. My brother-in-law works at Bruce nuclear. My sister works at Bruce nuclear. Let's just say I'm pro-nuclear.

I was there when Douglas Point was decommissioned. It was exciting for students to be in there mopping up water, but I wasn't sure what it was.

The question I have for you is really twofold.

One, we've basically heard this from everybody, other than the engineering group, which we completely understand. Michael was in my office talking to me about the issues. In general, there's a view that the sale either in part or in whole is something that might be needed. That came directly from the AECL and from the supplier group.

This is a question about timing. We put this in Bill C-9 to be able to move on it. What would happen to our nuclear industry if we continued to drag our feet and not make a decision on this? Is the world getting ahead of us on this?

I'll ask Hugh to answer. Perhaps Mr. Hughes, from Laker, can then also answer from the supplier side, if he wishes.

● (1805)

Mr. Hugh MacDiarmid: Thank you for the question.

Without question, the world is moving on nuclear at a very fast pace. When we look at the global marketplace and the nature and range of opportunities that exist out there, they will certainly not wait for us to get our house in order to make their decisions. We need to be in a position where we can take the CANDU brand and market it globally and work with our supply chain partners to present compelling propositions to that market.

At the same time, of course, we need to make sure it is the right outcome and the right decision. I don't think we want to be hasty. Certainly, to the extent we can move quickly through this process, I think it's going to be in the best interests of all of us.

Mr. Mike Wallace: Mr. Hughes.

Mr. Christopher Hughes (As an Individual): I would certainly agree with what Hugh has to say.

First of all, I'm speaking as a private businessman here. It's not in consultation with AECL or with OCI, even though we are members.

I would say, frankly, the longer it takes to conclude this privatization, the lower the value of AECL.

There are opportunities out there in the world for reactor orders. They are on hold, in particular, in Argentina and in China. Both of those countries are quite frankly having second thoughts due to the uncertainty, in their view. After all, they are the customers. The sooner this is sorted out, the better it will be.

I think one thing you'll find is that successful reactor suppliers all have one thing in common: their home countries, governments, utilities, reactor vendors, and the industry all work together on a common front.

Neil mentioned the Koreans. It's a classic example. They do it beautifully. France also does the same thing.

We need to do the same if we're going to be successful out there in the world.

Mr. Mike Wallace: For my education and for those around the table, how many CANDU reactors are actually operating in Canada?

Perhaps Hugh can answer that question.

Mr. Hugh MacDiarmid: The number depends on how you keep score, to be honest. There are eight reactors at Bruce, of which six are operating at this point in time.

Mr. Mike Wallace: Are they CANDU reactors at Bruce?

Mr. Hugh MacDiarmid: They're all CANDU reactors.

There is a CANDU reactor at Point Lepreau in New Brunswick, which is currently under refurbishment. There's a CANDU reactor at Gentilly-2 in Quebec, which is operating today but will be refurbished within a year. There are four at Darlington. There were eight reactors originally built at Pickering, but there are now six that are operating.

Mr. Mike Wallace: Okay.

The marketplace is changing slightly. Some of your competitors are building bigger reactors that are more powerful. I know that on paper we have the ability to build one. That's my understanding. It's on paper. No one's actually built one.

Is there still a marketplace for the smaller-powered CANDU reactor?

Mr. Hugh MacDiarmid: We indeed believe there is a market for both of the basic designs that we have designed.

For the CANDU 6, the smaller unit is in fact uniquely positioned in terms of having a size range and a natural uranium fuel cycle that makes it suitable for mid-market countries and smaller grids.

We believe the new ACR-1000, our Generation III+ reactor, is indeed fully feature-competitive and price-competitive with the best reactor designs in the world.

The Chair: Thank you, Mr. Wallace.

Mr. Mike Wallace: Thank you very much.

The Chair: Monsieur Mulcair, you are next, *s'il vous plaît*.

[*Translation*]

Mr. Thomas Mulcair: Thank you, Mr. Chairman.

My first question is for Mr. Thibault.

I listened to the answer you gave Mr. Paillé earlier concerning consultation and your answer to Mr. Wallace concerning your support for the principle of the part of Bill C-9 concerning the cooperatives. I just want to make sure I clearly understood.

From what I understood, you're suggesting that we not be able to use the French term “caisse populaire” in the case of a federal institution. Is that in fact your position?

● (1810)

Mr. Hubert Thibault: No, not necessarily. The term “coopérative de crédit” has been selected. If we establish a level-two institution, we're asking that it be a commercial bank such as what exists now, before the amendments are even introduced in the context of Bill C-9, and that the term “federal credit union” be used to describe that institution to the extent it would be 100% held by the caisses populaires or credit unions.

Mr. Thomas Mulcair: You tend, not without reason, to use the English term credit union, when you describe the situation specific to the rest of Canada. However, I've previously worked in Manitoba, in particular, where there is an act concerning the caisses populaires which, in English, is called the Credit Union Act. In Manitoba, a credit union is a caisse populaire. If in Manitoba, a credit union, that is a caisse populaire, decided to follow the model proposed here, would it become a federally regulated caisse populaire?

Mr. Hubert Thibault: Absolutely.

Mr. Thomas Mulcair: If I correctly understand what you're saying, the fact that caisses populaires are governed by the federal government causes no problems for the Mouvement Desjardins.

Mr. Hubert Thibault: That causes no problem. We don't object to the principle at all. Moreover, as you so well said, the expression "caisse populaire" is already being used elsewhere than in Quebec, whether it be in Acadia, Manitoba or other places. The Caisses Desjardins have no pre-emptive right to reserve the name "caisse populaire", on the contrary. Bill C-9 could indeed make it so that a credit union migrates toward the federal jurisdiction and becomes established in Quebec. Whatever the case may be, Desjardins has never wanted to protect its territory in order to oppose this kind of bill, on the contrary.

Mr. Thomas Mulcair: It's not a matter of territory. I'm going to use a strange analogy.

Quebec butter producers ultimately won their case in the Supreme Court as a result of a consumer protection matter. The product, which is a fish oil of the same colour as butter, cannot be mistaken for butter by consumers. However, you're telling me that, if a credit union in Manitoba were incorporated at the federal level, and henceforth bore the name of "caisse populaire" and established itself in Quebec as a federal caisse populaire, that wouldn't be a problem for you.

Mr. Hubert Thibault: It would be called a "federal credit union".

Mr. Thomas Mulcair: Not at all. It would be called a "caisse populaire". That's the problem. We validated that point in our hearings. It would bear the name "federal credit union".

Mr. Hubert Thibault: Based on our understanding of the act—

Mr. Thomas Mulcair: Your understanding is incorrect. We confirmed this point here last week.

Mr. Hubert Thibault: Is that so?

Mr. Thomas Mulcair: Departmental experts confirmed for us that if a credit union from Manitoba designated, in French, as a "caisse populaire" migrated to the federal system, as you so well said, and decided to establish itself in Quebec, it would bear the name of "federal credit union".

Mr. Hubert Thibault: From what we understand, the act requires that the term "federal credit union" be used.

Mr. Thomas Mulcair: Not at all!

Mr. Hubert Thibault: We're going to review our analysis on that point.

Mr. Thomas Mulcair: Very well.

I want to go back to Atomic Energy of Canada Ltd.

Mr. Alexander, from what I understood of your remarks, you would like Atomic Energy of Canada Ltd. to be sold as soon as possible. Is that correct?

[*English*]

Dr. Neil Alexander: I think Hubert gave a very good answer to that question. We need to make progress quickly, but we also need to make sure it is the right progress. There is a balance there; I wouldn't like to suggest to people that it has to be done in a hurry, but we need to progress at an appropriate rate, because as well as the opportunities we're losing, there is the issue that Mike Ivanco raised around keeping quality people in the country with opportunity.

[*Translation*]

Mr. Thomas Mulcair: Thank you, Mr. Chairman.

[*English*]

The Chair: Merci, Monsieur Mulcair.

Mr. McKay, you may have a five-minute round.

Hon. John McKay: Thank you, Chair.

I've been very critical of the way the government has handled this particular bill with respect to putting things into the bill that are inappropriate or not before the right committee and to throwing everything in, including the kitchen sink. However, concerning the proposal that there be federal legislation with respect to credit unions, which has been talked about for years—Mr. Phillips in particular has made representations—this is an appropriate committee, and this is an appropriate item to put into this particular kind of legislation.

Having said that, the question I have for Mr. Phillips and possibly Mr. Thibault is, why would a credit union now incorporate provincially?

● (1815)

Mr. David Phillips: Why would it incorporate provincially?

Hon. John McKay: Yes. If it's the same grief to set up provincially as it is to set up federally, why would you do it?

Mr. David Phillips: I'm not sure it would be the same grief in every case. There are going to be pluses and minuses for incorporating in any particular jurisdiction, and you would really need to consider what your strategy is overall. In some jurisdictions, for instance, the deposit insurance level is higher than it would be under this bill. In some provincial jurisdictions, the powers are greater than would be present under federal legislation.

However, if you're incorporated in a province, you can only expand within that province; you can't expand across borders. It really comes down to the kind of strategy you wish to develop and the trade-off you make between the various advantages and disadvantages of one corporate level over another.

Hon. John McKay: But it is a decision. I accept your answer, that it does make sense, but it strikes me that, all things being equal, one would probably incorporate federally now, with this kind of provision.

Mr. David Phillips: That would be the case potentially for a large credit union. This is a strong charter, a good charter. But you're going to want to consider your strategy very carefully.

Hon. John McKay: Yes, some details still need to be fleshed out.

My next question is for both Mr. MacDiarmid and Mr. Ivanco.

Yesterday I flew in from Washington. The seatmate with whom I was sitting and I chatted as we flew in. She worked for Nortel for nine years. She now works for a Washington-based company. That Washington-based company was picking up a section of the Ericsson purchase. We discussed the amount of money that the Canadian taxpayers had sunk into Nortel, the tremendous loss that it is. Her comment, entirely unsolicited by me, was that this was a terrible tragedy, that it basically took Canada out of the game, except insofar as it's more advantageous for foreign companies to locate their operations here than it might be anywhere else.

My first question, Mr. MacDiarmid, is whether AECL is the next Nortel, because this legislation gives the government the authority to sell it one minute after royal assent.

Mr. Hugh MacDiarmid: I'm certainly not the right person to respond to the broader policy questions; I'm the executive responsible for running the business. I can say, from my perspective, that what I believe to be the case is that the goal is to strengthen AECL, to preserve the CANDU brand, and to strengthen Canada's—

Hon. John McKay: I only have a minute or two. I've listened to that fantasy argument from government members. The truth of the matter is that this does, without any hesitation, give the opportunity to the government to sell off AECL without any debate whatsoever, and at the end of the day, we may not have a nuclear industry.

I have very few minutes left. I'll let Mr. Ivanco respond to the same question.

The Chair: Very briefly.

Dr. Michael Ivanco: That has been one of our concerns. We don't know. The bill gives the government carte blanche to do whatever it wants. The intentions are apparently not there, but the bill allows them to do it. You heard Neil mention earlier that there is a $20-billion sale by the Koreans to the United Arab Emirates. Were a foreign company to buy us, if they chose to do it just to kill us it could be a wise business investment. That has always been one of our fears.

The Chair: Thank you, Mr. McKay.

I need unanimous consent to allow Madame Brunelle to ask questions.

Some hon. members: Agreed.

The Chair: Thank you.

Madame Brunelle, *vous aurez cinq minutes.*

[*Translation*]

Ms. Paule Brunelle (Trois-Rivières, BQ): Thank you, Mr. Chairman. Good afternoon, madam and gentlemen.

Mr. Ivanco, we were surprised. We received a summary report on the strategic review of AECL in May 2009. Now we see that Part 18 of this bill prevents all debate and AECL will thus be quickly privatized. I sit on the Standing Committee on Natural Resources and we were unable to determine how much AECL was worth and whether it would be divided into sections.

How do you assess the government's lack of transparency in this matter? A number of people and I are wondering what that conceals. We're also wondering what impact this is having on you and on the people you represent and who work in the nuclear energy field.

● (1820)

[*English*]

Dr. Michael Ivanco: One of our biggest issues has been the lack of transparency, as I mentioned in my presentation. Mostly what's for sale is the expertise of our members. They're the ones who are really uncertain about what's going on, are highly stressed, and are not really being consulted. This is one of our biggest worries.

That is a short answer to your question: it's one of our biggest worries.

[*Translation*]

Ms. Paule Brunelle: We've talked a lot about the isotope crisis. Everything is definitely delayed. Now we're told that we'll have isotopes in July. I'll subsequently request Mr. MacDiarmid's opinion, but I would like to know, Mr. Ivanco, whether you believe AECL will be fragmented into a number of sections and whether it will continue to manage isotopes at its Chalk River laboratory.

[*English*]

Dr. Michael Ivanco: AECL is being split up into at least two pieces, and remember, the part that's for sale doesn't really have anything to do with isotope production. The part that's for sale is the CANDU reactor division. For what it's worth, we have traditionally been the money-making part of AECL, up until last year. I can't think of the last time we didn't make money, except 2009.

As far as whether AECL will continue to make isotopes, that's beyond my scope.

[*Translation*]

Ms. Paule Brunelle: Mr. MacDiarmid, what do you have to say about that?

[*English*]

Mr. Hugh MacDiarmid: The path forward at this point in time is that AECL will be partitioned into two distinct entities, really representing the very different business models, in the sense that the CANDU reactor division is designed to be, is intended to be, and will be a commercially viable business, whereas the Chalk River Laboratories are designed to be pre-commercial, a laboratory focusing on scientific research.

Those two different missions are going to be pursued separately. The Chalk River Laboratory will continue to be owned by the Government of Canada, and as you well know, the Prime Minister has clearly indicated, and my minister has given us the direction, that we are to re-license the NRU to produce isotopes past its current licence expiry date of October 2011 and be prepared to produce isotopes through to 2016.

[*Translation*]

Ms. Paule Brunelle: Mr. Alexander, I'm troubled by one thing. AECL has had a number of problems in recent years. We know about the failure of the MAPLE reactors, the problems at Chalk River, the rebuilding problems at Pointe Lepreau, the costs that have tripled, and so on. If AECL is divided and sold, what will happen to the CANDU technology? Let's indulge in a little science fiction. Aren't you simply going to go and buy through the French, through AREVA? Then they can break down the competition, which is to say you.

[*English*]

Dr. Neil Alexander: Those are very good questions, and we refer again to the statements made in the Rothschild's investment summary. We think they are very important. One of the objectives needs to be the ongoing health of the industry.

We talked a little bit about Nortel. I see the situation as slightly different from the Nortel situation. It's a bit like suddenly inheriting a small family shop or restaurant that you see the opportunity to take global. You go to the bank, and the bank says, "I like your plan, but actually it's just too big and too risky", which is something Canadian banks occasionally do and which has been very helpful to us. You then ask what your next alternative is to take this small family firm and make it into a multinational organization, and that is to seek a partner who is going to help you do it.

That is the situation I see us in with regard to AECL. This gives us an opportunity to take a big position in a very fast-growing industry.

The Chair: Okay—very brief.

[*Translation*]

Ms. Paule Brunelle: As a parliamentarian, I would have liked a little transparency from the government—my comment is aimed at the government people—and to be able to understand a little. You have to consider that $20 billion has been spent on AECL since 1950. In addition, I saw in the budget that $300 million had been set aside to cover commercial losses. I wondered whether that was a gift for future investors. That's my comment, and it does not require an answer.

● (1825)

[*English*]

The Chair: Okay. If someone does want to respond briefly, we can. No comment? Okay. Thank you.

Ms. Gallant, please, for a five-minute round.

Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, CPC): Thank you, Mr. Chairman.

Mr. MacDiarmid, I am going to talk about the people too, because they are the treasury of the AECL and Chalk River Laboratories. As you are aware, the greatest asset AECL has to offer is its well-educated and well-trained professional workforce.

For some individuals, the uncertainty we're experiencing can be very unsettling. What are you doing to reassure your employees regarding the future of AECL?

Mr. Hugh MacDiarmid: The most important thing is to remind them of the many opportunities that we have in both Canadian and international markets and that we are continuing to invest heavily in the development of new products and the support of the revitalization and modernization of the infrastructure at Chalk River, through project new lease and many areas of investment in the company.

So when all is said and done, the future of AECL and of CANDU does not depend as much on our corporate form as it does on our ability to succeed in the marketplace with fundamentally good products and good marketing. So in terms of reassurance to employees, I don't necessarily want to get them too much reassured, because we do have to compete and we do have to battle with very determined competition globally. So my reassurance to them is that we should keep going, keep pushing hard to develop great products and market them successfully in the world.

Mrs. Cheryl Gallant: So there's no imminent thousand-employee layoff. This is what people are concerned about, because they are hearing that AECL doesn't have its full year's cheque worth for both the repairs as well as the operating costs and that combined with a mass e-mail that engineers and retired engineers got saying that Bill C-9 is designed to sell AECL out from underneath Canadians by stealth. Just by virtue of having this discussion dispels that notion. So that is why I asked that question. And contrast that to representatives from the Technicians and Technologists Independent Union, who are working together so as the company goes through the restructuring they can be a part of it and work together with it.

And as many of my colleagues here are aware, and Madame Brunelle, I've been working with a group of employees at Chalk River. We call ourselves the CREATE committee, which stands for Chalk River Employees Ad-hoc Taskforce for a national laboratory. Of course their main focus at this point is getting NRU back and running, and I hope eventually the case will be made that a multi-purpose reactor should go there.

But regardless of whatever decisions are made about the future of the commercial side of AECL, we believe the proposal for a national laboratory should be pursued, and we see the current restructuring as much as an opportunity as anything else.

Should the decision not to restructure AECL proceed, what does the CREATE committee need to do to encourage AECL to support their proposal that could result in a different government agency, such as the National Research Council, or some newly created agency, like a public-private partnership, to play an enhanced role at the Chalk River site, particularly when it comes to nuclear research and development?

Mr. Hugh MacDiarmid: I would be stepping beyond my bounds to comment on what kinds of corporate forms or structures should be considered. It's really the purview of our shareholder.

What I will say, though, is that the Chalk River laboratory is an incredible repository of human talent. The primary missions are isotope reduction, of course; support for the CANDU fleet through a variety of services to enhance the performance of the existing fleet; support for our future-oriented R and D and also the waste management decommissioning mission of the organization; and, very important, support for Canada's academic and scientific research communities. So many different missions, and it's simply the continued pursuit of those and having the facilities to enable the talented people to continue to fulfill that. That's the vision.

● (1830)

The Chair: Thank you, and thank you very much, Ms. Gallant.

I want to thank all the witnesses for your appearance here today, for your patience, for your presentations, and for responding to our questions. We appreciate it very much. If there's anything further you want the committee to consider, please submit it to the clerk and we will ensure everyone gets it.

Thank you very much.

The meeting is adjourned.

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