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# Standing Committee on Industry, Science and Technology

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EVIDENCE

**Thursday, December 2, 2010**

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**Chair**

**Mr. David Sweet**



## Standing Committee on Industry, Science and Technology

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• (1100)

[English]

**The Chair (Mr. David Sweet (Ancaster—Dundas—Flamborough—Westdale, CPC)):** I call the meeting to order.

Good morning, ladies and gentlemen. *Bonjour à tous*. Welcome to the 49th meeting of the Standing Committee on Industry, Science and Technology.

With us today are Bruce Robertson from AbitibiBowater and James Lopez from Tembec Inc. From the Federally Regulated Employers - Transportation and Communications, we have John Farrell, as well as Brian Aitken, who will be presenting.

I will just remind members and witnesses that we have five minutes for opening remarks and then we'll have a round of questions. We're trying to be consistently fair with all the witnesses we've heard up until now, and I think you're aware that we're having this second wave of witnesses because of the amendments that were proposed to the bill.

I want to advise members as well, please, not to leave right after we have finished today at around noon, because I have a small but important issue that we need to deal with in camera for about three minutes.

Mr. Robertson, please try to stay within your five minutes. Thank you.

**Mr. Bruce Robertson (Chief Restructuring Officer, AbitibiBowater Inc.):** Thank you, Mr. Chairman. I'll do my best.

My name is Bruce Robertson, and over the past 18-plus months, I've been serving as the chief restructuring officer for AbitibiBowater as the company works through the challenging period of restructuring itself under the Canadian CCAA and U.S. chapter 11 creditor protection processes.

I'm pleased to respond to your request to appear today to provide my thoughts on Bill C-501.

I must say at the outset that we're in the final stages of restructuring AbitibiBowater, and the company anticipates emergence within the next couple of weeks. Through the restructuring efforts, the company has been transformed to become one of the lowest-cost forest products companies in North America, with 18 pulp and paper facilities—11 of which are in Canada—24 wood products facilities in Canada, and close to 12,000 employees. The company has \$5 billion in revenues and markets its products in more than 70 countries around the world.

Now, as a restructuring professional, I'll do my best to help the committee in its review of Bill C-501.

I'm afraid that however well-intentioned, Bill C-501 would have significant unintended consequences and would likely further penalize the very people the bill's author desires to protect.

Let me explain with a real-life example. If the proposed legislation had been in force in Canada two years ago, AbitibiBowater would have most likely been forced to liquidate its Canadian assets. Why? Because required financing for the Canadian operations, both debtor-in-possession and exit financing, would not have been available due to the huge reserves necessary to account for the pension solvency deficit super-priority.

What would have happened? In a liquidation scenario, employees and retirees would have taken a significant loss in their pensions. Canadian pensions for the company would have paid anywhere between 65¢ and 80¢ on the dollar. In effect, this would have locked in losses at the absolute bottom of the market and would have had the opposite of the intended effect. Also, as a result, up to 8,500 direct AbitibiBowater Canadian jobs would have likely been lost. In addition to these direct jobs, another 32,000 Canadians working in indirect jobs in communities across Quebec and Ontario would have been impacted. More than 40,000 Canadians, mostly in rural regions that are economically dependent on the forestry sector, would have been out of work.

Furthermore, the headquarters of AbitibiBowater would most likely have then moved to the U.S., where the Canadian portion of the company would have likely restructured and emerged with its American mills operational, a further potential hollowing-out of Canadian corporate head offices.

This real-life example demonstrates that the proposed legislation puts Canadians, companies, employees, and our country overall at tremendous risk and at a significant competitive disadvantage.

Mr. Chairman, I encourage you and the other committee members to also review the public record on another company that was recently under CCAA protection, Terrace Bay Pulp. Again, if this bill had been in place, I believe that this company in northwestern Ontario would not have emerged. Four hundred direct jobs would have been lost, many times that number would have been affected in indirect employment, and the pensions would have been significantly and adversely impacted.

An area of grave concern I have with Bill C-501 relates to the ability of companies to raise capital in credit markets to operate their businesses and provide jobs to Canadians. If passed, this legislation would make it extraordinarily difficult for Canadian companies to raise capital. Canadians would once again be at a strategic disadvantage in the marketplace. Financial institutions would have to take into account the possibility of even greater losses if a company were to enter bankruptcy proceedings, thus raising the cost of doing business in Canada.

Canadian companies would suffer from reduced available liquidity. During the credit crisis over the past two years, all Canadians saw what a loss of liquidity means to the economy. I'm concerned that this proposed legislation would reduce the productivity and competitiveness of our nation. With fewer Canadians working and fewer companies making profits and paying taxes, our governments and the social programs they provide would be impacted.

I believe that the best way to deal with pension deficits with companies in creditor protection is the approach taken by AbitibiBowater. Positive collaboration by management with the unions, provincial governments, retiree groups, creditors, and other stakeholders has resulted in no reduction to the pension benefits of the 20,000 Canadian AbitibiBowater retirees, and the company will continue to pay 100% of pension benefits to retirees and beneficiaries as the company emerges from creditor protection.

Let me make one further point. With today's extraordinarily low interest rates, the way we calculate solvency of pension plans in Canada creates a flawed reality. The formula utilized in Canada results in a significantly larger headline solvency deficit relative to the U.S., for example. Because of these differences, the companies do not face a significant pension deficit south of the border.

I realize that it's not the subject of today's hearings, but I encourage federal and provincial governments to consider alternative calculation methods and pension solvency formulas, as well as pension insurance, improved regulation, and other reforms.

• (1105)

In summary, Bill C-501 will kill credit for many good businesses and put them in danger of liquidation. This would obviously not be good for employment or economic growth. It will also encourage businesses to cancel what remaining private sector pension plans exist. As the penalty in terms of lost credit and risk will be too high, it will not actually protect existing pensions better than the current regime.

Policies that help strengthen the financial position of companies are the best solution to ensure that pension benefits are paid over the long term. These policies would include those that attract capital and encourage investment to improve productivity and to create jobs and economic wealth.

Thanks, Mr. Chairman.

**The Chair:** Mr. Robertson, that's good. That was the limit of my grace on that one.

**Mr. Bruce Robertson:** I practised, Mr. Chairman.

**The Chair:** Fairness is the main thing here on the committee, Mr. Robertson. That's the only reason I would cut you off.

Go ahead, Mr. Lopez, for five minutes, please.

**Mr. James Lopez (President, Tembec Inc.):** Good morning, Mr. Chairman, honourable members, and ladies and gentlemen. My name is Jim Lopez. I'm the president and CEO of Tembec Inc. We are a company that has 5,000 employees worldwide, 4,000 of whom are right here in Canada.

My business is the forest products business. We produce lumber as well as pulp and paper in many rural communities throughout Canada. In this country our company operates in Quebec, Ontario, and British Columbia, so it's safe to say that Tembec is the most pan-Canadian forest products company in Canada. I think we have a good breadth when we touch our communities and when we talk about the impact of Bill C-501 on our operations.

I'm here today not to talk to you hypothetically; I'm here to talk to you about real experience, practical experience, that I personally have had with Tembec, just as Mr. Robertson has had with Abitibi.

This industry went through a decade of very difficult times, a decade of downturn in virtually all our commodity products that was exacerbated by the high Canadian dollar. It has been very difficult for a lot of companies in Canada to compete and has created financial stress on many of our balance sheets. Tembec was a perfect example of that.

That resulted in a need for the company to restructure its balance sheet in February 2008. Our company's restructuring was done through a CBCA plan of arrangement, as opposed to a CCAA arrangement. The difference is that in a CBCA, the creditors and the shareholders do a consensual deal. As opposed to a court-imposed deal, it's a consensual deal that the court blesses once the shareholders and the other debt holders agree to it.

The linchpin of getting through that process was how this company was going to deal with its new debt going forward. During our restructuring we were able to obtain a \$300 million U.S. term loan and renegotiate the company's operating line, which was an asset-backed loan. With that were first and second liens on the company's fixed assets.

Without this arrangement with our ABL lenders and the new term lenders, our CBCA plan of arrangement would never have happened. With this bill in place, those arrangements could never have been made with those lenders. What would have been the consequence? Our restructuring would not have gotten done, and we would have been, in all likelihood, in a liquidation mode.

Given the fact that this industry was going through very difficult times and that many operations were unprofitable at that time, it likely would have meant that 30% to 40% of our assets would have been liquidated. They would have been shut down. The balance probably would have been sold, but 30% to 40% would have been shut down, thus involving 30% to 40% of our employees, including, in all likelihood, the largest pulp and paper operation in Canada, in Témiscaming, which was going through very difficult times at that point in the cycle. It would have been shut down.

In this industry, we have 4,000 jobs in Canada. The traditional multiplier for indirect jobs is four. That's 16,000 people, so 30% to 40% of the 16,000 people who have depended on Tembec to get its restructuring done would have been let down if this bill had been in place.

I'm happy to say that we did get a restructuring done. I'm also happy to say that defined benefit pension plans for all of our employees were unaffected by our restructuring. I'm happy to say that all the solvency requirements for the various provincial jurisdictions where we operate continue to apply for our pension plans, and we're funding them as per the law.

Furthermore, the loans that were put in place in the restructuring had a maturity date of 2012, so it still was a black cloud hanging over the company's head, because it was still a relatively short-term loan. We went to the public debt markets this summer and sold \$255 million U.S. of new debt, which we used to repay the other debt. We extended their maturities to 2018, and now the company is in a great position to be able to invest \$50 million in operations this year, with a plan to spend several hundred million dollars over the next five years. We never would have gotten that indenture done in the U.S. with this bill in effect.

• (1110)

In summary, I think this bill is going to be a killer of Canadian jobs and a killer of investments in Canada.

Thank you, Mr. Chairman.

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

We'll go to Mr. Farrell for five minutes.

**Mr. John Farrell (Executive Director, Federally Regulated Employers - Transportation and Communications (FETCO)):** Thank you, Mr. Chairman.

My name is John Farrell, and I'm the executive director of Federally Regulated Employers - Transportation and Communications. With me today as an advisor is Mr. Brian Aitken, vice-president, CFO, and treasurer of Nav Canada. Nav Canada is a member of FETCO.

Regarding the amendments to Bill C-501 proposed by Mr. Rafferty, the revised wording clearly extends the super-priority treatment to the entire solvency deficit, such that the entire deficit would have to be paid in order for plans of arrangement under CCAA to be approved by the courts. This is consistent with the preamble of the bill. It is also consistent with the basis upon which FETCO made its submission to this committee on November 23. Our submission on November 23, 2010, remains unaltered by the proposed amendments to Bill C-501.

It is clear that the former Nortel employees and pensioners have suffered significant losses as a result of the bankruptcy of Nortel. This is extremely unfortunate. Employees much prefer defined benefit pension plans over defined contribution plans because they reduce many of the risks to employees. However, it is not possible to remove all the risks.

Bankruptcy is fundamentally the death of a company. CCAA is a mechanism that is analogous to intensive care, where the object is to prevent the death of the company so that it can recover and continue as a going concern. However, if the company cannot be saved, bankruptcy follows, and it is a process designed by legislation to settle the estate of the deceased company in a way that is fair to all stakeholders.

The CCAA bankruptcy proceedings at Nortel happened at the worst possible time. The company failed. We all know that. Financial markets were crashing, and equity values were extremely low. The major culprit was and continues to be persistent low long-term interest rates not seen in over half a century. Low rates have dramatically increased the calculated value of solvency liabilities. Simply put, typical defined benefit pension plans' solvency liabilities, which are a proxy for the cost of settling the plan's obligations, have increased by 30% as long-term Canada bond yields have fallen over the last decade from approximately 5.5% to 3.5%. For a large, mature, defined benefit plan, a 0.25% reduction in long-term interest rates can cause an increase in pension liabilities in excess of \$250 million.

I have no doubt that those advocating Bill C-501 are well-meaning. However, the facts demonstrate that Bill C-501 will inflict far greater harm than good on employees, pensioners, and companies with defined benefit pension plans. It would also hurt individual Canadians who hold corporate bonds issued by these companies in their RRSPs, their mutual funds, and their individual retirement portfolios.

There is no doubt that this a complicated matter. This committee has seen a parade of expert witnesses and has received a number of written submissions. The people who have been here include the top solvency and bankruptcy experts in Canada, the top actuaries and pension experts and consultants in Canada, a major Canadian law expert in pension law and bankruptcy proceedings, several top credit market analysts and experts, and some of the leading employers' organizations in Canada. Witnesses from the forest products industry have provided real examples of the harm that Bill C-501 can have on a company's ability to raise capital, make investments for future growth, and maintain employment for thousands of Canadians.

What are all these witnesses saying? They're all saying the same thing: Bill C-501 is bad medicine. It is medicine that kills the patient and infects everyone in the community. You've heard the witnesses say the following: companies with defined benefit pension plans that are in financial difficulty may be forced to seek protection under CCAA. Some companies in CCAA may not be able to restructure and emerge. They may be forced to liquidate, causing the unnecessary loss of jobs. It will increase the cost of capital for companies with defined benefit pension plans, particularly those companies with investment grade bonds. They would see Bill C-501 cause their ratings to fall below investment grade. It would reduce the value of corporate bonds that have been issued by companies that provide defined benefit pension plans.

• (1115)

As a result, countless Canadians holding corporate bonds of the companies that sponsor defined benefit pension plans will have their individual RRSPs, mutual funds, and personal retirement savings portfolios hurt. The passing of Bill C-501 would inflict serious harm and could cause a sudden event that will raise the cost of capital for many Canadian companies that provide the bulk of defined pension benefit plans in Canada. This bill will be the death knell of DB plans in Canada as we know them today.

Pensions and retirement security are a major public policy issue in Canada. The federal and provincial governments have been modifying their laws to strengthen pension plan funding rules, which will improve the security of private pension plans and benefit entitlements.

Further, finance ministers across the country—

**The Chair:** Mr. Farrell, I'm sorry to interrupt—

**Mr. John Farrell:** —are working very hard on this issue.

Mr. Chairman—

**The Chair:** If there are some key things at the end, you could clear them up during questions.

**Mr. John Farrell:** I have a couple of key things. I witnessed a debate—

**The Chair:** I'll have to stop you, Mr. Farrell, but if you want to squeeze it into a question, please go ahead. I'm sure some member will be gracious enough to allow you to do that.

Now we go on to the Liberal Party. Go ahead, Mr. Rota, for seven minutes.

**Mr. Anthony Rota (Nipissing—Timiskaming, Lib.):** Thank you, Mr. Chair.

I want to thank the witnesses here today for coming out and making what they've gone through and the effects that Bill C-501 would have had on them very graphic and real. As you know, Bill C-501 is an attempt to fix a real problem, a pension problem, and it's a problem that has developed over years. Someone mentioned a perfect storm. It just seems that the interest rates, the bond and equity markets, a weak economy, and everything else all seemed to happen at once. We're reacting to that and trying to prevent it from happening again.

The bill, as it was introduced, secures what is owed to pensioners from the date of insolvency to bankruptcy. That was my understanding. Now amendments brought forward have revised the wording, and now, as Mr. Farrell has mentioned, it would make it so that all pensioners would have priority over all creditors, or priority status.

It's difficult here because we're all sitting here trying to balance the interests of the pensioners, the employees, and industry. We're trying to get the results right and trying to make it work.

Mr. Lopez, I know the story of Tembec and the success rate that has come up. With the modified amendments giving full priority status, I think you alluded to where Tembec would be today. Where would it be today if this bill were in place? It's a very simple question.

• (1120)

**Mr. James Lopez:** Tembec wouldn't exist today. A handful of our assets would have been sold off for the benefit of the creditors, whoever they would be, but Tembec wouldn't exist today as a company, and, as I mentioned earlier, many of our jobs would be gone.

**Mr. Anthony Rota:** How many jobs would that be?

**Mr. James Lopez:** I would say it would be 30% to 40% of our 4,000 employees, so you're looking at 1,200 to 1,500 direct jobs and perhaps 6,000 to 8,000 indirect jobs, or something in that range, because of all the indirect spinoff jobs that come out of our industry in forestry.

**Mr. Anthony Rota:** Very good. With regard to the pensions, which is basically what we're trying to protect, you mentioned that the pensions were unaffected. What would be the status of the pensions if this bill had been in place?

**Mr. James Lopez:** Well, had the bill been in place, it's very difficult to say, other than that it depends on just how the assets are carved up and how much revenue they would achieve in carving them up. I think the more important point here is that although you're maybe going to save the pensions, you're going to wipe out the jobs.

What we've been able to do is save both the jobs and the pensions. It seems to me a bit as though we're building the church for Easter Sunday here, doing it for the very remote situations in which it does come about that a company becomes insolvent and the employees do lose a portion of their pensions. That's not something that happens very often. There's a high-profile case in Canada now that everybody is focusing on, but companies are better off having the ability to access capital markets to keep the doors open, to make the investments, and to keep the jobs viable. I think we have to look at the big picture on this thing.

**Mr. Anthony Rota:** We've heard this a number of times, especially with the investment community. For them it's just a statistic. It's a small group.

We're trying to protect pensions, but we're also trying to protect the industry. I understand what you're saying.

Are there any solutions? We're grasping for solutions. The intentions of this bill are good, but how do we solve the pension problem? It really is a small solution. I know other countries have done different things. I know Tembec operates in different countries. Are there any other solutions that are out there that you have seen work, and work well, within your industry?

**Mr. James Lopez:** My recommendation is that the committee look at the work that's already been done by provincial governments. Mr. Robertson alluded to it earlier.

When we fund our pensions—and we have to do our calculations for contributions every year—the laws in most provinces require us to do it on a solvency basis. In other words, you have to assume that the company is insolvent, that the pension is wound up, and that it's put into annuities at very low interest rates. That's what we have to fund over five years. We only have five years.

The provincial governments have already been very progressive in putting these laws into place. We don't get to use what the ongoing interest rate is; we have to use a solvency rate. There's a big difference there, so I would urge the committee to look at what the provincial governments have done.

What happened in this particular case that I know you're looking at is a convergence of low interest rates and low markets at the same time. I think that's what caught their pension plan, but overall, pension plans are more healthy now because of the provincial policies that are in place.

• (1125)

**Mr. Anthony Rota:** Very good. Thank you.

I'll go to Mr. Robertson. After that I have a question for Mr. Farrell as well.

Mr. Robertson, you're restructuring. You're coming to a certain point where everything looks very positive. You have 8,500 employees and 20,000 pensioners, mainly in Ontario and Quebec.

I basically have the same question for you. If Bill C-501 had been in place when you started restructuring, where would we be right now?

**Mr. Bruce Robertson:** I think the outcome would be as Mr. Lopez said.

**Mr. Anthony Rota:** It would be exactly the same. There would be no difference.

**Mr. Bruce Robertson:** It would be exactly the same. You might have some operations that survived, but—

**Mr. Anthony Rota:** I've been to your Thunder Bay plant. How many jobs are there?

**Mr. Bruce Robertson:** We probably have 400 there, or maybe a bit more than that.

**Mr. Anthony Rota:** How many would be left after this, if Bill C-501 were in place?

**Mr. Bruce Robertson:** It could be zero.

**Mr. Anthony Rota:** It could be zero.

Okay. Very good. Thank you.

Mr. Farrell, you had a comment, and maybe I'll just let you continue.

**Mr. John Farrell:** I wanted to say that I think there are solutions. The problem with Bill C-501 is that it's just not the right kind of solution. I've observed what AbitibiBowater has been doing. They worked with the regulator in Quebec and the regulator in Ontario. They found a way to protect their pensions without reducing their value for current employees and they restructured the basic pension formula moving forward, so there was not as much of a contingent liability for their plan.

Bruce, I could let you speak to that, but I'm aware that you've done a great job, and a very difficult job, in working with the provincial governments, the provincial regulators, and the unions. You've put together a deal that works for everybody, and it allowed you to restructure.

**The Chair:** Your time of seven minutes has pretty well expired, Mr. Rota. I'm sorry.

Thank you for your answers.

Now we go to Monsieur Bouchard.

[*Translation*]

You have seven minutes, sir.

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

Good morning and thank you for coming in to testify.

I will direct my questions first to Mr. Robertson, and then Mr. Lopez can add to the answers.

Both of you said that, had Bill C-501 been in force, you would have had to liquidate your facilities and assets. I believe that you both said this. Basically, you're both against Bill C-501.

Mr. Robertson, you said that the bill would have made things difficult in terms of credit. I would like to get more details on this issue. Would bankers or your lenders have raised the interest rates they charge? What real consequences would you have suffered?

Mr. Robertson could answer first, and then Mr. Lopez could go ahead.

[*English*]

**Mr. Bruce Robertson:** Thank you, sir.

If you look at the liabilities of the company, particularly as they relate under Bill C-501, you would have pension solvency deficits in the neighbourhood of \$1.3 billion. Then you would have some secured debt on top of that, which would be securing all of the Canadian assets.

For a company to emerge from creditor protection, they need to make sure that they have a proper balance sheet, not too much leverage, and sufficient access to capital. Creating a super-priority basically creates a first charge for the entire solvency deficit over all of the assets of the company. We're talking about, in Canada, liabilities of \$1.3 billion, and that number can float all over the place. As we've recently discussed, the solvency deficit is at times a function of interest rates. It is largely a function of interest rates, as well as plan performance and what have you.

To successfully emerge, you need access to capital. You need liquidity. At the end of the day, we wouldn't have had sufficient assets for us to be able to secure the exit financing to be able to continue ordinary operations. It would have resulted in liquidation of the company.

Perhaps some of the mills might have found new owners. We've recently seen that mills that have continued to operate have been basically operating with the help of provincial support, but it is extremely unlikely that the company as a whole would have continued to operate.

• (1130)

**Mr. James Lopez:** Mr. Bouchard, thank you for the question.

In the case of Tembec, when we went through our plan of arrangement, basically we had the shareholders and bondholders vote on how to divide up the ownership of the company. The existing shareholders got a very low percentage of the shares, about 5%, and the bondholders, who are debtors and who had the security of our fixed assets, got 95%. That dealt with the large debt load that the company could not sustain, but we had no cash and we had no credit. As you know, a company needs cash and credit to survive.

When we went to potential lenders, the first thing they'd ask was, "What sort of security are you going to give me?" It's no different from going to somebody for a \$300,000 mortgage for your house. They're not going to give you the mortgage without getting the security on the house, and the security that a company such as ours has is our fixed assets.

If there was \$200 million in front of them, which was just about the total pension deficit of the company, they would never have agreed to loan us \$300 million, because then they'd have to be convinced that there was \$500 million worth of assets in the company that they could sell at any point in time, and that is a very difficult deal.

Unfortunately, when loan agreements are written or bonds are issued in the public credit markets, lawyers are hired on both sides, and the majority of the discussion is about what happens if the worst case happens. Even though nobody believes that the worst case is going to happen—because if they did, they wouldn't give you the money—it's always about what will occur if the worst case happens, and how they can secure themselves. That's where the fixed assets come into play.

That was our real-life example. We could have never gotten it done if I'd had to say that there was a couple of hundred million dollars parked in front of you for security.

[*Translation*]

**Mr. Robert Bouchard:** I have another question.

Mr. Robertson, how much money did retirees get after your restructuring? Did they retain all the benefits they were entitled to under their pension fund?

[*English*]

**Mr. Bruce Robertson:** Post-emergence, all retirees are going to be entitled to 100% of their pension benefits.

[*Translation*]

**Mr. Robert Bouchard:** In Tembec's case, did your retirees retain all their pension benefits?

[*English*]

**Mr. James Lopez:** That's correct. All retired employees and all existing employees have 100% of their pension benefits.

[*Translation*]

**Mr. Robert Bouchard:** Had Bill C-501 been in force, would the outcome have been the same? Would you have been able to fund their retirement benefits?

[*English*]

**Mr. James Lopez:** It's an interesting trade-off, because the assets would have been liquidated. In other words, they would have been sold. As I said, only 60%, or maybe 70%, of the assets could have been sold, and yes, if the bill were in place, the pension would have been fully funded. However, 30% to 40% of our employees, while they would have kept their pensions, wouldn't have a job in La Sarre, Quebec, or Témiscaming, Quebec, or Kapuskasing, Ontario, or in a lot of our high-risk operations that were going through difficult times.

To us, we need to have a scenario in which we protect the employees in their jobs and protect the pensions at the same time. The bill forces a choice of either protecting the pensions or protecting the employees in the entire company.

[*Translation*]

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

Thank you, Mr. Bouchard.

[*English*]

Now we'll go to Mr. Rafferty for seven minutes.

I apologize; it's Mr. Lake, and then Mr. Rafferty.

Go ahead, Mr. Lake, for seven minutes.

**Mr. John Rafferty (Thunder Bay—Rainy River, NDP):** I was prepared, Mr. Chair.

**Mr. Mike Lake (Edmonton—Mill Woods—Beaumont, CPC):** So am I.

Mr. Robertson and Mr. Lopez, it's great to have you before the committee. I was reluctant to have extra meetings, but now I'm glad we had this extra meeting to have you both give practical examples of some of the challenges with this legislation.

Two of the significant things we've heard about over the course of the committee hearings are the potential unintended consequences of this bill. We've also heard a lot of talk about the significant positive direction the government is headed in, in terms of what we've already done to protect pensions. One of the people who has written quite a succinct and very well-thought-out overview of this situation is a former Deputy Prime Minister, a former Minister of Finance, and a former Minister of Industry from the Liberal Party, John Manley. In just three pages he wrote what really defines the situation well.

I'm going to take the time to read some of what he had to say, and then I will table it with the committee, Mr. Chair, if I may. In terms of the action taken by the government, Mr. Manley had this to say:

The federal government has already put forward a number of significant reforms that will enhance protection for plan members. Some of these measures are contained in Bill C-9, the 2010 federal budget bill; others are included among regulations announced on May 3. In the past, for example, a federally regulated company that terminated its defined-benefit plan would have been free to walk away from any pension deficit. In future, such a plan will have a claim on the assets of the corporation similar to that of any other unsecured creditor — the same level of protection currently offered to members of provincially regulated defined-benefit plans. Moreover, if the company is behind in its contributions or has failed to remit employee contributions, those amounts will be treated as “super-priority” claims.

Mr. Manley goes on to say:

In addition, the proposed reforms will compel plan sponsors to file actuarial updates every year, rather than every three years, a step that will reduce the size of future pension deficits by requiring that companies make supplementary payments sooner. The government is also moving to restrict the ability of employers to suspend contributions when pension plans are in surplus, and to revise the current tax rule that requires companies to halt payments when the plan is more than 110% funded.

Several witnesses before the committee applauded these steps, witnesses on both sides of this particular piece of legislation.

Mr. Lopez, I'll come to you to comment on this after I read this. With regard to the unintended consequences, Mr. Manley says:

One of the major flaws in the bill is that it would choke off credit to companies at a time when they were most in need of it.

He goes on to say:

If C-501 passes, however, investors and lenders will have little or no incentive to provide financing to weakened companies with defined-benefit plans. They will either refuse to lend them money, or demand significantly higher premiums.

As a result, the bill would almost certainly drive into bankruptcy companies that otherwise would have been able to continue offering employment and pensions to their employees. Instead of being given a chance to restructure, such companies could be forced to liquidate.

Maybe we could have your comments, Mr. Lopez.

• (1135)

**Mr. James Lopez:** Thank you for the question.

I think Mr. Manley's points are right on, and it's the same point that Mr. Robertson and I were making earlier. He is talking about the hypothetical; as I said, we've been able to come here this morning and talk to you about the practical situations he is addressing in his report.

However, I'd like to say that there's a “furthermore” here. We're talking about companies having trouble, trying to get out of CCAA, but let's look at the positives, and I'll again use my company as an example. We're going to invest over \$50 million in 2011 in our Canadian operations. We're talking to our board of directors about

spending several hundred million dollars over the next five years in our Canadian operations to modernize our facilities and move us into the next century in terms of technology and in terms of green energy.

I may have to go to the capital markets to do that, and if this bill is in place, it would create the same sort of impediment. If I go to the capital markets and have to provide them with security against assets of the company, they're going to say they're not sure they can loan us money for that \$100 million project if they know a couple of hundred million dollars is parked in front of the company.

**Mr. Mike Lake:** I'll go to Mr. Farrell. You didn't get a chance to finish your opening comments, and I want to give you the chance to do that now.

**Mr. John Farrell:** Thank you, Mr. Lake.

I really want to talk about the good things that seem to be going on today across Canada with respect to pensions.

The federal Minister of Finance and the provincial ministers of finance are working hard at looking at restructuring the public pension plans. There was a fabulous debate in the House of Commons on the evening of November 23, when the members of Parliament talked about pensions for five hours. I saw that as a very enlightening debate. It was a very constructive discussion. All members of all parties were talking about ways of improving the pension system that exists in Canada.

Fundamentally, I want to make the point that this is where this problem belongs. This is a big-picture problem. It is not a problem that can be handled on a piecemeal basis. All I can do is urge members of this committee to recognize that.

This bill fundamentally should not move beyond this committee, because it will hurt Canadians, it will hurt Canadian companies, and it will impede the progress of improving income security for all Canadians.

One has to always respect what happened to the Nortel employees. There's no question that it's a most excruciating position to be in, but....

• (1140)

**Mr. Mike Lake:** I'm going to finish by reading a little bit more on that note from Mr. Manley, a former Liberal industry minister:

By giving pension deficits priority over corporate bondholders, C-501 would hurt the many millions of Canadians who invest in bonds as part of their own retirement savings. Supporters of the bill like to pretend that corporate bondholders are all rich, greedy investors and faceless corporations. In fact, most corporate bonds are held either by individual investors (who purchase bonds directly or through mutual funds) or by large public- or private-sector pension funds. In effect, C-501 would benefit one class of future retirees — those employed by federally regulated companies with defined-benefit pension plans — at the expense of many others.

That's what Mr. Manley had to say.

**The Chair:** Thank you, Mr. Lake. That's cutting it very close.

I assume, Mr. Rafferty, that you're still just as ready as before, so I will give you seven minutes.

**Mr. John Rafferty:** I am. Thank you, Chair.

It's interesting that Mr. Lake quotes Mr. Manley, because of course he oversaw the fiasco at Nortel. Actually, Mr. Manley is the main reason this bill is here today. I'm not sure that I would put much into the quotes we just heard from Mr. Manley.

I have a quick comment for Mr. Farrell.

Mr. Farrell, your membership includes companies such as Air Canada, Bell, and what used to be Nortel. You have those companies, don't you?

**Mr. John Farrell:** Nortel—

**Mr. John Rafferty:** You don't have Nortel any longer.

**Mr. John Farrell:** Nortel is a provincially regulated company.

**Mr. John Rafferty:** No one will ever forget what happened to Nortel in 2008.

Canaccord Capital estimated that BIMCOR also had a full 58% of the BCE pension fund riding on the stock market, and that pension lost about \$2.8 billion in that year alone. The comment I have for you, Mr. Farrell, is to ask you to please go back to your membership and ask them to start investing conservatively—in bonds instead of stocks—and simply live up to their fiduciary and, I would say, legal obligations to the pensioners. That's just a comment that I want to make, because I think we need to be clear.

The next question is for Mr. Lopez. We need to be clear that there has been a lot of mismanagement here too. You talk about markets, and certainly that has been a problem in the wood industry, but what you don't talk about is that for decades and decades, the forest industry, instead of making investments where they should have—in their properties and elsewhere—paid shareholders when times were good. The industry has always been like this, but when times have been good, management has failed to make those investments. Abitibi is, I think, a good example. When you talk about management and you talk about the kinds of decisions management makes, I will put it to you that in terms of Bowater, Abitibi was maybe not the best investment to make for the forest industry.

There are problems with the market, absolutely, but let us not forget that these companies were not always well managed. I just want to put that to you.

You said earlier that you didn't know how many pensions would have been saved if Bill C-501 had been there, and later you corrected yourself when you said they would all be saved. Of course they would. That was actually my question for you, and you answered it. Thank you for that.

I have questions for Mr. Robertson.

Thank you for joining us, Mr. Robertson. I'm sure you're aware that in my riding of Thunder Bay—Rainy River you have two plants that are still operating, and they represent thousands of current and former workers who depend on AbitibiBowater for their income and for their retirement, so I'm glad to see you here.

Bill C-501 was tabled partly because of the problems that AbitibiBowater is having and will hopefully soon be out of. You entered supervised restructuring partly because your executives, the board of directors, and the pension plan administrators failed to live up to their simple obligations to adequately fund the pension plan.

That's one of the reasons you're there. I see that your job tasks you with saving a company that perhaps has not been as well run as it could have been over the last number of decades. You talk about more than \$1 billion, and so in essence you have reneged on some of your duties there with regard to pensions.

My questions today are posed in that context. I'm hoping you'll be brief, because I have some other questions too.

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

**Mr. John Rafferty:** I'm being brief.

Mr. Robertson, were you the official at AbitibiBowater who recommended, despite the company's being in the process of restructuring and facing a \$1 billion shortfall, that company executives be paid \$6 million in bonuses this year?

• (1145)

**Mr. Bruce Robertson:** I am retained as an adviser to AbitibiBowater. I'm not an executive of the company. That issue involved a lot of discussion, and I'd probably refer you and any of the other committee members who have an interest in that to check the record from when we were before the industry committee back at some point in September.

**Mr. John Rafferty:** In general terms, though, do you think that it's fair, when companies are working to come out of restructuring or having difficulties—and of course this refers to Nortel also—for executives to get bonuses while other workers, in particular pensioners, can't secure their pensions? Is it ethical that this happens?

I don't know how much input you had in this particular case, but let me ask in general terms what you think.

**Mr. Bruce Robertson:** AbitibiBowater has had a very complex restructuring, and it has been an exercise in balancing a lot of interests of various stakeholders, including a number of the people we are referring to here today. It's our view, and it was the company's view, that part of successful restructuring and part of the strategy to maximize value for all stakeholders, including present and future pensioners, would involve paying bonuses to the senior executives to ensure retention.

**Mr. John Rafferty:** You're here as the restructuring officer, and your task is reorganizing and getting the company back on its feet. It is not an easy job. It is a very difficult job, I'm sure.

You've chosen to attend these hearings to fight Bill C-501. Let me ask you, though, in terms of your job, whether you have also spent time scheduling meetings with the federal government to ask for loan guarantees to help in those efforts. Have you ever asked the federal government to match or negotiate an end to the massive billions of dollars in U.S. subsidies—such as the black liquor subsidy or the BCAP program—that provided your U.S.-based competitors with more than \$10 billion in capital while you were in the middle of restructuring?

Did AbitibiBowater press the federal government and tell them to listen? I'm saying this because I have done that. I have done it in the House. I have pressed the government either to match those subsidies or to ask the Americans to get rid of them. They put our forest companies at a disadvantage. Was part of what happened with restructuring pushing the federal government and saying that these subsidies have to be matched?

**The Chair:** Mr. Rafferty, I'm going to have to cut you off there. You are substantially over time.

**Mr. John Rafferty:** Is it seven minutes already?

**The Chair:** Yes. It was more than seven minutes, but I gave everybody a little space.

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

**The Chair:** Go ahead, Madam Sgro, for five minutes.

**Hon. Judy Sgro (York West, Lib.):** It just astounds me. If I were presenting that bill, I would have been talking about how good it was and why it was going to help the people we were talking about helping, rather than trashing some companies that managed to save an awful lot of jobs. I applaud the work you both have done on that issue, because at the end of the day people need to be working. People need to be paying taxes.

We in the Liberal Party supported this bill, even though we recognized from the beginning that many other bills that the NDP puts forward are totally irresponsible. They know they're not going to be in government, so they can just say and do whatever they want. I think it's extremely irresponsible of Mr. Rafferty to put these amendments on the table after we all acted in good faith. We had lots of witnesses on all sides come forward to talk about a small, narrow band of special payments. We were all trying to do that to try to help Nortel. We heard from Nortel people themselves that this bill isn't going to help them either. They know that.

On this side of the table we were trying to see if we could find some way to make some improvements and to help. The amendments clearly take it way over the top, so whether or not Mr. Rafferty and the NDP are playing irresponsible games again, they have certainly made it very difficult for a lot of us who were trying to do the right thing. Frankly, this destroys an awful lot of good intentions that some of us had to try to fix a problem.

The most this bill is going to do, if it gets through the committee.... It will be the end of February before this bill comes to a vote in the House, and that is beyond any hope of help for any of the Nortel people. They also know that. At some point I would have liked to have heard Mr. Rafferty give us concrete reasons as to why we should even be looking at this bill, given the fact they have put amendments that push it over the top and make it irresponsible in many ways. It was irresponsible to begin with, but some of us were trying to make it work. It is not going to work.

•(1150)

**Mr. John Rafferty:** Mr. Chair, I'm happy to answer that question if she wants to use part of her—

**Hon. Judy Sgro:** You had your seven minutes and you clearly didn't choose to use the time to talk about the bill.

The point is that we put out a white paper. Mr. Robertson, I produced a white paper with 28 recommendations, some of which I

expect the government will be picking up and using. I applaud them for doing so, because these are issues about how to prevent this from happening again. We recognize that Nortel was a perfect storm and we can be sympathetic, but we're running out of ways to be able to help.

I will ask Mr. Robertson. What is the status of the pension plan in your company today, following the restructuring? Where are those employees and their pensions, those who are currently on pension and those who are looking forward to a pension?

**Mr. Bruce Robertson:** The pension benefits are going to continue post-emergence, so 100% of people's benefits will continue to be paid. We avoided the termination of any of the 15 pension plans we had in Canada, and the Canadian company, AbitibiBowater, is certainly far stronger than it was when it entered creditor protection. I think that should give pensioners further comfort with respect to their future ability to derive benefits from the plans.

**Hon. Judy Sgro:** Would you comment, Mr. Lopez?

**Mr. James Lopez:** I don't have the exact statistics for you today, but the number in terms of the solvency is in the 80% range and rising, because as we proceed according to the regulations, we are actually funding over what you would call your normal funding rate. Within four years we'll be funded 100%. As far as our pensioners are concerned.... There are always solvency issues or surpluses in pension plans. They ebb and flow over the decades. This is just the way interest rates in capital markets work, but the pensioners always get their full pension, and the commitments to the existing employees never change.

One of the things I'd caution about here is that even these discussions in committee have created a situation in which we're now getting phone calls from analysts who follow our industry. They're starting to do calculations on various companies on the solvency of their pensions and how that's going to affect their ability to access the capital markets, so don't underestimate what even these deliberations are doing already to the investment community.

**Hon. Judy Sgro:** I would certainly hope that we don't have to decide between saving jobs and saving pensions in the future, and that over the next while changes will get made so that those decisions don't have to be one or the other. It should be about making sure that pensioners get what they expected to get, saving jobs, and building companies at the same time. That's where our struggle is. It's to try to deal with all of those issues in a balanced way.

Thank you.

**The Chair:** Yes, Mr. Rafferty.

**Mr. John Rafferty:** Just so Ms. Sgro knows, just so it's very clear, if she checks the record, she'll see that we were very clear, absolutely from day one, when I first spoke about this bill not helping Nortel. Just so she's absolutely—

•(1155)

**Mr. Anthony Rota:** Is that a point of order or debate?

**Hon. Judy Sgro:** Is that a point of—

**The Chair:** I'm just waiting to hear him.

**Mr. John Rafferty:** Well, no, and—

**The Chair:** Is this a clarification of information or—

**Mr. John Rafferty:** That was a clarification, but here's the point of order—

**Voices:** Oh, oh!

**A voice:** I have a feeling this isn't going to be a point of order either.

**Mr. John Rafferty:** The point of order, Mr. Chair, is that she implies that we in this committee, or I, have not made every effort to accommodate all the testimony that we've heard over the last number of weeks. In fact, it's very true. One of the things we tried to do was to reduce this in order to make an adjustment to preferred status; that was stymied, and I think that's most unfortunate. I didn't get a chance to ask—

**The Chair:** Mr. Rafferty—

**Mr. John Rafferty:** —the folks here at the table. The implication from Ms. Sgro that—

**The Chair:** I think we've got it, Mr. Rafferty.

**Hon. Judy Sgro:** Maybe we could have another meeting and just have a debate among us as to what this is.

**Mr. John Rafferty:** There was a point of order in there—

**The Chair:** Just for the committee's information, I tried to stick with the fact that a point of order actually should pertain to the Standing Orders and not the subject of debate, in which case we'll now move on to Mr. Van Kesteren for five minutes.

**Mr. Dave Van Kesteren (Chatham-Kent—Essex, CPC):** Thank you, Mr. Chair, and thank you, witnesses, for coming.

I want to go on from where Ms. Sgro left off. In this whole debate there's a disturbing element of “them against us”. Earlier this week we heard from some of the witnesses from Nortel that this bill could become retroactive and that there was a court ruling in B.C. We on this side and, I think, most people would disagree with that. It shows how the whole drift of the bill is heading in the wrong direction.

We just talked about Bill C-393, and I'll get to that in just a second. I remember being challenged by the grandmothers when I walked out the door, and they told me to do the right thing. I said at one point in this committee as well that we passed legislation in 2006, the Federal Accountability Act, that stopped every one of us in this room and everybody in the House from taking any funds from anybody except from private individuals, and then only to the amount of \$1,000. That was a significant bill, because we're no longer tied to any one person or any one group. We can say as parliamentarians, “I want to do the right thing. I don't have a bank or something that bankrolls my campaign”.

There was a time not too long ago.... It was before my time, but if you go back in the records, you can see members who had almost their entire bankroll funded by one group or one individual. Those days are gone.

As a government we try to keep the ship afloat, and I've got to dump on my friend John again.

I like our member across the way. I think he's a great guy, but the NDP consistently comes up with bills that are mischievous. This is another example, and I could give you more. It all sounds good.

Affordable housing is an example: we're going to save the housing crisis in this country. We're struggling with that. I say we need to keep the ship afloat. Affordable housing.... There was Bill C-393, the grandmothers' bill. Who would disagree with grandmothers trying to save people in Africa from dying of AIDS? Who would disagree with that? But the fundamental principle, again, is wrong.

Bill C-501 is one of these bills.

Today we have an NDP motion in the House to stop oil tankers from floating down the west coast. There's been one accident. Correct me if I'm wrong, though not at this point, because it's my time. One ferry has sunk, and it's leaking oil, and that's tragic. Again, I could go on.

The NDP constantly wants to shut down the oil sands. They like to call them the “tar sands”. In the end, when everything is said and done, we have to realize that the hallmark of a free and open society is a free and open marketplace.

I think Ms. Sgro was absolutely right. We have to make sure that when we move legislation forward, it's not them against us. We, as a group of parliamentarians and as the government, want to make sure we have a healthy and transparent society that allows the free flow of goods. This bill seriously undermines that. It more than undermines it; it threatens it.

I often say I've seen societies that have attempted this, and it's not pretty. I've been to Cuba. They have everything in common, but it's common misery. I know everybody here doesn't want to see that; I certainly don't.

I had to give my rant because I, like everyone else, feel terrible about what's happened to Nortel. I feel bad when these things happen, but we don't want to do something as a knee-jerk reaction that's going to cause even more grief.

My time is almost up, but I think I've got 30 seconds. If anybody wants to comment, go ahead.

● (1200)

**The Chair:** If you want to answer, you've got about 30 seconds left.

**Mr. James Lopez:** I'll take a shot at it.

I realize you have a difficult job as parliamentarians, and you're trying to do something that's balanced for Canadian society. Sometimes the decisions are very difficult, and the line is very blurred, but when you look at the balance of this bill, I just don't understand why this committee would want to proceed. We've given you real-life examples of how this bill will kill tens of thousands of jobs and impede the ability of companies to gain capital, to invest, to modernize, to make their mills more energy-efficient, and to invest in green energy. I don't think this is a close call, to be honest with you.

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

Our time is up right now. Monsieur Cardin, if you have a quick question—

**Mr. John Rafferty:** I have a point of order, Chair. Given this and my other point of order, I wonder if you would allow Mr. Cardin his full time, if that's possible with the committee's permission.

**The Chair:** We try to work with consensus as much as we can.

Is everybody okay with five minutes for Monsieur Cardin?

Monsieur Cardin, it seems that you have it.

[*Translation*]

You have five minutes, sir.

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

Thank you, dear members. You are most kind.

I believe that it goes without saying that all our witnesses and committee members are primarily concerned with companies and their ability to operate properly. It's easy for us to say that we're favourable to maintaining jobs in the companies and respecting mutual commitments toward current and retired employees, as far as pension funds go.

However, the reality of the matter may be different. The Nortel situation is a good example. Mr. Farrell clearly stated that this was the worst-case scenario when it comes to pension funds, among other things, and even when it comes to company management and how the company came to an end.

Now, we are discussing a bill whose objective is to help retirees retain their pension fund. However, it appears that the business and finance community sees things differently and, according to its basic principles, pension fund retention is not a likely outcome if the bill passes.

Mr. Robertson and Mr. Lopez, you say that, had Bill C-501 been in force, the companies would no longer exist, but pension funds would have been retained. You also say that, without this bill, meaning as things currently stand, the company is still alive and can become increasingly healthy. The idea is that, once the economic situation improves, the business situation will improve as well, and pension funds will also be retained at 100%.

As for the deficit, will it be absorbed by all the pensioners, on the one hand, and future pensioners, on the other hand, who have retained their pension fund, in your case?

[*English*]

**Mr. James Lopez:** I can only speak for my company. It's all the pension funds. It's the existing employees and the retirees.

[*Translation*]

**Mr. Serge Cardin:** What about you, Mr. Robertson?

[*English*]

**Mr. Bruce Robertson:** It's the same answer.

[*Translation*]

**Mr. Serge Cardin:** I do believe the greatest merit of the bill before us, if there is one, is that it makes all elected members and governments aware of the urgency of protecting pension funds and, thereby, the present and future pensioners.

What concrete suggestions do you have? Of course, we could talk about other types of retirement plans. You said, Mr. Farrell, that you prefer defined contribution plans to defined benefit plans.

•(1205)

[*English*]

**Mr. John Farrell:** No, I do not. I think defined benefit plans are the best kind of pension plan that individuals could enjoy. They are pension plans through which the employees, at the end of the day, assuming their company continues as a going concern, will receive a defined benefit, and they know exactly what their pensions will be throughout their term of employment.

A defined contribution plan, on the other hand, sets aside a contribution by the employer and sometimes by the employee. They're put together and invested. Usually the employees in such cases have some say in the way their funds are invested, but at the end of the day, when it's time for them to retire, they will have to take that pot of money and buy annuities at the going market rates. These annuities will provide a stream of income for them from the day they retire until they die, but there's always a risk that when you retire, the financial markets will not be in the shape you would want them to be in to maximize the value of that pot of money moving forward.

On the other hand, if you have a defined benefit plan, such as the one that exists in the federal government, you know what your amount of money will be when you retire. The companies have made a commitment to manage these financial decisions and provide you with a pension at retirement.

I don't have a defined benefit pension plan. I wish I did.

This is predicated on the fact that a company continues as a going concern. Unfortunately, in the case of Nortel, the company went bankrupt at the wrong time, and people were hurt. If I had a defined contribution pension plan over the same period in which the stock markets declined in 2008, and if that was the point at which I was to retire, I would have had great difficulty enjoying a nice pension, as I would even now with low interest rates. I would be taking the risk of the defined contribution arrangements.

**The Chair:** Mr. Farrell, Mr. Aitken, Mr. Lopez, Mr. Robertson, I appreciate your being here.

I wanted to correct one thing, and I think this is the first time I've asked a question or had any comment in this committee other than in chairing it. Just for accuracy, Mr. Lopez, when you answered a question, you said that all pensions would have been paid if you'd gone into CCAA bankruptcy protection, and that had Bill C-501 been in place, the pensions would have been paid but the jobs wouldn't have been saved. Actually, the pensions would only have been paid if the assets were there, correct?

**Mr. James Lopez:** That's exactly right. There's no way of knowing how much these assets could have been sold for.

**The Chair:** Yes. I just wanted to make sure that was clear.

Mr. Rota, you had a question, I believe.

**Mr. Anthony Rota:** We've had a lot of discussion about the different pension plans, but one of the points that hasn't come up—and I'd ask the researcher to come up with some figures for us—is how many plans have failed in Canada in the last 10 years. Let's make it the last 11 years, because we haven't had a new defined benefit plan in 11 years. Let's just use that as a point of reference. We'll look at defined benefit and defined contribution, just so we have a handle on what we're making the decision for, because we're basically rushing toward one flagship case. I'm not minimizing the losses or putting them aside, but I'd like to know the scope of what our decision will affect and what we can see coming up.

**The Chair:** Thank you, Mr. Rota. I am aware that you wanted to ask that question and I understand a failure can happen in a number of ways. The researchers are going to do that work. Thank you very much for the question. I'm certain all members can benefit from the answer to it.

Go ahead, Mr. Lake.

**Mr. Mike Lake:** I have another point with regard to the study. I know the rules say we can bring amendments to the floor at the time of the meeting, but if there are any other amendments to be moved, can we suggest that members have them for Monday? Does Monday morning or noon Monday sound reasonable?

**The Chair:** I think that's very reasonable, Mr. Lake. It's an immense help to the clerk, the researcher, and of course the

legislative clerk when the amendments get here and they are able to deal with them.

Go ahead, Mr. Rafferty.

**Mr. John Rafferty:** There are two things. One is, of course, that you can put amendments forward at any time, so—

● (1210)

**The Chair:** Mr. Rafferty, this was just a point on trying to work together and trying to see if we could get the clerks to make the most effective use of time.

**Mr. John Rafferty:** Okay. The other thing is that I wonder if the researchers can make sure that when their research is finished, it can also go to all the witnesses who appeared—to everybody, that is, not just the committee. I imagine this can be done.

**The Chair:** It'll be entered in the testimony, so they'll be able to have access to it.

Mr. Rota, did you have another point?

**Mr. Anthony Rota:** If we're going in camera, maybe we should do our housekeeping there and let our witnesses go. I know they've come a long way—

**The Chair:** Thank you very much, gentlemen.

We'll pause to go in camera. We will resume in two minutes.

*[Proceedings continue in camera]*

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