HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Foreign Affairs and International Development

FAAE • NUMBER 044 • 1st SESSION • 41st PARLIAMENT

EVIDENCE

Wednesday, June 20, 2012

Chair

Mr. Dean Allison

Standing Committee on Foreign Affairs and International Development

Wednesday, June 20, 2012

● (1535)

[*English*]

The Acting Chair (Mrs. Nina Grewal (Fleetwood—Port Kells, CPC)): I would like to bring this meeting to order.

I would also like to welcome the witnesses. Jim, thank you so much for your time, and, Mr. Ruszkowski, thank you so much.

We'll start with the agenda. I would like to ask Mr. Ruszkowski to start with his presentation, please.

Mr. Jean-Paul Ruszkowski (President and CEO of the Parliamentary Centre, Parliamentary Centre): Thank you very much, Madam Chair. Thank you for giving us the opportunity to talk about the role of parliamentarians in the extractive industries.

I am the president and CEO of the Parliamentary Centre, which is a Canadian organization that has existed for 40 years. We have worked in 45 legislatures around the world and have conducted more than 85 projects to support parliamentary strengthening around the world.

A lot of discussion has taken place in Canada on how Canadians should contribute to global prosperity in the long term through the extractive industries. That discussion is even deeper in other countries that are resource rich. It is my understanding that the need of emerging economies is mainly to acquire the tools to help governments, parliaments, and stakeholders reach a common understanding of the opportunities offered by the extractive industries and to mitigate the risks associated with them.

An important way to achieve a balance between the different views on this is to enhance the capacity and the knowledge of parliamentarians so that they can contribute to good governance in the industry sector. This is the reason the Parliamentary Centre has undertaken a job in Ghana to support the Ghanaian Parliament in managing the discovery of oil resources.

There are three core functions of Parliament—I'm not teaching you anything new—which are to represent the interests of the constituents, to legislate, and to oversee what the executive branch does.

In the value chain of extractive industries there is a role for parliamentarians at every step. The extractive industries value chain demonstrates that we have the ability to transform this into an opportunity and a source of development and prosperity for the people.

The chain is only as strong as its weakest link. It is up to us to seize the opportunity or squander it.

I'll deal now with some of these phases of the chain. The first is how to decide whether you extract resources. We have to think about the society as a whole. And it is important to assess realistically and accurately the potential of these resources. I also suggest that a cost-benefit analysis be done at this stage so that we know whether it's valuable and in the interest of the nation to exploit that resource.

The second phase is what we would call negotiating the best deal. The issue, primarily, for parliamentarians at this stage is to answer three main questions: who can explore and exploit the resources; how can such rights be allocated; and under what conditions will it be done?

We think a competitive bid process provides the host nation with a better opportunity to evaluate the prospective companies that intend to invest, which bring with them diverse experiences and capabilities, and for the nation to choose what is of the most benefit to them. Parliamentarians, particularly the members of the relevant committees, such as natural resources, should have a very good understanding of what such contracts entail. It is at this stage that we also must examine the potential negative impacts that could occur from such investments.

An efficient, effective award policy will exhibit certain characteristics. It has to be transparent. It has to be a competitive. There have to be non-discretionary procedures for the award of exploration, development, or production rights. There has to be a clear regulatory and contractual framework and well-defined roles for the institutions of the state.

● (1540)

In the third phase, which is actually the developing of the resource properly, parliamentarians have a key role to play in ensuring that the proper policies and regulatory frameworks are in place to enable efficient, effective, and sustainable management and oversight of the extractive sector. Parliament plays a role in overseeing the government agencies and in looking into how they allocate and account for the revenues.

The fourth aspect or phase is the collection and optimization of revenues. Extractive industries are subject to a great variety of fiscal instruments. These include various taxes, royalties, surface fees, bonuses, and production-sharing agreements.

Corporate tax structures and laws governing employment, the environment, and occupational health and safety also have implications for how the extractive industries will be managed. The key steps in transparent and sound revenue management are as follows.

First, we must have a macroeconomic policy and fiscal framework in place.

Second, we must also allocate public expenditures judiciously based on a medium-term expenditure framework that is also aligned with the country's priorities.

Third, we must ensure adequate scrutiny and appraisal of public investment choices to provide for sound revenue-sharing policies.

Fourth, we must encourage a public dialogue on the management of national extractive industries that stimulates and improves the transparency and the oversight by governments. Empowering Parliament and civil society to carry out their respective roles is essential to ensure the proper oversight and accountability of the government's macroeconomic policy decisions.

Fifth, audits are also very critical to having sound industry management and can provide legislators and the general public with useful information on problem areas and recommendations that may reform it.

Last but not least, we must ensure long-lasting prosperity. Extractive resources are finite. Therefore, it is even more important that revenues from extractive industries are used to ensure future benefits for citizens, both for today and for tomorrow.

In conclusion, Madam Chair, I would like to say that the more that governments respect democratic freedoms, uphold standards of transparency and accountability, and demonstrate a commitment to building administrative capacity, the more likely it is that oil and mineral wealth will be used for the development purposes that improve the lives of citizens.

Thank you very much, Madam Chair.

The Acting Chair (Mrs. Nina Grewal): Thank you.

Now I would like to ask Mr. Abbott to start his presentation, please.

Hon. Jim Abbott (As an Individual): Thank you, Madam Chair. I would like to acknowledge the hard work of the clerk of the committee in getting this set up for us so that we could do this today.

My name is Jim Abbott. I had the privilege of serving as a member of Parliament for Kootenay—Columbia through six elections, from 1993 to 2011. I served on the Standing Committee on Foreign Affairs and the special committee on Afghanistan in my sixth term and was the parliamentary secretary to the Minister of International Cooperation.

My presentation today will explain my continuing involvement with the personal initiative I began two years ago before my retirement. Then, as now, I derived no income from this project. As a matter of fact, my wife calls it my "expensive obsession". Here are my proposals.

One, there is an increased demand for delivering capacity-building services in many countries that are envisaging new wealth in developing their non-renewable resources.

Two, we need to look at the next step, to increase our capacity to involve more parliamentarians in several priority countries in passing appropriate legislation. In many cases, legislators in those countries are functioning in a parliamentary system that lacks capacity to create and enact suitable legislation.

Three, every nation requires treasure to deliver services to its citizens. With good business practices, built on corporate social responsibility, extractive industries have the potential to create wealth and improve delivery of resources to citizens in developing nations.

Fourth, and finally, extractive industries need predictability.

In May 2009 I was approached by the president of the Canadian Public Service Commission, Ms. Maria Barrados. She is a noted international expert on building and maintaining public service capacity. The government and public service of Mongolia had approached Ms. Barrados about restructuring their public service because of the rapid expansion of extractive industries in Mongolia.

My part in Ms. Barrados' initiative evolved over time, primarily on the interface between politicians and bureaucrats.

In September 2009 the Canadian and Mongolian prime ministers witnessed the signing of an MOU in Ottawa that created the momentum to build civil service capacity to address Mongolia's competence to govern in the best interests of Mongolia's citizens.

In January 2010 I travelled on my own time—and my own dime, I might say—to Ulan Bator to work with Ms. Barrados. I met with Mongolian officials, high-level bureaucrats, and politicians. It was evident to me that the Barrados initiative needed stronger parliamentary awareness and ownership in Mongolia, so I brought the issue to this committee, and in December 2010 you tabled a unanimous report. All parties were on the same page in the Canadian Parliament—a strong sign to citizens and governments in both nations.

You're currently examining, and let me quote, "how private sector entities—notably increasingly global Canadian firms—can be catalysts in generating long-term economic growth and alleviating poverty in developing countries".

I believe that thoughtful Canadians want to support the world of developing nations. But we're pummelled by irresponsible froth about the mythical, so-called, resource curse. Are there nations with conflict, corruption, lack of diversity, and enclave effects? You bet.

Do some governments have insufficient investment in human resources? Are there some who lack democracy and human rights, leading to low growth and worsened level of poverty? Well, regrettably, the answer to the list is yes. But it needn't be so. The issue is good governance. The dividends of good extractive governance are a peaceful society, investor confidence, a diversified economy with forward and backward linkages to the extractive sector, economic growth, improved social infrastructure, shared prosperity, and a positive corporate social response. That's a list that any of us would want to be associated with.

We recognize that the responsibility of any civil service in any country is to create and apply regulations that accurately reflect the meaning and intent of legislation passed by democratically elected parliamentarians. Responsible corporations desire a strong civil service because extractive industries need predictability.

● (1545)

Canada has a proud history of investing time and treasure, assisting nations in the conduct of democratic elections. Canada's objective has been to give citizens a voice, building a framework for peace, order, and good government.

My presentation is about giving them the parliamentary tools with which they can create that framework. This responds, by the way, to an increasing demand to deliver capacity-building services in many countries as they develop new wealth and their non-renewable resources.

In Canada—we've had the presentation here today—the Parliamentary Centre has been offering services to strengthen legislatures for the past 20 years, and has acquired extensive experience in helping Ghana negotiate a win-win deal with extractive industries in their country. I strongly recommend that you really deeply study this.

I also suggest that acknowledgement, in your final committee report, of current initiatives like that of the Parliamentary Centre will go a long way to propagate our Canadian expertise.

I also recommend that you review your 2010 committee recommendations, because the initiatives I've outlined need not be expensive. In that report, under the heading "Lesson and Examples", it was noted that CIDA has funded projects designed and implemented by partner agencies for years. Canadian NGOs have developed relevant expertise working with public and private sector partners in countries around the world.

Gale Lee of CESO underlined the value of using retired and semi-retired volunteers to carry out this work. She said that the partners and clients "really appreciate the fact that volunteers are not doing this for any personal gain".

Today Canada could populate comparable pools of political experts. Undoubtedly there are many MPs in the Canadian Association of Former Parliamentarians who would relish the chance to contribute to the parliamentary procedures in developing nations. The kind of program that was just outlined by Mr. Ruszkowski is an example. When the parliamentarians of Ghana receive the training, they can then do the necessary negotiating.

The 2010 committee recommended that the Government of Canada encourage the establishment of these kinds of committees so that they could move forward with this kind of initiative on a very low-cost basis. As stated, there are many Canadian retirees who want to contribute their expertise. Canada has the models on which we can build.

I look forward to your Q and A, and even more so to reading the report.

Thank you.

● (1550)

The Chair (Mr. Dean Allison (Niagara West—Glanbrook, CPC)): Thank you, Mr. Abbott.

We'll start our first round of seven minutes, starting with the opposition.

Mr. Dewar, I believe you're going to share your time with Mr. Saganash.

Mr. Paul Dewar (Ottawa Centre, NDP): Yes.

It's good to see you both.

It's a pleasure to see you again, Jim—if I may call you by your first name. I hope you're well. Thanks for your report and for your very precise recommendations.

I just wanted to underline your synopsis of the.... Were you really saying, and correct me if I'm wrong here, that the importance of investing in the public institution or the public capacity in countries that in particular have the extractive industries in their very...I guess nascent in their economies? Is that what you're getting at here, Jim?

Hon. Jim Abbott: Absolutely. The difficulty they have right at the moment is that they have a desire to move forward but they just simply don't have the parliamentary infrastructure with which they can control the businesses.

The businesses, on the other hand, are also looking for there to be a proper basis of being able to move forward, because they require a knowledge of what lays ahead of them—and that they are all going to be working on the same level playing field.

Mr. Paul Dewar: Just to be clear here, we're looking at the role of the private sector in development. In fact what you're telling us today is that there's a significant role for the public sector in terms of dealing with the private sector in jurisdictions.

Well, you mentioned Mongolia, but there are many others.

Hon. Jim Abbott: Yes, that's absolutely correct.

The difficulty, as I say, is that when you go to countries like Ghana, who have had this excellent training, they are equipped to be able to move forward.

I'm not suggesting for a second that we as Canadian parliamentarians—if you pardon me for my little lapse there—want to be telling them what to enact; we want to give them the power with which to enact it, and have the connection to the civil service so that whatever it is that is enacted can be enforced.

Mr. Paul Dewar: I will hand it over to my colleague, Mr. Saganash, but thanks again, Jim, for your intervention. It's good to see you again, even if virtually.

Hon. Jim Abbott: Thank you.

Mr. Romeo Saganash (Abitibi—Baie-James—Nunavik—Eeyou, NDP): I thank Mr. Abbott and Mr. Ruszkowski for their presentations.

Mr. Chair, how much time do I have?

The Chair: You have five minutes; your colleagues left a lot.

Mr. Romeo Saganash: My first question is for Mr. Ruszkowski, and I'll come back to Mr. Abbott, if I have time.

On your website, you list many partners with which you work around the world, but most of them seem to be either governments or think tanks.

Do you partner with the private sector for your projects?

● (1555)

Mr. Jean-Paul Ruszkowski: That is a very good question.

We have partnered with three British organizations: the Oxford Policy Management group, the Adam Smith Institute, and GRM International. These are private companies that work for profit. We have partnered also with ARD in the United States, which is owned by Tetra Tech, which is one of the largest corporations in the United States.

We have pre-qualified for contracts with USAID and with DFID with these four partners.

We establish relationships with partners around the world. In Kenya we have a partnership with the institute that does the training for parliamentarians in Kenya. We have a partnership in Costa Rica with Fundación para la Paz y la Democracia, FUNPADEM.

We are looking at other partnerships.

Mr. Romeo Saganash: This committee is studying the role of the private sector in international development. Does your organization have an opinion on what is the proper role of the private sector in international development?

Mr. Jean-Paul Ruszkowski: I don't know if I'll be able to respond comprehensively to your question, but I want to give an example of why parliaments are important.

I was recently in Rwanda at a conference organized by the World Bank for parliamentarians. It was on development. The whole question was the role of the private sector. Many parliamentarians from Africa participated in the conference. I witnessed an exchange between a senior executive of a bank and a parliamentarian. In very brief terms the banker told the parliamentarian, "You learn about finance and then I will talk to you, because there is no point in talking to you unless you get educated." I wouldn't say that the executive was very subtle, but there was a little bit of truth in what he was saying, in that parliamentarians are not elected because they know about finance or because they know about economics; they are elected because they have the trust of the people.

What I am trying to say is that in order for the private sector to thrive in emerging economies, there has to be an understanding of what the role of Parliament is in terms of legislation and oversight of the executive. In that respect it is very important for development purposes to have an important interlocutor with the private sector, which can be Parliament or the executive.

Mr. Romeo Saganash: Most of your projects seem to revolve around capacity-building for local governments and helping to build democratic institutions. Given the work that you do, would you agree that strong democratic institutions need to be in place before prosperity truly takes hold? Do you think you can build a strong, vibrant economic environment that will help raise people out of poverty?

Mr. Jean-Paul Ruszkowski: I was expecting that this question would be raised.

I would say that you cannot separate that. In other words, when you are developing a democratic culture, you're also developing a relationship of trust between the different stakeholders. I believe that if there is no prosperity, it is very difficult to have a harmonious situation with everyone. Prosperity brings the conditions under which people can actually work together. I believe that no growth is a danger for democracies, and it is not only in developing countries. We can see what has happened to Italy. Italy has a prime minister who nobody elected.

The Chair: Thank you very much, Mr. Saganash.

We're now going to move over to the government side.

Mr. Van Kesteren, you have seven minutes, sir.

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

Hello, Jim. It's good to see you.

Hon. Jim Abbott: Good afternoon. Thank you.

Mr. Dave Van Kesteren: You had many talks about this. I remember the times we would get together at night and discuss these very things over dinner. I want to direct your attention to Mongolia, because that's probably where you and I first started talking about this concept, and you had some experience there as well.

If you look at a country like Georgia, they managed to do something that a lot of countries have a whole lot of trouble with, and that's corruption. There has to be a willingness on the part of the government to embrace the basic principles of democracy. Am I right in saying that? And how do we encourage governments that have experimented with democracy that have a tendency to fall back into these old bad habits?

Can you tell us about the importance of that?

● (1600)

Hon. Jim Abbott: It's a very good question, Dave. Which comes first, the chicken or the egg, I guess is really what you're asking.

I believe what is part of this mix, part of the continuum, is the creation of a way in which the people of Mongolia, the people of Ghana, the people of whatever developing country, have an opportunity to have accountability on the part of their politicians. If you have a lot of corruption in any country anywhere, there's not going to be any kind of an effort at accountability.

As Canadians, we can encourage, and I'm sure we do, but what it all comes down to is a gradual process with so many moving parts that all have to come together to create a parliamentary system where there is accountability on the part of the parliamentarians, and that can only come from the pressure of the people of the country.

Mr. Dave Van Kesteren: Would you agree that a free market system is as important as democracy?

I'll tell you what we witnessed in Ukraine. It was a society that had been stripped of all those principles. They no longer had a middle class. They no longer had the unguided hand.

Maybe one of the most important things is that they did away with private property. A lot of them have homes, but the government still owns that incredibly rich land. How important is that to influence governments, and can we do that? The very concept—you're talking about the study we did back in 2010. As parliamentarians, can we go to them, and do we have the right to encourage them along those free market principles?

Hon. Jim Abbott: We have every right in the world to encourage them. I think what we have to be very careful about is that we don't end up lecturing them, or going after them, if you understand what I'm saying.

To my mind, the whole purpose of democracy is to give a voice to the people of a nation, and to be accountable to the people of that nation. From that, all the rules, regulations, and the ability to create wealth from extractive industries or whatever else ends up flowing....

One of the best models I recommend that committee members might want to take a look at is the GOPAC hourglass. When you go to the GOPAC site, take a look at the hourglass—two triangles with their parts touching. You'll see how all the parts fit together. We can be encouraging that, but I feel, and it's why I'm very pleased to have this opportunity to present to the committee, that I understand what the committee is trying to achieve.

I suggest that a very significant portion of what the committee is trying to achieve will come about with the recognition of the requirement for there to be proper governance, and that we build the capacity of the parliamentarians in the various countries.

Mr. Dave Van Kesteren: I remember we talked about some of the nations you visited, but is there a real hunger among governments in the third world for some guidance from Canadian parliamentarians?

Hon. Jim Abbott: Absolutely.

I wouldn't say there are hundreds of countries. I'm saying there are probably a dozen or 20 countries, but very important countries, that have the potential for responsible resource extraction and wealth from that extraction. Jean-Paul and I were involved in a lunch last Thursday in Ottawa, and a number of countries from Africa were represented. After the lunch, I had an opportunity to meet with the ambassador from one of those countries, who said 12 of his parliamentarians were coming to Quebec in October this year and he wanted us to make a presentation to them. There is a big thirst for this kind of training of people in parliaments, because the two things fit together: the training and the capacity-building within the civil service.

● (1605)

Mr. Dave Van Kesteren: I told you about the study we're doing. You've been following this to some degree.

How important do you feel this—the very concept that you talked to us about and the study that we did back in 2010—is in relationship to the current study we're doing?

Hon. Jim Abbott: It's important in two respects. It is a continuation of the study, but I pointed out in the latter part of my verbal presentation that this is a very efficient program, which was recommended by the prior committee, of involving retired people. Now, having retired, I can tell you, yes, I love my wife and my grandchildren, and we're having a great time—that's why I'm in Edmonton—but I also have a real desire to give back to Canada and to other nations. There are, I dare say, hundreds of retired provincial and federal politicians who would be competent in being able to do this, and they would do it as volunteers. The cost of doing this, particularly if it was modelled after the CESO model, which has about 35 years of experience, is a wide-open opportunity to leverage very few dollars.

Mr. Dave Van Kesteren: Thank you for the hard work that you've done as a parliamentarian. You have lots, many years, of experience. I want to thank you personally for the years of tutoring me as well when I was a new member of Parliament. We look forward to seeing you again.

Hon. Jim Abbott: Good. Thank you, Dave.

The Chair: Thank you, Mr. Van Kesteren.

We're going to move over to Mr. Eyking.

You have seven minutes, sir.

Hon. Mark Eyking (Sydney—Victoria, Lib.): Thank you, Chair.

And thank you, Jim and Jean-Paul. It's good to see you here this afternoon.

First, the OECD came out with a pretty bad report card on CIDA today or yesterday, talking about the cutbacks, the sense of not much direction and really eliminating a lot of work with NGOs. There's a movement afoot, of course, to let especially the mining companies do a lot of that work for the Canadian taxpayer—do aid work. With your report, that's very concerning.

I might be a shareholder, I guess, with one of these mining companies, because we all have mutual funds and it's on the Toronto Stock Exchange, and sometimes you don't even know. But assuming I was a shareholder, I would be very concerned that the board of directors would ensure that when they go into these countries, they would be doing the proper due diligence. Unless we have a lot of Mother Teresas on these boards, I don't know how that's going to happen, because at the end of the day they're looking for profits.

The other night on the CBC, *The National*, they had quite an article. I don't know if you've seen it. The reality is these mines are getting bigger and bigger and they're going into more remote parts of the world. They're disrupting a lot of environments and indigenous people.

That being said, where are we going here? Some suggest that the mining companies should have a process similar to the Kimberley process in diamond mining, and in your report here, Jean-Paul, you said “resource curse”, and you talked about the inefficient investment in human resources, lack of democracy and human rights, and also about how it is all leading to low growth and a worsening level of poverty.

So where does that all bring us, as Canadians? Yes, we want to be a prosperous nation. We want to help other countries extract their minerals in a proper way, but I have a feeling that there's a gap here, and I don't know if there have to be more things done to hold our mining companies accountable. That's my first question.

The second question would be, Jean-Paul, do you agree that we should have our mining companies going in and delivering our aid? Will the next thing be that when a mining company goes to Mongolia, they're going to have an assistant from CIDA go with them? What are your thoughts on where we're going here?

Mr. Jean-Paul Ruszkowski: Thank you very much for the question.

The first point I think is that one has to be very clear about the fact that mining companies operating in foreign countries are under the jurisdiction of the countries where they operate. So if there is no oversight in those countries, you have potential bad consequences, as we have mentioned in our report—in certain countries.

The reason why I am here is to advocate for help from Canadians, to help parliamentarians in those countries be able to exercise their oversight function, their representation function, and also their legislative function. For example, in Kenya we've developed a scorecard for the use of members of parliament. This scorecard is a tool to ask their constituents what they want, what their priorities are, and those scorecards are used then by the caucus. It helps formulate —

● (1610)

Hon. Mark Eyking: Let's assume we're going into these countries where there are mining companies and they do not have a very good political or justice structure. Wouldn't you think that before the mining companies go in there we should be going in with some judicial people from our country, helping them with their elections? Maybe that would be a first step. Maybe we should not be cutting back on the funding we do for those areas.

That would be our first step as Canadians, to go into these countries and get their system in proper order, so that we don't rely on our companies, which are not really designed to do that.

Mr. Jean-Paul Ruszkowski: The latest figures I've seen are that basically we spend hundreds of millions of dollars in elections, but very often after the elections there's nothing.

My point is that we have to do election monitoring, election support, but then those who are elected should have tools. What's the point of electing people if we're going to leave them out to dry?

I think our responsibility is to say that if you want development, we will help you with the tools so you can improve your governance. It's as clear as that.

Hon. Mark Eyking: As you were saying, after their election they have an environment minister. We would help that environment minister with doing assessments, protocol, and how to deal with mines coming to their country.

Mr. Jean-Paul Ruszkowski: Actually, bilateral aid to government is very generous. What I'm trying to say is that it's not as generous in supporting parliamentary work. We are the biggest beneficiaries of bilateral assistance from CIDA. It's $15 million over five years, when we can spend $250 million or $280 million in one year for elections only. That's really the crux; there has to be a balance between what we do initially and then the follow up.

Hon. Mark Eyking: Jim, do you have any comments?

Hon. Jim Abbott: I have a quick comment. I think the last example Mark was using is a little bit off, at least from where I see it.

Canada should not necessarily be going to the environment minister of the country and saying this is what you should do or this is how you can do it. The likelihood is that if they don't have good governance, he probably doesn't have the tools with which to do it.

We're taking one step back from that. We're looking to empower the parliamentarians to represent the people of the country to the executive, of which the environment minister or the mines minister is a member. We're talking about empowering the parliamentarians so that the will of the people of the given country can be shown in the government, in the governing, and the mines minister or the energy minister would have the capacity to be able to do that.

My own perspective is that I don't think Canadians should be telling the indigenous mines minister what to do. I think we should be giving him the power and the tools to do what the people of his country want to do.

There's a difference between the two. I don't know if I'm doing a good job of explaining it.

Hon. Mark Eyking: I wasn't trying to tell him, just advise him. I wasn't going to tell these people what to do.

The Chair: Thank you very much.

We're going to now start a second round. I think we'll have time for the full round.

We're going to start with Ms. Brown, for five minutes.

Ms. Lois Brown (Newmarket—Aurora, CPC): Thank you, gentlemen, for being here.

I hate to have to use my time to do this, Mr. Chair, but I do have to correct the record. The OECD report was by and large positive for Canada. We had many compliments in that report. In fact, the Toronto *Star* even said it was largely positive.

We were complimented in the OECD report for eliminating tied aid. We were complimented for focusing our money down from 100 countries in 2003, I believe, and now we have money in 48 countries. What was said in that report is that Canada's aid money is far more effective today than it ever has been. I needed to clear the record on that.

The other thing I need to clear the record on is that mining companies are not delivering Canada's aid money. We have projects that we are doing in tandem with mining companies. I refer to the one that we looked at in Burkina Faso, where WUSC in particular, which is an NGO that is handling all of the funds, is working in cooperation with Barrick Gold. They have a project that is giving young people the opportunity for skills training and education, which they never would have had before. The mining company is working in tandem with WUSC, and WUSC has only complimented CIDA for the good work it is doing in getting that money into that country.

I'm sorry I had to use part of my time to do that, but I had to clear the record.

Gentlemen, when we started this whole investigation, we had Hernando de Soto here as an intervenor. He talked about the necessity of having governance structures in place, the importance of having a free and fair judicial system, most importantly. That is what's going to give any company, be it international or domestic, that is making an investment the confidence that should there be any sort of a dispute, such as a territorial dispute—maybe somebody thinks they're encroaching on his land—there is a free and fair judicial system. That is one of the most critical parts that has to be in place.

Do you not agree that these things have to be working in tandem? It's not about going in at the beginning and creating some parliamentary system, or bureaucracy, or judicial system, and then the private sector comes in. Do these things not have to work hand in hand? If you don't have the private sector there contributing tax dollars, how are you going to have any sort of a parliamentary system that's paid for out of tax dollars, growing and available to learn the very things that you are trying to contribute?

I'm sorry, I didn't mean to sound terse. I'm terse because I had to correct the record at the beginning.

● (1615)

Mr. Jean-Paul Ruszkowski: Don't worry, Madam. I deal a lot with parliamentarians around the world, so it's no problem.

You are absolutely right, we cannot look at things in isolation. This is why you will hear me talk about governance as number one. I don't talk about parliamentary strengthening in a vacuum; I put it within the context of governance.

The judicial system also needs people to oversee it, and depending on what system you live in, sometimes the judges are finally appointed or approved with parliamentary consent. When we are in the field, we advocate that the different sources of power, or the judiciary, the executive, and the legislature, are not necessarily to be in confrontation all the time, that there are reasons for and benefits in working together.

The private sector would probably love to see not only a strong judicial system but also predictability in the legislation that comes out. Investment in the mining or oil sectors is a 30- to 35-year proposal. So five years after you've made a huge investment, which is usually very high at the front end, you don't want to find yourself being expropriated. I don't want to mention countries, but recently a Spanish company was expropriated somewhere.

I think this is the kind of situation we are in favour of: improving the overall governance in emerging economies as the best guarantee for investment. For example, KPMG has recently done a study on the ability of countries to change. They took 60 countries—these are emerging economies—and of the 60 countries, the number one country is Chile. Why Chile? Because they have a strong judicial system, a strong parliamentary system, and a good executive. They've reduced corruption to a minimum.

These are good examples to follow, and I think as Jim was saying, it's not what to tell them, but maybe share what works in other countries so that they don't have to reinvent the wheel.

● (1620)

Ms. Lois Brown: Something that—

The Chair: Thank you very much. That's all the time we have. It's over time.

We're going to move to Mr. Saganash for five minutes.

Mr. Romeo Saganash: Thank you, Mr. Chair.

My next question is for Mr. Abbott, but I want to comment on what was said earlier by my colleagues across the table. In my view, helping Canadian companies to create CSR projects is usually the normal cost of business. Using taxpayers' funds to subsidize very profitable companies and businesses is just not the way to do it.

I have two very quick questions—

Ms. Lois Brown: I have a point of order.

Mr. Chair, as I just said, we are not subsidizing mining companies —

The Chair: That's not a point of order.

Back to Mr. Saganash.

Mr. Romeo Saganash: I have two very quick questions with respect to civil service capacity.

Mr. Abbott, how many meetings did you have with civil society in Mongolia?

I think Canada is offering “technical assistance” to the Honduran government to develop mining legislation, but NGOs and civil society, as you probably are aware, are deeply concerned that the proposed legislation is weaker than it should be.

In your view, in what way can the Canadian government ensure strict regulations in the mining industry? You need not necessarily agree with the other testimony that the mining companies operating in other countries are under the jurisdiction of that country. There are international norms, international standards, and international laws, and I think most companies have to abide by those, especially in relation to indigenous peoples. What are your thoughts on that?

Hon. Jim Abbott: First off, let me tell you about meeting with civil society. I was in Mongolia, if I recall, for four days. Most of my meetings were with the Mongolian civil service. Some meetings were with the executive, the Prime Minister's office. The President's office in Mongolia is now involved with Maria Barrados. I wasn't involved in those meetings.

During the four days, if I recall, I believe I had three meetings with people you would call people from civil society. That's my Mongolia report.

I think you and I, Mr. Saganash, may have a difference of opinion. I believe it is important for Canadians, and Canadian parliamentarians in particular, who represent the people of Canada to empower the parliamentarians of Honduras or Mongolia or Ghana to reflect the will, the desire, the wishes, and the direction they are getting from the people of their own countries.

I think we have to be very careful, from a Canadian perspective, that we are not imposing our values on those countries. They may be imposed with the very best of intentions. I'm sure the vast majority of our motives are absolutely pure. But I think the more important thing is to enable the parliamentarians to represent the people of the country in their dealings with whatever the industry may be.

● (1625)

The Chair: Go ahead, Madame Laverdière.

Ms. Hélène Laverdière (Laurier—Sainte-Marie, NDP): Thank you very much.

Thank you to both of you. I'm sorry if I was a bit late, but I had duties elsewhere.

To come back and follow up a bit on what my colleague said, I think that fundamentally we all agree that what is important for the legislator is to respect the interests and the views of the citizens and not the interests and the views of other countries, other institutions, or whatever. We have to be very careful, therefore, when we assist another country and its legislative process in any way.

[*Translation*]

You have been speaking in general terms about civil society and about how to give parliamentarians the tools to be able to interact with civil society. On some level, we also have to give civil society the tools to be able to interact with parliamentarians.

I would like to know a little more about your work in that regard. My question goes to both witnesses.

Mr. Jean-Paul Ruszkowski: Thank you very much, Ms. Laverdière.

Let me reassure you. We are doing exactly what you just mentioned. We explain things to parliamentarians and we help them to interact with civil society, and vice versa.

The clearest and most recent example we have is the score card system we developed for parliamentarians in Kenya. When they are in their constituencies, they can consult everyone—civil society, that is—and ask what people want and what they would like the government to do for them. It is really simple, but it is a real innovation.

The World Bank is very interested in it because, using our evaluation system, they are able to compare needs and to develop performance indicators for parliaments. They can then find out whether the funds that go to a certain region are well spent and whether parliamentarians are working in harmony with the needs of their people.

[*English*]

The Chair: That's all the time we have. We're over time.

We have to go back in camera in a couple of minutes. Are there any additional things the two witnesses want to add in closing?

Jean-Paul.

Mr. Jean-Paul Ruszkowski: I would like to say thank you. *Merci beaucoup*.

This is a very good opportunity for us to exchange with you and to learn about your worries, and for us to know what we can do to help Canada improve its visibility and meaningfulness in the international scene

The Chair: Mr. Abbott, do you have some final words of wisdom for us?

Hon. Jim Abbott: Thank you, Chair.

I was very interested in some of the final comments of my colleague, Lois Brown, who was talking about the fact that there has been an awareness on the part of this committee that there has to be something in a bigger picture, which is exactly what we're talking about.

If we can be doing what we can as Canadians to empower the people of these respective countries to have a voice, that does so much for them, but it also does a tremendous amount for the extractive industries, because the extractive industries will then have a level playing field, something they can count on, so that we will know that when the puck goes over the goal line, it will be a goal, not that it may be a goal. That's part of what we should be looking to do.

Again, I thank you, and I also thank the staff of the committee for their cooperation with me.

The Chair: Thank you.

For our two witnesses today, Jean-Paul, it has been good to see you, and Jim, thank you once again as well.

We're going to suspend for a couple of minutes. Then we're going to go in camera to work on directions for the report. Thanks.

[*Proceedings continue in camera*]

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

SPEAKER'S PERMISSION

Additional copies may be obtained from: Publishing and Depository Services
Public Works and Government Services Canada
Ottawa, Ontario K1A 0S5
Telephone: 613-941-5995 or 1-800-635-7943
Fax: 613-954-5779 or 1-800-565-7757
publications@tpsgc-pwgsc.gc.ca
http://publications.gc.ca

Also available on the Parliament of Canada Web Site at the following address: http://www.parl.gc.ca

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

PERMISSION DU PRÉSIDENT

On peut obtenir des copies supplémentaires en écrivant à : Les Éditions et Services de dépôt
Travaux publics et Services gouvernementaux Canada
Ottawa (Ontario) K1A 0S5
Téléphone : 613-941-5995 ou 1-800-635-7943
Télécopieur : 613-954-5779 ou 1-800-565-7757
publications@tpsgc-pwgsc.gc.ca
http://publications.gc.ca

Aussi disponible sur le site Web du Parlement du Canada à l'adresse suivante : http://www.parl.gc.ca