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Chair

Mr. Dean Allison

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• (1105)

[English]

The Chair (Mr. Dean Allison (Niagara West—Glanbrook, CPC)): I want to get started. We welcome you to meeting number 18 of the Standing Committee on Foreign Affairs and International Development as we discuss Bill C-300, An Act respecting Corporate Accountability for the Activities of Mining, Oil or Gas in Developing Countries.

I want to make sure that everything is working.

Professor Steiner, can you hear us okay?

Professor Richard Steiner (Professor and Conservation Specialist, International Union for the Conservation of Nature, As an Individual): I can hear you just fine. I hope you can hear me as well.

The Chair: Excellent, and we can hear you, so thank you very much.

We're going to start with Steven Schnoor for his opening remarks.

Steven, you'll have 10 minutes.

Professor Steiner, we'll go back to you for 10 minutes, and then we'll try to get in a couple of rounds of questions and answers.

Richard Steiner is a professor and conservation specialist at the International Union for the Conservation of Nature and is coming to us from Anchorage.

We'll welcome you in just a second, sir. We're going to start with Mr. Schnoor.

Mr. Schnoor, the floor is yours. You have 10 minutes. After we've heard from both witnesses, we'll go to members around the table who will ask questions and have some comments.

Mr. Steven Schnoor (As an Individual): Thank you, Mr. Chair.

I'm a Ph.D. student from Toronto. I'm here because I believe we have a very serious and systemic problem. I also believe that Bill C-300 is a step towards addressing this problem.

For the past five years I've been researching activities surrounding Canadian mining companies operating abroad, with a specific interest in Central America. I've travelled to Guatemala and Honduras several times over the years, and I have found that people there are being seriously harmed by the activities of Canadian mining companies operating in their regions. This is engendering anger towards Canada and Canadians.

I have also produced documentaries to raise awareness about this problem and to represent the views of marginalized communities whose voices are not often heard, many of whom are very upset about the negative impacts they say they've felt as a result of the activities of Canadian mining companies operating near their homes.

My interest in this area began just over five years ago, when I found myself on the receiving end of rage. I was volunteering in Guatemala with a very small Canadian environmental NGO that establishes clean water projects in the developing world.

While there, three other Canadians and I were mistakenly presumed to be secretly working for a Canadian mining company. They thought we were pretending to be working for NGOs as a means of accessing their land to explore for possible mineral deposits. They were incredibly angry.

On this particular day, a local farmer had been killed in a protest against the Canadian-owned Marlin mine. In their eyes, we were representatives of a Canadian mining company. We were blamed for the death of this farmer and for forcing mining upon them. We almost became the target of an angry mob in a country where vigilante justice unfortunately still exists. Our lives were in danger and we were very lucky to escape. I am happy to provide further details if you're interested.

The following day, I contacted the Canadian embassy in Guatemala City to report that my colleagues and I were almost killed by virtue of being mistaken for representatives of a Canadian mining company. I asked what Canadian mining companies could possibly be doing in the region to cause such outrage.

I was told in no uncertain terms that Canadian mining companies have actually done no harm whatsoever; rather, they've been the target of misinformation campaigns initiated by radical left-wing activist environmental NGOs that brainwashed the poor, ignorant, illiterate *campesinos* into thinking that the Canadian mines will give them AIDS and unleash a monster from the lake.

This surprised me. I stated that I heard nothing about AIDS from the Guatemalans with whom I had spoken, and I certainly heard nothing about a monster coming out of the lake. What I had heard from local Guatemalans was that a Canadian open-pit gold mine was being constructed in the western highlands of the country. This is the Marlin mine, now owned by Goldcorp. People were outraged by the fact that they had not been previously consulted, as legally required.

I'd also heard that the Canadian company constructing this mine—it was Glamis Gold, which is now Goldcorp—had the same type of mine operating in neighbouring Honduras, the San Martin mine in Siria Valley, Honduras. I'd been told that since that mine opened, people reported dramatic changes in the region where the mine was operating. Due to the incredibly water-intensive mining process, rivers and wells had completely dried up. This devastated the primary economy of the region of 40,000 people, agriculture, and it caused a flood of young people to leave the region and to find work in the U.S.

People also told me that the water that had not dried up had become heavily polluted with cyanide and heavy metals. They blamed this for a rash of health problems, which they attributed to the new pollution since the inception of the mine. This included a dramatic increase in the rate of miscarriages both in people and in livestock.

People also feared the serious long-term consequences of ingesting water intoxicated by heavy metals over an extended period of time. That includes cancer and liver disease. Many of these people, I should note, lacked access to adequate medical services and the means to buy purified water.

When I told the woman at the embassy about these concerns, I was told that it was all completely untrue. She told me that she had just returned from the region and had seen the mine with her very own eyes, and she could confirm that it was all perfectly fine. I inquired about the concerns regarding cyanide, which she dismissed by assuring me that cyanide really isn't that harmful. She even said that it's found naturally in almonds.

When I hung up the phone, I felt more troubled than before I had called, because the problem now seemed to be bigger than the very serious allegations against a Canadian mining company. The problem seemed to include a Canadian government position that entirely supported Canadian industry while delegitimizing the concerns of affected communities.

The next year I returned to the region with video equipment to document what would transpire, to document the conditions in the Siria Valley in Honduras. What I saw was a far cry from what the Canadian embassy had told me. Everything was not at all fine. I encountered compelling evidence for virtually every concern that I'd heard raised by local Guatemalans. In fact, many of these concerns have subsequently been documented by world-renowned scientific authorities, including environmental engineer and hydrogeologist Professor Paul Younger from Newcastle University in the U.K.

• (1110)

As a Canadian citizen, I must tell you, I am deeply disturbed that the Canadian embassy was virtually indistinguishable from the PR outlet of a mining company. I began to understand why people in the region, whom I had met, often bitterly referred to the Canadian government as little more than an advocate for Canadian mining companies in the region that seemed to care very little about the well-being and legitimate concerns of the affected communities. "If they do care," I was repeatedly asked, "why don't they do anything to address these serious problems?"

A documentary film of mine that is critical of Canadian mining was subsequently the target of a misinformation campaign from this very embassy. In January 2007, I filmed the forced evictions of five indigenous Mayan Q'eqchi communities from their ancestral lands in El Estor, in the eastern part of Guatemala.

The forcible evictions were carried out by hundreds of state police and military at the behest of Canadian mining company Skye Resources, which has since been purchased by Canadian mining company HudBay Minerals. Mining company employees took chainsaws and torches to people's homes while women and children stood by watching. In my written brief, I have further details about these evictions.

Skye Resources claimed that they maintained a peaceful atmosphere during this action. They deny any responsibility for any violence that may have ensued over the two-day evictions.

My video served to show that the evictions were anything but peaceful. It's now played at film festivals around the world and to date has been viewed online by over 150,000 people.

Shortly after the video began circulating online, the Canadian Ambassador to Guatemala at the time, Kenneth Cook, began spreading misinformation about it. Ambassador Cook stated that the video lacks credibility because the impoverished Mayan Q'eqchi woman in the video who complains about the forced evictions was actually an actress whom I had paid to perform in this manner, and furthermore, the photographs that I show in the video—some showing people's homes being burned to the ground and people in abject despair as they witness this destruction—were not at all from the evictions, as I claimed them to be, but rather, they were old photos from the internal conflict, which ended in 1996. He claimed that he had seen them many times over the years in many different contexts.

These allegations are very serious and they are entirely and unequivocally false. They portray me as a manipulative propagandist. They defend the mining company's position and they discredit the long-standing land claims, development, and human rights needs of the impoverished local Mayan Q'eqchi people. I am deeply concerned that his actions may be an example of a government that privileges the Canadian extractive industries operating abroad over concerns and well-being of local communities.

I should tell you that I'm currently suing the former ambassador for defamation. I should also tell you that I did not originally intend to sue. It was only after the embassy and the government failed—

Mr. Peter Goldring (Edmonton East, CPC): On a point of order, Mr. Chair, I have difficulty in...and would like to have an understanding here that this matter is obviously before the courts. We now are listening to this matter here today in the absence of any other substantiation from the numerous other companies that are involved. I really think it behooves the committee here to understand that this is before the courts right now, and perhaps it's inappropriate for us to have this discussion.

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

Mr. Schnoor, could you continue?

Mr. Steven Schnoor: Thank you.

I'll just conclude on that point by telling you that I never intended, originally, to sue. It was only after the embassy and the government failed to address any concerns that I decided a defamation lawsuit may be the best way to defend the truth of my video and my reputation, but I will leave it at that.

Now, Bill C-300 may help to address this type of problem, as it would allow the Canadian government to withhold embassy support from companies that have been found to have breached human rights and other norms. It could also ensure that the Canadian embassy is not in the awkward position of promoting and defending the interests of mining companies that may breach human rights standards.

Now, as a Canadian citizen, I'm also deeply troubled by how our nation's reputation is being tarnished as a result of the practice of Canadian mining companies operating abroad. In fact, I have a small anecdote for you.

A few years ago while working in Guatemala, I lost my hat. A travel companion of mine gave me his hat, but it had a Canadian flag embroidered on the back. I found this to be a problem. I felt unsafe wearing the Canadian maple leaf and I can tell you that I went out and purchased a black permanent marker and blacked out my own flag. I did this for my own safety.

The current approach that both industry and the Canadian government have proposed, instead of measures like Bill C-300, strikes me as entirely inadequate: CSR policy is in voluntary mechanisms with no measures to ensure compliance. Such voluntary mechanisms strike me as little more than a smokescreen that distracts from better mechanisms that would ensure true accountability.

I want to stress here that I am not anti-mining. I am certainly not anti-development, but I am anti-exploitation, and I'm definitely anti-exploitation that masquerades as development. I am pro-accountability. The conduct of Canadian mining companies and embassies abroad is hurting people and it's hurting our reputation and it's unacceptable.

I also think that Canadians are gradually waking up to this issue. Some of the harm caused abroad is so outrageous, so unacceptable to the average Canadian, that I firmly believe that if they were to consider that our elected representatives opposed accountability mechanisms like Bill C-300, at the obvious behest of the powerful mining lobby in this country, they would rightly be rather upset.

Bill C-300 will not destroy our economy. It will not destroy our mining industry. Bill C-300 will not cause every mining company to pull up stakes and leave the country. I think we should respect the intelligence of the average Canadian and stop parroting this rhetoric and do the right thing.

As I conclude, I doubt that there is anyone in this room right now who would be comfortable with the conditions that we are exporting abroad, that we're imposing upon people who generally live in poor countries with weak governance. These states are often corrupt. They lack any will to protect the interests of those who are most vulnerable and disenfranchised among them. Canadians expect binding standards and accountability mechanisms for companies that operate in Canada. We should not expect less for people living abroad.

Before I end, I would like to conclude with one more example of why I believe we need accountability mechanisms to hold Canadian companies responsible for their actions perpetrated abroad.

On September 27, 2009, near El Estor, Guatemala, Adolfo Ich Chamán, a schoolteacher and community leader who often spoke out against HudBay's Fenix mine, was beaten, macheted, and shot to death, allegedly by security forces employed by HudBay Minerals, right near where I made my documentary. Witnesses have attested that Mynor Padilla, HudBay's head of security, was amongst the men who killed him.

To date, there has been no investigation. There have been no arrests and no charges, and there has been no accountability. This is not surprising. The UN has recently reported that the impunity rate for murders in Guatemala is 98%. If Canada does not do anything, there will never be accountability for such murders. We may not even find out what actually happened.

Canadian accountability mechanisms are badly needed. Bill C-300 is a step in the right direction.

Thank you.

•(1115)

The Chair: Thank you, Mr. Schnoor.

We're now going to move over to Professor Steiner.

The floor is yours, sir, for 10 minutes.

Prof. Richard Steiner: Good morning, Mr. Chair and honourable members.

I'm Richard Steiner. I've been a professor at the University of Alaska for about 30 years. I'm a conservation biologist and a member of the International Union for the Conservation of Nature's Social and Environmental Accountability of the Private Sector Working Group—that's a mouthful.

I've worked extensively around the world on extractive industry issues and environmental social issues, including, in the past few years, in northern British Columbia with the local people there. I have a deep admiration for Canada: the people, the environment, and the government.

I returned yesterday from a week and a half down in the Gulf of Mexico where I was working on the Deepwater Horizon oil spill and doing a rapid assessment of that event. I find that a tragic and poignant example of what can happen when an extractive industry company does not receive adequate oversight by government and then essentially is left to self-police. I think that's just a very recent example of what can happen.

I strongly support Bill C-300. I think you should all be very proud that it has been formulated and introduced. I respectfully recommend that it be forwarded to the floor and passed.

It has a very straightforward, noble intention to ensure that mining, oil, and gas companies from Canada act in a manner consistent with international environmental practices and with Canada's commitments to international human rights standards. Most companies say they do this anyway, so I'm curious as to how they could oppose a bill that would simply help ensure that this is the case.

The truth of the matter is that many don't live up to these standards, and I think you've heard the eloquent testimony of Mr. Schnoor before me. That's the unfortunate truth. This is true of U.S. companies and companies throughout the world—not simply Canadian companies.

Of the several thousand Canadian mining projects around the world, several are extremely problematic. You've heard of a few in Guatemala from Mr. Schnoor. There are many in Mexico, Peru, Panama, the Philippines, India, Tibet, South Africa, Tanzania, and the Democratic Republic of the Congo. We can list them all and talk about the issues with all of them.

The three I'm most familiar with, in working around the world, are: the Porgera mine in the western highlands of Papua New Guinea; the new Nautilus deep-sea mining project by a Canadian conglomerate offshore in the Bismarck and Solomon Seas off Papua New Guinea; and Pacific Rim's El Dorado project in El Salvador.

The Porgera project—and this is Barrick Gold, the largest gold mining company in the world, based in Toronto—is simply one of the worst environmental and human rights atrocities I have ever witnessed. I was brought there by the Porgera Alliance two years ago to look at what was going on, meet with people, and recommend what needed to happen.

There have been many extrajudicial killings that local people relate directly to the security forces hired by the mine. Many locals were displaced from the mining site to build the mine in the first place.

They've destroyed hundreds of miles of the Porgera, Lagaip, and Strickland rivers, with millions of tonnes of waste a year disposed of in what is euphemistically known as “riverine tailings disposal”—just dumping the waste from the mine into the local rivers. There are several metres of sediment and toxic tailings on the bottoms of many of these rivers.

This is a company that purports to support best environmental practices and social and labour practices. Obviously, it doesn't.

The Nautilus project is the first ever deep-sea mining project in human history. It has not been developed with free, prior, and informed consent. There is an inadequate environmental impact statement, which I was asked to review on behalf of the local people. Again, this in Papua New Guinea. I feel that there's a very seriously co-opted government process that Nautilus has engaged in there; they've resisted the notion of a legitimate citizen's advisory council to engage citizens on a more equal footing in Papua New Guinea.

• (1120)

Finally, the other project I'm most aware of by a Canadian company is the Pacific Rim El Dorado project. I was brought to El Salvador on behalf of the International Union for the Conservation

of Nature for a fact-finding mission this past January. There had been several extrajudicial killings that the local people relate directly to the influence of Pacific Rim, a Canadian- and U.S.-based company.

Several local people who were opposed to the mine were murdered just last year. Locals feel that Pacific Rim is behind all of this in one way or another and that they are financing local officials on a campaign of intimidation and violence towards the opponents of the mine. I think Pacific Rim likely violated OECD guidelines for multinational businesses in regard to combatting bribery, and many other provisions.

It's important that neither the United States nor the Canadian governments have done their due diligence in providing compliance reviews with the OECD guidelines they have ascribed to. These guidelines are great, but they're only as good as the governments' and the industries' reviews in compliance with them.

Finally, on the Pacific Rim project in El Salvador, there is such public resistance to it that the new president of El Salvador, Mauricio Funes, has called for a ban on all metal mining in the country. This is what can happen if a company, from whatever country, does not behave truthfully and honestly by the international best practice standards that they say they are ascribing to.

That could be a detriment and a disadvantage to all other companies, including Canadian companies, that wish to operate in these countries, so there's a strong positive benefit in Bill C-300.

All of these Canadian mining projects that we've referenced have profoundly negative elements: human rights abuses; poor labour practices; forced displacement of local people; violence and murder of local people, whether sponsored directly or indirectly; corruption and bribery of local officials; serious and long-lasting environmental damage; and betrayal of promises of sustainable development in local welfare.

To be honest, many of these projects have lost their social licence to operate and, as Mr. Schnoor mentioned, it really tarnishes the image of Canada in many of these places. The fact of the matter is that host governments in developing countries simply lack the technical and financial capability to provide adequate oversight to these projects; therefore, they allow the companies to run the show. That is not an effective way of doing business.

Canada is better than this. We are all better than this. There are many CSR standards throughout the world. There are the World Bank policies and the OECD policies, to which every OECD country ascribes. The U.S. Ex-Im Bank uses IFC guidelines right now. JBIC, the Nippon Export Investment Insurance organization, has their guidelines. All the multilateral development banks have them...the Equator Principles. And all the extractive industry companies themselves have CSR guidelines.

The sad fact of the matter is that they're not working. Without this additional step that Bill C-300 would provide for the government independently to get involved in providing review and compliance certification, we're not going to get there. Actions speak louder than words. People see the slick, glossy websites of companies that say how wonderful they are, but when it comes right down to it, they see it's not working. There is a number of comparisons of overseas private investment corporations in the United States and Bill C-300... I can go through it at some point, if you'd like.

But the bottom line here is that Canada can provide leadership in enhancing and improving corporate social responsibility with this bill. It's exciting. A number of people in the international community are following this debate. They look forward to Canada's leadership.

It's a great step forward. It evens the playing field for all Canadian corporations. It gives a competitive advantage to those companies that are already ascribing to these standards, and very well, and those that aren't are cutting costs. They have an advantage now. This will even that playing field. It will raise the bar for the U.S. companies working in these places. I think that's a good thing.

It will also raise the bar for host governments. It will give them a better idea of what is meant by international best practice and help raise their compliance review.

● (1125)

It's a clear and precise bill. It's very prudent. It's modest. It's not overreaching by any stretch of the imagination. If this bill had been enacted and a law had been in place, the Porgera atrocity in Papua New Guinea would never have occurred, plain and simple. And in Pacific Rim's case, you might not have an effort by the Government of El Salvador to ban all metal mining in the country if this law were in place and if Pacific Rim had put in some effective mitigations to the problems seen there.

There are several amendments that you could consider, but I think that effectively Bill C-300 is very straightforward, and I would respectfully urge you to pass it along. That's all I have for right now. I would be delighted to entertain questions.

The Chair: Thank you, Mr. Steiner. We'll do just that then.

I'm going to start with the sponsor of the bill, Mr. McKay.

You have seven minutes.

Hon. John McKay (Scarborough—Guildwood, Lib.): Thank you, Chair.

Thanks to Professor Steiner and Steven Schnoor.

My question is of a largely general nature and it deals with the unwillingness both of government officials and of mining officials to believe the testimony you put forward here today.

Both of you have been direct witnesses on the ground, have seen things, have talked to people, and have made tests, and yet your reports will be disbelieved. My friends across the way will find it almost incredible and, in fact, they'll attack your personal credibility.

It doesn't seem to matter that we have report after report of these items. They are dismissed or ignored. We have you producing documentaries and, instead of dealing with the facts on the

documentary as a documentary, your personal reputation is attacked, as is yours, Professor Steiner.

The list of allegations of human rights abuses and environmental damage goes on and on and on. We know darn well that a lot of these countries have very weak governance systems, and yet there is just a flat out unwillingness to confront these facts in our own Canadian psyche. In fact, if either one of you said what you've just said outside of this room without parliamentary privilege, you can absolutely be guaranteed that you'd be served with a lawsuit tomorrow.

And there is no place—no place—that these folks can go to complain. If they complain in their own country, they're dismissed. If they come here, the courts say, well, that's none of our business, that's outside of our country.

There is no legislation that responds in any way to these complaints. So respond to the issue of the denial, the denial of the facts, of what you give testimony to.

Maybe I'll start with Mr. Schnoor.

● (1130)

Mr. Steven Schnoor: I agree completely. I find that extremely disconcerting. It's not only a denial of people like me and like Professor Steiner, who bring forth evidence that problematizes the operations of Canadian mining companies.

As I referred to earlier, what initially disturbed me was the enthusiasm with which the embassy, at least in my case in my experience in Guatemala City, went out of its way to delegitimize the local opposition, to make it illegitimate. The reason I find that most alarming is that resistance will not go away if you deny it. That resistance will not go away if you ignore it or delegitimize it.

I'll give you one small example. In the region around the Marlin mine, local communities began to assemble and hold community *consultas*, open consultations, asking, "Do we want these activities in our region?" Overwhelmingly, the response has been no. I have been the international observer for some of them, and it has been quite emotionally overwhelming to see hundreds of people turn out to say, "We do not want mining".

What is our embassy's position on these? It is that these *consultas* are not legitimate because they are organized by activists, NGOs, who are manipulating the *campesinos* into rejecting mining. This is completely untrue, from what I've experienced, and yet there is this staunch willingness to deny, to invent any mechanism such that we don't have to pay attention to the will on the ground.

What's that going to result in? Do you think the people who get together, the thousands of people who get together and say "we don't want this", will go away, that they will accept the Canadian government's position that they're just puppets of NGOs? They won't go away.

Hon. John McKay: Let me get Professor Steiner in on this question.

Professor Steiner, what is your reaction to that?

Prof. Richard Steiner: My reaction would be that the committee, the government, and the people do not have to take Mr. Schnoor's word and my word for it. The whole purpose of Bill C-300 is to impose another independent level of review by your two ministers to either confirm or deny what these complaints are all about. That's the point of Bill C-300. Don't take my word for it. If they receive a legitimate, non-trivial complaint, let your Ministers of Foreign Affairs and International Trade investigate to see if there is substantial evidence to support or refute it. On the projects I've just been talking about in Porgera and Pacific Rim, there is little question, and I suspect that is the case with Mr. Schnoor's discussion in Guatemala as well.

That's the whole point of Bill C-300. You have complaints. This is a mechanism whereby people can file complaints. I would hope that if Bill C-300 were to be passed.... One amendment that I would suggest to it is look at all companies, not just extractive industry companies. That's the sole advantage in OPIC's revisions to the environmental handbook here in the United States. One of the things OPIC has over Bill C-300 is that it will apply to all companies; however, it's project specific, and Bill C-300 applies to the company regardless of whether it is the specific project that is of concern.

I would just want to say, "Don't take our word for it".

•(1135)

Hon. John McKay: Thank you.

I just want you to comment further on all of these guidelines that exist out there—the Equator Principles and those of the IFC and OECD and a whole bunch of other organizations—to which all of these companies put their hands over their hearts and talk about how wonderfully obsessed they are with corporate social responsibility principles. They produce wonderful general annual reports with happy little people doing happy little things, and yet these allegations that you speak to, for which you will be roundly criticized, are brushed under the table.

Tell me, what would Bill C-300 actually bring to the dance that would move us off this endless allegation stuff?

Professor Steiner.

Prof. Richard Steiner: First of all, actions speak louder than words, as you have alluded. There are all these CSR guidelines and all the companies say that they ascribe to international best practices and so on.

If that is true, then why would they oppose this independent Bill C-300 to simply affirm that this is so? Obviously, to the extent that a company or a government member is opposing this very prudent, reasonable, modest piece of legislation, it simply indicates their lack of confidence that this is indeed the case, that companies are indeed being honest and forthright about their compliance with CSR standards. If they felt there was no problem, then Bill C-300 would almost be irrelevant to them.

There are many of these, and the proof is in the pudding, as they say down in the south of the U.S. It's the extent to which the

government provides oversight. As I said, Canada and the United States are both OECD members. They both signed on to the OECD guidelines, yet the atrocities continue. Porgera and Papua New Guinea and Pacific Rim never would have occurred had the governments really been truly doing their jobs and providing oversight.

Bill C-300, in my book, is excellent. It's far superior to the current OPIC guidelines being developed in the United States, for three particular reasons. One is that Bill C-300 applies universally, as we mentioned before, to all extractive industry companies, whether they have government support or not, and not just on a project-specific basis. That's a positive. That's a good idea.

Second, Bill C-300 requires an investigation and mandatory sanctions for non-compliance, such as withholding credit or insurance or whatever the government role in the company is, and embassy support, as we heard there, and loss of support by Export Development Canada. That is a very good idea.

Third, Bill C-300 requires the Ministers of Foreign Affairs and International Trade independently to develop and enforce these standards and to apply these standards, and it requires that they conduct an investigation for non-frivolous complaints. It's a very simple, straightforward mechanism of governance and jurisprudence, I think.

It would really shift the dynamic, and those companies that are behaving well overseas will appreciate that those that aren't and that are cutting costs and have "an advantage" right now by doing that will no longer have that advantage. So those companies that are - behaving well are going to have a competitive advantage through this.

The Chair: Thank you, Richard. We use that saying up here as well: the proof is in the pudding.

We're going to go to Madame Deschamps. She has seven minutes.

[*Translation*]

Ms. Johanne Deschamps (Laurentides—Labelle, BQ): Thank you, Mr. Chair.

Before Bill C-300 was introduced, there were major consultations all across Canada. There was a round table at which civil society organizations and experts participated, as did mining company people.

Steven, if I may—I do not know how to pronounce your surname—did you follow those consultations?

And Mr. Steiner, did you participate in any way?

•(1140)

[*English*]

Prof. Richard Steiner: Yes, I am aware of them, though not intimately. I was not a participant. But I believe that is the sort of derivation for the introduction of legislation.

We could sit around and talk all we want about corporate social responsibility with all our noble intentions, but again, it's what actions these companies put in place in their operations overseas. It's the choices that companies make operationally in these countries. It's staying away from certain areas that should not be developed with mines or oil and gas. And if they go into certain areas, it's making sure that it's done with free and prior informed consent, that they're transparent, open, honest, and as environmentally responsible as possible—and that's all.

We can have all the consultations and discussions and standards we want, but without this additional level of independent review and these mandatory sanctions, if a company is found to not be living up to its word, then we're not going to get there.

There is one last thing that I believe you could consider. If the ministers find a company to be out of compliance or out of step with the IFC guide, with the standards that are developed, the committee may consider giving them a probationary period of six months to a year or something like that, within which to mitigate and fix the problem in order to be back in compliance.

[Translation]

Ms. Johanne Deschamps: I have another question that will probably be dealt with by other witnesses in the second hour. Can you tell me about the Equator Principles?

[English]

Mr. Steven Schnoor: You're speaking to Mr. Steiner, I presume?

The Chair: Who wants to take that?

Mr. Steven Schnoor: If I may, I'll quickly respond to your first question.

One thing I find rather curious...let's not forget that the advisory group's report to the round table was written by an agreement between civil society and industry. If industry was at the table and signed on to the advisory report, it's somewhat curious that industry is now saying they want nothing to do with Bill C-300.

The only thing I would say about the Equator Principles or the IFC guidelines is given that they have such discretionary measures built into them in terms of how they are specifically applied, and given the fact, at least in Export Development Canada's case, that there's no transparency in terms of how these mechanisms are actually applied, I find it difficult to believe that this is actual accountability, because mechanisms can actually achieve accountable behaviour.

The Chair: Mr. Steiner, did you want to comment?

Prof. Richard Steiner: I concur with what Mr. Schnoor has said.

The discretionary aspect of these is concerning. To some extent, Bill C-300 allows discretionary review by the ministers, and there's no way to get around that. A lot of this will be a judgment call.

Once the ministers, acting independently on behalf of the people of Canada, look at the facts in a particular complaint—say for the Marlin mine in Guatemala, or Pacific Rim in El Salvador, or Porgera in Papua New Guinea—it will be their judgment call in independently using their discretionary abilities to make a judgment as to whether or not this company is or is not living up to the guidelines that the government...that they have developed.

There's always some discretionary aspect to this, but I think it's another level of independent rigour that you'd be applying.

[Translation]

Ms. Johanne Deschamps: The answer that those who are opposed to Bill C-300 get is that mining companies that have their headquarters here in Canada will move elsewhere.

Do you really think that will happen if Bill C-300 is passed?

[English]

Mr. Steven Schnoor: I'm—

Prof. Richard Steiner: If that question is to me, I do not think it would be the case.

I'm sorry, Mr. Schnoor.

• (1145)

Mr. Steven Schnoor: No, please go ahead.

Prof. Richard Steiner: Living in Alaska, a state that is very politically dominated by resource development, there are positive and negative sides to that. We just have to be honest about it.

But we have heard this threat for years that if the state government raises oil taxes, the oil companies are going to pick up and go elsewhere. Well, the fact of the matter is that in any place with rich natural resources where companies want to operate, there is such a profit margin that they're not going to pick up and leave. If the headquarters left Canada, where would they go? They are certainly not going to come to the United States. So I think that's a veiled threat.

Also, regarding the companies who are telling people that Bill C-300 is so egregious they would simply leave if it passes, what does that tell you about their commitment to and confidence in how well they are applying their corporate social responsibility guidelines? It tells me that they know they're not doing it.

So to any company who says they would pick up and leave if Bill C-300 were passed, I would say, please do, because I wouldn't want them in my country either.

The Chair: Mr. Schnoor, can you finish this up? We're out of time, but just finish quickly.

Mr. Steven Schnoor: I concur with what Mr. Steiner has indicated.

Just to follow up on that, I also find it a very curious logic. I see it as nothing more than a red herring and a scare tactic. The benefits of listing a mining company in Canada, including tax laws and relatively lax disclosure requirements, far outweigh any benefits they will find in London or New York, and they're not going to go to Beijing.

I find the whole argument to be somewhat curious. Why would they leave? Is it because they risk losing publicly funded support if they violate the standards they already claim to be meeting and exceeding? There's something strange in that logic.

The Chair: Thank you very much.

We're now going to move to Mr. Abbott.

Hon. Jim Abbott (Kootenay—Columbia, CPC): Thank you, I will just use 30 seconds before I pass my time on to Mr. Goldring.

I think the answer to Mr. McKay's concern is that while these gentlemen and all witnesses have the advantage of parliamentary privilege—in other words, they cannot be sued for what they say—on the other side of the coin, these two men in particular have taken the time to make some very extravagant and extreme claims against certain mining companies. Obviously, what is going to have to happen in this process, in the name of fairness, is that those mining companies be given the opportunity, either by video or as witnesses here, to tell their side of the story, because the last thing we want to do is to take only one side of the story.

I am not speaking to the veracity of their comments; I'm simply saying there's a second side to the story. We'll be going through the testimony, taking a look at the names of the companies they have impugned, and we'll be giving them an opportunity to give their side of the story. I would hope that the committee would agree with that.

The Chair: Thank you.

Mr. Goldring.

Mr. Peter Goldring: Thank you.

Gentlemen, I want to mention that the Canadian government has not been in strict isolation on this. It actually announced in March 2009—and incorporated—a strategy for corporate social responsibility and it is in fact working on this actively. The Canadian mining industry has an excellent reputation worldwide and probably has that reputation partially because...and it has built their businesses worldwide.

I have to agree with my colleague that just in the space of a very, very few short minutes, the witnesses commented disparagingly about Goldcorp, Pacific Rim, the ambassador himself, according to these sheets, HudBay Minerals, Skye Resources, and Inco. I'm sure that if we had more time we could add to that list considerably.

My concern here is back towards Bill C-300. I suppose I would ask the following of Professor Steiner, being an American from Alaska. Obviously if this is a highly supported initiative here in Canada, there must be a comparable initiative in the United States, too, so perhaps you could comment on how the United States is looking at this. Then, too, I'd like to point out a couple of the points in here that are of particular concern.

Professor...?

•(1150)

Prof. Richard Steiner: Thank you, sir.

First off, to the previous gentleman's comment that the mining companies that we've discussed today, including Barrick and Pacific Rim, etc., have a chance before the committee, I think we can well script.... We can understand exactly what they will say. They will deny any wrongdoing. They will say they have the utmost international best practice.

We know that's what they're going to say, and that's fine, but what I would suggest, sir, is that if you're going to invite them in front of the committee, then some local people living around the mines, who have these issues, should be brought in as well to comment about their perspective about this.

On the second point, the second gentleman's question about the U.S. initiative to increase corporate social responsibility overseas, the U.S. government has been, I think, slower than the Canadian government. I think Bill C-300 would be a step beyond where we are right now, but as I mentioned, the Overseas Private Investment Corporation, OPIC, somewhat analogous to EDC, does have their own CSR guidelines. They are revising them.

As we speak, I think their new guidelines are due out May 20, just a week or so from now. That's exciting. I've been trying to fold some ideas into that, but I don't know what they are.

But again, the only advantage I see currently in the OPIC guidelines is that this applies to all industries, not just extractive industries—fisheries, forestry, pharmaceuticals, investment banking, transportation, and agriculture—all these other international investments that the United States companies have. I think that's an advantage. The disadvantages are, again, that there's really no compliance mechanism; there are no mandatory sanctions within OPIC guidelines right now. They only apply project-specific...so if a company, for instance, has a problem in one project, that's the only thing the OPIC guidelines will focus on, rather than the company's activities as a whole.

So there are disadvantages in regard—

Mr. Peter Goldring: Perhaps in there, Professor, is one of the problems. When this bill specifically calls for and references access or action to all complaints, and, as it says here, other than “frivolous” and “vexatious”, first of all, they have to investigate all of them to determine that.

Prof. Richard Steiner: That's right.

Mr. Peter Goldring: For example, we just heard words against six different corporations here, and it would take a whole process of investigating to determine whether any of those were frivolous and vexatious at all.

So it compels the corporations and the government to do an awful lot of investigation, legal work, and groundwork, and now you're saying that in the United States, they have left out that component of it. I suggest that perhaps that's too stringent a requirement to have in.

Prof. Richard Steiner: I would respectfully disagree, sir. I think the U.S. standards are not up to what Bill C-300 is proposing. I think, again, if the companies have great confidence in their CSR portfolios and profiles overseas, they should have no worries whatsoever with Bill C-300, and likewise the government. If the ministers have great confidence in the Canadian mining companies working overseas, as you have just mentioned—

Mr. Peter Goldring: Well, leaving that one component alone, we have the additional one in here that is a concern, too. It compels all companies to comply to all international human rights, international laws around the world, and possibly even compels them to comply to laws that the Canadian government doesn't particularly recognize in certain circumstances.

So once again, maybe you could advise us if this type of action is in the American standards, because if it is, then it would be interesting for us to learn, and if it's not, perhaps there's a reason for that, too.

The Chair: Professor Steiner, I'll let you answer the question. I'll just let Mr. Goldring know that he's out of time, but do answer the question.

Then we'll move on to Mr. Dewar.

Prof. Richard Steiner: Yes, I believe that the American standards do require adherence to the international human rights conventions and best practices. I would also say that the U.S. Ex-Im Bank, the Export-Import Bank in the United States, already uses ISE guidelines. EDC has its own set of environment standards and guidelines, but as we are saying, if there's no problem with that, then they should not have a problem with this additional layer of ministerial review.

That's basically all Bill C-300 proposes. It's very reasonable and prudent and, I think, a quite modest step in the right direction.

So these IFC—International Finance Corporation—guidelines are certainly better than the OECD guidelines, which are also not being adhered to by companies from the United States and from Canada. So it's not too much to ask that we raise the bar on extractive industries throughout the world. We can do better, and I'm confident that when companies are motivated to do responsible corporate behaviour—all companies—it evens the playing field and makes it more competitively advantageous for those that are already doing that.

Thank you.

• (1155)

The Chair: Thank you, Mr. Goldring.

Thank you, Professor Steiner.

We'll move to the last questioner of this round.

Mr. Dewar, you have seven minutes.

Mr. Paul Dewar (Ottawa Centre, NDP): Thank you, Chair.

Thank you to our guests for their interventions.

Mr. Schnoor: you mentioned the case in Guatemala where there had been concerns around water. Just remind me which mine that was.

Mr. Steven Schnoor: I was referring to the San Martin mine in Honduras' Siria Valley. I referenced that because in Guatemala the same company was constructing that very type of mine—it's an open-pit gold mine—and the people had concerns from what they heard had transpired in Honduras' Siria Valley at San Martin.

Mr. Paul Dewar: We're talking about issues around water quality. What water sources do these people use for their drinking water and to feed their animals, etc.? Are they still able to access water from local sources or do they have to bring in water? If this is an issue of water, where do they get their water from?

Mr. Steven Schnoor: It's a very good question. The last time I was in the valley was last year. This mine is in the process of shutting down, last I heard. The people were receiving water from rivers and from wells. Apparently, 20 out of 22 rivers had completely dried up, meaning that there were two rivers left, and the wells had also dried up. I met farmers who complained that their cattle would not drink the water that did exist because it had a very red colour and a smell. The cattle smelled that something was wrong there.

What people were doing was that those who had money were purchasing water in large barrels—those who could afford it. Those who could not afford it were still drinking water from wells that existed, and based upon that, they felt that they were experiencing a rash of illnesses. It's quite traumatic. When you visit the region, you do not have to look far for people who tell you that they're very ill and have demonstrable proof to attest to that.

The issue of water is very serious. From what I understand, many respected hydrogeologists say this is a very common problem that emerges with open-pit gold mining; you often see competition for water. These types of mines use tens of thousands of litres of water per hour. They claim they recycle some of it, but that's also debatable.

So what are the people doing? They're drinking...those who can afford to will buy it, but those who cannot continue to drink the well water as it exists, and they feel incredibly frustrated.

Mr. Paul Dewar: Were they compensated to buy the water that they needed for their families and for their animals?

Mr. Steven Schnoor: As far as I know, no. I know that the mining company provided some water that they said was not for human consumption. It was not for human consumption because it was evidently too toxic for human consumption. The company recognized this.

What the people would say in response to that was that, well, they're being told to use this water to wash their clothes and perhaps water their crops, so it's impossible for it not to get into their bodies. If they water their crops with this water, they say, it gets into the soil and then it gets into the food they eat. So they felt that it was kind of a ridiculous gesture on behalf of the company; some felt this way.

As far as I know, they have never been compensated for the drinking water. That's as far as I know.

Mr. Paul Dewar: Thank you for that.

I also have some concerns around your treatment from the embassy. I was in Guatemala more than 20 years ago and had to receive services from the embassy. I find the reaction that you received from the embassy a little disturbing. I mean, this happened....

The ambassador is no longer there, is he?

Mr. Steven Schnoor: That's correct.

Mr. Paul Dewar: Is there a different point of view from the embassy presently? Are you aware of what they say about the claims from people in the area and the concerns they have? Do you know if that point of view has changed from the embassy or does it remain the same? Or are you aware?

• (1200)

Mr. Steven Schnoor: I couldn't comment on any changes that may have ensued since Ambassador Kenneth Cook departed from his position.

Mr. Paul Dewar: I think we'd be interested in that. Maybe we'll figure out a way of doing that. I suppose I could write a letter to find out what is the point of view. We need to have a balanced point of view, and if we're seen to be tipping the hat to one side or the other... including you.

If the ambassador saw your evidence, he shouldn't go out and promote your film just because you provided your point of view to him, nor should he do it for the other side. That's just straightforward diplomacy. So I find that of concern, particularly when we're spreading our reach in Latin America and seemingly wanting to promote business interests over others.

I want to turn my questioning now to Professor Steiner.

I'm interested in your comments about the Nautilus project. In light of recent events that have occurred, why we should care about this, and why should Canada in particular care about this, and how would Bill C-300 actually have any effect on that project and your concerns?

Prof. Richard Steiner: For the Nautilus project, the company was based in Vancouver at one point, then Toronto, so there's some Canadian mining interests in it. I think Barrick might have some interest in the project. I'm not very clear about how the corporate conglomerate is comprised, but the project has proceeded. There have been a number of questions locally along the coast of Papua New Guinea regarding civic engagement. Many of the people do not feel listened to.

It's the same old situation where Nautilus, the company, has gone through selected individuals to pay to then purport that the project is

okay, that it will not cause any damage. In my view, they've co-opted the government process there, and in developing countries, it's quite easy.

Actually, in developed countries, in the United States, it's quite easy for these very savvy extractive industry companies to co-opt the government process. It's even easier for these companies to do so in governments in developing countries, such as in Papua New Guinea. It's easy to corrupt. It's easy to bribe. It's easy to co-opt process and that's what's gone on there.

I don't think the environmental impact statement.... I wrote a long technical review of it and it simply is not fit to purpose.... If Bill C-300 were in place, the local people in Papua New Guinea, could file a complaint that transparency, civic engagement, and free prior and informed consent have not been achieved, and they do not have the social licence to operate yet. Then your ministers would take a look at that and assert that either those claims are valid or they're not, and then propose mitigation for such.

I also wanted to mention on the question you asked—

Mr. Paul Dewar: Can I just interrupt you for a second? Sorry, but just remind me: the exact project is what in the case of the Nautilus project?

Prof. Richard Steiner: I'm sorry. The exact project is the first ever seabed mining commercial venture in human history. It will be to mine the sea floor's massive sulphide deposits at deep sea hydrothermal vent systems a mile deep in the Bismarck Sea, off New Ireland and Papua New Guinea. It's the first in history. It's a remarkable technology, but as it is the first such project in history, it should be looked at with great scrutiny, both by the Government of Papua New Guinea, the company, and the host governments—the Government of Canada as well.

If I might also, on this embassy connection that Mr. Schnoor mentioned, I had a flashback to when I was just down in El Salvador two months ago at a meeting with the U.S. embassy representatives about the problems with Pacific Rim, because it is also licensed in the United States, not just Canada. They were completely on the side of the company, against the Government of El Salvador and against the people of Cabañas, where the mine is proposed. I found that stunning. This is in the Obama administration—a new administration, mind you, and the new ambassador had yet to get down there—but they favour it.

Pacific Rim has filed a CAFTA claim at the International Centre for Settlement of Investment Disputes at the World Bank in Washington. Those disputes are being arbitrated right now. The embassy of the United States said it supports the claims by the company for hundreds of millions of dollars in compensation from the Government of El Salvador because the government did not grant them their licence to operate.

I'm saying the embassies need to be much more diplomatic; it's not unique to just Canada.

• (1205)

Mr. Paul Dewar: Fair point.

The Chair: Thanks, Mr. Dewar.

I believe Mr. Patry has just a 30-second question. Then we're going to wrap up.

Mr. Bernard Patry (Pierrefonds—Dollard, Lib.): Yes. Thank you very much, Mr. Chair.

Professor Steiner, you've just brought up a point about El Salvador. I just want to know about that, because it's my understanding that it's the first time in the world that a country stopped all mining operations, because it seems that it's very valuable for these countries.

In El Salvador, were all the companies that were not allowed to operate—I don't say kicked out—Canadian companies? Were there major or any consequences for El Salvador at that time?

Prof. Richard Steiner: This is an interesting nexus with what Bill C-300 would do. Had Bill C-300 been law five years ago, ten years ago, then this project that Mr. Schnoor talked about in the Siria Valley in Honduras, the San Martin project, would have been operated more responsibly.

Here's how it bleeds across borders. The people in Cabañas in El Salvador went and visited this site, the San Martin mine. They saw the atrocities that occurred there. They came back to El Salvador and said, "There is no way that we want this kind of damage done in El Salvador". This spread throughout the nation. The new president said, "This isn't worth it and we're proposing to ban all metal mining within the country".

Yes, as far as I know, it would be the first country in the world to do such.... Think about the competitive disadvantage that places on other legitimate Canadian mining companies that may want to do mining in El Salvador someday.

So that's why this is a very prudent piece of legislation, I think, in the interests of economic development.

Mr. Bernard Patry: Thank you.

The Chair: Okay.

Mr. Peter Goldring: I have a point of order.

The Chair: Is it going to be at this time? I'll wait here.

Mr. Peter Goldring: I certainly hope so.

Professor Steiner mentioned in our interchange that the United States CSR does compel not only the extractive industry, but indeed all industry, to comply with international human rights standards. It

would be helpful for us to understand best practices of other countries if we perhaps had some documentation on that to look it. That would be very helpful for us, particularly when we're doing clause-by-clause afterwards.

The Chair: Okay. I'm not sure that's a point of order, but anyway.... I don't know where we're going to get that information.

All right—

Mr. Paul Dewar: The Library of Parliament.

The Chair: I want to thank both witnesses.

Mr. Schnoor, thank you very much for being here today.

Professor Steiner, thank you as well.

I'm going to suspend for one minute so we can change the name tags and welcome new witnesses. Then we'll be right back at it. Thanks.

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_____ (Pause) _____

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• (1210)

The Chair: Before we get started with Mr. Dade, I know that Mr. Abbot wants to report a suggestion.

Hon. Jim Abbott: I made a suggestion to some people on this committee and our whips: that since Mr. Obhrai, Mr. Rae, and I will be unavailable for committee meetings on June 1 and June 3, we cancel those meetings and reconvene on June 8, June 10, and so on.

I would therefore like to propose a motion to that effect.

Mr. Paul Dewar: I have a point of order.

To be fair to Mr. Abbott, he canvassed me and others, and he knows I'm against the idea. In terms of procedure, we're not actually seized with this at this point. He can still pose it, but I'm not willing to give consent at this point. We're not seized with this matter so I don't see...unless he has unanimous consent to go ahead with it.

Frankly, I don't see the purpose. People are often out of the country or out of the city, and they get subs in. We've missed a lot of time because of prorogation. We have a lot of work to do. Just on procedure, unless he has unanimous consent, I don't think it's in order.

Thank you.

The Chair: My sense is that I don't have that consent, so we'll have to discuss it at another time. It is on the table. We could possibly discuss it at the next meeting. It's going to take 48 hours to work it into the routine, as I see we don't have unanimous consent, and we are seized with Bill C-300 right now.

Madame Deschamps, do you have a quick question or point of order?

[*Translation*]

Ms. Johanne Deschamps: I am going to be very quick. I am asking if the committee would agree to keep a few minutes at the end of the session to talk about the work coming up, or, at least, the agenda. We will not be here next week, and, on the 27th, we have the visit of the President of Mexico. I think we should get things clear. I have a few questions.

[*English*]

The Chair: We're going to discuss a few things, and I've set a few minutes aside. We'll go for that, because I know the president is coming.

Mr. Dade, you've been patient. Thank you very much. We're going to turn it right back to you. You have 10 minutes for an opening statement. You've been to committees before so you know the drill. We'll start with you and then go around the room and have some conversations.

I appreciate that Mr. Dade has been to our international trade committee and is quite a great expert on what happens in South America and Latin America.

Welcome, sir. We're glad to have you here. The floor is yours.

[*Translation*]

Mr. Carlo Dade (Executive Director, Canadian Foundation for the Americas (FOCAL)): Thank you very much.

It goes without saying that it is a pleasure to meet the members of this committee again. Last time, we discussed Haiti, I believe. Since then, things have moved a little.

[*English*]

It's indeed a pleasure to be here. I'd like to thank the committee for the invitation.

It is also a little disconcerting to be the only witness. I was told at one time that only ministers and people who are in serious trouble testify in the committee by themselves. I'm sure about not being a minister, and I trust the other part is not the case either.

Indeed, thank you. It's a pleasure to be here this morning to discuss Bill C-300.

I'd like to frame my presentation. You learn much from several of your college professors, and not always things that are germane to what's being taught. An old college professor said that where you stand on an issue is determined by where you sit, so let me frame my presentation by talking about whence our analysis comes when we look at Bill C-300.

First, there was the Canadian Foundation for the Americas. This is Canada's only independent non-university-based think tank focused on Canadian engagement in the hemisphere. As such, we sit at the intersection of academics, civil society, the private sector, and government. We have a foot in each sector, understand each sector, and are able to work with each sector. We receive views from and have exchanges with each one of these sectors.

We also exchange and have the same sorts of relations with public policy institutions, our sister institutions, throughout the hemisphere. In every country throughout the hemisphere there is an institution

with which we work very closely and which is structured similarly to how FOCAL, an independent policy research organization, is structured.

We have also had in the past, specific to the subject at hand, work on trade and development and work on indigenous governance and CSR in the extractive sector. This was a project we took over from the North-South Institute, which was led by an indigenous woman from Colombia who had very strong views about mining but was able to do some very interesting things to try to bring the three sectors—government, indigenous groups, and the private sector—together to talk about issues and to try to develop new frameworks for improved discussions.

We have also done surveys of CSR practice and investments—money, time, and resources invested—by Canadian companies in social, economic, and community development projects.

That is the background on the FOCAL side.

On the other side, personally I've worked for 10 years in CSR issues in the Americas. I had a very unique position before I came to Canada and before I joined FOCAL, a position that had me in three spots. It had me on the ground in poor and marginalized communities throughout Haiti, the Dominican Republic, and elsewhere, working with these communities to implement their own social development projects, often with mining companies and with private sector companies, and with banks. It was not just with multinationals, but with small and medium-sized enterprises within these countries, too, so there was a full range of CSR activities.

It also had me at the policy level within the U.S. government on the development of CSR policy, both in the missions in the countries in which I worked and in Washington with other agencies of the U.S. government.

So it was a fairly unique position, I think, that allowed me to understand the broad context, from the macro level to the micro level.

Very quickly, then, based on this analysis, we look at Bill C-300 as an attempt by this committee and by this Parliament to improve the impact of Canadian mining companies on the ground in the communities in which they operate. We look at the bill, what it proposes, and what it offers.

The analysis is that the bill will not offer anything that is not already on the ground and realizable through compliance officers and existing international mechanisms such as the Equator Principles. Indeed, it seems in some ways to have weaker teeth than those of the Equator Principles or some of the other mechanisms that are currently available.

At the same time, it has the potential to have significant Canada-only costs for Canadian mining companies, and this is an important point. In my previous work on the ground, I came across a great deal of the impacts of private investment and of how companies behaved, including their positive impacts and contributions.

We have stories of damage being done. We see this with mining companies. We see this in poor communities with slash-and-burn agriculture that destroys forests and destroys land.

●(1215)

It's a very complex situation on the ground, but for every example we've had of a Canadian mining company doing something harmful, I'm confident that I can come up with three examples of investments that have been made in communities: improved education outcomes, improved health outcomes, and improved livelihoods in communities.

It's a complex story, and if you're going to implement policy, effective policy cannot be based on the sensational from one extreme or the other. It has to be based on a rigorous and rational view of the situation as it exists.

Unfortunately, the bill emphasizes the punitive aspects, and again, I would say, ineffectual punitive aspects. In an attempt to improve conditions on the ground, it ignores the huge opportunities and the huge investments that are there to be leveraged by increasing the good work and the good practices done by Canadian banking companies and also by extractive companies, by the full range of Canadian companies.

I will point the committee to our experience with Talisman in Sudan as an object lesson in how we can get this wrong. Again, there are several factors here. Talisman was in Sudan. There were problems. They moved to address them with a very rigorous and serious CSR program. Increased pressure from activists and activist NGOs in Canada had them leave.

The Chinese and the Indians came in and took over. The first thing they did—the first thing—before they changed the signs on the door was to trash the CSR initiatives, not understanding the importance, not seeing any benefit from this. The oil still flows out of Sudan. The investment is being controlled by the Chinese. The people in the communities are, if anything, worse off than they were before. This is a scenario that has a possibility of repeating itself throughout the hemisphere.

Canadian companies are engaged, and we see them doing positive things on the ground. Again, I will match your story for story the positive things they are doing. But at the same time, by weakening Canadian companies, by imposing costs and risk to reputations, by taking things to the ministerial level, we have the potential to do serious damage.

The damage would be justifiable if you were going to have outcomes on the ground that justified this, if you were going to do something to significantly and quantifiably improve the conditions of life in these communities. But the bill offers nothing in that regard, so there's a real danger there. I can talk about this, too, in the first-hand experience with Falconbridge in the Dominican Republic in my previous job and what we did.

So the real danger here, I think, is that we have a good model in Canada, a model that's viewed throughout the hemisphere as one to be copied and envied in terms of CSR practice. I can talk anecdotally and I can talk quantitatively about this.

But very quickly, I was in Madrid about two years ago, speaking with my counterparts at one of the major think tanks, the Real Instituto Elcano, and Fundacion Carolina. These are two of the major Latin American think tanks. They have both just recently begun work on CSR.

A decision was made by the Spanish government and the Spanish private sector that Spanish companies and the Spanish government were suffering reputational damage, and also competitive disadvantage, from their bad reputation for CSR, so they moved aggressively to address this. My counterparts at the Spanish think tanks were asking if we could share the Canadian experience, because, they said, Canada is viewed widely in the region as having good companies and has a good reputation. They asked if we could share this experience with them.

My first thought was that they had to be nuts. They have a competitive advantage over us with language, with culture, and with immigration. Our one competitive advantage vis-à-vis our Spanish competitors is really the reputation of Canadian companies. We may have been born yesterday, but we weren't born five minutes ago, and we're simply not going to hand that over. But there is room for cooperation in terms of the larger sphere of global CSR practice, and I'd be happy to talk about that.

Finally, there are options for getting this right. Several things could be done. Rather than creating another bureaucracy, another layer of reporting, another cost for the government, there are other mechanisms of which we can avail ourselves.

There's a compliance officer and a compliance office at EDC. Most of the money we're talking about coming out is coming through EDC. Why not simply look at beefing up that function? Give them something on a par with the International Finance Corporation or the Inter-American Development Bank in terms of staff and resources to investigate things more quickly.

●(1220)

It makes little sense to have one review at EDC, a second one at the ministerial level, and then another one at Canadian pensions.... It makes more sense to strengthen them at the point of impact, at the point of origin.

There are also possibilities for work with the Equator Principles. This puts all companies across the globe, regardless of national origin, on the same playing field.

Again, in terms of effectiveness, if I'm a mining company and I can't raise my own money, if I have to raise money from the private sector, am I worried about losing EDC money? To some degree, yes, I am. Or am I more worried about losing money from EDC, the Australian Export Finance and Insurance Corporation, and every major commercial bank from the Arab African International Bank to Banco do Brasil, Bank of America, City, CIBC, BMO, RBC, and Scotia, all the way to Wells Fargo?

That's what the Equator Principles have behind them. These are the more effective mechanisms that we need to look at, that are tested and have more resources behind them, so I would suggest that there are alternatives. I'd be happy to talk to them.

The IFC and the Prince of Wales Business Leaders Forum have put out a new road map for integrating human rights. I would suggest that in terms of time and investment this is where our money would be better spent, not in creating a new bureaucracy that won't improve conditions on the ground, but in working with effective and tried mechanisms that are truly multilateral and that will improve conditions on the ground.

I'll end it there. Thank you.

• (1225)

The Chair: Thank you, Mr. Dade.

We'll start our first round of questions with Mr. McKay.

Hon. John McKay: Thank you, Mr. Dade, for your testimony.

Mr. Dade, you cite the Talisman example. It's a curious choice on your part. Talisman was operating in the Sudan. It had a very valuable asset. It was, however, certainly offside of any corporate social responsibility standard known by anyone, whether it is Equator Principles or the IFS or anyone else. It was arguably supporting a genocide against the Darfuri people. It was criticized heavily by people right around the world. Ultimately, they did the right thing and divested themselves of their asset.

At this point, Talisman is a bit of a poster child for corporate social responsibility. It participated in the round table reports and supported the idea of an ombudsman. And the share price is pretty solid. They have some assets that are quite valuable and the people can sleep at night. They're not subject to all of these allegations. So it's a very curious choice.

What makes me wonder about your testimony, Mr. Dade, is that apparently your position is that even if a Canadian company is outside of corporate social responsibility, abusing human rights, and arguably supporting genocide, that's okay because some other company will come in and take over the asset.

That seems to me to be your position, Mr. Dade. Is that actually your position?

Mr. Carlo Dade: Incorrectly analyzed and stated.

First off, the situation on the ground with Talisman was indeed more complicated than could be summed up in simple testimony in front of this committee, I think, in the few minutes we'll have.

But on the word "genocide", I would argue that to put forward such a serious charge you would need serious evidence of that, and I have not. I doubt that anyone here has seen evidence of genocide.

There were indeed problems with the mine. Talisman came late to the CSR issue, but they came to the issue, and they came to the issue in the Sudan. They moved to change practices. They were learning lessons and they were moving to respond. They were setting up CSR operations and moving to do more with the community and to look more at human rights.

The company learned a painful lesson and they learned it quickly in the Sudan. That movement, that initiative and that positive sign, was snuffed out when the company left, so I would not accept—and I don't think that most of the committee would accept—the genocide sensationalization of what happened on the ground.

The point is that the company was moving to implement, and that their move to implement, their move to change, their move to adopt better CSR practice, was snuffed out. What came in its place was arguably worse than what was there before.

Hon. John McKay: Coincidentally, Mr. Dade, we do have a member on this committee who has travelled to Sudan many times and, I dare say, would probably dispute you. That's why I phrased it "arguably" genocide. You rightly say—

An hon. member: That makes it a lot better, John.

An hon. member: I have trouble with that—

Hon. John McKay: Thank you for that help, gentlemen.

The reason, Mr. Dade, is that you seem to take the position that as long as there is another company from some other country that's prepared to enter into this kind of activity, whatever needs to be done in order to be able to get to the asset, that's perfectly all right. Because otherwise, somebody else will do it.

Mr. Carlo Dade: No, that is not what I am saying.

Let me try this again. There's a situation where companies are investing and are using CSR practice, are trying to improve the community, are engaging with consultations, and are engaging social investments. These are the types of companies we want to support. These are the types of activities we want to encourage.

Mining has a potential to really be transformative in the development aspect of communities if it's done right—if there are investments in the community and if there are consultations with the communities. These are communities where there aren't many options to earn revenue. If it's done right, mining can be transformative.

So when doing this, we want to work with companies that are engaged in CSR, that are trying to do things. That's the point, and that's what was happening in Sudan.

• (1230)

Hon. John McKay: Mr. Dade, if I have an issue... There are some folks sitting behind you who have some serious issues with Canadian mining companies. They have a problem, because if they sue or try to get redress to their grievances in their own country, that's going to be unsatisfactory because of weak governance.

If they come here, they're dismissed because of *forum non conveniens*: what happens somewhere else has nothing to do with us. If they ask the Canadian government to involve itself in any way, shape, or form, they have no place to go because there's no legislation to do that.

You seem to want to have it so that (a) there is no ability to obtain redress and (b) you want to rely on voluntary compliance, when the folks sitting right behind you say these companies have not taken into consideration our human rights or the damage to our environment, and have not taken into consideration all kinds of things that are the social licence for these companies to operate.

Your position seems to be that you don't want them to have any access or recourse whatsoever, even through a modest venue like Bill C-300.

Mr. Carlo Dade: Well, it's curious that you began by talking about governance issues and lack of redress in the countries in which these companies operate. We've just had quite a bit on Haiti, and the line coming from Canada—the correct one, by the way—is that Haiti must take control, that this must be Haitian led, that Haitians' sovereignty is paramount in decisions in Haiti, and that we must follow the will of the government, respect the laws of Haiti, and respect the Parliament and the decisions coming out.

Yet in the case of countries in the hemisphere that arguably have solid legal institutions, that do have elected governments, that do have institutions that respond to elected governments—though perhaps not perfect—the decision is that if we don't like what they're doing, we're just going to ignore that and we're going to tell them what's best: that we in Canada know better in terms of how to run their environment or how to run their labour practices.

There are cases, obviously, with gross human rights violations. The right to protect obviously.... But I think there is a huge difference between reaching that point and some of the charges. Again, the charges that we're hearing.... I've heard so many things coming from NGOs in these communities. Having worked in some of these communities, having been on the ground, having dealt with NGOs—funded them, worked with them—the veracity that is coming out, it's hard to tell sometimes.

We can't take unsubstantiated charges and just move from charge to finding of guilt to imposition of punishment, which is what we're doing with these unsubstantiated charges—

Hon. John McKay: [*Inaudible—Editor*]...certainly more than you're going to find out under your system—

Mr. Carlo Dade: With the access.... People have access under the Equator Principles and the IFC. I have colleagues working at the IFC with whom I speak regularly. I was speaking with them yesterday about the cases they are investigating, about the resources they're putting in.

To say that people do not have access is simply not supported by facts and evidence. The IFC has extensive investigations. EDC is conducting investigations. There are mechanisms and they are being used and to say so is—

The Chair: Sorry, Mr. Dade—

Mr. Carlo Dade: Sorry.

The Chair: That's all the time.

We're going to move on to Madame Deschamps, for seven minutes, please.

[*Translation*]

Ms. Johanne Deschamps: I am going to yield the floor to my guest today.

Ms. Paule Brunelle (Trois-Rivières, BQ): Good morning. I just have a quick question for you. I am not familiar with the Canadian Foundation for the Americas.

Which organizations do you get your budget from? Are you funded by companies? Where does your money come from?

Mr. Carlo Dade: Like all think tanks, research centres in the Americas,

[*English*]

we get our funding from a variety of sources. We compete for the same sources and we are funded in the same manner as the Brookings Institution, Fedesarrollo in Colombia, and Consejo Mexicano de Asuntos Internacionales. We get money from the government.

We get quite a bit of money from the Canadian government. This being Canada, that should come as no surprise to anyone.

We get some money from the Inter-American Development Bank. We do get money from the Ford Foundation and we occasionally get bits and pieces from the private sector.

Again, this being Canada, we're not as fortunate as our American counterparts in the financing they get from the private sector. It is an independent, non-partisan policy research centre, also known as a *centre d'investigation, centre de réflexion*.

● (1235)

[*Translation*]

Ms. Paule Brunelle: Do your investigations and your research mostly have to do with industry, or are you giving us your views on that today because we are talking about mining companies and such?

Mr. Carlo Dade: No, the investigations deal with all aspects of Canada's involvement in the Americas: trade, education, health and the companies' social responsibility. So it is the whole range of Canada's activities in the Americas, and in the United States. From time to time, we do something in the United States.

Ms. Paule Brunelle: Is your goal to make the work of these companies better known? To promote them?

Mr. Carlo Dade: No, not at all. We work with companies as part of our research, for example, the research on CSR practices. We did an investigation into companies. We do things like that.

[*English*]

But it's not promotion of companies.

[*Translation*]

Ms. Paule Brunelle: You are defending them today, but do you believe what you are saying? If you are promoting and defending the companies, is it because you believe in what they do?

Mr. Carlo Dade: There is also another aspect to Canada's involvement in the Americas. It is important. Most of the time, we think that the government is the driving force for our involvement. But really, there is only one embassy in Mexico and three or four consulates. But there are 200 branches of Scotiabank. So the private sector is playing a much greater role than the government in Canada's involvement and we cannot help but deal with the private sector.

I apologize for my French, but I have to try to speak it.

Ms. Johanne Deschamps: Mr. Dade, this whole question of companies' social responsibility did not arise after someone had a nightmare one night. In Canada, we have been talking about it for years, of course. This resulted in the round tables that went across Canada and in which people participated of their own accord. People from civil society organizations did too, and national organizations, and mining companies. There were people from all walks of life, actually.

The consultation was followed by a report providing recommendations that were presented to the government. The consultation even resulted in a consensus.

Bill C-300 is very weak in comparison with what was in that report. Wouldn't it be nice if, one day, a member introduced a bill containing all the recommendations...? You come here to tell us that Canadian society wants companies to be made accountable overseas, and there are no tools to do that at the moment because everything is voluntary. That is what came through in all the consultations. There really is a need and Canadian society really feels that companies operating overseas must be made accountable.

Why are these companies so afraid if they are following the rules, if they are responsible and if they are living up to their environmental responsibilities? Why are they so afraid of this bill if they are doing nothing to contravene the principles of social responsibility overseas?

Mr. Carlo Dade: I was at the round tables too. I spoke and I put forward some ideas. I think it was in Montreal last November, if I remember correctly. I was one of the people invited to the round table. I remember—

•(1240)

[*English*]

there was opposition. What came out of the round tables was the enhancing of the Canadian advantage, the idea for a strong ombudsman, if I remember correctly, who would be well funded and equipped to be able to respond quickly and efficiently to the complaints. That, unfortunately, is not what we see here. There were also discussions about supporting the work that Canadian companies were doing on the ground, and I don't see that here.

I also know that the Prospectors and Developers were here and they were strongly opposed to this. Tony Andrews was one of the heads of the round tables, and I know that they do not support Bill

C-300. So obviously something has broken down between the round tables and the submission of Bill C-300.

I understand the frustration, the need to do something, and we support that something needs to be done in terms of not losing competitive advantage, enhancing the positive aspects, and doing more to prevent, limit, and mitigate damage. We're fully in line with that. Our disagreement is that we don't think this will do it. I think in the private sector, from what I've seen of testimony in the committee—I do get the blues and look at them—they also appear to be opposed to it.

The Chair: Thank you very much.

We're now going to move it back across to Mr. Lunney, for seven minutes, please.

Mr. James Lunney (Nanaimo—Alberni, CPC): Thank you very much.

Well, as you see, there's some polarized debate around this subject, apparently.

I just want to clarify this. In your opening remarks, Mr. Dade, you said that when you look at the bill, you see it as an attempt by the government to put in place new measures. Actually, I hope you understand—

Mr. Carlo Dade: Well, Parliament. The Canadian Parliament.

Mr. James Lunney: The Canadian Parliament... You understand that this is a private member's bill from a member opposite. Certainly, the government...

Well, let me address Mr. McKay's remarks first, who is a member I have a lot of respect for, but I have to take exception to the remarks today, which I think were very intemperate and over the top, with accusations... I mean, accusing anyone who doesn't agree with your position—on an issue that's very complex—of being in denial, denying the witnesses, the testimony, the truth, and accusing us basically of not being interested in doing the right thing, I think is really over the top and irresponsible.

Every member here is interested in corporate social responsibility and doing the right thing, and I think when you make those extreme remarks... You correctly identify that there's a lack of governance capacity in many countries. You deny that Canada's working very hard to improve governance capacity in many of those developing countries, and many of the companies are actually contributing that way. You say that there's no place for them to go in their own country, which, again, ignores all of the developing countries—

Hon. John McKay: On a point of order, Mr. Chair—

Mr. James Lunney: Well, Mr. McKay—

Hon. John McKay: —I'd be more than pleased to sit as a witness and respond to Mr. Lunney's concerns about what I said or what I didn't say—

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

Hon. John McKay: If he wishes, I'd be happy to go down there and sit beside him.

The Chair: Okay, Mr. Lunney. Continue.

Mr. James Lunney: Well, Mr. McKay, with all due respect, you went on at our expense and accused us all of being in denial on this, and we sit as your colleagues around this table. I take exception to that.

The Chair: I'll just remind you, Mr. Lunney, that you are supposed to speak to the chair and not directly to each other.

Mr. James Lunney: Thank you very much, Mr. Chair.

Mr. Chair, I regard such accusations of all members as being irresponsible and personally take umbrage at those. This denies the good work that the companies do, as has been pointed out by our witness here, in many cases, and I think you can make examples of good work that is being done.

And you deny what our government has been doing, starting with the work of this committee back in 2006 with a report, extensive consultations across the country, and the creation of a CSR counsellor, all of which are designed to address the issues that are before us.

Now, as our witness has pointed out here, there are options available here to do the responsible thing in complicated issues, and those include the Equator Principles, which are there, the UN guidelines on CSR, and a newly put in place CSR counsellor, all of which we hope will help improve the situation.

In your remarks, sir, you said there are options. You talked about the potential for doing serious damage with allegations. Charges under this bill could be brought by anyone who is not even directly involved in the conflict. They may not even be from the country in question and could bring charges.

While they're being investigated... Now, I notice the witnesses before us earlier were not legal experts, although they have expertise in other areas. The witness at the back of the room has expertise in hydrology, and he worked for an NGO on water issues and now on this issue, but I don't see that he portrayed himself as a legal expert.

We've had legal experts here saying that allegations could very seriously impair Canada's image and the ability of our companies to work in the world...just by bringing forth allegations. We have serious concerns—I certainly do—about industrial warfare, about spurious allegations coming from a competitor who may want to take advantage of a company that's held up by our investigations.

Could you enlighten us or expound on those concerns?

• (1245)

Mr. Carlo Dade: That's a very interesting point. You raise something of significance and potential significant impact.

Allegations that are handled at the point of origination of a financing entity or the entity that's working directly with the project, such as the International Finance Corporation or Export Development Canada, are viewed one way on the ground in the countries. This is tied to the project. It's tied to the specifics of the engagement, of the investment, of the company's actions.

When it is advanced to the level of minister, especially in the case of Canada and a government that's viewed abroad as Canada is, the

charges take on a whole new realm: that there must be something there if the government is investigating.

We spoke about weak governance in several of these countries. There's an issue. If the local government brings charges, it's always assumed that it's political, that someone's uncle is getting back at someone else's uncle or something. But that's not the view with Canada. With Canada, it's viewed as, "My God, this is good governance, this is the seat and font of good governance, so if the government is investigating, there must be something serious here, and there must be something that rises to the level to change a charge". It does damage, especially if other countries, our competitors in the U.S. and Australia, are relying on current best practice and current mechanisms, and we suddenly put this in.

The other problem with the bill is that the IFC has 15 people on staff in their compliance unit who investigate cases. The IFC does about 450 to 500 deals a year. Of those, I don't know what percentage are extractive. But the number of projects they potentially have to investigate and move on is handled by a staff of 15 dedicated professionals. With Bill C-300, you're looking at a counsellor who would be splitting her time between looking at what is the best practice and looking at this, with one foreign service equivalent working for her.

You have the potential to have these things drag on and on and on. And the longer they do, the more damage is done. For the activist NGOs, the NGOs that spin the stories we hear, this is a godsend: charges against the minister; this company has been charged 16 times; the minister is investigating 16 charges by this company; or these charges have been going on for years.

You have better mechanisms, more efficient and more effective mechanisms to be able to have people's voices heard, to have their complaints taken seriously by organizations with the resources to address them, to respond and to deal with them effectively.

Again, it puts us in a bad situation, and it doesn't improve things on the ground.

The Chair: Thank you.

Thank you, Mr. Lunney.

We're now going to move back to Mr. Dewar for seven minutes.

Mr. Paul Dewar: Thank you, Chair.

Thank you to our guest for his intervention.

I want to start off with the notion that this bill will somehow disadvantage Canada. I want to just put on the table and on the record something that I trust you know, but just in case you don't: that the limitations of a private member's initiative don't allow a private member to bring forward legislation that has money implications.

I think if you were to ask Mr. McKay or people who support the bill—and in fact, we've had this discussion at committee with people who were involved in the round table—we all would like to see this not being with the minister, but in fact with the ombudsperson, which was suggested by the round table.

In fact, what we have seen with the government bringing forward the counsellor is something that is a half measure, and for many of us, it's a measure that is unfortunate. It undermines the whole momentum of having what I think you're putting forward, that is, a consensus, a consensus that says when Canadian mining companies or extractive industries are abroad we want them to be up to the same standard they would have in Canada. I think it's a fair thing to ask.

So I just want to get from you...would you not support a process that was contemplated in the round table where we would have an ombudsperson who would not be seen as biased, who would have resources, and who would be able to look into matters to investigate? We could talk about how the investigations would be done and based on what would prompt them. Would it not be, as a macro policy, something that you would see as the way to go and thus support that? In fact, that's what the round table was talking about.

• (1250)

Mr. Carlo Dade: I think that is a more constructive and more productive discussion in terms of the possibility to really...taking any of these potential items at random, not signifying preference. But it would be a competitive advantage for Canadian industries if done correctly, adding to best practice around the globe.

There are options. If you're going to have that discussion—and I'd say it would be a good discussion to have—I would urge you to have it in the context of looking at already existing projects, already existing things like the Equator Principles and the new IFC-IBLF human rights standards that are coming out. Look at it in the context of the EDC and the office of compliance.

And if the decision is made that these are the most effective and efficient means, and if you address the issues about not having the resources to do it properly, if that's the consensus, it would be something that would be better than where we are now.

Mr. Paul Dewar: I guess that's the point. Where we are right now is this bill and I have concerns with the critique that if we were to bring this forward, somehow we'd actually be going backwards. I don't buy it. I don't see it from your presentation. I don't see how you can provide evidence on something that hasn't actually been brought into force.

You've looked through the bill. Certainly we've heard from people who say that it's not fair-minded and it would undermine.... But when we've had those folks come forward and say there would be a problem, we've also had other folks who say, in their legal opinion, it wouldn't. The point is that we are seized with it now, and for many of us—and I think for Canadians and Canadian companies—the time is now.

And to see this opportunity depart brings concerns that nothing is going to happen, frankly, because the government has brought forward a counsellor.... And I just have a couple of things on that. The counsellor isn't even set up to take in any concerns at this point. You know the process, right? She can take it in, but it takes two to

dance. If the company says it doesn't want to take part, it doesn't have to. You're aware of that. So I don't see that as being helpful, and I think you'd probably be of the same mindset. If you're going to have a process, you must have a process.

Finally, on EDC, when we've asked.... I've asked at the committee and I've asked them in meetings if there has been one instance, just one instance, where they have investigated and found there were concerns among their partners, where they've actually said “you'd better do something or we're going to withdraw”, or where they've actually removed the funding. There were none, so apparently we don't have any problems and this is all some sort of weird conspiracy. I don't think you believe that, because you've intimated that there are some concerns and we need to deal with them.

Mr. Dade, if it's not this—and you've put forward what you think it should be—isn't it possible to actually have a process that would conform with the general architecture we're talking about? You have concerns about Bill C-300. Fine. But what about using this opportunity and this infrastructure to actually change it to adopt those principles you mentioned, to have EDC in the game, and to make sure that when Canadian companies go abroad, there isn't controversy?

Frankly, I think we're entering a time where litigation is happening anyhow. If we don't do something, we're going to be like big tobacco was, really. That's happening. It's already happening. You see it. Do you not see an opportunity here to actually take Bill C-300 and frame the architecture such that it would be helpful?

Mr. Carlo Dade: My coming to CSR—and I'm glad you brought this up—comes from the aspect of companies seeking to gain advantage by doing the right thing. So the companies I've worked with get it. The vast majority of companies get it. There are still some neanderthals out there who will never get it and, God willing, they'll soon cease to exist.

But I think the majority of companies do get it, and they want to work with something that would enhance their competitive advantage and make them more efficient and more effective. Also, I don't think that companies want to harm people. I don't think that anyone on Bay Street wakes up in the morning saying, “What small village in Guatemala can I harm today?”

• (1255)

Mr. Paul Dewar: We agree. But what happens when, due to unintended consequences, they do?

Mr. Carlo Dade: This is what we're getting to. I think that you have a moment. I think that both sides of the table are seized. I think you have everyone's attention and there's the opportunity to do this right, to do something that will....

In the end, you really want to improve conditions on the ground. You want Canadian companies to be more effective. You want them to be more efficient. But you want to improve things on the ground. And you have the opportunity, I think, to do that by looking at some of the suggestions.

I don't think you're going to get that with this and you're going to impose costs. So you have drawn attention with it, but should it go into law you're not going to have the resources to do it correctly. And we know why that is. I take the point.

Mr. Paul Dewar: But that can change with the stroke of a pen. It's an appropriation. If the government wants to, it can.

Mr. Carlo Dade: But you also have issues in terms of the materials that will be used to create the standards: the IFC policy, the performance standards, and global human rights, but also “any other standard consistent with international human rights standards”. That's a little broad.

If I were in the private sector, I would be taken with that: how can I be held accountable for actions I'm doing now before a standard that will be determined at some point in the future and could constantly change? These are the types of things that are worrying in terms of a policy perspective.

Luckily, you have a chance to do it right. I think you have people's attention and I think you have a consensus to move on something. I would seize the moment and look at doing something—

Mr. Paul Dewar: I just have one last question.

For the record, though, there is a period in the bill to bring the principles we're talking about into force and to make sure we have this right. I think that's important. It wasn't to impose the principles, but there was period in which we could work with industry and players to have these brought into force. It's not a matter of, boom, here it is. I think that's important.

Mr. Carlo Dade: Point taken.

The Chair: Thank you, Mr. Dewar.

Mr. Paul Dewar: Thank you.

The Chair: We're going to finish off. Mr. Goldring has one question and Dr. Patry has one question. We need to wrap this up, because we have to talk about future business. It won't take too long for future business, but we need to come to some consensus.

Mr. Goldring.

Mr. Peter Goldring: Thank you very much, Mr. Chair.

Mr. Dade, in this paper, which I presume was by you, there's a comment where you observe that standards evolve.

We all want to improve and we look forward to standards eventually evolving. But there is a statement in here, which I presume is yours, about Bill C-300:

“...any other standard” is simply absurd. How would, or could, anyone deal with being held accountable now for a standard that...“will be determined later” and could constantly change?

Could you comment on that, please?

Mr. Carlo Dade: I think we just went over that, but it's a major concern. The reading of the bill by others—including outside of the

committee and outside of Ottawa, in the mining industry, and not just in Canada but also at the IFC and elsewhere—had quite a few of my former colleagues at multilaterals and elsewhere scratching their heads. It raised flags across the board.

The Chair: Thank you very much.

We'll have a final question from Dr. Patry.

Mr. Bernard Patry: *Merci beaucoup.*

Thank you very much, Mr. Dade.

I just want to pinpoint first, Mr. Chair, that Mr. Goldring cited some paper that was not distributed to all members. I just want to pinpoint that. We don't have it because it was just provided in English. As a francophone, I would also like to have it.

Mr. Carlo Dade: That's a public op ed, a public piece that we had out. It's available on the website.

Mr. Peter Goldring: [*Inaudible—Editor*]...for confirmation.

Mr. Bernard Patry: That's okay. I just wanted to say that.

I just wanted to tell you, Monsieur, that this goes back many years ago to when I was chair of the committee. At the time, we came out with what I thought was a very good report, and Mr. Martin came out with these round tables. As you said, the round tables were unanimous. The mining industry agreed with the round tables.

What has happened since is that we have changed governments, and the government has come out with the idea of having a counsellor. Do you really feel that a counsellor would do anything positive in the sense that because companies would need to get this money they would at least agree to work together? If they had simply created an effective ombudsman, with the power to intervene and investigate, we would not be in this situation today.

I have another question. You talk a lot about things being de facto. You see the companies as being bound de facto by the Equator Principles. But I thought the Equator Principles were a voluntary initiative.

● (1300)

Mr. Carlo Dade: They're voluntary until they're written into the covenants of the loans. They're voluntary in the sense that companies agree to use them, but when they do, they write them into the covenants of the loans. They will not lend for projects where companies do not have in place environmental, social, and human rights review policies. So the term “voluntary” has to be understood. The companies voluntarily agree to take them and agree to use them. When they do, they are bound by them in the projects and grants that they have.

The companies or people who are directly affected or directly impacted—not anyone who happens to walk in off the street—have recourse to procedures that are in place with the banks and with the companies to address this. That's part of the genius of the Equator Principles: the private sector taking this upon itself to implement it.

Again, there are some 40 banks and multilateral financial institutions and credit agencies—I forget how many—that are on board for this. It's an incredibly, incredibly effective tool that impacts everyone who is getting money from commercial capital markets, which impacts quite a few companies.

The Chair: Thank you very much.

Mr. Dade, once again, it was good to see you. Thank you for being here.

I'm going to dismiss you and keep all the members here so we can very quickly talk about how we're going to deal with some business.

Some schedules and agendas are being sent out. We need to talk about what it looks like over the next little while.

My suggestion is going to be, as you get the calendars, that we look at the possibility on the May 25, depending on the number of witnesses we have, of extending our meeting by an hour, and that we commit at least an hour to committee business. It looks as though we're going to have the Mexican President speaking in the House on May 27. We will not have a committee that day.

Then, my suggestion would be that we take some time on May 25, as a full committee, to discuss the agenda that's coming up in June. My thought is that if we end up with three or four witnesses, then I'm going to suggest to the clerk that we extend our meeting by an hour. So either we start at 10:30 and go to 1:30 or, if we have only three witnesses there, we could go from 11 until 12:30. Then from 12:30 to 1:30 we'd deal with committee business and come up with a schedule for the month of June.

I have some other suggestions on that. There's a possibility we could look at maybe doing something on the G8 on June 1 and maybe cancelling the meeting on June 3 meeting, because some people could be travelling, but that doesn't have to be the case. We could talk about that on May 25.

Madame Deschamps, you wanted to discuss the schedule, so I'd like to hear any thoughts you might have.

[*Translation*]

Ms. Johanne Deschamps: I would like some clarification. On the 25th, are you proposing a meeting of the steering committee or of the full committee? Are you proposing both?

[*English*]

The Chair: I'm talking about a full committee to discuss committee business.

[*Translation*]

Ms. Johanne Deschamps: Okay.

Even with President Calderón's visit on the 27th, nothing is preventing this committee from meeting. If the President comes to the House at 10 a.m. and speaks for an hour, we could fit a steering

committee meeting into the schedule. It is up to the committees but there is no obligation.

[*English*]

The Chair: By all means, we could talk about that on May 25. We've set aside at least an hour to talk about committee business. We'll also have to find out what's going on for May 27 and whether or not all committees are being cancelled.

[*Translation*]

Ms. Johanne Deschamps: I want to remind everyone that the Rights and Democracy issue has completely disappeared from the calendar. I do not know what has happened, because we had agreed on another meeting about it, but nothing is scheduled.

[*English*]

The Chair: Most definitely it will.

As a matter of fact, I sent a letter to Rights and Democracy this week through the clerk, who drafted it up, requesting the information again and also reminding them that the information needed to come. We also had a phone call from them indicating that they would have something for us. They have a couple of reports they're going to send.

We're going to take those, but there is still other outstanding information. My suggestion is that we need to try to deal with that within the June timeframe.

[*Translation*]

Ms. Johanne Deschamps: On the 25th, one part of the session could be a meeting of the steering committee and the other part could be a meeting of the committee itself.

• (1305)

[*English*]

The Chair: That's correct.

Mr. Dewar.

Mr. Paul Dewar: On that, I think we need to understand that the time for Rights and Democracy that was moved out of those two slots in May should be the first order of business in June.

I would also just like to confirm that this committee had asked for not just the Deloitte and Touche report but also the contracts and the costs to date. I think those are available from Mr. Latulippe. That was my understanding when I talked to him when he was here. That information could be sent to us ahead of the report from Deloitte and Touche, which I believe is going to be ready at the end of May.

Finally, I ask that we not just talk about the times for the Rights and Democracy report. I know that analysts have been seized with this and have been pulling it together, but I would ask that members of the committee, if they have recommendations, bring those forward so that we can actually do focused committee work.

At the end of day, we're trying to get a report done, and I would hate to see it languish any longer. I understand the limitations we've been seized with as a committee, and that's without prejudice.

So I would ask that we get all the requisite information, that as soon as we get it we send it to committee members, and that committee members send in recommendations they have to the analysts, so that when we're actually sitting down to look at the report and recommendations, we have that information.

The Chair: Paul, I have the letter I sent out that lists everything we talked about. When the information comes in we'll make sure it gets sent out immediately to the offices. We expect it at any time.

An hon. member: Unless it's in only one language....

The Chair: In which case we'll have to get it translated.

Go ahead, John.

Hon. John McKay: On May 25 you have five potential witnesses, one of which I think has already been a witness—the Chamber of Commerce. I could go back in my records.

I'm concerned about protecting that time because I want to go to clause-by-clause shortly thereafter. Will we still have a solid two hours for Bill C-300 on the 25th?

The Chair: Yes. We'll be a solid two hours and I'm suggesting that it'll probably be three hours in total so we can deal with committee business.

Hon. John McKay: So you're putting that on with committee business? Okay—

The Chair: Depending on the witnesses, we'll either go from 10:30 to 12:30 or.... We'll make sure we have enough time to cover committee business and hear all the witnesses. If we have five witnesses, we'll have to start at 10:30 in the morning. That would be my suggestion.

Hon. John McKay: Yes. Well, I don't know that you will, and a couple of them may come in from via video conference, which is always, as we can see, a bit a fun.

When will we have clause-by-clause?

The Chair: That's what we'll talk about on May 25. We have to determine what we're going to do in the first part of June and we are running out of time.

Hon. John McKay: We're running out of time—exactly.

The Chair: So we'll see you on the 25th. The clerk will send out the notice of whether the meeting will be three hours, two and a half hours, or two hours, but it'll be at least two hours for sure.

Thank you.

The meeting is adjourned.

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