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Chair

Mr. James Rajotte

Standing Committee on Finance

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• (1555)

[English]

The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)): I call this meeting to order.

This is meeting number 123 of the Standing Committee on Finance. Orders of the day are pursuant to the order of reference of Tuesday, May 7, 2013, a continuation of our study of Bill C-60, An Act to implement certain provisions of the budget tabled in Parliament on March 21, 2013 and other measures.

Colleagues, we're very pleased to have before us today the Honourable Jim Flaherty, the Minister of Finance, to discuss this bill.

Minister, I understand you have an opening statement, and then we'll have questions from members. Welcome back to the committee.

Hon. Jim Flaherty (Minister of Finance): Thank you, Chair.

It's good to be here with the finance committee and the members of the committee. This is a hard-working committee, of course, particularly with respect to budget preparation, and I thank all of you for that.

I'm always short, but I'll also try to be brief in my opening remarks.

Your work pre-budget and the report you wrote were an important part of the presentation of the budget this year, as it is most years. Your recommendations do inform the budget, and I include from the committee's report—because I looked to see—some of the things that ended up in the economic action plan of 2013, including establishing a long-term plan for infrastructure, reviewing the temporary foreign worker program, extending the mineral exploration tax credit, reviewing current tariffs on consumer goods, ensuring fairness and neutrality in the tax system by closing tax loopholes, and further strengthening Canada's manufacturing sector.

[Translation]

Secondly, I'd like to congratulate the committee on its recent study and its in-depth report on options intended to increase charitable donations in Canada by using tax incentives and other targeted initiatives. The recommendations in this report also greatly influenced the preparation of the 2013 budget.

[English]

I will continue, but I will not say all the things I was going to say because I'm sure some of it will come up in questions, and I know votes may interfere.

Canada has done relatively well. Let me speak about this context. I use the word “relatively”. The world has been through a difficult time, particularly the western industrialized economies, since what the economists are now calling the great recession of 2008-09.

We had been paying down public debt in 2006-07 and into 2008—about \$38 billion of public debt in Canada—in preparation for what was at that time the concern, quite frankly, which was more the American deficit and the accumulating public debt than it was Europe, although today perhaps the emphasis is more on the continuing recession in most of Europe.

In January 2009 we brought in the economic action plan, which was the budget of 2009, the earliest budget in Canadian history. It was a dramatic move toward stimulating the economy because of the fear that we had of very large unemployment and a deep, dark, prolonged recession.

The economic action plan worked. Canada came out of recession before any of the other industrialized economies. We were in recession for three quarters only. Our unemployment rate, thank goodness, never went into double digits.

Times remain challenging. I just came back from a G-7 finance ministers and central bank governors meeting 10 days ago in the United Kingdom. As I said, Europe has been in a prolonged recession. We're not out of the woods yet. There's a tension between some of the industrialized countries in the west—and I shouldn't just say the west because Japan is part of this—about spending more, stimulating more, more debt, more deficits, more perceived economic growth, and more printing of money, which is euphemistically called “quantitative easing”.

And then there are those of us who feel that the correct balance is what we tried to do in the budget this year in economic action plan 2013; that is, moving continually toward a balanced budget, which we will have by 2015, which was the plan from January 2009, while at the same time stimulating the economy in a few very important areas, which this committee has also highlighted from time to time—manufacturing through the accelerated capital cost allowance extension; infrastructure, which is vitally important to our communities and our municipalities in Canada; and skills training through the Canada job grant.

We feel we've hit the right balance, and we encourage our colleagues in the G-7 to follow that pattern.

•(1600)

The IMF recently remarked—and I'm quoting—“Canada is in an enviable position...[and] the policies that are being deployed are, in our minds, broadly appropriate”.

[*Translation*]

However, as our government has said over and over, we cannot let our guard down. As we are reminded too often, the world economy remains fragile. The United States and Europe, who are among our biggest partners, continue to face serious economic challenges. As it was noted earlier this month, the euro zone is now in the longest recession it has ever experienced, that is to say negative economic growth for six consecutive quarters.

In the middle of this economic and global turmoil, Canada must also face the reality of a more and more competitive world market, with the increased participation of emerging economies such as Brazil, India and China.

[*English*]

To build a stronger economy and produce increased job growth, the many positive initiatives contained in Bill C-60 include the major measures I've already mentioned with respect to manufacturers. There is also the indexing of the gas tax fund, which was a major pre-budget request of the Federation of Canadian Municipalities during our meetings with them, and I know the committee had the same experience. We are extending the mineral exploration tax credit. We know that sector of the Canadian economy has a lot of growth and is very important to Canadian economic growth overall. We are providing \$165 million in multi-year support for genomics research, \$18 million to the Canadian Youth Business Foundation to help young entrepreneurs grow their firms and their futures, and \$5 million to Inspire for post-secondary scholarships and bursaries for first nations and Inuit students.

Additionally, Bill C-60 brings forward many positive initiatives to support families and communities. Some of these are much less expensive than the major initiatives, of course: promoting adoption by enhancing the adoption expense tax credit; introducing a new first-time donor's super credit to encourage Canadians to donate to charity—that came in significant part out of the work done by this committee on charitable issues. We are expanding tax relief for our home care services, providing \$30 million to support the construction of housing in Nunavut, investing \$20 million in the Nature Conservancy of Canada to continue to conserve ecologically sensitive land, providing \$3 million to support training in palliative care for front-line health care providers, committing \$3 million to the Canadian National Institute for the Blind to expand library services for the blind and partially sighted, and supporting veterans and their families by no longer deducting veterans' disability benefits when calculating other select benefits. There are also many other initiatives.

I know you have had an opportunity to look at Bill C-60 carefully. I know some parts of the bill have been referred to other committees of the House of Commons. I emphasize to you the need for balance in the approach we take as a government. I can tell you that in international discussions I have had with my colleagues in finance and central banking around the world, Canada is well respected for

the way we have grappled with economic issues also facing other countries over the course of the past several years.

I am prepared to receive questions, Mr. Chair.

•(1605)

The Chair: Thank you very much, Minister, for your opening statement.

We'll start members' questions with Ms. Nash, please.

Ms. Peggy Nash (Parkdale—High Park, NDP): Thank you, Mr. Chair, and welcome, Mr. Minister, to the committee.

Of course, we're examining Bill C-60, which is another omnibus budget bill that affects about 50 different pieces of legislation. We've seen sections of this bill carved out and sent to other committees, although it will all come back here and we'll be voting on it—without having had the opportunity to hear witnesses' testimony or ask questions.

I want to ask you questions about two specific areas. First of all, part 3, division 17, gives the Treasury Board sweeping powers to unilaterally set the terms and conditions of employment for non-union workers and to impose a bargaining mandate on employees with a union. I'd like you to explain how allowing politicians to directly set wages and hours and perhaps even terminate employees is consistent with the independence of these crown corporations.

I just want to give you a couple of examples. Suppose a Bank of Canada economist publishes a research paper critical of the government's fiscal policy and the Treasury Board decides they want to cut that person's salary. Or suppose a CBC journalist publishes a story on the Senate scandal and the Treasury Board orders a reduction of that person's hours. These are scenarios that seem to be consistent with part 3, division 17.

I'm wondering if you can comment on the appropriateness of politicians making these decisions for independent crown corporations.

Hon. Jim Flaherty: Quite simply, this is a parliamentary democracy. This is not a dictatorship. Crown corporations have a certain amount of independence in certain matters, but they report to us as parliamentarians. They report to the government, which in turn reports to Parliament. There's a distinction between the independence in some areas and accountability. The CBC, Canada Post, all of them are accountable to the taxpayers of Canada. In other words, they can't just go do what they want with taxpayers' money, and that includes salaries and wages.

This makes it very clear in the legislation that they are accountable for their spending to Treasury Board, and through Treasury Board, of course, to the full Government of Canada and finally to the Parliament of Canada, including the House of Commons. This makes entirely good sense to me.

Ms. Peggy Nash: I question whether journalistic independence would be respected in the case of political decisions being made, and whether there are truly independent decisions that will be made at the Bank of Canada under that scenario. But I need to move on to a different section.

This is part 3, division 9, temporary foreign workers. Back in 2009 the government admitted that there were no provisions existing in the regulations to hold employers accountable for their actions regarding temporary foreign workers. Nothing was done in that regard for another three and a half years. Now we see HRSDC is suffering the largest job cuts of any federal department, with more than 3,800 workers affected. They've been delivered notices about their jobs.

Will these job cuts affect the department's ability to administer the temporary foreign worker program and the new powers they are given under Bill C-60?

•(1610)

The Chair: There's about one minute left for a response.

Hon. Jim Flaherty: The reductions of which you are speaking arise out of the deficit reduction program that the government has undertaken in the past several years. It is within individual governments and government agencies that adjustments are made. Indeed, adjustments were made in the Department of Finance. We reduced the size of the workforce in the Department of Finance. The Bank of Canada made adjustments at my request, as did the other crown agencies that report to me, as Minister of Finance, and to Parliament. We don't have any free agents out there doing whatever they want.

Ms. Peggy Nash: Excuse me, Mr. Minister. It's already clear that there hasn't been enough oversight in this program, and now this department is going to take a major hit in terms of loss of personnel. How can Canadians be assured that the temporary foreign worker program will not undermine the ability of Canadians to get available jobs and ensure that their rights are protected?

The Chair: Minister, a brief response, please.

Hon. Jim Flaherty: There will be adjustments to the program, as you know. Bill C-60 provides for that. The minister responsible was satisfied during the budget process that he had adequate resources to accomplish the goals.

The Chair: Okay. Thank you.

Thank you, Ms. Nash.

We'll go to Ms. McLeod, please.

Mrs. Cathy McLeod (Kamloops—Thompson—Cariboo, CPC): Thank you, Minister. I appreciate your opening statement.

I also need to reflect that I remember it was about this time last year when the finance committee was travelling, and in every meeting we went to, people were incredibly complimentary—Washington, New York—in terms of how Canada had seen itself through a very difficult time. I think perhaps we sometimes forget how fortunate we are in Canada in terms of the relative good health of both our employment numbers and our net debt to GDP.

Certainly, an important feature of that is, of course, our manufacturing industry. We know that about 1.8 million Canadians are employed in the manufacturing sector. Ontario, of course, took a significant hit during the global recession.

In this fragile economy, could you talk a little bit more about the beneficial measures in this bill in terms of our Canadian manufacturers and processors?

Hon. Jim Flaherty: This was a major issue during the preparation of the budget, and I don't mind saying that. The accelerated capital cost allowance is a temporary measure. The standard capital cost allowance in Canada, as you know, is 30%, and this accelerated capital cost allowance is at 50%.

I was looking for the numbers. It's \$1.4 billion in tax relief to manufacturers.

You're absolutely correct that the large concentration of manufacturing is in southwestern Ontario, and the recession struck that area of the country and that province hard with respect to the manufacturing sector. We thought it was appropriate to use some of the limited resources available to provide incentives, and to provide this major incentive in the manufacturing industry. It is supported, of course, by the Canadian Manufacturing Coalition.

But I have to stress that this is a very generous capital cost allowance at 50%, and it is not a permanent measure.

Mrs. Cathy McLeod: Thank you.

The next focus I would like to talk about is the common securities regulator, and I don't think it's a secret that we've been long looking to establish a security regulator in Canada. I see the legislation will extend the mandate of the Canadian Securities Transition Office by removing its statutory dissolution date. In other words, it seems clear the federal government is looking to move forward with this idea.

Could you explain why the creation of a common securities regulator in Canada is so important, and how the current plans relate to the Supreme Court of Canada's decision in December 2011?

•(1615)

Hon. Jim Flaherty: Sure.

I've been advocating a common securities regulator for a long time, with limited success.

The Supreme Court of Canada said two primary things, on my reading of their judgment, among other things. That is, all of us should cooperate, the provinces, territories, and the federal government; that we all have constitutional responsibilities in the area of securities; that the federal government has a systemic responsibility for systemic risk across the whole country, in terms of the securities market; and that the provinces, if I may use imprecise language, have day-to-day regulatory responsibilities.

We have tried greatly and repeatedly to get the majority of the provinces with large populations—and smaller populations for that matter—to join with us in a joint regulator. This is not a federal regulator. This would be a joint Canadian regulator, similar to the Canada Pension Plan, where the provinces and the federal government would delegate power or jurisdictions. This, among other things, would get over any legal jurisdictional arguments, because we would voluntarily delegate.

We've been unable to reach that kind of consensus. Now what do we do? We're faced with the reality that the Supreme Court of Canada has told the federal Parliament that we are responsible systemically for the system. What will happen when the next crisis happens will be that, again, the provinces will come to Ottawa to ask to be bailed out, like they did with the non-bank backed asset-backed commercial paper several years ago.

We feel we have to act; otherwise we will not be following the directions of the court. We will, if we have to, create a federal securities regulator to deal with those areas of jurisdiction the Supreme Court of Canada told the federal Parliament that it has.

The Chair: Thank you.

Thank you, Ms. McLeod.

We'll go to Mr. Brison, please.

Hon. Scott Brison (Kings—Hants, Lib.): Thank you, Mr. Chair.

Minister, today the committee received a letter from the president of the CBC where he essentially threatens to sue the government if C-60, your budget bill, passes as is. He says that your budget bill “would reduce the independence that is critical to our operation” and that:

This could potentially embroil the government, our Corporation, and its unions in litigation, a result that could be avoided with an amendment that protects that independence.

Would you support an amendment to your budget bill that protects the independence of the CBC and avoids a court battle between the government and the CBC?

Hon. Jim Flaherty: No. The reason for that is what I already expressed, and it's in response to Ms. Nash.

The CBC may think it's a special, independent part of a crown agency. Some other crown agencies seem to have this idea. This is wrong. All crown agencies have a responsibility through ministers back to Parliament and to the people of Canada. They can't just do whatever they want, particularly with taxpayers money. CBC receives large amounts of federal taxpayers money every year, and they must be accountable for it, and I'm not saying they do, but they can't pay their executives and pay everybody else whatever they want to pay them. It has to fit into the larger picture.

Hon. Scott Brison: Minister, some will see this not as an issue of accountability of the CBC but of your ideological view of public broadcasting in Canada. But we must move on.

You've said that iPods will remain exempt from tariffs under tariff item 9948. CBSA is now telling importers that products under item 9948 require end-user certificates to be eligible for the tariff exemption. Importers are telling us that collecting these end-user certificates is not practical. Can you confirm if the tariff exemption for iPods under item 9948 will depend on a requirement to collect end-user certificates? Yes or no.

Hon. Jim Flaherty: You're talking about a process problem. Substantively there is no tax on iPods. End-user certificates have been required for a long time on a large range of products. Some vendors have obeyed the law and some haven't. And some who haven't obeyed the law found themselves in some difficulty. That's what happens.

Hon. Scott Brison: On the broader issue of tariffs, your budget says that some tariff reductions in this bill will “lower prices for Canadian families”—that's on page 223—“...help sustain a higher quality of life for hard-working Canadian families”—that's page 9—and “help reduce the gap in retail prices that Canadian consumers pay compared to those in the U.S.”

Your budget actually increases tariffs by \$250 million; that's the net increase. Do you accept, based on the logical corollary of your own words, that the tariff increases in budget 2013 by rate will, one, raise prices for Canadian families, two, reduce the quality of life of hard-working Canadian families, and three, help increase the gap in retail prices that Canadian consumers pay compared to those in the U.S.?

• (1620)

Hon. Jim Flaherty: Not surprisingly, I entirely disagree with all three. Two different things are going on here. The Senate did a study at my request to look at the retail price differences in Canadian retail outlets compared to American ones. And I'm sure you've heard demands from your constituents on this subject as well. They want to know why, and I don't blame them. The Senate undertook a study, made certain recommendations, and we decided to follow up on a couple of the recommendations as a test case. We want to see if prices will go down.

The Retail Council of Canada thinks so. They've probably given the same evidence here as they've said to me about the fact that they want to examine the situation. They think prices will go down by these tariff reductions. We'll see. We're going to watch carefully in the next year.

The other thing you're talking about is the preferential tariff for goods from certain countries. It comes from the 1970s. It was designed as a foreign aid project. We still had China on the list. If you think Canadian taxpayers should be subsidizing goods coming to Canada from China, I beg to differ.

Hon. Scott Brison: Minister, if you were really interested—

The Chair: Very briefly, please.

Hon. Scott Brison: If you were really interested in reducing the tax burden on Canadian families, you could have made these revenue neutral by reducing other taxes.

The Chair: Okay. Thank you.

Hon. Scott Brison: Instead, this bill—or your budget—actually increases tariffs on Canadian families by \$250 million net.

The Chair: Thank you.

A brief response to that, Minister.

Hon. Jim Flaherty: We're not interested in subsidizing countries that are developed and selling their goods to Canada.

The Chair: Thank you.

Thank you very much, Mr. Brison.

Mr. Adler, please.

Mr. Mark Adler (York Centre, CPC): Thank you, Mr. Chair.

I want to thank you, Minister, for being here today. I know your time is very limited, so thank you for appearing before our finance committee today.

I just want to let you know that in the riding of York Centre I conduct numerous round tables—with individuals, with business leaders, and with associations and organizations—and I have heard nothing but praise for this budget, particularly in the area of creating a fair and neutral tax system. The closing of a lot of the tax loopholes has been met with a lot of praise, as has the extension of the accelerated capital cost allowance, because people recognize the stimulative effect of the ACCA. It's very beneficial to business. Also, certainly, on the super credit for first-time charitable donors, a lot of people see that as encouraging, trying to create a culture of younger people donating and getting into charitable giving.

I want to talk to you specifically about the price gap between Canada and the United States. You indicated in previous answers about the Senate and their study that they seemed to reach the conclusion that it was largely a result of tariffs. In the budget, you have taken the initiative of lowering tariffs on a number of important items, including baby clothing and sports equipment. As the father of twins, I thank you, because I have to buy everything twice, so the baby clothing and the sports equipment initiative is much appreciated.

But let me just ask you this. This is a test case, which you have indicated. How will those prices be monitored going forward—

The Chair: I'm sorry, Mr. Adler, but the bells are ringing.

As members know, I need unanimous consent of the committee to continue. I'm going to recommend that we continue as long as we can with questions to the minister, and then we'll go to vote. My understanding is that it's a 30-minute bell.

Do I have unanimous consent?

Some hon. members: Agreed.

The Chair: Thank you.

Please continue, Mr. Adler.

Mr. Mark Adler: How will these in fact be monitored, Minister?

Hon. Jim Flaherty: We're going to do it with consumer groups, including the Retail Council of Canada, and follow up with them. Of course, we'll report back. We have a duty to report back, which we will do in the budget next year, and maybe that will make more changes to make it more effective, depending on what the retail experience is for Canadian consumers.

I welcome Canadian consumers to let all of us, as members of Parliament, know how we're doing with this. We'll see whether baby clothes become less expensive on a retail basis, or sporting equipment.

I congratulate you on the twins. It's 22 years too late for our triplets.

Voices: Oh, oh!

•(1625)

Mr. Mark Adler: Thank you.

Minister, you recently wrote an article in *The Globe* discussing why the general preferential tariff is being scrapped for 72 countries and how it was initially set up as a foreign aid program. You indicated in the 2012 budget that you were going to be proceeding down this path, and you called for consultations. Consultations were held at the end of last year. Hundreds of groups appeared in the consultation process. However, I would add that neither the NDP nor the Liberals had any representation in the consultation process.

I would like to ask you why it's important to eliminate the general preferential treatment for 72 of these countries. Perhaps you could expand on that.

Hon. Jim Flaherty: Well, it's because they've gotten themselves into a position—and this is good news—through their own economic development, their own economic growth, where they no longer require this form of foreign aid from Canadian taxpayers. This includes, of course, China and South Korea.

We did consult. I thank you for all the consultation work that I know you do as the member for York Centre, particularly on economic and fiscal matters. This is supported by the Canadian Manufacturers & Exporters, because preferences to these various countries that are now developed significantly economically is a negative for our own manufacturing sector in Canada.

Mr. Mark Adler: In terms of creating fair—

The Chair: You have about 30 seconds.

Mr. Mark Adler: Thirty seconds? Okay.

Could you just talk a bit about eliminating tax loopholes and why it's important?

Hon. Jim Flaherty: Yes. It is becoming more and more of an issue. We eliminate some every year, but I do not underestimate the skill of people who work on Bay Street—as Mr. Brison used to—in finding ways around the rules.

We work at it. The people and my officials are here, if you want to get into specific tax loopholes. Some of them are very complex. They all have esoteric names, so one is not really supposed to know what's going on. We have various tax havens around the world. The OECD took a leading role on this at the G-7 meeting we just had in the U.K. The ministers, all of us, had a detailed discussion about doing more together on tax loopholes.

One of the challenges we have, of course, is arbitrage, that companies are free to move around the world in terms of where they choose to pay tax, or they pay some here and some there, and so on. We need to coordinate our efforts internationally.

The Chair: Great. Thank you.

Thank you, Mr. Adler.

[Translation]

Mr. Caron, you have five minutes.

Mr. Guy Caron (Rimouski-Neigette—Témiscouata—Les Basques, NDP): Good afternoon, Minister.

I'd like to come back to the issue of securities regulation. You spoke of the Supreme Court's decision, and you mentioned the fact that the Supreme Court has said that the federal government still has responsibilities with regards to systemic risks. Furthermore, I would like to quote the Supreme Court's decision: "The proposed Securities Act represents a comprehensive foray by Parliament into the realm of securities regulation."

It is clear that the provinces, including Quebec, Alberta, and British Columbia, want nothing to do with a single organization regulated by the federal government or on the federal level. It is also clear that the provinces wish to work together; at least, 9 of the 10 provinces want to work together. Indeed, they've created a passport system that would allow them to more easily establish the goals of pan-Canadian securities regulation. Why stubbornly insist on going in this direction when the provinces are ready to work together? Why insist that the federal government should hold the reins, rather than work with the provinces who wish to do so? It seems to me that the vast majority of them want to now.

Hon. Jim Flaherty: We want to work with the provinces, and we respect their constitutional jurisdiction in this matter. However, Quebec's provincial government must also respect the Government of Canada's constitutional jurisdiction as regards systemic risks, which the Supreme Court recognized a year ago.

•(1630)

Mr. Guy Caron: I would submit, however, that Quebec's government did accept it, as did Alberta's government and that of British Columbia. Currently, they are working together to create a passport system that would grant instant accreditation to all securities brokers, to all portfolio managers, etc. The provinces are therefore ready to work with the federal government in implementing these goals now.

One thing is causing a problem, and that is the federal government's will to establish a transition office to an organization under its responsibility. This blocks its implementation. Why not change course, and extend its hand to the provinces, who have already done a great deal of the groundwork, rather than stubbornly insist on creating a Canadian securities office?

Hon. Jim Flaherty: That's not a new challenge. When I was Ontario's finance minister, 12 years ago, I held discussions with Quebec's finance minister, who is now Quebec's premier. There was no agreement between Ontario and Quebec. It's the same situation now between Quebec and Ontario. I'm familiar with it.

Mr. Guy Caron: It's not just Quebec, it's also Alberta and British Columbia. Currently, 9 out of the 10 provinces work together. In order to move forward, it would be much easier to use the criteria that the provinces are working on establishing, rather than imposing the federal government's vision from on high.

[English]

Hon. Jim Flaherty: This is the problem. We want to have a common securities regulator in Canada. We are the only major

industrialized country in the world that does not have one. This does create risk for people in Canada. We need to fix the risk.

Right now the de facto national securities regulator in Canada is in Ontario. It's called the Ontario Securities Commission. The Ontario government, of whatever stripe—Conservative, Liberal, whatever—has not agreed to accept the passport system. That has been true now for 15 years or so. That dog won't hunt, so we have to come up with something else.

The Chair: You have one minute.

[Translation]

Mr. Guy Caron: I have time to ask you one last question, Minister.

I would like to come back to this question of eliminating the tax credit for the worker's fund, Fonds FTQ. This is not in Bill C-60, but it is in the budget. It seems that you have set a deadline of May 31 of this year for consultations with different groups. All the groups that we have heard so far on this question have been opposed to this decision, especially associations representing private venture capital corporations.

The gradual elimination of the tax credit will only start in two years. Why then impose such an early deadline of May 31 for consultations on a subject that is so important and controversial?

[English]

Hon. Jim Flaherty: Many of the things that are in budgets from year to year are controversial. That should be of no surprise.

We think that consultation time is adequate. It's more than several months of consultation. I find these consultations tend to go on indefinitely if there isn't some sort of deadline for them. We used to write essays in university, and if there was no deadline they didn't get done until the last moment.

That's why we have a deadline for consultations.

The Chair: Thank you.

Thank you, Mr. Caron.

Mr. Jean, please.

Mr. Brian Jean (Fort McMurray—Athabasca, CPC): Thank you.

Thank you, Minister, for your appearance today.

Recently the CBC indicated that youth unemployment could cost our economy \$23 billion in the next 18 years. Workopolis has indicated that 31% of all employers polled suggest that the people coming forward from universities are unprepared or very unprepared to enter the workforce.

I know we've done a lot, Minister, in preparing youth. I recently met with some EU parliamentarians who were suggesting that depending on the country, anywhere from 20% up to 60% of the youth in Europe were unemployed. I know our rate is 13% or 14% and holding fairly steady at that. It's one of the lowest in the world, certainly within the G-20.

But since 2006 we've helped 2.1 million youth get employed. We have an economic action plan of 2013 that has several measures, including the \$70 million to support 5,000 more paid internships, \$18 million to enable the Canadian Youth Business Foundation, and of course the recent announcement of 36,000 jobs for the Canada summer jobs program.

First of all, is this enough, Minister? What more can be done? How would you see the Canadian Youth Business Foundation helping youth enter the job market more effectively?

• (1635)

Hon. Jim Flaherty: We know that the job market is becoming more entrepreneurial. This is what the Canadian Youth Business Foundation is all about, and they're very successful at it. The foundation has worked with 5,600 new entrepreneurs. Since 2002 they've helped to create 22,100 new jobs across Canadian communities, producing \$157 million in tax revenue. That's why we wish to continue to support this organization, for the entrepreneurial side.

Overall, of course, we want to grow the economy of Canada. That's why we want to maintain that balance between working toward a balanced budget and getting there in 2015, so that we keep the top credit rating in the world. We'll keep the economic, fiscal, and investment respect of the world here in Canada, at the same time incenting those parts of the economy that need some help, including manufacturing, which should help young people get jobs in that sector.

Mr. Brian Jean: Minister, this would include business resources, start-up coaching, pre-launch coaching, financing for pre-starts, and mentoring generally?

Hon. Jim Flaherty: Yes, that's what it says right there.

Mr. Brian Jean: It does indeed. As you can tell, I'm reading it. I was so excited about it.

I see, in fact, Minister, that it's an emulation, I would suggest, of what's been happening in Alberta for the last 15 or so years, working with the high school students and youth coming out of high school and university. It seems to be a very successful program, because we do have one of the lowest youth unemployment rates in the country. I certainly think it's something that can be emulated in other parts of the country.

Do you see this being enough to move the youth unemployment rate down to a more satisfactory level, even though we're one of the lowest in the world?

Hon. Jim Flaherty: Well, regrettably, the modern-day youth unemployment rate always runs above the adult unemployment rate. This is true generally, and it's true in Canada as well.

I am worried—and this is one of the reasons for the job grant program—about the number of young people coming out of college training or university educated people who are having difficulty getting the first opportunity. That's why we brought in the internship program in the budget this year and increased the funding for apprenticeships. People need a chance to get in the door and to show what they can do. We'll watch those programs carefully in the next year. Hopefully they'll meet with success and we can do more of them.

The Chair: You have one minute.

Mr. Brian Jean: Minister, the knowledge infrastructure program, of course, was very popular across the country, and it's an unprecedented amount of investment in training for young people that we've done over the past few years. Do you see this as a serious and positive relationship with our government and the universities and colleges across the country in regard to being able to work together with the provinces to actually accomplish this goal?

Hon. Jim Flaherty: Yes, the knowledge infrastructure program that you're referring to as part of the economic action plan was incredibly successful. There was a buildup of work to be done at universities and colleges, and they were prepared to do it.

As you know, one of the goals back then in 2009 was to get the funding out the door as quickly as possible so that jobs would be created. The officials here in Ottawa did a great job, particularly at Treasury Board, and the universities and colleges did a great job. They were the best sector of the Canadian economy at getting the money out the door, using it for infrastructure that has long-term benefits and increasing employment.

The Chair: Thank you.

Thank you very much, Mr. Jean.

[Translation]

Mr. Côté, you have the floor.

Mr. Raymond Côté (Beauport—Limoilou, NDP): Thank you Mr. Chair.

Thank you for being here to answer our questions, Minister.

Mr. Flaherty, I would like to address the question of iPods and other music devices. You said that these devices benefited from a tax or customs duty exemption in the long term. Can you confirm that? If we talk about merchandise under tariff item number 9948.00.00, can you confirm that no custom duties will be imposed on MP3 players and other merchandise of this type in the future?

[English]

Hon. Jim Flaherty: I would never confirm anything indefinitely for the future. My crystal ball is too cloudy for that.

[Translation]

Mr. Raymond Côté: Let's say in the near future, then.

• (1640)

[English]

Hon. Jim Flaherty: We have no plans to do that. No.

[Translation]

Mr. Raymond Côté: You admit, then, that custom duties or other tariffs could be applied to this type of devices, through a preferential tariff for example.

[English]

Hon. Jim Flaherty: There's no intention to do so.

[Translation]

Mr. Raymond Côté: Just a moment, I perhaps misunderstood your answer.

There are tariffs on these devices. Does the government make money from these types of devices in this category?

[English]

Hon. Jim Flaherty: I don't know every device in that category. I do know that iPods are not taxed as long as the vendors follow the tax rules. They have to follow the Canada Revenue Agency rules, and end-user certificates are required. If they obey the law, then there's no tax. If they don't obey the law, then they can incur liabilities.

[Translation]

Mr. Raymond Côté: Yes, let's talk about certificates. Should we not be worried that so much information is collected for this category of materials?

[English]

Hon. Jim Flaherty: I'm going to ask my official to talk about end-user certificates, which are of limited interest.

[Translation]

Mr. Raymond Côté: Thank you.

[English]

Mr. Dean Beyea (Director, International Trade Policy Division, Department of Finance): Just to clarify, these iPods and MP3 players have been eligible to come in under this exemption. They're technically classified in an area where there is a tariff now, and they're subject to a duty-free exemption.

Nothing that's changed in the GPT will change that. They'll be able to continue to come in under the 9948 exemption.

[Translation]

Mr. Raymond Côté: It's like that, despite the fact that many countries have been excluded from the preferential tariff. Is that right?

I don't know if you understood my question well.

[English]

Mr. Dean Beyea: I'm sorry. Could you repeat the question?

[Translation]

Mr. Raymond Côté: Yes, of course. It's like that, despite the fact that many countries have been excluded from the preferential tariff, that is to say more than 70 countries, is that right?

[English]

Mr. Dean Beyea: Right. We've excluded 72 countries from the tariff, but regardless of whether these goods were coming from those countries or not, they were coming in duty free under this exemption for tariff item 9948 and they'll continue to be eligible to do that.

[Translation]

Mr. Raymond Côté: However—

The Chair: You have one minute left.

Mr. Raymond Côté: Thank you very much, Mr. Chair.

I will come back to a question that I already asked and for which I did not get an answer.

To be eligible for this exemption, information needs to be collected, and that is done through the retailers. Should we not be worried about the confidentiality of information gathered on consumers?

[English]

Hon. Jim Flaherty: Information gathered and remitted to CRA is kept confidential by CRA.

CRA collects a great deal of data, of course, that Canadians value as private, as their own personal information, that we, as a Parliament, have decided they should provide to CRA so that we have a reasonable tax base in our country and a reasonable revenue.

[Translation]

Mr. Raymond Côté: I am done.

Thank you.

The Chair: Thank you, Mr. Côté.

[English]

Mr. Van Kesteren, you have time for a brief round, please.

Mr. Dave Van Kesteren (Chatham-Kent—Essex, CPC): Thank you, Minister, for being here.

I want to talk to you about the gas tax, and the reason I want to talk to you about that.... You've been to Chatham—Kent—Essex and you know how flat Chatham—Kent—Essex is. You also know, I'm sure, how many bridges we have as a result of that. As a matter of fact, it's somewhat of a crisis.

I have to tell you that I had the opportunity to talk to city officials just the past week, and they are excited about the gas tax. They're excited that, first of all, in 2009 we doubled it, and then we made it permanent.

But there is something else that's taken place in this budget. I wonder if you could talk about the indexing of the gas tax and how that will affect municipalities like mine.

Hon. Jim Flaherty: As you said, I expect them to be happy, if not ecstatic. This is something the Federation of Canadian Municipalities and various individual mayors and councillors across the country, including some at regional government levels, were very keen on having. There had been no indexation to the gas tax fund transfer to the municipalities, and now it will be there.

As you said, we did make the gas tax fund permanent. Indexation is annual at 2%. Every time the fund reaches the next \$100 million threshold, it will be adjusted in that way. It will help them plan, but more importantly, on the infrastructure side, this is important for municipalities because it gives them certainty in planning.

We now have a 10-year program in place for when the current program ends, and they can plan their infrastructure over that period of time. They can enter into public-private partnerships using P3 Canada and their own provincial infrastructure agencies. These are tremendous opportunities for bridges, roads, and all sorts of public infrastructure that will help us grow the Canadian economy and create jobs.

•(1645)

Mr. Dave Van Kesteren: Really quickly, there is another item of interest in my riding. There has been some controversy over the clearing of land. Of course, that falls under the jurisdiction of private ownership; however, there is a small measure that you've also introduced in this budget, and that's the Nature Conservancy.... There is \$20 million that's been allocated to that organization.

Can you tell us how that may possibly benefit, again, the farmers in my riding who are trustees of this land?

Hon. Jim Flaherty: It helps them because the Nature Conservancy can work with them to make sure the appropriate trusts are arranged. It's not just in southwestern Ontario, of course. It's all across the country and it's in suburban ridings, too, in the greater Toronto area, where there are wetlands, and in other areas where the Nature Conservancy has acted successfully in cooperation with homeowners and farm owners, and so on, even including Whitby, Ontario, which I represent.

I have great confidence in their ability to work out solutions that are in the public interest with respect to environmentally sensitive properties.

Mr. Dave Van Kesteren: Thank you.

The Chair: Mr. Van Kesteren, I apologize for cutting you off. We will have to head to the vote.

Minister, I want to thank you very much for being with us here today and for responding to our questions.

Colleagues, and for the panellists who were to present, I will suspend the meeting and we will come back immediately after the vote.

Thank you.

•(1645)

(Pause)

•(1705)

The Chair: Colleagues, could I have you take your seats, please?

I apologize for the vote interruption. We have another vote tonight as well.

We're pleased to continue our study this afternoon of Bill C-60, An Act to implement certain provisions of the budget tabled in Parliament on March 21, 2013 and other measures.

We have five witnesses before us.

[*Translation*]

We now welcome Mario Albert, president and chief executive officer of the Autorité des marchés financiers.

Welcome.

[*English*]

We have the CEO of the Canadian Youth Business Foundation, Julia Deans. Welcome.

[*Translation*]

We also have with us here Alex Levasseur, president of the Confédération des syndicats nationaux.

Welcome.

[*English*]

From Genome Canada, we have the president and CEO, Mr. Pierre Meulien. Bienvenue.

And from the Nature Conservancy of Canada, we have the president and CEO, Mr. John Lounds. Welcome back to the committee.

You will each have up to five minutes for an opening statement, and then we will have questions from members.

[*Translation*]

We will start with Mr. Albert.

You have five minutes to give your presentation.

Mr. Mario Albert (President and Chief Executive Officer, Autorité des marchés financiers): Thank you, Mr. Chair.

I would first like to thank the Standing Committee on Finance for inviting the Autorité des marchés financiers to participate in your study of Bill C-60.

This afternoon, I would like to present our position specifically on section 133 of this bill. This section would indefinitely extend the mandate of the Canadian Securities Transition Office.

This office's mission is to promote establishing a national securities regulator in Canada. The office's activities are to come to an end in July. The Autorité des marchés financiers takes a clear stand on extending the Canadian Securities Transition Office mandate, we believe this extension is inappropriate.

In its December 22, 2011 ruling, the Supreme Court of Canada concluded that regulating securities is a matter of provincial jurisdiction according to the Constitution. Consequently, there are simply no grounds for extending the Canadian Securities Transition Office's mandate in order to create a national securities regulator that would involve the federal's government participation.

Beyond the constitutional issues, it is also important to note that currently the provinces are adequately regulating securities. In fact, we are convinced that creating a national securities regulator would be a step backwards from the current system. Creating a national regulator would inevitably standardize regulations, possibly on the basis of the interests of the sizeable market in Ontario.

However, securities markets in Canada are markedly different from one region to another. In order to be efficient and effective, the regulatory framework must acknowledge the differences. The current system does a very good job of this. It allows for a high level of harmonization while taking into account, when necessary, the specific needs of each region.

On the administrative front, over the last few years the provincial regulators have implemented a securities passport system. The system allows securities issuers looking for financing in a number of provinces to do so by communicating solely with the provincial regulatory authority where their headquarters are located. This system is efficient, effective and fast. It is not a costly collage as the promoters of a national regulator would say.

Overall, the provinces provide quality regulations of securities in Canada. A number of international studies confirm this. For example, the World Bank recently ranked Canada 5 out of 175 countries when it comes to protecting investors. The Organization for Economic Co-operation and Development, the OECD, ranked Canada second for its quality of securities regulation. In this context, one may want to know why the federal government is seeking to change a system that works well.

That being said, as the Supreme Court of Canada's decision reminds us, the federal government has a role to play in maintaining the stability of the financial system. This role is significant in the current international financial and economic environment. However, rather than try to interfere with securities and taking the risk of provoking more costly and unproductive legal challenges, I humbly suggest that the federal government focus its efforts on strengthening the cooperation between the different financial regulators while respecting their constitutional responsibilities.

The provincial ministers in charge of securities, with the exception of Ontario, recently asked their regulators if they had suggestions on how to improve the governance and operations of the Canadian securities administrators.

• (1710)

The Chair: You have one minute left.

Mr. Mario Albert: For the Autorité des marchés financiers, this work is important. We believe it is possible to continue to improve this structure, which already works very well and has proven successful.

Moreover, federal and provincial regulators already work together. The Autorité des marchés financiers works regularly with the Bank of Canada, the Office of the Superintendent of Financial Institutions and the Canada Deposit Insurance Corporation to manage files, and with the Royal Canadian Mounted Police on investigations. We also take part in the work done by the group of heads of regulatory agencies. Cooperation among regulators could be increased if this group's mandate were broadened and improved.

The Government of Quebec recognizes that financial stability is important. It has therefore already indicated that it would be open to cooperation with the federal government as long as its jurisdiction was respected.

The Autorité des marchés financiers is completely open to working in this direction. We believe that this approach is much more productive than extending the mandate of the Canadian Securities Transition Office.

Thank you.

The Chair: Thank you.

[English]

Next we'll hear from Ms. Deans, please.

Ms. Julia Deans (Chief Executive Officer, Canadian Youth Business Foundation): Thank you, Mr. Chair and committee members.

My name is Julia Deans, and I'm the CEO of the Canadian Youth Business Foundation.

We're a national not-for-profit organization. We were established in 1996 to help young Canadian entrepreneurs launch successful businesses. We have a successful track record of advancing economic growth by supporting young entrepreneurs as they build businesses, and also in developing the entrepreneurial skills that will help them in whatever career path they pick.

In brief, we help Canadians ages 18 to 39 develop a strong business plan; only 10% of them have one when they come to us. We then provide them with loan financing, mentors, business resources, and networks, to help them navigate the initial years of their start-up. We have seven offices coast to coast, and we work with over 200 community partners in more than 1,400 communities across Canada.

As the minister said, to date we've invested in 5,600 Canadian entrepreneurs and engaged 4,000 volunteer mentors to help them. These businesses have created 22,100 jobs and \$155 million in tax revenue. The federal government has been a key partner, and this budget will help more young entrepreneurs start more businesses.

I joined CYBF four months ago because I see it as a terrific model for building jobs and futures for young Canadians, with potential for much greater impact. We currently help probably 2% to 3% of the potential youth entrepreneur market, and our goal is to double that in the next five years.

In addition to helping young Canadians realize their entrepreneurial potential and building our economy, supporting youth start-ups responds to other economic challenges. One of these is youth unemployment, which currently sits at around 15%. That is twice the national unemployment average. Youth entrepreneurs create jobs for themselves and they also hire others. Harry Chemko, a young Vancouver-based entrepreneur, started his IT business with a \$15,000 loan from CYBF. He now has about 350 staff serving billion-dollar corporate clients worldwide, and he recently handled all of the merchandise for the Winter Olympics.

Another huge challenge is the expected retirement of 66% of our small business owners by 2016, according to the CFIB. This is particularly a problem for rural communities, many of which face the loss of businesses that are key to their vitality. It also drives up costs for everybody else. For example, a Nova Scotia government official told me that the shortage of HVAC businesses outside of Halifax means that every construction project requires Halifax-based technicians to travel and stay in hotels.

Youth entrepreneurs are well poised to succeed retiring business owners, but they need help to get launched. As you can suspect, the single biggest obstacle for new entrepreneurs is accessing sufficient start-up capital. This is really hard for young people in particular. They don't have assets to pledge as security for loans or the networks to tap into for funding.

Unlike banks, CYBF does not require collateral. We look at the young entrepreneur's character and at their business plan. The entrepreneur can receive a loan of up to \$15,000 from us. It's repayable over five years at rates slightly less than commercial bank rates, and interest only is payable in the first year. Based on our strong track record and the high repayment rate from our entrepreneurs, the Business Development Bank of Canada will extend a further \$30,000 loan, and then mainstream banks will take notice.

You can imagine that most entrepreneurs focus mainly on getting the money, but good planning, management, and advice are what mitigate their failure in the first few years. CYBF entrepreneurs call our full suite of pre-launch coaching, our two-year mentoring program, access to entrepreneurs and residents, networking events, and other supports the quadruple bypass surgery they didn't know they needed. This is what leads them to have higher success rates than the national average for start-ups.

In addition to our core major start-up program, we have several programs that are aimed at helping particular groups of entrepreneurs, including newcomers, transitioning Canadian Forces members, high-potential growth entrepreneurs in the innovation space, and those preparing for export. We also offer a stand-alone six-month mentoring program for young entrepreneurs who don't need financing.

Based on our track record, CYBF and Canada have been recognized as global leaders in advancing youth entrepreneurship. We represent Canada on a number of international alliances, including one that parallels the G-20. We are really proud to have been a trusted partner of the Government of Canada for the past 12 years, and we've successfully leveraged federal investments to attract additional funds from provincial governments and also from the corporate sector.

• (1715)

We truly appreciate the government's belief in us and the decision to invest \$18 million over the next two years to help more young entrepreneurs launch and succeed in Canada.

I very much appreciate the opportunity to speak with you about CYBF in person today. Thank you.

The Chair: Thank you for your presentation.

[Translation]

Mr. Levasseur, you have the floor.

Mr. Alex Levasseur (President, Syndicat des communications de Radio-Canada, Confédération des syndicats nationaux): Thank you.

[English]

Mr. Chairman, members of the committee, thank you for inviting us to have this discussion with you today.

[Translation]

Of course, we will be speaking about division 17, which amends the Financial Administration Act.

The Syndicat des communications de Radio-Canada represents about 1,700 CBC/Société Radio-Canada employees in Quebec and

Moncton, in the on-air and production staff categories in all cities. According to our submissions and to our analysis, the application of Bill C-60 contravenes the Broadcasting Act, simply by the fact that the government would be giving itself the power to intervene in production and finance, basically in the routine proceedings of CBC/Radio-Canada. The spirit of the law provides that the CBC must be able to act without interference from the government in order to protect its non-partisanship and freedom of expression, and that it is therefore in the public interest to preserve these basic principles.

CBC/Radio-Canada's *Journalistic Standards and Practices* state that:

We are independent of all lobbies and of all political and economic influence. We uphold freedom of expression and freedom of the press, the touchstones of a free and democratic society.

Did you know that all CBC/Radio-Canada employees are subject to a code of conduct? Policy 2.2.21 states the following:

This Code is subject to the Broadcasting Act, which protects the CBC/Radio-Canada's 'journalistic, creative and programming independence in the pursuit of its objects and the exercise of its powers.' This Code respects CBC/Radio-Canada's arm's length relationship to the government and the independence enjoyed by its employees in the exercise of their duties [...]

We are often told—and I heard it again this afternoon—that the government has the right to monitor how public funds are spent, because it provides funding to the CBC. This is both true and false. The CBC falls under the authority of the Canadian Parliament and not its executive branch. This crown corporation is accountable to Parliament through its five-year action plan and its annual report. This is what is stipulated in the Broadcasting Act. Parliament may also have the president of the board of directors and the chief executive officer report to members of the House. We believe that it is not in the public interest to have the government interfere in the everyday management of CBC/Radio-Canada.

We could look at what has been done at the British Broadcasting Corporation. A royal charter implemented a kind of trust with the following purpose:

• (1720)

[English]

As Trustees it is our responsibility to make sure that every pound of the licence fee works as hard as possible. One of the ways we do this is through a programme of in-depth value for money reviews carried out by the National Audit Office and other independent experts. We always publish these reports and explain how we plan to respond to the recommendations made.

[Translation]

The same independence—the concept of being at arm's length—also applies to France Télévisions. Professor Florian Sauvageau of Laval University and his colleague Pierre Trudel from the University of Montreal stated the following:

At first glance, the objective might seem legitimate, but submitting the CBC to the authority of the Treasury Board is a clear sign that it is, at worst, a reprehensible attempt to interfere and, at best, lamentable ignorance of the rules governing public broadcasting, whose founding principle is independence. Without administrative autonomy, it would no longer be an independent public broadcaster, but a state broadcaster, if not a "government" broadcaster.

Thank you.

The Chair: Thank you.

Mr. Meulien, you have the floor.

Dr. Pierre Meulien (President and Chief Executive Officer, Genome Canada): Thank you, Mr. Chair and members of the committee.

I will be making my presentation in English, but I would be delighted to answer questions in both official languages.

[*English*]

Genomics refers to both the science and the technology that helps us decode life based on the genetic information of all living things. This relatively young science is extremely powerful. It is already helping to save lives and combat disease, improve food safety and production to feed the world's growing population, and protect our natural resources from the effects of climate change, invasive species, and other threats. Moreover, the OECD predicts that the growing genomics-enabled bio-economy will represent over \$1 trillion by the year 2030.

Genome Canada is an independent, not-for-profit organization. We invest in large-scale genomics research projects and promote their applications to create economic wealth and social benefit for Canadians. Since 2000 the Government of Canada has committed \$1 billion to our mandate, and we have succeeded in leveraging this investment to secure another \$1 billion and more co-funding over the same period to support our programs. We work in close partnership with six regional genome centres and with the federal and provincial governments, academia, not-for-profits, and industry.

Part of our mandate is to provide leading-edge technologies to all Canadian researchers. Our investments have generated more than 10,000 highly skilled full-time jobs in Canada. We've created or enhanced 24 biotechnology companies, patented more than 250 inventions, and licensed many of these to the private sector.

The projects we support cover the entire spectrum of research, from discovery to applied, and our programs promote the translation of new knowledge into commercial opportunities, new technologies, applications, and solutions in key sectors of the economy, including health, agriculture, fisheries, forestry, environment, energy, and mining.

In all of our work we make it a priority to consider the economic, ethical, environmental, legal, social, and other challenges and opportunities related to genomics. We do this to help policy-makers, the public, and others understand the broader impacts of the science to accelerate its acceptance and the uptake of innovations into society.

The power and promise of genomics is accelerating. The cost of DNA sequencing of a whole human genome is one millionth of what it was 10 years ago, and the time to do this has gone from years to just a few days. Genomics is making knowledge of the biological basis of life so accessible that many sectors are embracing it, and the results are transforming our industries and society at large.

For instance, in the agrifood sector, genomics is making food safer and more secure, and improving agricultural productivity with

heartier, more nutritional crops and improved livestock herds. In forestry, genomics is helping to protect against pest infestation, improving wood quality and growth rates, and helping to expand the sector from traditional pulp, paper, and lumber to include higher value-added forest products.

Genomics is driving a more evidence-based, cost-effective health care system. We are expecting major breakthroughs over the next few years related to epilepsy, autism, schizophrenia, cardiovascular disease and stroke, cancer, rare genetic disease, and many inflammatory conditions.

Canada is beautifully positioned to reap the benefits of this new technology, notably because of the world-class research capacity and technology that has been created here over the past decade through sustained and focused federal investments. We were very pleased, therefore, to see the government's ongoing commitment to Genome Canada with the allocation of a further \$165 million announced in the 2013 budget to support our multi-year strategic plan.

With this new funding we will enhance our partnership activities and connect ideas and people across the public and private sectors to find new users and applications for genomics. We will attract greater investment in genomics research from a broad range of stakeholders, in particular, the private sector. We plan to leverage the \$165 million to enable more than \$440 million to be invested in Genome Canada programs over the next few years. We will continue to invest in large-scale science and technology to fuel innovation, and we will translate discoveries into applications to maximize impact across all sectors.

Canada's future in genomics is bright.

Genome Canada would like to thank the committee members for your time and consideration.

• (1725)

The Chair: Thank you for your presentation.

Now we'll hear from Mr. Lounds, please.

Mr. John Lounds (President and Chief Executive Officer, Nature Conservancy of Canada): Thank you, Mr. Chair.

On behalf of the Nature Conservancy of Canada, thank you to the members of the committee for inviting us to present today.

I'm very grateful to have the opportunity to appear before you to discuss the \$20 million allocated in this year's budget, funding that will assist the Nature Conservancy of Canada to continue delivery of the natural areas conservation program. We thank the government for its continued support of the program. This investment demonstrates the government's confidence in our ability to deliver results efficiently and effectively.

In the brief time I have before you this afternoon, I'd like to tell you about, first, the impact of the natural areas conservation program; second, the conservation results we'll deliver with the new allocation of \$20 million; and finally, our vision for a sustained future for the natural areas conservation program.

The natural areas conservation program is a Canadian success story. Launched in 2007 with an initial investment by the Government of Canada of \$225 million, it is the largest commitment by any Canadian government to the conservation of natural spaces through the protection of private lands.

The Nature Conservancy of Canada has been proud to lead the program, working closely with partners across the country. Through the power of partnership, we have leveraged federal funding. Working with our partners at Ducks Unlimited Canada and 17 local land trusts, we have more than matched every dollar of federal money with funding from other sources.

Our donors and partners enjoy knowing that their contributions provide a multiplier effect toward our common mission of land conservation.

The program set ambitious goals at the time: to conserve 500,000 acres of ecologically sensitive land across the country. To date, it has more than surpassed those goals, having conserved more than 835,000 acres and supported habitat for over 140 species at risk. And we're not done yet.

The program is delivering measurable results and maximum value for the taxpayer dollar. The Nature Conservancy of Canada achieves those results through market-based approaches. We're in the business of building positive relationships with the public and private sectors. We work only with willing landowners to achieve results that are mutually beneficial, and we are constantly looking to provide opportunities for private sector partners who are keen on sustainable development.

The Nature Conservancy of Canada's work is mainly focused on southern Canada, where private ownership dominates the landscape. This is where 90% of Canadians live, work, and play, and where you also find more than 80% of terrestrial and freshwater species at risk. These are some of the most economically and ecologically important lands in the nation.

Despite the challenges of working to conserve a natural environment faced with competing demands for human settlement, economic growth, and outdoor recreation, we've been successful because we recognize that Canada needs both environmental conservation and development.

The natural areas conservation program is a model that is well regarded because it focuses on win-win solutions for the environment and the economy.

The \$20 million allocated in the budget will help us to extend the natural areas conservation program for another year. We will continue to leverage the program with the target of raising an additional \$2 for every \$1 of federal funds allocated. Our conservation planning is already under way, and with this renewed funding we will conserve at least another 50,000 acres of federally and provincially significant lands, including native grasslands, wetlands, forests, and coastlines. We will expand our network of protected habitats for species at risk and engage more Canadians in communities across the country in the mission of conserving our natural heritage.

An independent evaluation completed in June 2012 concluded that the natural areas conservation program was delivered effectively and efficiently. It also concluded that there is a demonstrable need to promote private land conservation in southern Canada.

The \$20 million extension provided in this budget is an important step toward continuing to meet that need, but there is much more to be done. Working together, the public and private sectors can achieve great results in protecting our natural heritage through the framework of the natural areas conservation program, and we believe that the impact of the program will continue to be of great value to all Canadians.

To that end, we encourage the government to consider the longer-term recapitalization of the natural areas conservation program. We also request that the committee approve this budget provision. The investment you make in the natural areas conservation program today will pay dividends for years to come.

Thank you, and I look forward to your questions.

• (1730)

The Chair: Thank you for your presentation.

Colleagues, as you've noticed, we have bells again. They are 30-minute bells. I'm going to ask for the unanimous consent of the committee to continue, and I'm going to recommend we try to get in at least four rounds of questions.

If you want to split your time, let me know.

We'll start with Mr. Rankin, for your round.

[Translation]

Mr. Murray Rankin (Victoria, NDP): Thank you, Mr. Chair.

First, I would like to thank the witnesses for their presentations.

I will start by asking Mr. Levasseur a question.

[English]

You spoke in your presentation about the collective agreements at Radio-Canada and the CBC, and you said they're not just about wages and benefits, but clauses are included that would help ensure journalistic integrity at our largest journalistic organization. You also talked about the code in your presentation.

I understand there are conflict of interest rules and rules to ensure that journalists are protected from political and other interference, so they don't fear retribution in doing their job and reporting the news.

What are your suggestions on how we can amend Bill C-60 to ensure that Radio-Canada and the CBC can have control over these types of clauses in the collective agreements?

[Translation]

Mr. Alex Levasseur: Thank you for your question.

In fact, our request is relatively simple: you should have the aspects that concern division 17, which amends the Financial Administration Act, withdrawn from Bill C-60, which you are currently studying. We believe that at the very least the Canadian Broadcasting Corporation should not be affected by this change. I don't think it's appropriate, in the name of journalistic independence, a principle that you know, to allow this type of specific and very detailed intrusion by the executive, in other words by any government, in the running of the CBC. We feel that enough controls have been in place for a long time. Every year, Parliament receives the CBC's updated five-year plan and their annual report. Parliament can question the president and CEO and the chair of the board of directors. Furthermore, it is also Parliament, and especially the government, that appoints the president and CEO of the CBC and the chair of its board of directors.

The CBC is also subject to conditions set out by the Canadian Radio-television and Telecommunications Commission, the CRTC, which issues licences. Moreover, we just had a very long conversation with the CRTC about the renewal of the CBC's licences last November. Its decision should be made very soon.

I therefore think there is a whole monitoring environment that allows Parliament to know in enough detail what is happening in terms of the CBC's major objectives. It is not necessary to go into detail, which is what we have the impression the government currently wants to do.

• (1735)

[English]

Mr. Murray Rankin: If I understand it correctly, under Bill C-60 Treasury Board can change the bargaining mandate of the CBC and it can force the CBC to violate the existing labour law.

If they did so, what recourse would employees have? Under the law, the remedies that used to exist under the labour law will no longer be available. Is it as simple as that?

[Translation]

Mr. Alex Levasseur: It makes things much more complicated, of course. I am currently negotiating the renewal of our collective agreement. I am at the bargaining table, and the CBC has undertaken discussions with us. You can imagine the difficulty of having someone who makes decisions above the CBC and imposes them on it. That can compromise the ability to bargain in good faith on both sides. Bargaining, as you know, involves an exchange between the two parties. If we cannot obtain that, bargaining will go in circles and will lead us pretty quickly to problems, and maybe even to conflicts that will be just about unsolvable. That's how things can be perceived.

[English]

The Chair: You have 30 seconds, Mr. Rankin. Please be very brief.

Mr. Murray Rankin: I'll ask a question in the very short time available to Mr. Albert about what steps, if any, has the Autorité des marchés financiers taken to dissuade the federal government from moving into this transition office. Have you had a meeting?

[Translation]

The Chair: Can you provide a very brief answer, please?

Mr. Mario Albert: I am sorry, I didn't understand your question. Could you repeat it, please?

[English]

Mr. Murray Rankin: I just wanted to ask if the Autorité had a meeting with the federal government to discuss the concerns you've raised with us. If so, what was their reaction?

[Translation]

Mr. Mario Albert: There was no meeting between Quebec and the federal government. The Quebec government obviously has the responsibility to negotiate with the federal government. Our organization is a regulator, and this afternoon, I presented the Autorité des marchés financiers' point of view.

The position of the Quebec government is clear: it is very open to working with the federal government as far as managing systemic risks and financial stability is concerned. I believe that the Quebec government and the Autorité des marchés financiers have a similar perspective: we must work together on this plan. It is extremely important for both Quebec and Canada.

Furthermore, as far as proposals for cooperation on the implementation of a common structure are concerned, unfortunately, I don't think there is a great deal of communication or openness in this regard. I believe this is true both for the federal government and for the Quebec government.

[English]

The Chair: Merci.

Thank you, Mr. Rankin.

Mr. Saxton, it's your round for five minutes.

[Translation]

Mr. Andrew Saxton (North Vancouver, CPC): Thank you, Mr. Chairman.

I thank the witnesses for being here today.

First of all, I have some questions for Mr. Albert, of the Autorité des marchés financiers.

[English]

As I spent 20 years in the financial services industry, I know something about the subject of securities regulation. I understand you don't think Canada needs to improve our securities regulation. Just about every international independent organization doesn't agree with you, including the OECD and the IMF.

I want to read to you a quote from the OECD:

Securities markets [in Canada] are highly fragmented, with 13 provincial and territorial regulators responsible for only loosely coordinated supervision.

A single national regulatory and enforcement body would greatly increase the attractiveness of listing in Canada by both foreign and domestic firms.

Mr. Albert, why is it you do not agree with the OECD? Why is the OECD saying these things if they are not correct?

• (1740)

[Translation]

Mr. Mario Albert: I also agree that we have to improve financial regulation in Canada. I think this is an ongoing exercise and that all of the regulators in Canada are continually trying to improve the regulation. The only problem is that Canada is a federation that has a Constitution, and this Constitution gives provinces the constitutional responsibility of managing securities.

Having said that, as far as next steps go, if we want to improve the system, the challenge for the federal government is not to set up a national commission, which unfortunately is contrary to the Constitution. The challenge is rather to work with the provinces and to promote a collaborative entity that would allow for the achievement of both federal and provincial objectives at the same time.

Moreover, I believe that the OECD representatives felt that the regulations needed improvement. The IMF made similar comments. We are of the same opinion. However, are these organizations proposing to amend the Constitution? If so, I would argue that that, unfortunately, is a dead end, because it is a solution that is not achievable at this time.

We want to improve the regulation. The Autorité des marchés financiers wants to do so, and all of the Canadian regulators with whom we work want to do so as well. However, we must never lose sight of the Supreme Court decision which said that the regulatory framework for securities is a provincial responsibility. This is one aspect that cannot be ignored.

[English]

Mr. Andrew Saxton: You yourself have referred to the Supreme Court of Canada's decision of December 2011 that says the federal government has a role in securities regulation regarding matters of genuine national importance and scope, including maintaining the integrity and stability of the financial system, preserving fair, efficient, and competitive national capital markets, and preventing and responding to systemic risks such as those posed by over-the-counter derivatives. You yourself have acknowledged that. How can you then object to the federal government proposing legislation to carry out those very responsibilities that the Supreme Court says are within the federal jurisdiction?

[Translation]

Mr. Mario Albert: I may surprise you, but I totally support the Supreme Court decision. The federal government does indeed have a role to play in terms of systemic risks, criminal law and competition. There is no problem there. However, the Supreme Court decision does not give the federal government the responsibility for the day-to-day regulation of securities.

Within this context, if the federal government and the provinces want to play their respective roles as defined in the Constitution, the only way to do so is to set up a collaborative structure. It is in fact mentioned in the Supreme Court decision. In Quebec, we are prepared to do so, as long as Quebec's jurisdiction over securities is respected.

[English]

The Chair: One minute, Mr. Saxton.

Mr. Andrew Saxton: The Minister of Finance was here prior to you arriving. He said this would be a voluntary regulatory board. Why would you not agree to join this regulatory board?

[Translation]

Mr. Mario Albert: We will have to see how this volunteer board will work. Unfortunately, we will not be able to support it if, in the end, it is a single securities act that allows the federal government to indirectly control legislation. Practically speaking, that would mean the government would indirectly be doing what the Supreme Court ruled it could not do.

I want to repeat that the day-to-day regulation of securities falls under provincial jurisdiction. The federal government obviously has responsibilities that will impact securities regulation. For example, we believe federal responsibilities regarding systemic risks are limited to certain areas, such as clearinghouses. In fact, the federal government is already involved with the Canadian Derivatives Clearing Corporation through the Bank of Canada.

• (1745)

[English]

Mr. Andrew Saxton: One question: do you not agree that the purpose is to protect the investor and that this would better protect the investor? That is the sole purpose of the—

The Chair: Okay, we're over time here.

[Translation]

Could you answer very briefly, please?

Mr. Mario Albert: We are completely committed to protecting investors in Quebec. Again, we do not question this objective; rather, it is the way it is being done. Everything is on the table and anything can be discussed as long as the jurisdiction of various governments is respected.

[English]

The Chair: Okay, merci.

Thank you, Mr. Saxton.

Mr. McCallum, please, for your round.

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

[Translation]

I would like to welcome all of our witnesses.

I will start with a question for Ms. Deans.

[English]

I was very impressed by your account of all the measures you've taken to create youth entrepreneurs, especially, as you say, with youth unemployment twice the national average, around 15%. As my colleague, Scott Brison, likes to point out, well over a third of people in their twenties are still living at home because they can't find work.

If you could create even more successful youth entrepreneurs, or even older ones, I think that would be terrific for jobs and terrific for the country. You say you have 2% to 3% of the market and you're looking to double that over some number of years. My question is, what if we said grow it 10 times? Would you be able to do that? What's the biggest restraint? Is it that you don't have enough money? If you got twice the money, could you get twice the results, or are there limits to how deep you can tap this pool of talent out there?

Ms. Julia Deans: That's a challenge I'd love to have.

I think we need to get a better sense of the market. Not everybody is ready to launch a start-up, but I'm quite certain we're going to be able to double our numbers. Certainly, with more money we'd build more capacity and help more young entrepreneurs, but with the doubling we will also set an example for others and hopefully continue to increase over time. But give me that challenge and I'll deliver.

Hon. John McCallum: Implicitly I'm thinking we might have a nice Liberal government sometime that really cares about youth jobs and we might say to you, "We'll triple the money or quadruple the money. Can you quadruple or triple the output?" I think you're saying "Maybe."

Ms. Julia Deans: I'd like to think so.

Hon. John McCallum: Okay.

You also mentioned that two-thirds of small business owners are due to retire, and quite a few farmers are included in that group. Do you have any ideas about how one could possibly take advantage of that or capitalize on that to the benefit of your young entrepreneurs?

Ms. Julia Deans: Our work is with community partners who are in a position to help us identify where those opportunities are. We think we need to do a little bit more targeted matching to actually match-make between people who are retiring and entrepreneurs who may take their roles, and that there may be some specialized mentoring. A retiring business owner or farmer may not be able to extract all their capital immediately, so we think there are some things we can do to help facilitate that.

Hon. John McCallum: Thank you.

I guess my line of questioning is also explained by the fact that we're very keen on promoting things important for middle-class families, and that is a part of it.

[*Translation*]

I have a question for Mr. Levasseur.

You obviously do not like what the government is proposing to do with regard to CBC. I understand. What do you think is motivating the government? Why do you think the government has decided to manage CBC's daily affairs? That is something new.

Mr. Alex Levasseur: It is an extremely interesting question, but I have few answers for you because I cannot read the minds of the members of the government. There is perhaps a serious misunderstanding of CBC's work and its role. However, as I stated earlier, there are plenty of accountability measures in place.

Hon. John McCallum: I have two hypotheses for you. If one were to be nice to the government, it would be possible to think that it wishes to manage costs which are ultimately paid by taxpayers. If

one were to be less kind, it would be possible to think that the government wants to increase its control over the CBC and over journalists.

The Chair: You have one minute.

Mr. Alex Levasseur: Let's talk about managing costs. This is already done, since it is Parliament that adopts the CBC's budget. That is the best way to manage costs. We have already seen that. Since 2009, parliamentary allocations to the CBC have been significantly reduced. It was reduced by \$115 million the first year and by about \$180 million this year, with recurrent non-indexation everywhere. The budget therefore provides for an effective means of managing parliamentary contributions.

In terms of control over the CBC, I dare to hope that the government is not trying to control journalists. Journalists can be annoying sometimes. They say things we don't like, they dig around and they reveal things we don't want to hear or see. However, that is the role of journalism. This is especially true for a public broadcaster who is responsible to Canadians in terms of what others do with taxpayers' money, as well.

• (1750)

[*English*]

The Chair: Merci, Monsieur McCallum.

Mr. Dechert, please, for your round.

Mr. Bob Dechert (Mississauga—Erindale, CPC): Thank you, Mr. Chair.

Thank you, ladies and gentlemen, for your appearance here today.

I'd like to start with Ms. Deans, if I can, and the Canadian Youth Business Foundation. I think you mentioned in your opening remarks that to date, the CYBF has helped over 5,600 entrepreneurs and has utilized approximately 400 business mentors. You also mentioned you have special programs to assist newcomers.

I represent the city of Mississauga, which is home to a lot of newcomers. I had the opportunity about a year ago to attend a CYBF awards presentation with Prime Minister Harper, and I have to say I was very impressed with the young people I met there. I learned about some of the great businesses they're creating. They expressed to me how important it was, not so much the funding but the advice they were getting from those business mentors. That's something that I think is really invaluable.

I wonder if you could tell us a few of the success stories. Give us a few examples of the kinds of businesses that have been created. Especially, if you can, talk about some of the newcomers you've assisted.

Ms. Julia Deans: Sure.

I should say it was 4,000 volunteer mentors across Canada.

Mr. Bob Dechert: It was 4,000?

Thank you very much.

Ms. Julia Deans: Yes, about 400 in Ontario alone. They are amazing people who commit to two years to help an entrepreneur get settled.

On the newcomer story, one favourite example is a woman I met in Saskatoon a few months ago. She had come from Ghana to the U. K. She'd worked in the fashion business for eight years and been very successful. Her husband was hired by the Government of Saskatchewan to run their eHealth. They moved to Saskatoon, and she said, "I want to start a fashion business using Ghanaian fabrics", and she went to the bank. They said, "That's great. Come back in two years when you've been successful." She said, "Well, aren't you welcoming newcomers?" They said "Sorry."

We were the only game in town, but we lent her the \$15,000 and we got her one of our former entrepreneurs who has been successful in the fashion business in Saskatoon, and it was a match made in heaven. They mentor each other.

I also really like the stories of people who are doing global businesses in Canada. One of my favourite ones is another person from Saskatchewan, who was an amazing hockey player, from Foam Lake, Saskatchewan. At 15 he was recruited by an Ivy League school, went off to Yale, got his economics degree, went up to the NHL, went to Wall Street, and was working as an analyst. He said, "All I want to do is go back and be able to go to my cabin at Foam Lake and see my family." He came back. He's 26 years old. He said, "We have no more Wheat Board, so I'm going to figure out an online grain trading platform." He did it. He launched it in the fall. He started a little morning blurb about something happening in the world that would help you figure out how you could sell your grain. He had 20 people subscribe originally, and he said they were all his family. Within three months he had 700 people reading this little blurb, which he does in *Hockey Talk*, and the grain trading platform is recognized by the major farm organizations across North America. He's running a global business—out of his SUV, I must say, but based in Saskatchewan.

Those are some of the people we're helping, in addition to people like Harry Chemko, who's running a big global business. They're amazing stories.

Mr. Bob Dechert: Those are really interesting stories. I have to say that with foreign newcomers especially, and I see this every day in Mississauga, they tend to not join big, established multinational companies with big pension plans. Often the only option for them to get integrated into our society and our economy is to start their own business. What you're doing, coupled with the reductions in small business tax rates that our government has implemented over the last several years, and things like pooled registered pension plans...I think they're really helping entrepreneurs in that space.

Can you tell us, in your view, once a person has started one business, how much easier is it for them to start a second or a third business? Do people become serial entrepreneurs, in your opinion?

• (1755)

The Chair: You have one minute left.

Ms. Julia Deans: We see a lot of examples of that. I couldn't give you numbers, but certainly the experience shows that people tend to sell. Our own chair, John Risley, is a great example of somebody who's done that a lot. I think even though somebody may not be successful in running their own business, they take those skills into a big business, so the successes continue no matter what path they take. They're great lessons.

The Chair: Very briefly.

Mr. Bob Dechert: Mr. Levasseur, I'd just like to ask you a question.

The Chair: There are 30 seconds. Is this time for a question and a response? We're getting new topics—

Mr. Bob Dechert: Perhaps I can just say that in my constituency there's a disconnect between the taxpayer having to pay a bill and two parties negotiating something as important as a labour contract without the actual representative of the person who's paying the bill sitting at the table to see what's going to happen.

The Chair: Okay.

[Translation]

Could you provide a very brief answer, please?

Mr. Alex Levasseur: I did not understand the question.

[English]

Could you repeat the question?

The Chair: Mr. Dechert, I'm terribly sorry, but I've pushed this about as far as I can in terms of votes. I really do apologize to our witnesses here today, but we've had votes interrupt the scheduled meeting. We appreciate your input.

[Translation]

Thank you very much for your presentations and your answers to our questions.

[English]

If you have anything further to submit to the committee, please do so through the committee clerk and we will ensure all members get it. Merci.

The meeting is adjourned.

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