



April 26, 2012

## Budget Implementation Bill 2012: *Jobs, Growth and Long-Term Prosperity Act*

Earlier today, Finance Minister Jim Flaherty introduced the *Jobs, Growth and Long-Term Prosperity Act*. The Bill provides the legislation for a number of announcements in Budget 2012, as well as other previously announced federal measures. This notes highlights some of the more notable measures included in the Bill.

The proposed *Jobs, Growth and Long-Term Prosperity Act* is one of the largest budget implementation bills ever, which has prompted criticism from the opposition parties who argue that in doing so, the Government is obstructing proper debate and consultation on very important legislative changes. Debate on the Bill will begin on May 2<sup>nd</sup>.

### Natural Resources

Approximately one-third of the Bill deals with measures related to the government's responsible resource development policy announced in Budget 2012, which aims to create greater efficiencies with the objective of "one project-one review."

The Bill will enact the ***Canadian Environmental Assessment Act 2012***, which establishes a new federal environmental assessment regime, while repealing the existing act. Time limits will be set for assessments conducted by the *Canadian Environmental Assessment Agency*, the *Canadian Nuclear Safety Commission*, the *National Energy Board* or any additional review panel established by the Minister of Natural Resources. The new Act will streamline the review process further through increased cooperation with other jurisdictions, which will allow for the exclusion of a project from review in a jurisdiction where an equivalent review has been conducted. The Act additionally allows for public participation in the review process and provides for new powers of inspections and fines through amendments to the *Environmental Violations Administrative Monetary Penalties Act*. The *Species at Risk Act* will also be amended to create time limits on the issuance and renewal of permits.

The bill will also amend the *National Energy Board Act* to allow the Governor in Council to make decisions about the issuance of certificates for major pipelines. The *Canadian Oil and Gas Operations Act* will be amended to authorize the National Energy Board to exercise federal jurisdiction over navigation of pipelines and power lines that cross navigable waters.

The *Fisheries Act* will be amended to provide further clarity on issues regarding serious harm to fish and the deposits of deleterious substance and to allow for greater cooperation with the provinces and other bodies regarding the control and management of aquatic invasive species. The *Canadian Environmental Assessment Act* will be amended to allow the Minister of the Environment to renew disposal at sea permits in certain circumstances.



In addition to these measures, the Bill provides for the extension of the “temporary” **Mineral Exploration Tax Credit** for one year.

### **Financial Measures**

The Bill amends the *Telecommunications Act* to **change the rules governing foreign ownership** of Canadian carriers eligible to operate as telecommunications common carriers and to permit the recovery of costs associated with the administration and enforcement of the national do not call list.

The Bill also amends the *Privileged Information* section of the *Investment Canada Act* to authorize the Minister of Industry to **communicate or disclose certain information relating to investments** and to accept security in order to promote compliance with undertakings.

As announced in Budget 2012, the Bill adds the **prohibition on the issuance of “life annuity-like” products** to the *Trust and Loan Companies Act, the Bank Act and the Cooperative Credit Associations Act*.

Changes to the **Canadian Mortgage and Housing Corporation’s** (CMHC) governance and oversight were alluded to in the Budget and the tabled legislation provides the full details. The Office of the Superintendent of Financial Institutions (OSFI) is given the responsibility for reviewing and monitoring CMHC’s commercial activities. The legislation adds the Deputy Minister of Human Resources and Skills Development Canada and the Deputy Minister of Finance to CMHC’s board of directors as ex-officio members.

This section also amends the *Trust and Loans Companies Act, the Bank Act, the Insurance Companies Act, and the Cooperative Credit Associations Act* to **prohibit the issuance of covered bonds** except within the framework established by the *National Housing Act*. In a statement specifically on the CMHC changes, Minister Flaherty states “These proposed changes are part of the Government’s continuous efforts to strengthen the housing finance system. They will contribute to the stability of the housing market and benefit all Canadians.”

The Bill adds the following Preamble to the **Bank Act**:

*Whereas a strong and efficient banking sector is essential to economic growth and prosperity.*

*Whereas a legislative framework that enables banks to compete effectively and be resilient in a rapidly evolving marketplace, taking into account the rights and interests of depositors and other consumers of banking services, contributes to stability and public confidence in the financial system and is important to the strength and security of the national economy;*

*And whereas it is desirable and is in the national interest to provide for clear, comprehensive, exclusive, national standards applicable to banking products and banking services offered by banks.*

This Bill also contains measures around the **elimination of the penny** from Canada’s coinage system and provisions which **extend exemptions for cross-border shoppers**.

## Health, Agriculture + Agri-Food

This Bill legislates the extension of the current 6-per-cent annual escalator for the **Canada Health Transfer** (CHT) as announced by Minister Flaherty and promised in Budget 2012.

The Budget Implementation Bill also includes a number of proposed changes to the **tax treatment of health-related goods and services**, as outlined in Budget 2012.

The Bill also contains some other measures that will affect the agriculture and agri-food industry that were not mentioned in last month's Budget"

- + The Minister of Health may now issue **exemptions to certain marketing regulations** for a food product contained in the *Food and Drugs Act*.
- + The Minister of Agriculture and Agri-Food may now under the **Health of Animals Act** declare certain areas to be control zones with respect to the spread of a disease or substance. With these new powers, the Minister will be able to make regulations prohibiting the movement of persons, animals and things to eliminate a disease or toxic substance or to stop its spread.

## Charitable Sector

The Budget Implementation Bill includes a number of measures of note for the charitable sector. In particular, the Bill aims to provide enhanced transparency and accountability in the sector by amending rules for **registering certain foreign charitable organizations** as qualified donees and amending the rules for determining the extent to which a charity has engaged in political activities.

The Bill also gives the Minister of National Revenue the authority to suspend a charity or registered amateur athletic association's **ability to issue tax receipts** if they fail to fulfil their annual reporting requirement.

## Labour and Employment

The Bill repeals the *Fair Wages and Hours of Labour Act* and the Federal Contractors Program is removed from the *Employment Equity Act*. Contractors will no longer have equivalent requirements to those of employers under the *Canada Labour Code*.

The *Canada Labour Code* is also amended to require employers that provide benefits to their employees under long-term disability plans to insure those plans.

Finally, the Bill brings into force the Budget 2012 promise to gradually increase age of eligibility for Old Age Security (OAS) and Guaranteed Income Supplement (GIS) from 65 to 67.



## Government of Canada Organizations

The Bill also provides measures to wind down and eliminate some Government of Canada organizations while also providing measures for the creation of others:

CUTS	CREATIONS
<ul style="list-style-type: none"><li>+ Dissolves the <b>Public Appointments Commission</b> and its secretariat</li><li>+ Dismantles the <b>International Centre for Human Rights and Democratic Development</b> (Rights and Democracy)</li><li>+ Dissolves the <b>Canadian Artists and Producers Professional Relations Tribunal</b> with a transfer of power and duties to the Canadian Industrial Relations Board</li><li>+ Formal withdrawal from the <b>Kyoto Protocol</b></li><li>+ Winds down the <b>National Roundtable on the Environment and the Economy</b> with some powers being transferred directly to the Minister</li><li>+ Dismantles the <b>First Nations Statistical Institute</b></li><li>+ Eliminates the <b>National Council of Welfare</b></li></ul>	<ul style="list-style-type: none"><li>+ Creates <b>Shared Services Canada</b> to streamline and reduce duplication in the government's IT services</li><li>+ Establishes the <b>Social Security Tribunal</b></li></ul>

## What's Missing

Budget implementation is typically achieved in two parts. The introduction of the *Jobs, Growth and Long-Term Prosperity Act* represents the first phase and only includes some of the proposals contained in Budget 2012. A second implementation bill is expected to be tabled sometime in the fall. Some other measures may also be introduced through separate legislation or regulatory changes.

It is worth noting that there are marquee measures of Budget 2012 that are missing from this first implementation bill – namely, the provisions responding to the Jenkins' Report on the Review of Federal Support to Research and Development.

