



June 15, 2010

Quebec and Alberta call on Minister Flaherty to abandon his project

Montreal... The Minister of Finance of Québec, Raymond Bachand, and the Minister of Finance and Enterprise of Alberta, Ted Morton, met in Montréal on June 15. Once again, they called on the federal Minister of Finance, Jim Flaherty, to abandon his plans to set up a federal securities commission. Instead, Minister Bachand and Minister Morton encourage him, if he truly seeks to protect investors, to quickly amend the Criminal Code to make the changes he has identified to better protect Canadians from financial crimes.

“The federal government’s approach is inconsistent. Canada has gone through one of the greatest financial crises of modern times. It was the most severe test possible of our system of securities regulation, and we did very well since Canada fared better than most countries during the crisis. Meanwhile, the federal government has spent huge sums to dismantle this system and created a Transition Office that for a year now has consumed the resources of provincial commissions with a plan that possibly may not come to fruition,” Bachand stated.

Morton expressed similar thoughts: “Minister Flaherty is heading in the wrong direction. Rather than dismantling the well-functioning passport system, he should focus his attention on ways to improve elements that clearly come under its jurisdiction,” he said.

Bachand noted that a centralized system would not serve the interests of Canadians better than the current system, which is already based on national, harmonized standards. “Mr. Flaherty has said on numerous occasions that a federal commission would be more effective and more likely to catch fraudsters, but nothing corroborates his statements. Why engage in a battle with uncertain results, when we can work together to make the system better? Why doesn’t he immediately make the appropriate amendments to the Criminal Code rather than wait for the decision of the Supreme Court? Why not allow the provinces to work in harmony rather than try to divide them?” he asked.

Morton noted that the Criminal Code changes contained in the draft legislation are a good first step. “It is positive the federal government now understands that Criminal Code changes are necessary. While it is their responsibility to make these needed changes, it is not necessary to dismantle the passport system for such changes to be effective.”

Morton also observed that the federal plan is losing support as time passes, with the Board of Trade of Metropolitan Montreal and the Edmonton Chamber of Commerce recently voicing their opposition to this project. “More and more experts are going public with their doubts about the constitutionality of the federal plan,” Morton noted. “By taking their draft legislation to the Supreme Court, it’s clear even the federal government has doubts about their constitutional jurisdiction. Provinces have historically had jurisdiction in this area, and that is why Alberta and Québec have taken the matter to their Courts of Appeal,” said Morton.

The two ministers specified that they had asked Minister Flaherty to halt the work of the Transition Office. “Canada cannot afford to ignore the ongoing business of securities regulation for the next two years while the courts hear the cases. We cannot afford to redirect time and resources to design a new system that can be ruled unconstitutional,” said the ministers. They also advised their counterparts in other provinces to be cautious in their actions as long as these opinions have not been released.

“Judging by the favourable assessment of Canada’s regulatory system by international bodies such as the OECD and the World Bank Group, and by recognized publications such as Euromoney, it is clear that the provinces have done their job well in their field of jurisdiction,” Bachand noted.

“Investors and companies are best served by a provincial commission, who better understand and can respond to local issues and needs, working in concert with provincial counterparts,” Morton concluded.

Lastly, Bachand said he would visit his Alberta counterpart at the end of the summer to take his message to the West and to support his colleague in opposing the federal project.

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