House of Commons Debates

VOLUME 133 NUMBER 201 1st SESSION 35th PARLIAMENT

OFFICIAL REPORT
(HANSARD)

Monday, May 15, 1995

Speaker: The Honourable Gilbert Parent

HOUSE OF COMMONS

Monday, May 15, 1995

The House met at 11 a.m.

Prayers

PRIVATE MEMBERS' BUSINESS

[*English*]

HEALTH INSURANCE AND SERVICES

Ms. Margaret Bridgman (Surrey North, Ref.) moved:

That, in the opinion of this House, the government should consider allowing the provinces greater flexibility in the provision of health insurance and services.

She said: Mr. Speaker, the request in my motion is simple. The Reform Party, like all Canadians, Canadian political parties, Canadians working in health care and a multitude of other Canadians, including the provincial premiers, recognizes the provinces have been delegated legal and constitutional responsibility to provide health insurance and services in Canada.

As the provision of health services and insurance has been delegated to the provinces, I am asking they be given the authority to achieve it or to carry it out.

The actual delegating of this task is not the hard part. The giving up of the authority over the actual control of how the task is carried out is the hard part. Unless the delegator, the federal government, is willing and able to devise the plan, update it as necessary and authorize each aspect of it prior to its implementation, in which case this is not feasible, the delegator must be prepared to delegate out some authority and in order to achieve what they want they identify what is to be achieved by the provinces, what components or principles are to be included and what standards of performance are expected. Then they give the authority necessary for the provinces to achieve this.

As a national government we can legislate these guidelines, standards or principles, or both, or whatever else we should call them. We have done this via the Canada Health Act. We have established five fundamental principles to be incorporated by each province in its approach to providing health insurance and services. The principles are accessibility, comprehensiveness, portability, public administration and universality.

The Reform Party believes these are sound national principles. The problem is not the principles themselves but the accompanying description or definition applied to each of them. For example, in the act the definition or interpretation of accessibility includes only one aspect of what access to care can actually mean, based on a person's ability to pay. That is commendable, as it opens the door for all Canadians regardless of their personal financial position to receive or have access to health care.

(1110)

However, another aspect of access is when does one have the access to the actual treatment necessary for the condition one is presenting. I am thinking now in relation to the when part from a clinical or medical point of view. If a person requires a hip replacement, for example, or finds a lump on their body in some area it should not be, to get access to treatment can take sometimes weeks or months. Access to treatment from a medical and clinical aspect is extremely important, sort of the stitch in time premise.

Early intervention in many situations saves future grief and discomfort for the individual as well as saving health care dollars in the long run, as one is addressing or presenting a condition much earlier than one would be by leaving it for months or weeks and so on.

There are other problems with the Canada Health Act. There are restrictive clauses that create these problems. Portability comes to mind as another one.

These problems must be addressed and resolved. The act needs revising and updating, allowing for more flexibility for the provinces not only in the administration and management of the service but also in the actual meaning or interpretation of the five principles. The meaning of decentralization of authority must play a much larger role in our health care system to preserve it.

In the *Financial Post* on April 22 of this year an article was written by Alan Toulin entitled ''Decentralization Appeals to Canadians' Desire for Control''. Alan Toulin is saying Canadians want more control over the things that directly affect their lives, and governments at all levels are feeling the pressure of this growing public sentiment.

He also quotes a leading business figure from Quebec, André Bérard, the National Bank chairman and chief executive officer.

Mr. Bérard apparently delivered a speech in Ottawa on how the process of decentralization is an inescapable force for both businesses and governments at all levels.

Mr. Toulin makes reference that Mr. Bérard argues that those levels of government responsible for the spending of the money are the ones who should decide how health care, education and income security should be organized:

> Citizens are more vigilant and can have more direct control over the actions of provincial and local governments when it comes to the spending decisions on behalf of the public interest, Mr. Bérard believes. In a country as large and diverse as Canada it is clear that many citizens feel Ottawa is a remote, lumbering government that cannot be controlled by them.
>
> ''The nearer the level of government is to the citizens, the more merciless these citizens are when they see public waste. They know that they are the ones who will ultimately pay. They are merciless because they know that they will have real power; that their voice will be heard; that their vote will not be diluted by millions of others'', Bérard said.

He goes on further to sing the praises of decentralization.

That is basically what we are saying in this motion. There needs to be more flexibility. That kind of authority can go to the provinces and they can get on with providing health care according to the five major principles. Then they will be evaluated by the people in the province.

(1115)

Another component in the health care system that needs some serious revamping is funding. The initial agreement between the federal government and the provincial governments was a 50:50 split. Over the years that has eroded. We have a system of tax points and cash payments known as established program financing. Because the tax points grow over time as the economy grows, the cash portion of EPF is shrinking. It is down to 23 per cent now from 50 per cent.

Established program funding was introduced in 1977, replacing the cost sharing of post–secondary education and health care with a fixed per capita block funding transfer. That was the first time federal funding growth was unrelated to provincial program costs. It was designed to increase the rate of growth in population and in the national economy.

Over the years further amendments were brought into the EPF system. In 1986, Bill C–96 reduced the growth of the EPF transfer. The payments were still tied to economic and demographic growth but their annual per capita growth rate was 2 per cent lower than what it would have been under the old formula.

In 1991, Bill C–69 froze the EPF transfers at their 1989 levels. That was to be applicable for two years. In 1991 Bill C–20 extended the freeze on the per capita transfers to provinces for another three years. Therefore the provincial entitlements will continue to increase at the same rate as the population.

Beginning in 1995–96 the rate of increase of the EPF entitlements will be limited to per capita rates of increase in the GNP minus 3 per cent. We continue to play little games in the funding component of our health system.

Instead of just health and post–secondary education in the block transfers, government has added welfare into the block. From an article on April 13 in the *Globe and Mail* entitled ''Ottawa is trying to heal health–care strife'', by Edward Greenspon, he says:

> Part of the logic of lumping the three programs into a single fund was to allow Ottawa to blur their minds of where cuts fell and to pass to the provinces the hot potato of how to distribute the pain.

Further along in the same article, he goes on to say:

> Figures in the budget show that Ottawa will, in fact, reduce its cash transfers over the next three years to $10.3 billion from $17 billion, a rollback of almost 40 per cent. And the government has given no assurances of when it will end.

Federal funding in support of health insurance and services should be unconditional and should recognize different levels of economic development in the provinces.

The federal government has established five fundamental principles via the Health Care Act. It needs to be looked at from the point of view of interpretation. It is a little ambiguous in that the government can interpret it one way and the provinces can see a different interpretation. We also need to look at whether we actually need the cash component of the EPF as a whip to keep the provinces in line. Is that really necessary?

In the article to which I made reference, I beg the question whether it is actually necessary to have that kind of control over the provinces. If one decentralizes it into the provincial area, the people will rise up and say what they want. If they are not happy with what they are getting, especially if they have the five guiding principles from the national government to make some sort of evaluation judgment, they will rise up and tell their government to spend their health care dollars with less waste or they can vote the government out and get one which will provide the services.

(1120)

Put the control there. Let the provinces establish the methods of providing health care according to the five basic principles, and define them a little better so they are not ambiguous interpretations, and let the people judge whether they are satisfied.

In the Ottawa *Citizen* on May 1 an article entitled, ''Time for a tonic'' stated: ''The provinces—are demanding more leeway in controlling their costs. And increasingly, provincial cost–

cutting measures are running afoul of the federal government's reading of the Canada Health Act''.

To my mind the word ''leeway'' in that article is very suggestive of flexibility. The provinces are asking for flexibility. The article also makes reference to the government's reading of the act. That could be interpreted as suggesting different methods of interpreting how one can read the act; the federal government reads it one way and the provinces may read it another way. That again points to the need for revision of the act, allowing for broader and more flexible definitions. At the same time the need for using the cash payment as the whip should be addressed.

The government must do something concrete and substantial. It must take some positive action to preserve the health care system for Canadians. It has been stated it is a priority of the government by both the Prime Minister and the health minister. However, when we consider the financial threats which our health care system is facing and the lack of action by the government to diminish those threats we wonder what kind of a priority it is.

The most apparent action to date has been on a reactive or defensive basis. With respect to the user fee situation in British Columbia and the private clinic situation in Alberta, the government's action was based on its interpretation of the ambiguous accessibility clause of the health care act That has to be addressed. So far that is the most assertive or aggressive type of behaviour we have seen from the government in relation to health and it has been in a defensive mode.

Other actions taken by the government tend to leave us confused and without a sense of direction. It campaigned in 1993 on no cuts to health care. During its first year in office it continued to say that it would protect the health care funding to Canadians. However, earlier this year we started hearing things like ''cuts to social programs, including medicare. We have to address all social programs. If they are all going to be cut, then health care will be rolled in there with them''.

We also heard the system needs to be reformed, that there are problems with the health act and those problems must be addressed. We also heard from various ministers the provinces should be given more flexibility to manage their affairs.

(1125)

Block funding was set up, including the three components: health, post–secondary education and welfare. This is being sold, to my mind, as an opportunity for provinces to have more flexibility but in a sort of backhanded way. They are given less money and then told they have three components where they can be flexible applying that money.

That is not what we are saying in our flexibility plan. It is what the government is trying to sell when it says that flexibility must be given to the provinces. I think it was Ted Byfield who said we have inflexible flexibility, which is basically what we are looking at here.

Reformers believe that the provinces are fully capable of providing quality health care to their residents as long as they are allowed the stable funding to do so. They need the resources. A workman is only as good as the tools he has.

The leader of the Reform Party said it best in Toronto last November to the Ontario Hospital Association. I would like to quote him. ''It is the provinces, not the federal government, that have the constitutional jurisdiction to operate on our health care system. It is the provinces, not the federal government, that provide the bulk of health care funding. And it is the provinces, not the federal government, that have the greatest experience in health care delivery''.

I suggest a prescription. If the decision is to devolve health care to the provinces what does this mean in a detailed type of prescription? I would like to make three suggestions: first, transfer tax room to the provinces; second, define core health services; and third, amend the Canada Health Act with those things in place on a national basis. The provinces would have the guidelines and authority to get on and provide a health care program that we can not only afford but want as well.

The Reform Party taxpayer budget outlined how we could decentralize health care by ceding addition tax room to the provinces. This would ensure more stable funding for provincial health care over time. The provinces would not have to worry about what new legislation, steps or cuts the federal government would be making from year to year or the interpretation that each different government would make to the various components of the health act.

At the end of the process of the transferring tax room, provinces would present the revenue levels and flexibility necessary to fund health care according to the demands of the electorate and within fiscal restraints.

Decentralization of health care would ensure that services were delivered and funded by the level of government closest to the people. I made reference to that earlier.

From the point of view of defining—

The Acting Speaker (Mr. Kilger): The member's 20–minute period is up. I wonder if she might give us some indication of how much more time she might need to conclude her remarks, and I say this respectfully, as the mover of the motion. Will the member for Surrey North give us some indication whether she could summarize and close within the next minute or so? I am very reluctant to cut off anyone who moves a motion, but the rules are very clear that the mover has 20 minutes.

Ms. Bridgman: I will be about a minute, Mr. Speaker.

In conclusion, I proposed this motion because the federal government seems unwilling to address the fundamental problems facing health care in Canada: declining federal financing, combined with the lack of provincial manoeuvrability. The government has ruled out amending the Health Care Act and the minister has portrayed herself as a defender of it and thus medicare. This is not so and we must defend it.

(1130)

Ms. Hedy Fry (Parliamentary Secretary to Minister of Health, Lib.): Mr. Speaker, it is my pleasure today to speak to the motion of the hon. member for Surrey North. I have worked with her on the standing committee on health and have great respect for her thoughtfulness.

The hon. member raised the issue of more flexibility for the provinces. The provinces already have flexibility. The provinces are responsible for managing the whole system of health care for people in their provinces. The flexibility depends on the needs of their people. The provinces decide where the services go, how they are done and by whom and the payment for people who deliver those services. They have all the flexibility they need within the parameters of the Canada Health Act and within the parameters of the five principles of medicare which the member has just agreed that she supports wholeheartedly.

The member said that she supports those five principles. Then in the next sentence she said that she disagreed with them because she does not like what they mean. How can one support the principles and then not like what they mean? It is inherent that a principle means something. I find that a little confusing.

Those five principles have helped our health care system to become one of the best systems in the world. If we want to judge the best systems in the world, we should judge them by the outcomes. Canada ranks second or third in the world depending on how we look at the outcomes of some of those services. Canada has one of the best health care systems in the world. That is not only in terms of mortality, how people live or die, but also the quality of their lives. This defines the kind of system we have. We stand tall in terms of our health care system.

The member talks about problems of accessibility. Accessibility has made our system what it is. Accessibility means that as Canadians we all have access to health care services when we need them, regardless of the size of our wallets. That is probably the single most important thing about our health care system that makes it unique. The size of a person's wallet does not dictate the kind of health care received or the kind of health care we have access to. The only thing that dictates the kind of health care received is the clinical symptoms, depending on whether it is needed, how urgently, and when and how much is needed at the time. A very appropriate way to deal with health care services is to define them according to clinical methods rather than pocketbooks.

The member also talked about problems of portability. The whole idea is that Canada is one country and this is a national system and Canadians move across borders daily, weekly and yearly. Our parents may live in one province, our children in another and our grandchildren in another. The fact that we can move across the country knowing that we have health care coverage when we get sick no matter where we are in the country is one of the most important strengths of the Canada Health Act and of medicare. To ask that portability be removed and try to balkanize medicare would do the country a great disservice. It would destroy the strength of the program.

The member also said there are decreases in funding of programs. Every reputable study done around the world tells us that money is not the major and only criteria for a good system of health care. If it were, the United States would have the best health care system in the world but it does not. At the moment Japan has the best health care system in the world according to outcomes and it spends the least amount of money on health care. Money is not the only criterion. There is also how and when the service is delivered.

Eventually we must look at issues like health promotion, prevention, the quality of life, poverty, and other things that define health care. Those are the things we need to look at, not costs. All of us know and all the studies tell us that we could spend a lot less money on our health care system. If we provided proper services and managed them appropriately we could have an even better health care system.

When we talk about accessibility and outcomes, let us look again at the United States where there are such poor outcomes. The United States spends the most of any country in the world in percentage of GDP on health care and it has the worst outcomes of any developed country. In fact, the United States sits among the developing countries somewhere between Cuba and Czechoslovakia in terms of its outcomes.

(1135)

I do not understand what the member means when she talks about the fact that she disagrees with these issues because they are not borne out by fact nor by statistics.

The member is also concerned about the health and social transfer, the fact it has become one massive block fund and that it is a negative thing. This strengthens and interdigitates services that rely upon each other. We know poverty is one of the major determinants of health. It stands to reason that in a block transfer, social assistance should be lumped alongside and close to health. If we are going to concentrate on prevention then one of the issues we are going to have look at is the issue of poverty and how people should live in this country to give them a better health status.

Another thing the member says is that she wishes the Canada Health Act would recognize the different economic development of provinces. We do. It already does. When we look at transfer payments and equalization payments it is built in to

ensure that provinces which are not as wealthy as others have been brought up to a level at which they can provide these services.

I do not understand what the hon. member is concerned about when all of these things are already being addressed in the system of medicare and within the Canada Health Act.

Decentralizing, as the hon. member suggests, will give us less control and will completely decrease, diminish and eventually kill medicare.

The hon. member talked about evaluation. That is exactly what the Canada Health Act does. It evaluates the system to see whether or not it does follow the five principles of health care. Again, I am a little confused as I try to understand what the member wants when these things are already in existence. Perhaps the member is not familiar with what these things really mean.

The provinces are asking for more flexibility. The whole Canada health and social transfer has been made to give the provinces more flexibility. The provinces already have total and complete flexibility in how they deliver services.

For example, not one single principle or clause of the Canada Health Act prevents innovation and renewal of the health care system which is what we are talking about today when we talk about the health care system. It allows the greatest flexibility.

If we look at some of the other provinces like British Columbia, it is moving closer to home. New Brunswick has closed down hospitals and brought community care to the forefront. Ontario is looking at regionalization and is looking at how it can provide services in different ways.

Some provinces provide different providers to give care and other provinces do not. Who gives care, when they give care, where they give care, how they give care is completely under the jurisdiction of the provinces. Therefore, the hon. member perhaps needs to reconsider her motion and wonder if she is asking for things that are not already built into the system.

The strength of this system is that the provinces can manage a system and deliver the care. They are able to respond better in terms of practical availability to the needs of their own regions. Within each province there are differences between regions including the urban and rural regions whose needs are very different. Provinces have the ability to do all of that.

The only thing the federal government does is to enshrine the five principles within the Canada Health Act which says this is one country. We will all have certain principles that will ensure every Canadian has access to health care regardless of ability to pay and regardless of how chronically ill they are or what genetic illnesses they have. All of that does not make any difference to the quality of health care or their access to it.

In the United States it does happen. Those who have a chronic disease are uninsurable. No matter how wealthy they are, they cannot buy insurance. That does not happen in this country. The strength of this country is the fact that each province does what it does best in its own local way, providing good services for the community. At the same time the federal government ensures medicare, which is the heart and soul of what Canada is, is kept sacrosanct across the country so we can continue to have universal, accessible, portable, comprehensive and publicly administered health care.

If we listen to the member's motion, actually she does agree with the system the way it is.

(1140)

[*Translation*]

Mrs. Pauline Picard (Drummond, BQ): Mr. Speaker, I welcome this opportunity to speak to the House for the next few minutes and comment on the motion presented by the hon. member for Surrey North. The motion seeks greater flexibility and thus greater autonomy for the provinces in the provision of health insurance.

For some time now, the Canadian health care system has been at the centre of a wideranging debate on its current, disturbing state, its uncertain future and indeed its very survival. There are many who maintain that our health care system has reached a critical point in is history. We on this side of the House deplore the fact that Canada's Department of Health is consciously absent from the debate, since we believe that the main cause of the sorry state of health care in this country is the federal government's decision to make drastic cuts in funding.

We must not forget that federal cutbacks in health care funding have serious consequences for the public finances of Quebec and other provinces. Quebec Finance Minister Jean Campeau told Quebecers last week about the impact of federal offloading on Quebec's commitments, commitments the Quebec government cannot ignore. The federal government, however, is doing just that, with predictable consequences for the provinces.

The federal government saved several billion dollars at the provinces' expense by unilaterally imposing a freeze on transfer payments for health care.

Moreover, in the last budget, Minister Martin made it very clear that the government would continue to save money at the provinces' expense by cutting $2.5 billion in 1995–96 and about $4.5 billion in 1997–98.

By the end of 1998, $8 billion will have been cut since 1982. And people are surprised to see Minister Rochon cutting millions of dollars in order to be able to keep providing health

care services. Eight billion dollars, Mr. Speaker, can you imagine? What can the provinces do in the face of this kind of offloading?

It should come as no surprise that a motion is before this House, asking the federal government to give the provinces more flexibility so they can decide how to meet the challenge of providing adequate care services to their people.

Members of the Bloc Quebecois cannot support this motion because we feel this would let the government off the hook for the harm it is doing to the entire system. It would be too easy.

It has been some time since the federal government met the commitments it made to its provincial partners in 1977. Today, however, we are being asked only to seek more flexibility which, at best, would mean privatizing certain services or approving the use of private clinics and double billing.

For us there is only one solution: the federal government must withdraw altogether from this provincial jurisdiction and give the provinces fair compensation in the form of tax points.

It is clear that the federal government has reneged on its initial commitments to the provinces. It is also clear that by continuing to apply its standards to an area that falls under provincial jurisdiction, while refusing to pay the real cost, the federal government is like someone who asks you out to dinner and leaves you with the bill.

Although at the time it was very critical of the policy initiated by the previous Conservative government, the present government is accelerating the advent across Canada of a two–tier health care system, with on one side, basic services covered by medicare and on the other, specialized care and advanced technology available to those who can afford it. This means waiting lists for some, but no waiting if you can afford to pay.

Without comprehensive reform and the vision that is necessary for a balanced health care system, excessive funding cuts will set the new standard for the health care system.

(1145)

They can promise deep reforms all they want, and a national forum presided over by none other than the Prime Minister, it will mean nothing until they go beyond those empty promises.

The problem is that the Minister of Finance could not wait to impose his reforms. In addition, just like his predecessors, he coupled his unilateral, insidious and heavy cuts with mandatory health care system reforms.

You would have to be naïve not to realize that the Canada social transfer is just a veiled attempt to slash funding for education, social assistance and health. You would also have to be naïve to believe the Minister of Health when she says that the Canada social transfer will actually ensure that the health care system stays the way it is, yet give Quebec and the provinces more room to manoeuvre. How can the minister actually say such things, and believe them?

Let us be serious now; there is a paradox in the federal government talking about giving Quebec and the provinces more room to manoeuvre so that they can dispense quality health care services yet all the while continuing to increase the burden placed on the public finances of the provinces.

In 1977, when the federal government created the Canada Health Act, it agreed to assume 50 per cent of the cost of maintaining the health insurance system. Over the years, we have seen that contribution shrink to 38 per cent. Betraying the campaign promises made in the red book, the current government would reduce its share to 28.5 per cent.

The federal government still does not understand that all of these years of offloading to the provinces has aggravated their financial situations as much as it has jeopardized the survival of social programs. What is more is that by imposing overlaps in areas that its own constitution does not give it powers, and by continuing to cut funding, the federal government is preventing Quebec and the provinces from finding real solutions to the financial crisis they are fighting.

As many studies have shown, the federal government's financial intransigence is propelling our health care system towards radical changes. Nevertheless, Quebec and the provinces are all trying to come up with solutions to forestall the disappearance of the current quality standards.

The very essence of the motion before us today bears witness to the will of Quebecers and Canadians to pull out all stops to find a solution. Everybody is working towards this goal, except the centralist government which refuses to live by its own constitution and to respect the provinces' exclusive power over health care.

What is sad, and history proves it, is that the federal government has always had the same ambition: being the only government in Canada.

In conclusion, the Bloc Quebecois cannot support the Reform Party's motion. Although this motion supports certain principles that we defend and denounces to a certain point the federal government's unilateral pull–out from the Canada Health Act, the contract it signed with the provinces in 1977, it does not get to the crux of the matter.

In our opinion, the provinces should be the only operators in the area of health care. From parliamentary commissions to consultations of all kinds, Quebec and the provinces have demonstrated that they are capable of rising to the health care challenge. If only the government would stop penalizing them with cut after cut without any financial compensation, they

would be able to guarantee dignified health care services which treat people with respect. That is the real solution.

[*English*]

Mr. Randy White (Fraser Valley West, Ref.): Mr. Speaker, I am pleased to speak in support of private member's Motion No. 424, tabled by my colleague from Surrey North.

The motion is straightforward. It asks that the government allow the provinces greater flexibility in the delivery of health services. The motion before us recognizes that we have reached a watershed in health care funding in Canada. The old system is becoming increasingly unsustainable as federal and provincial governments groan under the weight of a $72 billion doctors' bill.

(1150)

The challenge facing these governments, which the hon. member for Surrey North addresses in the motion, is how to reduce funding without threatening the fundamental principle of medicare, which is that no Canadian will be denied access to health care based on an inability to pay. What we now have to ask ourselves is how this can best be done. I believe that Motion No. 424 identifies the proper course.

Before discussing the motion, I would first like to provide you with an explanation of how the health care funding crisis came to pass. The starting point in all of this is to acknowledge that health care falls exclusively under provincial jurisdiction. No one disputes that fact. The only reason the federal government is involved at all in the funding of health care is that 30 years ago it promised the provinces it would pay 50 per cent of the tab if they played by some of the rules. The culmination of this dollars for influence funding arrangement was the Canada Health Act, which was passed in 1984.

While the Canada Health Act may have been enacted with the best of intentions, it effectively restricted the ability of provincial governments to innovate and experiment in delivering health services. Creative ideas and efforts in cost control were automatically excluded from consideration. The straitjacket of the Canada Health Act was not so onerous to the provinces when the federal government was paying up to 50 cents of every provincial health care dollar. However, beginning in 1977 the federal share of health care spending began to decline. First the government shifted to a block grant, then it imposed restrictions on the grant's rate of growth, and finally, in the last budget, the federal government announced that the cash portion of the grant would be reduced by 39 per cent over three years.

Today the federal share of health care spending in Canada has shrunk from 50 per cent to only 24 per cent. The cash portion of that share is only $7 billion, which is 10 per cent of the $72 billion we will spend on health care this year alone.

In coping with cuts of this magnitude the provincial governments face three stark choices: they can try to make up the lost federal dollars by raising their own revenue; they can cut the level of quality of their health care services; or they can find newer, leaner ways of providing the level of services constituents deserve. Clearly, the first two are not options. Provincial governments are just as financially strapped as is the federal government. Raising taxes simply is not a viable solution any longer. Indiscriminately slashing programs is not an option either. The only realistic avenue open to the provinces is to come up with new ways of providing these services more cheaply, more quickly, and better than before. However, the Canada Health Act is standing in their way. The provinces do not have sufficient flexibility and freedom to institute the kinds of reforms that can put medicare back on a sound financial putting.

This places the ball back in the federal government's court. It has two options: either continue to insist on preserving the rigid interpretation of the Canada Health Act, in which case Ottawa will have to resume picking up 50 per cent of the cost, or amend and reinterpret the act to give the provinces the freedom they need in order to meet the funding challenges ahead. No party can pretend that the first is a realistic option. The federal government cannot now nor will it ever again be able to pick up half the tab of medicare as it exists today. Health care consumes 10 per cent of our nation's GDP, a greater proportion than any other nation except for the United States.

What this motion is saying is that the federal government can no longer have it both ways. The longer we insist on having it both ways the greater the chance that our national health care system will collapse under its own weight. The only realistic course of action is the one this motion recommends; that is, giving the provinces the ability to redesign their health care services, allowing them to experiment and to improve on old ways of doing things, and ultimately letting the voters of each province decide how much health care they are willing to pay for. This is the approach taken by Reform.

(1155)

What we have said in our blue book and what we have reiterated in the taxpayers budget is that a Reform government would provide unconditional federal funding in support of health care services. While our taxpayers budget proposed reducing current funding levels by $800 million, it also included a pledge to turn over to the provinces additional tax points, which would grow along with the economy.

What the present health care debate comes down to is the question of trust. Reform is saying that provincial governments can be trusted to uphold the fundamental principle of Canadian health care: that nobody will be denied adequate health care based on inability to pay. By refusing to amend or reinterpret the

Canada Health Act, this Liberal government is effectively saying that the provinces cannot be trusted to uphold this principle.

My question for the government is this. Why on earth can the provinces not be trusted? After all, medicare was not dreamed up in Ottawa. It originated from one province experimenting with new and better ways of caring for its people. Medicare itself was born precisely because the federal government of the day provided provincial governments like Saskatchewan with flexibility in the field of health services.

I would also ask the government why it questions the provinces' commitment to health care at a time when the federal government itself is steadily reducing its own share of the burden. Cash transfers for health amount to less than 6 per cent of total federal program spending. Yet the provinces typically devote between 30 and 40 per cent of their budgets to health care.

Who are the true guardians of health care in this country? It would seem to me it is the provinces. From a more pragmatic viewpoint, why would this government doubt for a moment that the voters of any province would allow a provincial government to undermine the fundamental principles of medicare?

In closing, I would like to point out that the governments closest to the people are held closest to account. Ultimately, in a democratic society it is the people who should decide how a province fulfils its constitutional duty to provide health care services, not a federal bureaucracy.

I hope everyone will give their support to Motion No. 424.

Mr. Stan Dromisky (Thunder Bay—Atikokan, Lib.): Mr. Speaker, I an indeed pleased to be able to participate in this debate. I personally believe very strongly in the principles of medicare and I know that they are also of great importance to people not only in my own riding but across the country.

The Canada Health Act is a brief, simple act. It sets out the five principles: public administration, universality, accessibility, portability, and comprehensiveness. It has a few definitions and deals briefly with penalties for failure to achieve these principles. It does not, could not, and should not set out how provinces operate their systems.

The preamble of the Canada Health Act is clear on this. Provinces are free to build their own systems within the broad framework of the Canada Health Act.

The guiding principle of medicare has long been that Canadians' health and access to quality care should not depend upon their financial means. In 1984 the Canada Health Act was introduced by a Liberal government and passed unanimously. The preamble of the Canada Health Act recognizes that ''Continued access to quality health care without financial or other barriers will be critical to maintaining and improving the health and well–being of Canadians''. This concept is also brought out as the primary objective in Canadian health care policy: ''to protect, promote and restore the physical and mental well–being of residents of Canada and to facilitate reasonable access to health services without financial or other barriers, as described in section 3 of the act''. It is within this framework that I wish to address the motion before us today.

(1200)

Contrary to what some members in the House would have us believe, the government does not have a rigid view of how health care should be organized in Canada. The provinces already have a large degree of flexibility in the organization and provision of health insurance and health services. They have had this flexibility for many years. The only conditions the federal government assigns are that the provinces respect the requirements of the Canada Health Act.

Within the requirements provinces can experiment and change the way they deliver care, and many have been doing so. Nothing in the Canada Health Act limits the flexibility of provinces to realign the delivery and organization of their health care systems. Almost all provinces have embarked over the last few years on major reforms of their health systems.

The public administration criterion of the Canada Health Act presents a good example of the flexibility inherent in the act both in the provision of health insurance and in the delivery of health services by the provinces. The criterion applies to provincial health insurance plans and not to the administration of individual components of the health care system such as hospitals. This means, for instance, that private sector management of publicly owned hospitals is permitted. In addition the criterion allows administration authority of a provincial health insurance plan to be delegated to an agency if that is the wish.

Another example of flexibility inherent within the Canada Health Act relates to hospital services. These services are not directly tied to an institutional setting. Thus it is permissible for acute care to be provided in the community in a patient's home, for instance. It is always the provinces, not the federal government, that determine which services will be given in which setting.

The extramural hospital in New Brunswick is an example of provincial use of the flexibility. Under the program the patient is formally admitted to the acute care program. However, all required services are brought to the patient's home and not to the most expensive operating unit within the hospital structure called the emergency ward.

I emphasize, however, that the government recognizes the need for flexibility. On other hand it will not compromise on the fundamental values upon which the Canada Health Act and medicare in Canada are based. We are and we will continue to be flexible in our approach to health care, but we will not permit financial barriers to impede access to health services. If flexibility means turning our health care system into a private one that profits from the misfortunes of Canadians, the government

wants no part in it. We will not tolerate direct charges to patients for medically necessary care.

During this period of constraint creative processes are being produced by creative individuals in every province in handling these fiscal problems. There are solutions and money can be managed much more effectively than it is at the present time.

One of the most cherished services enjoyed by Canadians is the health care system. Health care issues constantly rank as number one across a variety of polls. The federal government is the ultimate torch bearer of the one of the last truly national programs. The central government, therefore, is morally obliged to defend the Canada Health Act against policies that seek to destroy it.

I believe as do many Canadians that the Canada Health Act should be kept as it is. Undoubtedly any changes to the fundamental principles upon which health insurance is founded would cripple the most notable gains attained by the Canadian health care system.

We need only look south of the border to realize how fortunate we are to enjoy the health services we do. In the United States approximately 35 million people are without adequate health coverage. Health care horror stories abound south of the 49th parallel. Even Americans who have medical insurance can be hit by very high medical bills. In some cases, because of poor family coverage, if a family member has a serious illness or an accident the extra bills can be financially devastating. Moreover American company medical insurance plans lock many Americans into their jobs. This is because once a person develops a chronic illness no other insurance company will provide insurance at reasonably affordable rates.

(1205)

Certainly wealthy Americans can receive the finest possible health care. However this is certainly not the case for the middle and lower socioeconomic classes. It is interesting that the opposition in the House is advocating a very similar system to that of the Americans.

Some detractors of our health care system indicate that we can no longer afford medicare in its present form as a result of our fiscal situation. However most health economists agree that it is not our medicare policy in and of itself we can no longer afford, but the inefficiencies in the manner in which medicare is implemented and delivered.

Significant improvements could be made in a number of areas without compromising national standards. For example, the unbridled growth of unproven and costly new medical technology has ballooned health care costs without any apparent return on the money spent. Another problem pertains to the manner in which drug prices have skyrocketed over the recent past. As well it appears supply and distribution of our medical manpower need improvement.

These are but a few of the areas where efficiencies, if introduced, could reduce the cost of delivering health care in Canada. Above all, provinces must listen to those who deliver and maintain health care services as well as those who receive the services. Although some problems exist we must do what we can to improve the system without destroying it. In a nutshell, the difficulties facing our health care system are the result of unlimited demands upon a limited pool of resources.

I feel compelled to rise today before the House to speak against a motion that would ultimately lead to the dismantling of the health care system that is dear to the hearts of many Canadians. In sum, Canadians demand and expect direction from the federal government for the preservation of our most sacred national program. The government has a moral right and the legal authority to ensure that this is the case. That is why we must vote against the motion before us today.

The Acting Speaker (Mr. Kilger): The time provided the consideration of Private Members' Business has now expired. Pursuant to Standing Order 96, the order is dropped from the Order Paper.

GOVERNMENT ORDERS

[*Translation*]

CN COMMERCIALIZATION ACT

On the Order:

May 5, 1995—The Minister of Transport—Second reading and referral to the Standing Committee on Transport of Bill C–89, an act to provide for the continuance of the Canadian National Railway Company under the Canada Business Corporations Act and for the issuance and sale of shares of the Company to the public.

Hon. Douglas Young (Minister of Transport, Lib.): Mr. Speaker, I move:

That Bill C–89, an act to provide for the continuance of the Canadian National Railway Company under the Canada Business Corportions Act and for the issuance and sale of shares of the Company to the public, be referred immediately to the Standing Committee on Transport.

[*English*]

I am pleased to open debate on Bill C–89, an act to commercialize the Canadian National Railway.

This is an historic occasion, one that marks a very clear turning point in the history of transportation in Canada. In 1923 the federal government completed the amalgamation and takeover of five privately run railways: the Grand Trunk, the Grand Trunk Pacific, Canadian Northern, the Transcontinental and the

Intercolonial. CNR was the result. With the help of the deep pockets of Canadian taxpayers, CN grew into what it is today.

(1210)

Rail is not the only transportation method available now. Our shippers have other choices: the trucking industry, which has taken on a large part of the business; air freight; or through the seaway and the Great Lakes by ship. There is potential for strong competition in transportation in Canada, which is absolutely essential in any modern economy.

The legislation is part of our government's intention to have the private sector operate in areas where it can do the job best. The Minister of Finance said in the budget last February:

> Our view is straightforward, if government does not need to run something it should not, and in the future it will not.

[*Translation*]

Under this bill, 100 per cent of the government's share in CN will be sold in a public offering. All Canadians, including CN employees, will have a chance to buy shares. A maximum of 15 per cent of shares may be held by any one individual or company; there will, however, be no restriction on foreign investors.

CN employees will continue in their current positions in the new CN, and their pensions will be protected under the Pension Benefits Standards Act. A standard stock savings plan will be offered to CN employees to encourage their participation in the new company.

The Head Office will remain in Montreal, and the Official Languages Act will continue to apply to CN employees. These provisions will have not impact on CN's ''saleability'', because they have both been in place for a long time and have served the CN and its customers well.

We believe that putting CN on a solid and viable financial footing is the best way to ensure that it will be able to maintain coast to coast rail service. CN must have every opportunity to compete fairly and aggressively with all its competitors, primarily, the trucking industry, CP Rail and the U.S. railroads.

To achieve these objectives, we have struck a balance between the obligations we wish to impose on the new company and the negative effects these could have on both the viability of CN and on the value of our equity.

The size of the public offering of CN stock is the largest in Canadian history and makes this balance a very delicate one. We need to be careful about imposing too many restrictions on CN. We must attract international investors, especially those in the U.S., with positive experience in rail investment. We want to ensure that the CN is free to function and finance its operations as its competitors do.

[*English*]

It is not our intention to impose onerous foreign ownership and service obligations on the new CN that do not apply to CP. We want to make sure that control of CN is broadly based so that no single individual or company controls more than 15 per cent of the shares.

CN has to be put on a sound financial footing. To achieve this, CN's current debt of $2.5 billion will have to be reduced to approximately $1.5 billion. CN's debt will have to be reduced to a level where it will receive an investment grade rating similar to that of its main Canadian and U.S. competitors. Our goal is to have CN in a capital position that would allow for at least a BBB bond rating.

The company is expected to raise funds to reduce debt prior to the sale by selling assets such as CN Exploration, which it has recently done, and the Scribe hotel in France which is currently being marketed. CN is also currently pursuing the sale of CANAC and its AMF maintenance shops in Montreal as well as some leasehold interests. CN's Canadian non–rail assets are not part of the deal. They will be retained by the crown. Our intention is to put the new company in a competitive position, not to tip the level of the playing field in CN's favour.

The legislation represents the government's firm commitment that both the company and the taxpayer must be treated fairly when the shares go to market. We have put together a unique structure to manage what will be the largest initial public offering in Canadian business history.

We have an agreement with three investment banks, ScotiaMcLeod Inc., Goldman, Sachs and Company of New York and Nesbitt Burns Inc., to form a consortium for the purposes of leading the deal. The arrangement will allow the Government of Canada and CN to draw on the resources and experience of these institutions in the decision making process.

(1215)

Competition and a viable railroad system from coast to coast is burdened by the current regulatory environment. It is my intention to present to the House legislation that will chart the way to major reforms of our regulatory regime before summer. The legislation will provide the regulatory framework for the future of transportation in Canada. It will encourage the creation of short line railways and it will provide for real competition.

The regulatory process will ensure there will be no abandonment of service unless no one, private sector or government, wishes to take up the line. That will be the most obvious benefit of the reform but it will go much further. It will also provide the framework to allow all modes of transportation to perform efficiently and effectively without needless government intervention.

The aim is to put in place the framework for integrated transportation based on a policy that is consistent, transparent and fair for everyone. Transport Canada will focus its efforts on maintaining and improving the world class safety record enjoyed by our transportation industry, whether on the surface, in the air or on the water.

Our transportation system must be modern, dynamic, innovative, growing and as unrestricted as possible. We must constantly move forward to find newer and better ways to move our goods and our people if we are to remain competitive as a nation.

The air sector has been modernized with a national air force policy, open skies, bilateral agreements with the U.S., the international air routes policy and the commercialization of the air navigation system that will take place in April 1996. We will also announce the marine policy initiative the government intends to pursue before the end of 1995.

I support the motion to refer this legislation to the Standing Committee on Transport for review prior to second reading. I believe the Standing Committee on Transport will be well able to handle this task, as evidenced by the national marine strategy report tabled recently by the chairman, the member for Hamilton West. I look forward to hearing its suggestions and views on this legislation.

Over the years successive governments have attempted to maintain a reasonable level of competition in our rail transportation system. That strategy has only been relatively successful. It is time now for the government to withdraw from the direct operation of railroads and let the private sector do its job. It is time to put the private sector entrepreneurial skills we know exist to work to make CN a viable, successful and competitive operation.

I have every confidence that with this legislation the government is taking another step in its commitment to providing for an integrated, affordable, viable and competitive transportation system in Canada.

The Acting Speaker (Mr. Kilger): Before following up on the debate, I remind the House the debate will be at the maximum 180 minutes—three hours—before the question is put. Interventions will be no more than 10 minutes without questions or comments.

[*Translation*]

Mr. Paul Mercier (Blainville—Deux–Montagnes, BQ): Mr. Speaker, the Bloc Quebecois approves in principle the government's proposal to sell CN to private interests. However, it has serious reservations about certain provisions of Bill C–89.

I will propose amendments to these provisions in committee. We object to clauses 8 and 16. We will also recommend an amendment to clause 6 regarding CN property that may be transferred to the Minister of Transport so that he can put it up for sale later.

Let us start with clause 8. One purpose—undoubtedly laudable—of its seven subsections is to prevent any individual, corporation or associate as defined in subsection (4) from holding more than 15 per cent of voting shares.

Notwithstanding these provisions, subsection (5) allows two such associates to disassociate, so to speak, from each other for the purposes of the act by submitting a statutory declaration stating that they are not acting and will not act in concert with respect to their interests in CN.

(1220)

Each of the declarants may acquire voting shares up to a maximum of 15 per cent as if he or she was not associated with the other person. This dispensation, which broadens the pool and purchasing power of potential buyers, is probably necessary given the size of the operation. However, CN administrators must still be able to check if, in fact, declarants comply with the terms and conditions of their statutory declarations.

We feel that such control would be difficult to exercise in the case of foreign buyers. We are therefore proposing an amendment under which subsection (5) respecting the statutory declaration would be restricted to Canadian buyers. As a result, two or more foreign associates will not be able to exceed the 15 per cent limit by submitting statutory declarations.

If clause 8 aimed at preventing an individual or corporate takeover of CN must be approved in principle, the same cannot be said of clause 16. Regrettably, even in this bill whose provisions should have been purely financial in nature, the government could not resist, once again, one of its old demons: trying to invade an area of provincial jurisdiction.

Clause 16 may appear harmless. It reads as follows:

> (1) The railway and other transportation works in Canada of CN, of every subsidiary of CN and of every corporation formed by any consolidation or amalgamation of any two or more of those corporations are hereby declared to be works for the general advantage of Canada.

The catch is that, once they are declared to be for the general advantage of Canada, these works will be subject to federal legislation. If CN reaches a joint ownership agreement with a short–line railway, this railway will shift from provincial to federal jurisdiction, as suggested in the Nault report, we should point out. And the deed will be done.

Not only is the principle of this federal encroachment on a provincial jurisdiction unacceptable, but so are the economics of it, as we all know that one of the main reasons short–line railways can operate on sections considered non profitable by major companies is that they are not subject to cumbersome

federal railway regulations. Short–line railways need the operating flexibility provincial regulations give them, at least in Quebec.

This federal initiative is therefore likely to discourage the creation of short–line railways and limit their numbers. We must realize that each one of these railways is a section saved from abandonment. If the government now interferes with the development of short–line railways, this will mean that a larger part of the rail network in Quebec and Canada will be abandoned. So, we suggest that only interprovincial works of CN and its subsidiaries, and not those works which are entirely comprised within a province, be declared to be works for the general advantage of Canada.

Moving on to the intention expressed by the minister to purchase and sell separately CN non–railway assets, including AMF, a Quebec company. This company employs some 1,300 people whose jobs could be endangered if the company's ties with CN were severed. Under clause 6 of the bill, the minister may, while CN is a Crown corporation, direct CN to transfer such property. We will move an amendment providing that, before selling these companies, the minister, to protect jobs, will ensure that they are viable and, if need be, will take steps to ensure that they are.

To conclude, while agreeing in principle with privatizing CN, the Bloc Quebecois cannot help but notice that, far from resulting from a rail policy based on the requirements of the economy, this transaction pursues the purely budgetary goal of bringing in a lot of money very quickly. It is not a rational choice. It is a fire sale by a hard–pressed government.

(1225)

Pressured by creditors, obsessed by Moody's downgrading of its rating, the federal government is putting up for public sale one of our crown jewels, a national treasure, because it desperately needs money to pay the interest on the accumulated debt caused by 20 years of mismanagement. There may be no other way out, but what an admission of failure.

We are witnessing, stunned by such incompetence and the misfortune of being governed by such poor leaders, the decline of a government that had its heyday before the current Prime Minister began, some 20 years ago, as the then finance minister, to dig this bottomless grave into which our national debt is dragging us, and the proceeds from the sale of CN will be but a shovel full of dirt in this grave.

In the face of this failure, how can one resist the temptation of comparing the Canadian federal system to a father who has to sell the family furniture and silver to pay household bills after getting deep into debt because of profligate spending and improvidence? No wonder, Mr. Speaker, that we, Quebecers, are anxious to get out of the house.

[*English*]

Mr. Jim Gouk (Kootenay West—Revelstoke, Ref.): Mr. Speaker, when I made my first speech in the House I stated I was not here to oppose for opposition sake. If the government brought forward good legislation I would be the first to congratulate it. I also stated if I thought the legislation was not good I would offer constructive alternatives as to how the legislation could be made better. Bill C–89 covers both of these situations.

There is no denying the primary concept of the bill, to privatize CN Rail, is a good move. It is something the Reform Party has been pushing for since before the election. I spoke strongly in favour of privatization during transport committee hearings with the NEWCO concept and again when I made a presentation to the all Liberal task force on CN Rail.

The tone of the discussions by the members of the all Liberal task force raised the concern with me they might not be working toward the privatization of CN Rail. I am very pleased to see the government finally got around to doing the right thing. It is certainly better late than never.

In keeping with the first part of my maiden speech, I congratulate the government for accepting yet another Reform policy. However, as it seems to be a constant pattern with the Liberals as they adopt Reform ideas and policies, they lose most of the common sense in our ideas when they put their own stamp on them. This brings me to the second part of my first speech, constructive alternatives needed to make a badly worded concept a viable reality.

The Reform Party will support Bill C–89 at first reading so it can be sent to committee where I hope the government will be as receptive to amendments necessary to make this legislation work sensibly and fairly as it was in following our idea on the concept. In supporting the bill at first reading, I can assure the House it is the concept and not the content we are in favour of.

With regard to the content, there are many problems I will be addressing at committee. Areas of concern include the minister's unrestricted power to reduce or even eliminate CN Rail's debt. In this there is a potential for disaster for both the Canadian taxpayer and the rail transportation industry. If the minister plans only to do what is reasonable then he should not mind restrictions in the bill to confirm this. If he plans to go further than is reasonable then he must be stopped.

In the same area of concern is the question of the real estate assets of CN Rail being separated from the rail operation to be sold. The sale of these assets should be the primary method of debt reduction of loans carried by CN Rail. That sale should go to the private sector, not from the taxpayer owned corporation to a department of the government using the taxpayers' money to buy their own assets from themselves. This action would bring us to a new height of creative accounting.

There seems to be some confusion between government departments, the Liberal dominated Standing Committee on Transport and the minister as to what is really planned. The Reform Party is quite prepared to help them sort that out in committee.

I am also concerned about the section which limits the share of purchases to a maximum of 15 per cent of the total shares. In marketing the shares of CN Rail to the public there are only two types of investors who would look at such an offer. One is the common investor made up of individuals, companies or investment groups. This type of investor buys shares primarily for a return on investment. CN Rail's track record does not provide a very rosy picture for this sort of investor unless they feel a new private sector operator can run the company much more efficiently than it has been run in the past.

(1230)

This brings us to the second type of investor: a company or a group of individuals who believe they can operate the rail company much more efficiently than in the past, thus raising the value of their investment. Such an investor would be far less likely to invest if they felt they could not purchase a large enough portion of the company to ensure that the needed new operating efficiencies would be implemented. Let us not kid ourselves, the general investors are not going to be lining up to purchase a company with such a losing track record as CN Rail has had.

Two provisions contained in the legislation that would create restrictions on a new company when formed are neither common to their competitors nor necessary. These two restrictions are the requirement to maintain the corporate headquarters in Montreal forever and the requirement to maintain the current official language policy of the government. It makes no sense to require a company to maintain its headquarters in any one city, nor to require it to follow any other restrictions that are not followed by the rest of their industry. As I said earlier, this company is going to be hard enough to market without placing a bunch of ill–conceived restrictions in the way of the sale.

Other concerns involve items that are not contained in the legislation. These include some measure of protection for Canadian investors, including individual workers and unions in the company. The rail industry in Canada has occupied a special part in the building of this country. Many Canadians may want to try to be part of the revitalization of one of our national rail companies and certainly should be given every opportunity to participate. One way to ensure they would have this opportunity would be to restrict the sale of shares upon introduction to Canadian individuals and companies before opening it up to the international market. I know that it will likely take an international market to sell off all the shares of CN Rail, but what is wrong with offering a little benefit to the Canadian people who we are here to represent in the process?

Another area to be considered is the suggestion I made in my presentation to the all Liberal task force last year. That idea involves the consideration of selling only the rolling stock and buildings of CN Rail and retaining the track infrastructure to form a common rail system that would be open to all railway operators on a cost recovery basis. This would include revenue from diesel fuel taxes paid by the rail companies. To be successful this would have to incorporate CP Rail's track as well, but it would not have to be government owned. It could be set up as an industry and user operated system, just the same as we are in the process of doing in the aviation sector with air navigation services. This would open up the track to any rail operator, which would greatly enhance the potential for short line operators.

These are some of the concerns I will be bringing to the committee stage of the legislation. The government has shown good sense in accepting the concept of Reform policies on this issue. I hope the good sense will continue, so that they can also accept the amendments necessary to change this from a good concept to good legislation.

[*Translation*]

Mr. Michel Guimond (Beauport—Montmorency—Orléans, BQ): Mr. Speaker, I am pleased to participate in the debate on Bill C–89, particularly after hearing the objections made by the hon. member for Kootenay West—Revelstoke to the CN head office's remaining in Montreal. I simply want to thank the hon. member, because he is helping us win the upcoming referendum. We often hear members from English Canada say that Quebec gets too much and that the federal government is too generous with our province. It is just incredible to hear such comments.

That being said, my purpose is to tell those Canadians who are watching us today about this important bill.

This will only be a foretaste, if I can put it that way. Indeed, the real fight will come in committee, where our party intends to condemn this bill. The Minister of Transport will appear before committee members tomorrow afternoon, at 3 p.m. We hope that he will answer our questions in a more explicit manner than he has usually done in the House, where he is arrogant and often hurls insults at the opposition.

As well, I can hardly wait until Wednesday, when the transport committee will welcome CN's president, Paul Tellier, the one who benefited from a generous interest–free loan of $300,000 to buy a $345,000 house in Westmount. This will be my first encounter with Mr. Tellier, since that generous loan was granted to him.

(1235)

And now for the most important aspects of this bill. In committee, our party, the Bloc Quebecois, will seek amendments because of two major objections we have to this bill. The first one concerns clause 8. This clause is very important because it imposes limits on the total percentage of shares that may be owned by a person or a group of persons.

Let me tell you about some of my concerns. For instance, I am afraid of an indirect U.S. takeover through company affiliates. Presumably, the minister or the parliamentary secretary will say that they plan to cap the percentage of shares held by Canadian or foreign companies at 15 per cent and that this point is very well covered. My point is that, as happens from time to time, some companies might have certain agreements. I am not talking about collusion. Certain agreements might be made under the table, as they say where I come from, in order to do indirectly what they could not do directly.

Clause 8 also contains the provision that CN shall maintain its head office in the Montreal urban community. Obviously, Mr. Speaker, unlike the Reform Party, our party cannot object to this recommendation.

Subclause 2 of clause 8 refers to strict provisions that will be enforced in the case of non–compliance with the 15 per cent limit. Of course, there is no restriction on shares held by the Government of Canada.

Subclause 4 provides a detailed definition of the term associate. The Standing Committee on Transport will have to consider this point later on. We find subclause 5 very disturbing because it provides for exceptions to subclause 4. That is something we will have to discuss in connection with the 15 per cent ceiling on ownership of CN shares.

Another point that will also gain by further study is the provision that the directors of CN shall determine whether persons in the group comply with the statements in a statutory declaration and are acting independently and not in concert. The reason the government included this paragraph is probably that it did not want to exclude companies which are part of vast financial consortiums with independent subsidiaries from becoming shareholders in CN.

I will give you an example. Could Bell Canada Enterprises buy a 15 per cent share; Northern Telecom, 15 per cent; Montreal Trust, 15 per cent; and Bell Canada itself, another 15 per cent? This would be tantamount to the situation I mentioned earlier in which one interest could indirectly achieve what it is prohibited from doing directly. The related companies I just named could take a 60 per cent share of CN. That is food for thought. In itself, this exception is certainly important, but it is not particularly worrisome because clause 8 prohibits companies from associating to form a controlling interest in CN.

Another paragraph of clause 8 defines control. Essentially, ''control'' means control in any manner that results in control in fact, whether directly through the ownership of a majority of shares or through negotiations between shareholders. Regarding the definition of a voting share in clause 8, I would like to ask what is the technical implication of the stipulation that a voting share is a share carrying voting rights, including a security currently convertible into such a share and currently exercisable options and rights to acquire such a share or such a convertible security? The Standing Committee on Transport will have to get answers to these questions.

(1240)

With respect to clause 8, I have set out our party's position very clearly for you. The Bloc Quebecois will propose an amendment to close the gap we found in the bill.

We also strongly disagree with clause 16. We disagree with it completely, because we believe it gives the federal government the option of getting involved in what we in Quebec call the CFILs, local trains, or what the rest of Canada calls short lines.

We consider this clause particularly underhanded, because it declares Canadian National works and subsidiaries to be works for the general advantage of Canada and implies that these subsidiaries and works will remain under federal jurisdiction. Thus, under any joint ownership agreement CN concludes with CFILs, these short lines will come under federal jurisdiction. In Quebec, a CFIL was set up for the lines linking the Abitibi and the Saguenay—Lac–Saint–Jean regions, where employees agreed to operate the CFIL according to an agreement with CN.

Therefore, we consider that clause 16 flies in the face of CFILs as an intraprovincial form of transportation, one that operates within the province, which are thus currently under provincial jurisdiction.

I do not claim to have a monopoly on truth. The people at Transport Canada, the minister and Mr. Tellier will tell us the opposite, but our understanding of clause 16 is that it will make this means of intraprovincial transportation—that is, within the province—, currently under provincial jurisdiction, come under federal jurisdiction.

As you no doubt know, Mr. Speaker, our party, which has repeatedly had occasion in this House to reject all the federal government's attempts at centralization—what the Prime Minister calls flexible federalism—will not let the federal government try to lay its hand on this field of provincial jurisdiction. In any case, this also came up in the Nault report, which suggested that CFILs should come under federal jurisdiction.

You remember the Nault report, the work of a partisan group comprising only Liberal members and one Liberal senator and excluding the opposition parties, the democratically elected

Bloc Quebecois and Reform Party. This is part of what we consider totally inadmissible, and we will call for amendments to clause 16.

In closing, there is a third point where we require more information. It concerns the future of CN's current subsidiaries such as the AMF locomotive works in Montreal or the Can–Car plant. We also want reassurance about the future of these subsidiaries with a privatized CN.

With that being said, the best is yet to come on Tuesday and Wednesday before the Standing Committee on Transport.

[*English*]

Mr. Garry Breitkreuz (Yorkton—Melville, Ref.): Mr. Speaker, I am pleased to make my contribution as one of the first speakers on Bill C–89, which would privatize CN's rail assets, including their track, rolling stocks, buildings, et cetera.

Unfortunately, the bill excludes a major part of CN's assets, such as non–railway real estate assets, probably the most valuable part of the company. Reformers would like to see these assets sold off before the privatization effort takes place, in order to reduce CN's debt load.

My hon. colleague has described a number of flaws with the bill that need to be fixed. These include prohibiting the government from arbitrarily cancelling all or part of CN's debts prior to privatization; removing the requirement to leave CN's headquarters in Montreal; removing the requirement that CN comply with the government's policy of official bilingualism; and removing the 15 per cent ownership restriction.

(1245)

I want to use my time today not just to point out the obvious flaws in this bill but to talk about privatization in general and introduce a number of ideas for consideration by the government before this bill is sent to committee.

The privatization of CN is a good thing, but the government has an opportunity to make it a great thing. I want to suggest the government use this, its first effort at privatization, as a testing ground for the privatization of all crown corporations.

In 1987 Madsen Pirie, president of the Adam Smith Institute in London, a world renowned expert on privatization, spoke at a Canadian symposium on privatization organized by the Fraser Institute. He had this to say about the fundamentals of privatizing a crown corporation:

> When government engages in an activity such as privatization, it is speaking to several audiences. Among the audiences that government speaks to are the managers of crown corporations, the workers who are employed in them, the members of the general public who are customers of crown corporations, the general public who are taxpayers and who pay subsidies to support the losses of those corporations, potential investors who might buy shares in those corporations, the financial and business community which takes an interest in their performance, and the media commentators who observe this process and comment on the results and declare it to be a success or a failure. Every act of privatization speaks to all of those audiences, and every act should be tailor made to maximize the support of each of those different groups.

When reviewing this bill we should test it against Dr. Pirie's list of vested interests or audiences. Bill C–89 must address each of the groups affected by the privatization: the managers, the workers, the customers, the taxpayers and the investors. If Bill C–89 does not specifically address each of the needs and interests of these groups, amendments will be necessary.

Dr. Pirie also outlined three key principles of privatization. First, never cancel a benefit. If people are deriving a benefit from the public activity of a crown corporation, never cancel it, however unjust it is.

Second, make friends out of your enemies. Find out who the people are who might lose on the privatization process and structure the policy to make sure they gain instead.

Third, disarm the opposition. Identify all possible objections to privatization and tailor make the policy so every single one of these objections is dealt with in advance. The government should ensure it has considered each of Dr. Pirie's three principles in planning for the privatization of CN and the necessary legislative measures are included in Bill C–89.

Based on these audiences and principles I believe that every privatization initiative must have a list of groups with a vested interest in the sale of CN and give them the first opportunity to buy CN shares. CN employees should be given the first opportunity and the highest priority. CN customers come second on the priority list and Canadian taxpayers and investors are third.

I would also like to explore some new ideas for consideration by the government before Bill C–89 becomes the law of the land. What about linking two or more government objectives into one?

For example, the government is giving landowners in the west a one–time payout for eliminating the WGTA subsidy for the railways, commonly known as the Crow rate. Would it be possible to give western farmers the choice to have their Crow rate buyout in the form of shares rather than cash? Farmers could then have a direct financial interest in the economic performance of CN. If done properly, the government could overcome opposition to both the Crow rate buyout and the privatization of CN with one move. I offer this idea to be explored by the government to lessen some of the negative effects of both programs.

In 1986 the Economic Council of Canada published the report: ''Minding the Public's Business''. In chapter five titled ''Government Enterprise and Business'' the economic council made the following recommendations:

> Entry into rail carriage could be promoted in different ways. The provisions in the proposed legislation could be expanded to make running rights more easily available and to open entry into rail carriage to anyone who can meet the basic requirements related to safety and liability coverage. Instead of regulating the activities of CN and CP in their capacity as providers of the roadbed, the management of all track could be assigned to a new publicly owned track authority. This would require the nationalization of CP's roadbed and the separation of CN's track from the other components of its operation. Alternatively, a public track authority could be created, based exclusively on the infrastructure of CN.

(1250)

This is an idea whose time has finally come. The government should give serious consideration to establishing a public track authority which would operate similarly to our highway system. This would eliminate the tax disadvantage placed on rail companies because while they pay fuel taxes, they also have to pay the full costs of maintaining their own railbed. Trucks on the other hand pay fuel taxes but their roadbed, the highways, are maintained at public expense.

Such a public track authority could charge user fees to rail companies based on the use they make of the tracks and as a result could be self–financing. At some point in the future even the public track authority could be privatized.

The Canadian Chamber of Commerce supports a fully user pay rail infrastructure. It had this to say in its 1994 submission to the special joint committee reviewing Canada's foreign policy:

> Canadian businesses are increasingly pointing to an unlevel playing field between the Canadian and U.S. commercial environments—.One tangible example among many can be found in the Canadian transportation industry. Rail, for example, provides the most economic mode of transportation for a large part of Canada's freight and for many shippers is the only cost effective mode. It is fundamental to Canada's trade, moving 40 per cent of Canada's exports and provides a fully user pay infrastructure not liable to ongoing public funding.

Finally, I would like to comment on the importance of the port of Churchill to the farmers of Saskatchewan and Manitoba. The privatization of CN should be seen as an opportunity to privatize, expand markets, modernize and increase exports and imports through the port of Churchill.

This will take more than just the privatization of CN. It will take the co–operation and likely the privatization of both VIA Rail and Ports Canada. It will take the co–operation of the federal government, the governments of the provinces of Manitoba and Saskatchewan, and the co–operation and support of every community and producer whose future will be improved by taking advantage of the most cost effective shipping route for bulk commodities to our customers in Europe, Africa and South America.

I respectfully ask the government not to look at the Churchill line and the port of Churchill as a liability but as an opportunity requiring creative thinking and a co–operative creative privatization strategy. I hope to have an opportunity to comment on a few of these ideas in future debates on Bill C–89.

I would like to close with the comments Dr. Pirie made at the 1987 Fraser symposium. He describes the most exciting part of the privatization process. He said:

> You will find privatization enables you to bring opportunities to ordinary people. It gives your citizens a chance to take part in the wealth creating process. It speeds up economic growth. It cuts the costs of government. It turns losses into tax revenues. In Britain, it is ending the old politics of division—the old politics of ''us who don't have it and them that do''.

These are the real reasons that Reformers support privatization of crown corporations.

(1255)

Mr. Bill Blaikie (Winnipeg Transcona, NDP): Mr. Speaker, I would like to begin by commenting on the process here. As I understand when the procedure for referring a bill to committee before second reading was thought about in the standing committee on procedure some time ago, frankly I do not think this was the kind of bill we had in mind for referral to committee so early on. In my judgment this is the kind of bill on which there should be a full second reading debate on the principle of whether or not CN should be privatized.

I would like to register my objection to what I would consider to be a misuse of this particular procedure. Presumably it is in order to avoid just that kind of full scale debate about the privatization of CN, although I do not know why the government would bother to avoid it. Obviously there is a great deal of agreement between itself and at least the Reform Party on this measure.

Also, the government has an obligation to instruct or ask the committee, whatever is appropriate, to consult with the communities and other stakeholders that will be affected by the privatization. Just to have the hearings in Ottawa without going to Winnipeg and other places where people have good reason to be anxious about the effect of the privatization of CN is a mistake. It is certainly something the government should reconsider although I do not expect it too. It seems to be in an unholy rush to have this all over and done with, a rush which I do not understand.

This is a very sad day for me. I will have been in this House 16 years come next week. I have spent those 16 years defending and promoting the role of CNR as a publicly owned railway com-

pany. I had hoped and for many years I had thought that this day would never come. I certainly did not expect it to come under the auspices of a Liberal government.

At times I felt if the Conservatives had been re–elected that at some point they would have done this. I remember back in 1978 when I was just a candidate for Parliament and had not yet been elected. I was critical of Harvie Andre, then a Conservative member of Parliament for Calgary for his proposal to privatize the CNR. I always thought that this was something in the back of the collective Conservative mind. The fact that it is happening now under a Liberal government to me simply makes the point—I wonder if the Bloc Quebecois could have their caucus meeting somewhere else, Mr. Speaker. I am trying to make a speech.

[*Translation*]

The Acting Speaker (Mr. Kilger): Order. Our colleague is seeking the co–operation of the House. I would ask those who wish to talk to do so outside the House if possible.

[*English*]

Mr. Blaikie: The fact that this is now happening under a Liberal government is proof positive to me of the consistency and the continuity of the corporate agenda which involves deregulation, privatization and free trade. I have to say that even I, and I have been here for a long time and know just how devious and how flexible shall we say the Liberal Party is, find the initiative taken by the government for the privatization of CN to be deeply surprising and deeply wounding.

In my own case, I do not think there is a person in my family for three generations who has not worked for the CNR at one time or another or worked there their entire life. That is true of a lot of people in my home town of Transcona where the main back shop for the CNR is.

(1300)

I understand the position of the Bloc Quebecois in defending that part of the legislation which calls for the retention of Montreal as the location for the headquarters of the new privatized CN. However, I hope it will be equally understanding when it contemplates my anger that my community is not protected in the same way. Transcona is every bit as much a part of the history of the CNR as Montreal, going back to pre–CNR days when the shops began to be constructed in 1908 and 1909 around which the town of Transcona was created.

I object to the notion some people are protected by this legislation and others are not, that Montreal is protected; where the headquarters of the CNR is and will be is protected. Transcona's role in the life of the CNR is not protected. Presumably Transcona shops can be sold, cannibalized, balkanized, anything can happen to them. This legislation does not even acknowledge the existence of that place. Therefore I would like to register my objection to that.

I find it doubly insulting, offensive and tragic that not only is CN to be privatized but it could very well be sold to a variety of foreign interests. I see the solicitor general across the way. I remember being inspired when I was yet a high school student by the Gray report on foreign ownership of the Canadian economy. We have come a long way since then. We have come a long way since we hoped to repatriate elements of our economy that were under foreign ownership. Now we have a Liberal government, of which that same member is a member, privatizing and at the same time making it possible for foreign interests to own significantly Canadian National.

There is nothing in the bill to prevent the wholesale dismantling of the CNR or its being broken up into a number of fragments and sold off. I just finished reading this bill carefully and there is nothing in it to prevent an informal alliance of interests by which four or five American railways or other companies could buy 15 per cent each of the CNR and through that natural convergence of interests that does not fit any of the legal descriptions we find in the bill manipulate the future and the nature of the CNR to their own advantage in a way that may not be to the advantage of Canada.

Perhaps that is the point. Perhaps it is passé to talk about Canada. Perhaps it is passé to talk about making the economy or the marketplace accountable to something called the country or something called the public interest. Over time we have seen that notion erode and finally, I think with this bill, completely fall away so that voices like mine sound vaguely romantic or unrealistic in this context.

Nevertheless, I think I speak for a notion of the country which many people still cherish and which they regret seeing disappear as a result of this.

(1305)

There is no provision in here for the future of VIA. It says the new CN can continue to charge VIA whatever it pleases. I would like to have seen something in here which would have demanded some accountability for what the new company would charge VIA. Is this to be the way VIA will disappear because the new company will charge VIA rates not tenable and therefore the next thing to go will be VIA? I would like not to have seen any of this but if it has to happen I would like to have seen consideration of the notion of having all the track in Canada owned by the government so that at least the government would continue to have a stake in our transportation system.

Finally, I believe none of this had to happen. I believe with the proper reregulation of our railway system the CNR and the CPR could have been healthy and viable. Instead, thanks to deregulation, thanks to imitating things happening south of the border we allowed ourselves to evolve to a point at which our railways are no longer viable.

With the appropriate policy changes on the tax side and various other changes we could have built a transportation system publicly owned on one side by CNR and privately owned on the other by CPR which would have been environmentally friendly because it would have been in favour of the railways. We have failed to do that. This will only lead to more trucking and to a transportation system which in my judgement will be less fit for the future than the one we have now.

[*Translation*]

Mrs. Pauline Picard (Drummond, BQ): Mr. Speaker, I am happy to participate in the debate on Bill C–89. You may wonder why the health critic is interested in privatization or in Bill C–89. I am interested in this matter because CN trains go through my riding; they even go through one of the largest cities in my riding.

This bill would allow the government to privatize the most symbolic of Crown corporations: CN. It is surprising, to say the least, to see how fast symbols are disappearing from Canada these days. Institutions that were previously considered a sacred trust are now faced with the sorry state of government finance.

The CBC's mandate has gradually eroded, since the government no longer gives this corporation the financial resources needed to meet its original goals. The Canadian health care system is also caught in our government's financial mess. While some still see our health care system as the great Canadian unifying project, many realize, in the light of what is happening across Canada, that the provinces can only do so much given the federal government's unilateral cuts.

Privatizing CN would remove another page from our album of Canadian symbols. No other institution has done so much to help shape Canada as we still know it today.

How many towns and regions took shape and developed around the railways? Yesterday's symbols are being destroyed by the government's financial impasse. Through this bill, the government wants to establish a mechanism that would allow it to remove one of these symbols from its public accounts.

By and large, we agree with this move. We will, however, monitor this operation very closely so that privatization does not become a mess like the recent shady deal relating to Pearson airport in Toronto. We clearly cannot let the interests of the government's wealthy financial backers prevail over those of taxpayers, who own CN. There are some justified fears that the Pearson airport mess does nothing to allay.

(1310)

The bill says that the shares of CN will be transferred to the Minister of Transport, who will hold them in trust for the Government of Canada. On the direction of the Minister of Transport, CN will have to submit an application for a certificate of continuance under the Canada Business Corporations Act. In fact, CN will cease to exist as a crown corporation and become a business corporation.

The bill imposes certain constraints on the new articles of continuance of CN. First, the voting shares that an individual or group of persons can hold is limited to 15 per cent; second, the head office is to remain in Montreal; and third, once privatized, CN will remain subject to the Official Languages Act.

If passed, this bill would authorize the Minister of Transport to deal with shares of CN with the approval of the Minister of Finance. The Bloc Quebecois has nothing against the principle of privatizing CN. However, we hope that CN will really see its efficiency and competitiveness increase as a result of privatization, as the government claims it will. To ensure that the transaction will produce the expected level of competitiveness for the new owners, CN should not be sold at reduced price. We intend to monitor the government closely in that regard, to prevent taxpayers from making a nice big gift to a privileged few.

So, reviewing the provisions of this bill, we find certain flaws that we would like to see remedied before final approval. Clause 8 of the bill imposes a constraint on the total percentage of shares that an individual or group of individuals can hold. The limit is set at 15 per cent. On the other hand, under clause 8(5), a group of individuals known to be associates would be allowed to hold more than 15 per cent of CN shares on presentation of a mere solemn declaration to the effect that these individuals will not act in concert.

It would be up to CN management to determine whether the group in question stood by their solemn declaration and really acted independently rather than in concert. Our main concern is that this leaves the door wide open for a foreign takeover, since a holding could meet these conditions. Several companies operating independently may in fact have the same majority shareholder. This provision, combined with the lack of constraints on foreign ownership, makes us fear a possible loss of Canadian control.

It is the minister's responsibility to keep this asset, built with money from the taxpayers of Quebec and Canada, under Canadian control. It would be unacceptable, after investing billions in public funds in that railway network, to let it fall into the hands of foreign interests. CN must remain under Canadian control to avoid a rerouting of its traffic to feed American railway companies.

Clause 8(5) is unacceptable in its current form, since it allows a foreign group made up of related companies to acquire a majority of CN's shares. The only protection against an effective takeover is a decision by CN's board members to the effect that these businesses comply with their pledge not to act in a concerted manner.

As you know, a company acts first and foremost with its shareholders' interests in mind. If the companies which own CN's stocks are all owned by the same shareholder, they do not have to act in a concerted manner to do the same thing. Consequently, Clause 8(5) must be reviewed or, at least, its application should be restricted to Canadian groups.

We also object to clause 16, where railway and other transportation works, as well as every subsidiary of CN, are declared to be for the general advantage of Canada. That clause would allow the federal government to interfere in areas which fall under provincial jurisdiction, such as short–line railways. It would be totally unacceptable, as well as economically inefficient and unjustifiable, to have these railways come under federal jurisdiction.

(1315)

These companies successfully operate sections which are considered to be unprofitable by major railway companies. They can do so because they are not subjected to the numerous federal regulations on rail transport. These companies need the flexibility afforded by provincial regulations to operate successfully. This attempt by the federal government could deter the development of such companies and could limit their number. It must be understood that each of these short lines operates on sections which were going to be abandoned. If the government interferes with the development of such short lines, more lines in Quebec and in Canada will be abandoned.

I am also concerned about the survival of existing CN subsidiaries whose activities are not related to railway transport. The minister said that those CN subsidiaries which are not directly related to rail transport will be sold separately. These subsidiaries include some Quebec companies which are currently experiencing financial difficulties. We will have to ensure that these companies can survive without CN, and that their current level of employment is maintained.

In conclusion, we will have to review major elements of this bill, so that a badly planned privatization does not result in a waste of all the money the taxpaters of Quebec and Canada invested in CN.

[*English*]

Mr. Myron Thompson (Wild Rose, Ref.): Mr. Speaker, it is about time a Liberal government realized the private sector can operate and manage a commercial enterprise far better than government can. I have been waiting a long time to hear that.

We on this side of the House support ending government involvment in the financial sinkhole of political policy that operated CN Rail. We do, however, have some concerns about the manner in which this government is turning the former government operated financial sinkhole into a commercial operation.

As members know, when government sold off the money losing Air Canada to private interests government also wrote off Air Canada debt, which caused other Canadian airlines grievous harm. The question to be asked is whether this government will have the political courage to rid taxpayers of the money losing CN without causing unjustified harm to Canadian Pacific. Will this Liberal government act fairly, or will it continue government intervention into private industry? I fear that on both counts the answer if no.

This Liberal government has already written into this legislation interventions that will severely harm CP Rail and place manacles on the new owners, if any, of CN. This government, in its usual haste to appear to do something, has allowed the taxpayers to once again bail out previous government errors.

Instead of ending government involvement in CN, this Liberal government divorced one sector of CN holdings from the other. Instead of having taxpayers bail out debt, why is this government not selling off CN real estate assets and using that money to pay down the debt? Why is government holding on to the assets instead of sparing taxpayers further pain?

This Liberal government is asking taxpayers to forgive debt that is rightly payable by CN. They ask taxpayers to once again pay for governemnt mismanagement. This govervent is also asking anyone who purchases CN to be bound by rules and regulations that will hamstring its future owners.

Why is this Liberal government making as a condition of sale that the head office for future CN owners must remain in Montreal? If this condition does not or will not make good business sense, must the future owners be shackled with another political decision? If CN is to be privatized, let the new owners be free to decide what is best for the railway and its customers.

Why does the Liberal government always preach freedom of enterprise and freedom for private business to operate in the marketplace yet always place restrictions upon private enterprise? That is anything but free. This governemnt states that private industry can operate better than governemnt in the marketplace, but then this government places cost consuming measures, such as maintaining an official languages policy, on prospective purchasers. Again, we have this government stating one goal while doing everything in its power to prevent accomplishment of that goal.

Why can this government never get it right? Why can this government not understand that intervention in the freedom of the marketplace or in constituents' lives will not encourage growth and prosperity? We on this side of the House understand fully that private initiative is the best means to economic growth and wealth and that private initiative reacting to a free mar-

ketplace will create opportunity for Canadians. Unfortunately, this government cannot or will not believe that independent Canadians know what is best for a continuation of prosperity.

(1320)

The members opposite continue to believe that private property owned by free citizens must have government interference to be viable. With that in mind, why is this Liberal government restricting ownership by any one sector to 15 per cent of outstanding shares? What if western grain producers and operators can afford to and wish to purchase as much of CN as they can to maintain a say in what prices will be charged to move their grain to market? What if western interests want to make certain CN will charge the price that is necessary to move the grain and make a profit but prevent outside interests from arbitrarily setting extremely high rates to ship their grain? What if these Canadian interests wish to purchase more than 15 per cent? Why can they not?

Why does this Liberal government continue to talk free enterprise but always intervene in the free market? Why does the government always put up barriers to the free movement of goods, services, and enterprise? Can it not understand that its outdated measures are holding back the future growth and the competitiveness that are required to make Canada an effective force in the world market?

Several ideas have been forthcoming that would allow hard–pressed taxpayers to recover some of their investment in CN. One idea is rationalizing the CN operation for public sale based solely on offering rolling stock, trucking, and real estate for public tender and having government retain ownership of the iron highway. Taxpayers have purchased the asphalt highways in this land. Why not allow taxpayers to keep the iron highways they have purchased?

Just as government levies a fee to use the open road, a realistic fee could be charged to all users of the iron highway. This measure will allow taxpayers to receive some return on the investment that opened this land from sea to sea. This measure has been tried and found to be viable in Great Britain. Granted, some may shout that government has no place in the iron highway, and some may point out that there are wrongs to this plan, but why does this government not allow discussion on this point? This government is quick to shout that it has consulted on many items in the agenda. Why is this government afraid to consult on this measure in the House?

Do not misunderstand my criticism, Mr. Speaker. I am a firm supporter of privatization, a firm believer that private industry can operate an enterprise far more effectively and efficiently than any government. I am a firm believer that private industry can create jobs and economic wealth far better than any government. However, there are several issues in this legislation that do not offer the best value for the dollar to Canada's hard pressed taxpayers. Make no mistake, it was tax dollars that created the CN this government now wants to pass to private ownership. I have no problem with that decision. I only have a problem with the manner in which this initiative takes place.

Taxpayers deserve maximum return for their investment. Taxpayers deserve liquidation of CN real estate assets to pay down the CN debt, which may make this sale unattractive to some purchasers. Taxpayers do not deserve to have their hard earned dollars used to rid this company of one cent of debt while any asset remains.

Taxpayers do not deserve to have a hidden agenda set by this Liberal government, such as head office location or official languages requirement, which other private enterprises can forgo, to hinder the sale to and the profitability of future owners.

I believe I have raised several issues that require answers. I believe I have pointed out to taxpayers why this government is not giving them the best value for their dollar. It is now up to the government to answer those concerns, and I challenge them to do so.

(1325)

[*Translation*]

Mr. Bernard Deshaies (Abitibi, BQ): Mr. Speaker, I welcome the opportunity today to speak on second reading of Bill C–89, whose purpose is to privatize Canadian National, a decision that was announced in the last budget and is well on its way to being implemented.

However, before this bill does what it is supposed to do, which is to privatize CN, there are a few points I would like to raise for the benefit of the Minister of Transport and his colleagues, and I am referring to the importance of the railways for resource rich regions like the Abitibi in Quebec, the riding I represent in this House. My concern is that this bill should benefit, not penalize the railways.

The railway system was one of the keys to the economic development of the Abitibi and, as we all know, was also instrumental in the development of many other resource regions in Quebec and Canada. I often wonder, when I see these small rural municipalities along the railroad tracks, whether they grew up around the railway station or attracted CN to the area so they could expand.

We have to ask whether this government, like previous governments, will again be wide of the mark with its railway development policy and this new policy of privatization.

Could it be that once again, Quebec has been the first to realize the importance of having a modern railway adapted to the needs of today's economy?

We all know that the decline of our Canadian railways is not a measure of their usefulness, since during the recent debate on

special legislation tabled by the Liberal government to put the railway companies and their employees back to work, much was made of the importance of the railways for the economy in general.

Oddly enough, the railways were called an essential national service. so that the government could force a settlement during this latest dispute, while in our region we had to fight to justify maintaining sections of the railway network in order to preserve our principal means of shipping our natural resources, our mining and forestry products.

Despite the importance of the railways, the reason for their decline is simple: no government has ever made a serious attempt to remedy the situation when there was still time, although it provided substantial grants for operating the railways.

We have been trying to placate unions for too long, instead of searching for efficient or cost–effective solutions for both the employer and the employee. What effort has this government or previous governments made to promote this means of transport over the past 20 years? Absolutely none. We can sum up the actions of the successive governments by the word ''cuts'' and the federal leitmotiv ''we cannot afford it''. Infusions of capital were certainly not the best solution, as we can see by the results today.

Over the past twenty years or more, the only notable things about the coast to coast rail system have been staff cuts, abandonment of lines and cuts to client services. Instead of investing in this great Canadian asset and creating jobs, the government is cutting.

On the other hand, the government found a way to meet the needs of western grain transporters, justifying itself by saying that we need international trade and that our wheat producers have to be competitive. Why did the government not place the same importance on the transport of wood and minerals from northern Quebec and northern Ontario?

Natural resources, and the jobs they create, are the foundation of our economy. The executives controlling rail transport in this country exhibited a flagrant lack of leadership skills. They failed to rationalize an essential service and to make it cost effective when they had the chance. They neglected their responsibilities by letting rolling stock age without replacing or improving it.

The longer they let it go, the higher the costs of getting the equipment back on track. They had gotten so behind in their upkeep and replacement of rolling stock that the situation came to a head at the beginning of the 1970s. The situation only worsened under VIA which, with the weather beaten material it inherited from CN, was never able to break even.

(1330)

Furthermore, the leaders at the time denied the importance of also maintaining efficient, competitive and aggressive passenger service, deeming it less profitable than freight transportation and not essential because road transportation was available by car or bus. Through its policy, the government supported this situation rather than look for solutions that would put the industry back on a solid footing and would serve the real needs of the communities affected by the flood of lost jobs and services.

Is the government trying to isolate distant localities once and for all by taking away their trains, airports, TV stations and even the social programs the people have contributed to in large and ever growing measure? No study has compared the huge costs of highway maintenance with rail line maintenance in northern regions such as Abitibi, with its notorious climate. The potential end of rail transportation could mean increasingly poor roads. The people in my riding know about this problem. They are faced with increasing numbers of trucks on the road, since the railway was not competitive and lacked the services to compete with the trucking industry.

In my region, this type of transportation is causing a lot of problems, since the highways were not designed to take such heavy loads. It is always the same problem, unfortunately—a lack of consultation. Government makes decisions without consulting the regions and without taking their particular needs into account. Even today, privatizing CN as outlined in this bill does not guarantee that services will be maintained in outlying areas. In spite of this, the federal government gives itself the power to interfere in short–line railway operations through clause 16 of Bill C–89.

This is totally unacceptable, since short–line railways were created thanks to the initiative of rail staff and unions, who took the risks that our leaders had avoided taking in the past. These people feel that some sections abandoned by CN and the government can become profitable through sound management. To fulfil their potential, short–line railways also needed the operating flexibility that only provincial regulations could provide.

It would be dishonest for the government to discourage the creation of short–line railways, or to try to hamper the development or operations of those already in existence by interfering whenever it feels like it. The short–line railway in my riding of Abitibi is a very good example of a CN section. It meets with the Lac–Saint–Jean line. We managed to rescue it from abandonment with all the attendant advantages for our region in terms of jobs, economic benefits, development, transport, and so on.

I would also like to take this opportunity to address clause 8 of this bill. As it now stands, this clause is unacceptable. Let me explain. The government plans to sell most of CN, an institution over 100 years old, through the largest share issue in Canadian history, which would amount to some $2 billion.

Like my Bloc colleagues, I deplore the fact that this government did not include in the bill a clause explicitly prohibiting foreigners from holding a majority of shares. Today, I will try to explain to the Minister of Transport and all his colleagues how important it is to encourage local purchase by local investors if possible or any concrete gesture through short–line railways.

Railways have played an important part in the development of my region and many others, and they can still play this role if we make the effort of identifying the needs of people in the regions and helping them meet these needs. May I point out that we are not dependent on the U.S., and yet the danger is real. The presence of Goldman Sachs, an American firm, among the brokers appointed by the government confirms the government's need to issue shares outside the Canadian stock market.

We also know that American investors are used to assessing railway companies. There are at least a dozen on the stock exchange list in the U.S., while in Canada, there is only CP, hence the risk that less informed Canadian investors may not recognize a good deal when they see it. That is why I propose that clause 8(5) be deleted or at least amended to apply only to Canadians.

To conclude, if the railway system was the connecting link for all the regions of this country, and promoted its development, why is it that today, on the eve of the 21st century, we are not able to find innovative ways of making it profitable? The railway is an essential public utility, connecting people and businesses.

(1335)

If a committee to save the railway system were set up, I am sure that we could come up with solutions, because I am still convinced that solutions do exist and that short–line railways are part of the solution. Personally, I think that privatizing CN is not a bad idea in itself since investors are needed to boost the rail industry if it is to become more performing and modern. And I think that regional business functions may offer solutions.

Privatizing must take place in the interests of all stakeholders: customers, employers and employees. In terms of profitability, CN is not doing as bad as in 1992, with estimated profits for 1994 between $240 million and $250 million.

Perhaps we have the time and resources to make the right choices. Let us take the time to weigh up the pros and cons of Bill C–89 to try to make up for the mass of not so great decisions made by rail officials and our governments over the past 20 years.

Mr. Réjean Lefebvre (Champlain, BQ): Mr. Speaker, I am pleased to participate in the debate on Bill C–89, which seeks to privatize CN. First, it should be remembered that the Canadian National was always a symbol of unity, with its lines crossing the country from east to west and going deep into remote regions. However, that symbol is disintegrating, just like federalism, and no longer meets the aspirations and needs of Canadians.

I agree with the Minister of Transport when he says that, given its current structure, CN is not a profitable venture. And CN must remain competitive. Maintaining our national railway in the long term implies government ownership in the short term.

For reasons of profitability, and in an effort to find solutions to eliminate CN's growing deficit, the government must ensure the maintenance of an adequate service, particularly in remote areas which are not served by any other public means of transportation.

Let me give you some figures. My riding of Champlain is served by two CN–operated railroad lines, Montreal–Senneterre and Montreal–Jonquière. According to a 1992 Via Rail survey on the origin and destination of travellers, 56 per cent of passengers on the Montreal–Senneterre line were either going to or coming from a remote destination. Twenty two per cent of the respondents said that their point of departure or their destination was otherwise only accessible by bush roads. In the early nineties, Transport Canada found that 38,000 trips were made on that line, with over 60 per cent of them originating or ending in remote communities or places otherwise only accessible by bush roads.

The same survey showed that 26 per cent of all passengers on the Montreal–Jonquière line were going to or coming from a remote community. Seven per cent of respondents said that bush roads were the only alternative. In 1992, Transport Canada found that close to 20,000 trips were made on the Montreal–Jonquière line, with over 26 per cent of them originating or ending in remote communities or places otherwise only accessible by bush roads.

It should be noted that, after a decrease in the number of users in 1990, there has been a significant increase, in the last two years, in the number of travellers on these two lines, in spite of a lack of marketing and poorer services, a well–known fact. Just think of the environmental disaster resulting from the derailment in the Tawachiche ZEC, close to the municipality of Sainte–Thècle, in my riding of Champlain.

Of course, the railway service in the southern part of these two lines has to compete with other means of transportation. Given the length of the trip, the unaccommodating schedules, their infrequency and our individualized travelling habits, the train in its current incarnation is not competitive.

However, it does contribute to the autonomy of residents of remote areas, it is an efficient evacuation method in case of natural disaster and it could be at the heart of economic development or promote tourism, if it were more enthusiastically supported and its publicity campaigns better targeted.

(1340)

After reading Bill C–89, one has to wonder how the privatization of Canadian National will affect the maintenance of infrastructures in remote areas and one has to ask oneself if the Minister of Transport can guarantee these people access to public transportation where roads are not adequate?

This question is even more pertinent, since clause 16 of the bill before us gives the federal government the right to meddle with the property of short line railways. It is particularly unacceptable and even economically inefficient and unjustifiable for the federal government to take over all or even some of these small operations.

One of the main reasons that these short line railways can make a profit operating short lines is that they are not heavily regulated by the federal government. These operations need the flexibility which they enjoy under the jurisdiction of the provinces. This federal initiative could discourage the creation of short line railways and limit their numbers. We must not forget that each of these operations saves a railway line from abandonment.

If the government impedes the development of these small operations, an increasing number of kilometres of track in Quebec and in Canada will be abandoned.

Another aspect of Bill C–89 which makes me fear for the future of remote areas is the lack of controls regarding foreign takeovers of CN holdings.

The aim of the Minister of Transport in presenting this bill is highly praiseworthy, but his prime obligation is to ensure that all Quebecers and Canadians, who paid the cost of building and operating the national railway, continue to have the service available to them. One way for this to happen would be to limit ownership of CN to Canadian interests.

Clause 8(5) is unacceptable in its present form, because it allows a foreign group of associated businesses to acquire a majority of CN shares. The only thing blocking an effective takeover in such a situation is the decision by CN directors that the companies in the owner consortium will stand by their statutory declaration to not act jointly. A company acts first and foremost in its own interest and in the interest of its shareholders. If the companies owning CN's shares have common shareholders, they would not need to act jointly in order to achieve the same end.

Therefore, clause 8(5) must be deleted in order to limit ownership of CN to Canadian groups.

In closing, I would remind the Minister of Transport that he is responsible for keeping control of Canadian National within Canada, because it was built with the tax money of Quebecers and Canadians. With billions of dollars of public money already poured into this rail system, it would be intolerable if it were now to be taken out of the hands of Quebecers and Canadians. Furthermore, if we are to keep CN rail traffic from heading south to the American rail systems, it is vital that CN remain under Canadian control.

In the past two quarters, CN has recorded profits of over $200 million. Now that it is beginning to make money, we sell it. CN must be well managed, serving the needs of its clientele and of the remote regions.

Mr. Gilbert Fillion (Chicoutimi, BQ): Mr. Speaker, I welcome the opportunity today to speak to Bill C–89 which, as we know, will have the effect of privatizing Canadian National.

This bill will also determine the mechanism that will be used by the government to implement the process. As soon as the legislation is passed, CN will no longer be a crown corporation. It will become a business corporation.

When I began to examine this bill, I soon realized that some of its clauses were cause for concern.

(1345)

Clause 6 of the bill allows the transfer of CN property to the government. Under this clause, the government will be able to take possession of CN affiliates and real estate not directly related to the railway sector.

We also know that the minister made it clear he wanted CN to keep only those assets directly related to rail transport. Assets related to other sectors will be privatized separately.

I would like to take as an example the intermodal station in the riding of Jonquière, next door to my own riding. If the station is closed, all freight will be transferred to Quebec's highway network, more specifically the highway through the Parc des Laurentides wildlife reserve.

We know the Minister of Transport has no long term policy for the road network, which means that the entire road network in Quebec will be penalized. Safety will be a casualty as well. People will have to cope with larger numbers of heavy trucks on our roads.

To me, this clause rang some alarm bells. We know that CN affiliates include businesses that are not in very good financial shape but still manage to do the job thanks to CN.

One wonders whether these businesses will be viable without CN and whether they will maintain the same employment levels. Will these levels be maintained? I think this is a very important question.

Eighteen months ago, throughout the election campaign, the Prime Minister's main platform was creating jobs for the people of this country. Eighteen months later, we see this promise was not kept. Even worse, in the last budget the Minister of Finance failed to include measures for direct job creation. I would even

go so far as to say that the budget's impact will be the reverse of what was promised in the red book.

In my riding, things are very bad, with over 30 per cent of the population on unemployment insurance or welfare. Of this group, a number of people have decided to give up looking for jobs. They have stopped looking for jobs because there are none. We are gradually killing off an entire generation.

Jobs in CN affiliates must be guaranteed so that we do not get thousands more unemployed people looking for jobs. This is particularly crucial when we realize that this government is doing little or nothing to deal with this problem.

The Prime Minister seems to have forgotten the golden rule which says that when you are the boss, never take on a task your assistant will not be able to do. Let me explain. Clearly, neither the Minister of Labour nor the Minister of Finance are in a position to keep the government's promise that it would put people back to work and provide for economic recovery.

(1350)

CN itself has concerns about this bill. I will take the specific example of AMF Technotransport Inc. of Montreal, which employs 1,300 people but, on its own, without the support of CN, it may get into financial difficulty, which will add to the unemployment statistics of the province.

Again, this bill does not contain any provision to protect jobs in subsidiaries. This could be very dangerous, leading to jobs cuts, layoffs and perhaps even businesses closing down. We cannot afford this kind of luxury.

Another clause that would require further consideration is clause 8. My colleagues mentioned it earlier, but I would like to address it anyway, particularly as regards paragraph 5, which, as it stands, authorizes a foreign group of corporations which are associates to acquire majority control of CN.

The only thing that stands in the way of an effective takeover in such circumstances under this clause is the judgment of the CN board of directors, which they have shown in negotiations, and collective bargaining in particular, with employees at every level. Collective agreements were signed that were considered generous at the time, but then the company only tried to take these hard won rights away from the workers later on. They tried to do so by seeking legislation like the bills that were brought before this House a few months ago. Knowing how much common sense the CN directors responsible for determining whether the corporations in the owners group are complying with their statutory declaration not to act in concert really have, I doubt this can be achieved.

Everybody knows that corporations are guided first and foremost by the interests of their shareholders, and that is absolutely normal. So, if the corporations that own CN all have the same shareholders, they do not need to act in concert to act along the same lines. It is therefore essential that clause 8 be amended.

Need I remind you that this railway system was built with money provided by the taxpayers of Canada and Quebec? It would be unacceptable for control over a railway in which billions of dollars of public money were invested to be lost to Canadians and that CN traffic be redirected toward U.S. rail systems.

Finally, at a time when the provinces are asking the federal government to give them more flexibility and to withdraw more and more from certain jurisdictions, clause 16 authorizes the federal government to interfere in a wide variety of provincial jurisdictions through short–line railways.

In closing I would like to add that these entities should be protected so that they can be sold to private sector enterprises, but enterprises truly owned by Canadians and Quebecers.

[*English*]

Mr. Joe Fontana (Parliamentary Secretary to Minister of Transport, Lib.): Mr. Speaker, Bill C–89 is a very important bill to the railway industry and for the future of transportation in the country. I appreciate the number of members who have spoken and the vast number of questions which will be answered in due course in the committee hearings to commence tomorrow.

I want to extend appreciation to the opposition parties, the official opposition, the Bloc Quebecois and the Reform Party, for their support in principle of the bill. I understand it is conditional support at this point in time and that we will endeavour to answer their questions at committee. I should point out that the NDP continues to be in a time warp. It believes the government must own and operate everything to ensure that it is run efficiently. Most members have indicated that we have a tremendous opportunity to create a new CN with greater efficiencies.

(1355)

I highlight two questions that have been posed to the government. The first concerns no restrictions to foreign investment. The Canadian taxpayer has helped to build Canadian National and the Canadian taxpayer deserves to get the maximum benefit for that investment. Therefore the experts have indicated to us that to ensure the maximum benefit, one cannot impose certain restrictions on the share offering to try to get the best possible value for Canadian National.

Second, we have put a restriction on individual shareholdings to a maximum of 15 per cent. A number of opposition members have indicated that certain unaffiliated or unrelated companies could band together to essentially take over Canadian National. I want to say with regard to that concern that the experts have told us it is impossible. The reason we have drafted the bill with

such detail is to ensure that unrelated companies and individuals could not band together to essentially have control of Canadian National.

I want to make two other points. The Minister of Transport indicated this morning that regulatory reform would be coming up soon. It is as important as CN's privatization to ensure that we have an efficient railway transportation system.

We all agree that transportation is key to our competitiveness, to creating jobs and to exporting. That is why we want to create a national, affordable integrated railway system in the country that will allow us to be able to move goods and people as efficiently and as effectively as we possibly can, and to ensure that those jobs remain in the country and that we continue to export.

Bill C–89 is going to committee and when it comes back I am sure we can look forward to the support of all members of the House.

The Acting Speaker (Mr. Kilger): Pursuant to Standing Order 73, it is my duty to interrupt the proceedings and put forthwith the question on the motion now before the House.

Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Mr. Kilger): All those in favour of the motion will please say yea.

Some hon. members: Yea.

The Acting Speaker (Mr. Kilger): All those opposed will please say nay.

Some hon. members: Nay.

The Acting Speaker (Mr. Kilger): In my opinion the yeas have it.

And more than five members having risen:

The Acting Speaker (Mr. Kilger): Call in the members.

[*Translation*]

And the division bells having rung:

The Acting Speaker (Mr. Kilger): Pursuant to Standing Order 45(5)(*a*), the division on the question now before the House stands deferred until 6.30 p.m. today, at which time the bells to call in the members will be sounded for not more than 15 minutes.

[*English*]

The Speaker: It being 2 p.m., pursuant to Standing Order 30(5) the House will now proceed to statements by members.

S. O. 31

STATEMENTS BY MEMBERS

[*English*]

HEARING AWARENESS MONTH

Ms. Hedy Fry (Vancouver Centre, Lib.): Mr. Speaker, you might agree that in your chair you are more often a listener than you are a speaker, but not all Canadians share the luxury of hearing as you do.

May is Hearing Awareness Month and as such is an occasion to promote greater public understanding of Canadians who are deaf or hard of hearing. It is also a time to help those with related communication disorders and to emphasize the importance of protecting our hearing.

More than one million Canadians have a hearing loss. For these people communication is not a simple task. It means using teletypewriters, close captioning for television, listening devices, sign language and oral interpreters.

This year the hearing awareness campaign will focus on access and communication. Hearing organizations will be working together to promote programs and services that improve the lives of the hearing impaired in Canada.

Please join me in saluting the Canadian Hearing Society and the Canadian Association of Speech Language Pathologists and Audiologists for their devotion to improving the lives of Canadians with hearing difficulties. Thank you all for listening.

* * *

[*Translation*]

MINING EXPLORATION

Mr. Bernard Deshaies (Abitibi, BQ): Mr. Speaker, on April 25, I attended the official opening of the largest copper mine in operation in Quebec, the Louvicourt mine, near Val–d'Or.

This mine, which will employ over 350 people for more than 10 years, is the result of a roughly $300 million investment by partners Aur, Teck and Novicourt. This impressive achievement shows how important government assistance, in the form of flow–through shares, is to mining.

We deplore the fact that the government has rejected the Standing Committee on Natural Resources' recommendation to enhance the federal contribution to the flow–through share system. The Minister of Natural Resources should be reminded that the government's involvement in mining is not an expenditure but a profitable investment that would benefit a number of mining regions in Canada and Quebec as well as thousands of workers.

S. O. 31

[*English*]

LIBERAL PARTY OF CANADA

Mr. Jim Abbott (Kootenay East, Ref.): Mr. Speaker, the Liberals in this House are very proud of their connection with the Ontario Liberals. They believe Lyn McLeod is going to be the next premier of Ontario.

The federal Liberals support the Ontario Liberals' red book policy. The Canadian finance minister has gone so far as to interfere in the provincial election by ridiculing Ontario Tory policies. However, speaking of ridicule, I wonder just how proud Lyn McLeod is of the federal Liberals. Why does she not ridicule federal Liberal policy that will see the continuation of the MPs' very own porky pension plan?

Ontario Liberals understand the revulsion that Canadians feel toward their MPP pension plan and say in their Ontario red book they are going to scrap the porky plan.

Meanwhile, federal Liberals are poised to vote for their pension plan. They want to hide it from Canadian taxpayers in committee, which makes me wonder if federal Liberals are proud of Lyn McLeod. Is she ashamed of them?

* * *

CN RAIL

Mr. John Solomon (Regina—Lumsden, NDP): Mr. Speaker, the Liberal red book highlighted the importance of Canada's infrastructure to our economy. Yet the Liberal government has done another about face by selling off CN Rail which takes away a vital link in our transportation infrastructure.

The Canadian people will no longer be participants in our rail economy, the transportation link that built Canada.

In preparation for the sell–off, CN laid off 11,000 Canadians. As a former trainman for CN Rail, I saw firsthand the good work done in bringing grain and other Canadian products to market. I am one of thousands of Canadians who are deeply concerned about even further job loss caused by putting CN Rail on the auction block.

With no rules on foreign ownership, CN is destined, with the Liberal government's blessing, to be purchased by individuals and corporations with no interest in Canada's future. The Liberal government is exchanging an east–west transportation system for a north–south system that will see even more foreign control of the Canadian economy.

Bill C–89 brings to an end Canadians' ownership and control of their own railway and only leaves further job loss and more debt for Canada.

PORT PERRY CADET CORPS

Mr. Alex Shepherd (Durham, Lib.): Mr. Speaker, we are being visited today by the Port Perry Cadet Corps. This corps of young men, who attend both elementary and secondary school, has a long history of achievements.

Having been formed in 1898, they are now fast approaching their 100th anniversary. The purpose is not to train soldiers but to train young men for the responsibilities of citizenship.

Being a part of the Department of National Defence, they have expressed to me their concerns about possible reduced funding, especially since they are often dependent on the local forces base, many of which are now closing. They also expressed to me the need to get funding down to the level of local decision makers. Highly centralized authority often makes inappropriate decisions with respect to local needs.

(1405)

I would like to thank Major Doodley and the 40 young men of the Port Perry Cadet Corps who have made such a major contribution to our community.

* * *

INTERNATIONAL DAY OF FAMILIES

Mr. Andy Mitchell (Parry Sound—Muskoka, Lib.): Mr. Speaker, I rise in the House today to recognize the United Nation's International Day of Families which is being celebrated today.

The United Nations calls the family the most crucial link between generations, the purveyor of human culture, the primary source for love, sustenance and shelter. I too call the family the most important grouping of people in our society. On this day to honour families I want to take a moment to honour my own.

The family unit is fundamental to our society. Through our families we strive to make the world a better place. Through our families we hope to achieve harmony in the world by promoting healthy values and instilling tolerance, understanding and compassion in our children.

Families struggle to maintain cohesiveness in these stressful times of social and economic change. Households are changing but the family unit remains intact and strong as each member supports the others.

The family is our strongest bond. I invite my colleagues to join with me today in honouring our families.

NATIONAL MINING WEEK

Mr. Elijah Harper (Churchill, Lib.): Mr. Speaker, the second week of May is National Mining Week, when we focus attention on the contribution this industry makes to Canada.

I would like to focus on mining in my constituency. This industry is the main employer in many of our communities. The mining industry makes a significant contribution to the northern Manitoba economy through salaries and royalties.

I would especially like to pay tribute to the men and women of northern Manitoba who work hard in our mines and smelters. They are an important part of our northern community and they deserve our appreciation.

* * *

[*Translation*]

POWER CORPORATION

Mr. Jean–Guy Chrétien (Frontenac, BQ): Mr. Speaker, at the Power Corporation stockholders' meeting, chairman of the board and CEO Paul Desmarais, who is also the father–in–law of the Prime Minister's daughter, said that, in the current circumstances, it was not in his corporation's best interest to invest in Quebec.

We learned at the same time that Power Corporation had increased its stake in Southam, which is about to build a $55 million printing plant for the *Gazette*. Bloc members deplore this blackmail campaign aimed at Quebecers on the eve of the referendum campaign.

Everyone knows that, because of its influence, its family ties, and the professional past of its senior executives, Power Corporation has benefited from orders–in–council regarding satellite broadcasting that were custom–made for one of its subsidiaries, Power DirecTv.

Are we to understand from Mr. Desmarais's declarations that he is now returning the Liberal government's favour?

* * *

[*English*]

NATIONAL POLICE WEEK

Mr. Paul E. Forseth (New Westminster—Burnaby, Ref.): Mr. Speaker, this week being National Police Week, I acknowledge the RCMP detachment in Burnaby, British Columbia, Canada's second largest municipal contract detachment, with approximately 240 officers. In every aspect, this detachment exemplifies what is meant by serving the community.

On January 15 the local RCMP began a community policing pilot project, forging a new relationship with citizens. By dividing the city into four districts, the force will eliminate a central command, making officers more accessible to citizens, essentially assigning each officer to his or her own turf. By providing a greater presence in the local neighbourhoods, through full service community stations, storefront contact offices and a restructuring of the organization, this five–year strategic plan is sure to make a difference.

There is much concern for safety on our streets and in our homes. I congratulate the Burnaby force for its innovation and diligence, and making my part of British Columbia a safer place to live.

* * *

[*Translation*]

NATIONAL POLICE WEEK

Mr. Patrick Gagnon (Bonaventure—Îles–de–la–Madeleine, Lib.): Mr. Speaker, the week of May 14 to May 20 marks the 25th anniversary of National Police Week in Canada, an event aimed at strengthening co–operation between the police and the public.

As you know, the Liberal government cares about the safety of Canadians. We must ensure that this co–operation between all members of the community remains strong, to ensure that Canadian law enforcement services continue to be efficient.

[*English*]

The police play a vital role in public safety and security and this year's police week theme ''Partnerships with the Community'' underscores this special relationship.

To mark the 25th year anniversary of police week, police services across the country are undertaking activities to underscore the importance of partnerships and co–operation between the police and the community in the fight against crime.

[*Translation*]

Police forces in Canada do an extraordinary job. Their achievements must not go unnoticed, and this is why we invite all Canadians to pay tribute to those who work tirelessly to protect them.

* * *

(1410)

INTERNATIONAL DAY OF FAMILIES

Mr. Martin Cauchon (Outremont, Lib.): Mr. Speaker, today, May 15, is recognized by the United Nations as International Day of Families.

This day provides us with an opportunity to reflect on the new realities facing the modern family. Social, technological and economic changes have significantly changed the make–up of the so–called traditional family unit.

This day must be an occasion to reflect on the evolution of the major role played by the family, which is the cornerstone of our society.

In spite of above–mentioned changes, one thing remains certain: generations follow one another, but the family will always play a fundamental role by providing our children with an essential and special environment to foster their development.

On this International Day of Families, I wish everyone the very best.

* * *

CULTURAL COMMUNITIES

Mrs. Eleni Bakopanos (Saint–Denis, Lib.): Mr. Speaker, last Friday, five members of the Bloc Quebecois' commission of cultural communities resigned to denounce the fact that they were being manipulated by Bloc officials.

With their resignation, the cultural communities representatives wanted to show that they would not have a real role to play in an independent Quebec.

The few reactions from Bloc spokespersons following these resignations clearly show the deep malaise which exists between the Bloc and the cultural communities.

[*English*]

This is one more example of the failure of the Bloc as well as the PQ to sell their separatist option to Quebec's cultural communities. These Quebecers have seen through the PQ's fearmongering and desperate tactics.

[*Translation*]

Quebec's cultural communities deserve respect; they do not want to be ignored. Quebec's future will not be decided without their input, in spite of what the Bloc and the PQ may think.

* * *

INTERNATIONAL DAY OF FAMILIES

Mr. Gilbert Fillion (Chicoutimi, BQ): Mr. Speaker, today, on the International Day of Families, the Bloc Quebecois wishes to emphasize the importance of this primary social unit for each and every one of us.

Many believe that the family is the place where the individual is formed, for better or for worse. That is why it is so important to aim for more equality in our society, and I mean not only equal opportunities but also some basic equality in living conditions.

In 1993, more than one million families in Canada were living below the poverty line. For us as elected representatives, this should be a day to reflect on what we hope to achieve in this House and how we can improve the lives of families in Quebec and Canada.

* * *

[*English*]

ONTARIO ELECTION

Mr. Ken Epp (Elk Island, Ref.): Mr. Speaker, the Minister of Finance has gone on the hustings for Lyn McLeod and the son of red book. In a speech to the Liberal faithful, the minister heaped praise on the Ontario Liberals for setting a four–year target for the elimination of the deficit, calling their so–called strategic spending cuts laudable and their tax cuts sensible. This is very ironic. In a classic case of Liberal doublespeak, it is another example of do as I say not as I do. It is just like their MP pension plan reform.

Despite constant Reform pressure, the minister has repeatedly refused to set a date to eliminate the deficit and has actually increased taxes by over $1.5 billion. Liberals love taxes so it is not surprising that they would tax logic along with everything else.

Not to worry. The son of red book will end up with the garbage with its federal parent. Ontario voters will have the sense to realize that it is only by the application of the sound Reform principles of deficit elimination, debt reduction and the resultant tax reductions which will ultimately work to—

The Speaker: The hon. member for Bruce—Grey.

* * *

OFFICIAL LANGUAGES

Mr. Ovid L. Jackson (Bruce—Grey, Lib.): Mr. Speaker, within the last number of days I was troubled by some incidents in connection with a francophone woman by the name of Johanne Harvey living in my riding of Bruce—Grey, in the city of Owen Sound of which I was the mayor.

I want to assure the House that the city of Owen Sound and the Government of Canada are strongly committed to supporting linguistic minorities across the country and promoting language duality as an essential element of Canadian unity and identity.

We will continue to speak out on behalf of tolerance and ensure that there are harmonious relations between linguistic communities in Canada.

Our actions over the past year as a government are clear. We have reaffirmed the vision of Canada in both our language and in our community. We want to make sure all Canadians feel at home right across this great country.

(1415)

On another note, I have been in contact with the mayor of the city of Owen Sound and he takes the matter extremely seriously and will look into it personally.

ONTARIO ELECTION

Mr. Roger Gallaway (Sarnia—Lambton, Lib.): Mr. Speaker, with only 24 days to the Ontario election, Bob Rae is getting desperate.

Last Friday in Thunder Bay the premier and his nearly defunct party reached a new low in campaign dirty tricks. In the middle of an announcement by Liberal leader Lyn McLeod, a member of the NDP's own provincial council, Alex Ng, rushed the podium, screaming in protest.

Later Mr. Ng admitted to the media he was ordered to disrupt the event by the NDP's central campaign, which had paid his flight to Thunder Bay.

The premier apologized for the incident and announced that Mr. Ng was withdrawing from the campaign. Mr. Ng's career as a paid protester may well be over but at least he had a good start on Bob Rae, who will start looking for a new job on June 9.

ORAL QUESTION PERIOD

[*Translation*]

CHECHNYA

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, although the Prime Minister says he is concerned about human rights issues, on his recent trip to Russia to attend ceremonies celebrating the 50th anniversary of V–E Day, it was clear once again that the Canadian government's only priority is trade.

In fact, at the very moment when the Russian army continued its attacks in Chechnya, the Prime Minister was discussing a Team Canada trade mission with his Russian counterpart.

My question is directed to the Prime Minister. Considering the foregoing, would the Prime Minister agree that his attitude and that of his government, which subordinates human rights to strictly commercial interests, does not give the Russian authorities any incentive to show more respect for the rights of the Chechen who are now being attacked by the Russian army?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, everyone knows that I raised the issue of the people of Chechnya with President Yeltsin, and I told him personally that his government's attitude did nothing to further Russia's interests in the world.

We were there to celebrate the 50th anniversary of V–E Day. The Russians made an exceptional contribution since 27 million Russians died during the war. We accepted the invitation as a matter of course.

My colleagues in the Western world and myself refused to attend the military parade, but we agreed to attend a parade of veterans who fought during the last war. To show our disapproval of what is now happening in one part of Russia, we boycotted their biggest parade.

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, I am prepared to accept the Prime Minister's reply, but if he really wanted the Russian authorities to take seriously his concerns about human rights violations in Chechnya, why did the Prime Minister not tell them in advance that he would refuse to attend the military parade, as a form of protest, like other heads of state who were not afraid to speak out?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I made it quite clear, although I may not have had a chance to announce my intentions publicly, but in communications with other heads of state, we agreed we would boycott this big military parade, and we did. The Russian government was well aware that Canada would not attend this parade.

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, the Prime Minister said President Yeltsin gave him assurances that the Russian army had already been replaced by a normal police force in Chechnya. However, immediately after his departure from Russia, the Russian army was again bombing Chechen civilians.

Considering the false assurances the Prime Minister received from the Russian head of state, how does his government intend to put pressure on the Russian authorities to stop human rights violations in Chechnya?

(1420)

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we have protested on several occasions. My colleague, the Minister of Foreign Affairs, brought this matter up several times with his Russian counterpart. We are putting as much pressure as possible on the government. And if the problem persists, I will have another opportunity to launch a protest when I meet Mr. Yeltsin in Halifax next month.

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TELECOMMUNICATIONS

Mr. Pierre de Savoye (Portneuf, BQ): Mr. Speaker, my question is for the Minister of Industry.

Another item to add to the Power DirecTv file is the submission this company made to the government dictating the steps to be taken to reverse the CRTC's decision allowing Expressvu to begin broadcasting as early as next September but not Power DirecTv.

Will the Minister of Industry admit that he received Power DirecTv's submission and that he dutifully followed all of the instructions contained in the document, which demanded that

the order be tabled in the House before April 24 to prevent Power DirecTv from being put at a disadvantage?

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, although this information is a little dated, I am pleased to answer the hon. member's question. If he had read the document, he would have noticed that we did not follow Power DirecTv's recommendations. In fact, we received many other recommendations in that period. We did not accept all of the suggestions of Power DirecTv, but we did accept all of those made by the Consumers' Association of Canada. The recommendations we accepted were the ones made by that association.

Mr. Pierre de Savoye (Portneuf, BQ): Mr. Speaker, that is a very interesting explanation, but let us look at the facts. And, given the appearances, the minister should find this case indecent.

Does he not find it indecent that Power DirecTV, a company owned by the Prime Minister's son–in–law, not only tried to instruct the government on how to settle an issue to its satisfaction, but that worse yet, the government, we have every indication to believe, scrupulously followed its orders and issued a decision tailored to the requests of the company?

Mr. Speaker, my question is for the Prime Minister.

[*English*]

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, I will repeat for the hon. member. He seems to have failed to read a document which I think has been in the public domain.

Certainly others have quoted from this submission received by the government from Power Direct, one of many received after the expert panel's report was tabled. In the case of this one, which asked that we make changes to the direction and table it on April 24, he will know we did not make changes to the direction and we did not table it until April 26.

On many important elements we did not take its recommendations. What we acted on were the very general and very supportive recommendations of the Consumers Association of Canada, Friends of Canadian Broadcasting, ACTRA, et cetera. We took our recommendations from people who are concerned about competition in this field in Canada.

* * *

GUN CONTROL

Mr. Jack Ramsay (Crowfoot, Ref.): Mr. Speaker, the Minister of Justice has assured us Bill C–68 is constitutional. He has assured us that Canada's aboriginal groups have been made part of this consultation process.

Last Friday Mr. Mosley, the assistant deputy minister, stated consultation with the James Bay Cree took place when the government provided the country with its white paper on firearms control and through the issuance of Bill C–68. He denied that constitutional rights of aboriginal people had been violated.

Is the justice minister's definition of a consultation the mere provision of what he intends to do with firearms legislation? Does this explain why he has stated repeatedly he has consulted with various groups and individuals including the James Bay Cree, the attorneys general of Saskatchewan, Alberta and Manitoba and the ministers of justice from Yukon and the Northwest Territories, who have all stated they were not consulted by the justice minister?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, I engaged in consultation for many months before tabling last November 30 the government's proposals, before tabling Bill C–68 on February 14 of this year.

(1425)

This consultation was not done through officials. It was not done through publishing an options document. It was done personally by my visiting all 10 provinces and both territories to meet with national, regional and local firearms groups as well as representatives of aboriginal communities.

The views we heard during that consultation process were carefully and fully reflected in the legislation we put before Parliament.

Mr. Jack Ramsay (Crowfoot, Ref.): Mr. Speaker, I have a letter signed by Ovide Mercredi to the minister. He says: ''For God's sake, respect our rights''.

Bill C–68 has some draconian search and seizure provisions. The police are given enormous powers and discretion to inspect for firearms and search and seize without warrant. At one time Canada had writs of assistance which were in effect permanent, blanket search warrants. They were withdrawn and these kinds of searches are no longer allowed.

Is the minister intending to bring back something even more reprehensible than writs of assistance through his so–called inspection provisions?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, I am fully aware of the hon. member's recent enthusiasm for aboriginal rights as well as his recent discovery of the importance of the Canadian Charter of Rights and Freedoms.

He is a very hard working member of the very parliamentary committee now hearing witnesses and examining clause by clause the provisions of the bill. If he has a constructive suggestion with respect to the implementation of this act in a fashion sensitive to aboriginal traditions and customs, I hope he will make it in committee and we will listen.

Mr. Jack Ramsay (Crowfoot, Ref.): Mr. Speaker, the worst thing we can do as a government is create laws and agreements with the native people and then violate those very agreements.

There is growing concern from groups about many aspects of the bill. The Canadian Bar Association and the Canadian Civil Liberties Associations are both concerned about Bill C–68. The Canadian Bar Association will publicly elaborate its concerns regarding the constitutionality of the so–called inspection, search and seizure powers.

Is the justice minister still confident his bill is constitutional in every respect?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): I am, Mr. Speaker, but the very purpose of having hearings before a committee is to enable groups such as those referred to by the hon. member to come forward and express their views.

I have had no doubt from the beginning the bill can be improved by that process. I listened with interest to the views expressed to date and I will listen with interest to the views to be expressed by the Canadian Bar Association.

Let me make clear if there are ways the bill can be improved with respect to the inspection procedures or others we are very happy to have those proposals. We will take the proposals from the bar association and others and give them serious consideration.

* * *

[*Translation*]

AGUSTA

Mr. Jean–Paul Marchand (Québec–Est, BQ): Mr. Speaker, the Minister of Public Works categorically refused last week to break off negotiations between the federal government and the firm Agusta regarding potential compensation for the Liberal government's cancellation of the contract for the EH–101 helicopters. The Prime Minister stated a few days after his election that the contract would be cancelled and no compensation would be paid to anyone.

How does the Minister of Public Works justify his current negotiations with Agusta, when the Prime Minister stated a few days after his election, and I quote: ''The program is cancelled and there is no compensation for anybody''?

[*English*]

Hon. David Dingwall (Minister of Public Works and Government Services and Minister for the Atlantic Canada Opportunities Agency, Lib.): Mr. Speaker, the hon. member will know that under the terms of the contract there are various provisions whereby the Government of Canada must provide some funding to the contractor.

The Prime Minister's statements were made with that in mind. We are proceeding with our negotiations as we would proceed under any other normal circumstances upon the termination of any contract with the Government of Canada.

(1430)

[*Translation*]

Mr. Jean–Paul Marchand (Québec–Est, BQ): Mr. Speaker, in view of the fact that Agusta has just hired the former director of communications of the Liberal Party of Canada, Daniel Despins, and the former special adviser to Pierre Elliott Trudeau, James Peacey, as lobbyists in order to sell helicopters to the Government of Canada, would the minister of public works assure us that he is not negotiating a new contract on the quiet with Agusta, in exchange for compensation for the cancellation of the last contract?

[*English*]

Hon. David Dingwall (Minister of Public Works and Government Services and Minister for the Atlantic Canada Opportunities Agency, Lib.): Mr. Speaker, the hon. member has made reference to two individuals, neither of whom I have seen, heard, or communicated with since I have become a minister of the crown.

I want to assure the hon. member that whatever a particular company does or who it hires is certainly its prerogative. There have been no representations made to me as a minister of the crown regarding that particular incident.

* * *

GUN CONTROL

Mr. Myron Thompson (Wild Rose, Ref.): Mr. Speaker, the weekend edition of *The Globe and Mail* ran a feature story on illegal gun sales in Canada. In that article, Detective Geoffrey Francis, who headed a gun running task force in the Toronto area, stated: ''We already have good, strong laws in Canada for controlling firearms. We have to start enforcing them''.

For 18 months the minister has done nothing to enforce the laws we have. Why is the minister not enforcing the existing laws instead of creating new laws that will do absolutely no good?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, that article effectively pointed out the importance of taking action with respect to the smuggling of firearms. However, the fact that this problem exists does not mean that other things are not also needed. We have to address all these concerns.

The minister of revenue and the people working in his department, the solicitor general and members of the RCMP are all working closely with other police forces. Indeed, when I met with the attorney general of the United States here in Ottawa in March, the first item on the agenda was the need for our

governments to work together more effectively to deal with the smuggling of firearms.

I fully agree with the hon. member, it is an important issue. It needs more attention, and it will get it.

Mr. Myron Thompson (Wild Rose, Ref.): Mr. Speaker, if he agrees with me, he should have agreed with me 18 months ago and got off his backside and done something about it.

I will ask the justice minister one simple question. Since he is fully aware and has been made aware by a number of people that registration will do nothing to curb crime, why does he not scrap that whole idea and save the taxpayers a lot of dollars?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, if I were to do such a thing I would disappoint the strongest supporters of registration, the chiefs of police of the country, the frontline police officers, the Canadian Police Association, the mayors of cities, the professional health care workers, people who know of the close, the practical, and the demonstrable connection between registration of firearms and achieving greater public safety.

* * *

[*Translation*]

SOMATOTROPIN

Mrs. Pauline Picard (Drummond, BQ): Mr. Speaker, my question is for the Minister of Health.

We learned in *La Presse* on the weekend that somatotropin has been entering Canada freely as customs officers are unauthorized to stop it. All the while, the Minister of Health is imagining that this hormone, which may pose a health hazard, is not being used because of a moratorium on it.

Would the minister tell us whether Health Canada is taking particular action against those who are importing somatotropin, because the use of it is banned?

Hon. Diane Marleau (Minister of Health, Lib.): Mr. Speaker, if the hon. member has information she could share with us on the sale of this product, which is not legal in Canada, we would appreciate it if she would tell us.

Mrs. Pauline Picard (Drummond, BQ): Mr. Speaker, I would invite the minister to read this weekend's *La Presse*.

(1435)

How can the Minister of Health think that the Minister of Agriculture's moratorium has any effect at all, when appreciable quantities of this hormone are entering Canada, and does she intend punishing those using this hormone despite the ban?

Hon. Diane Marleau (Minister of Health, Lib.): Mr. Speaker, of course, because it is not approved for sale in Canada. As regards the moratorium, the hon. member should perhaps talk to the Minister of Agriculture.

* * *

[*English*]

AIR TRAFFIC CONTROL

Mr. Jim Gouk (Kootenay West—Revelstoke, Ref.): Mr. Speaker, last week the Minister of Transport suggested he might cancel the problematic air traffic control computerization contract with Hughes Aircraft. Now he has apparently offered the company more than a hundred million taxpayer dollars to supply a system inferior to that in the original contract.

How does the minister justify his about face, which will actually reward a company for not living up to its government contract?

Hon. Douglas Young (Minister of Transport, Lib.): Mr. Speaker, the difficulties with Hughes on that contract are well known. As the hon. member has raised in the House and as I have agreed, we have to find a way out of that. It is a very difficult and complex question.

It is a very odd situation to have the hon. member now suggest that we should cancel the contract when has been such a stout defender of the Pearson contract.

Mr. Jim Gouk (Kootenay West—Revelstoke, Ref.): Mr. Speaker, the minister did not hesitate to cancel the Pearson airport contract without producing a single item of evidence of wrongdoing.

Hughes is a year and a half behind schedule. It has stated that it cannot provide what it contracted to provide the government with and it wants even more money for what it does supply.

If Hughes insists on more money for an inferior system, why does the minister not either approach an alternate bidder or simply retender the air traffic control contract altogether?

Hon. Douglas Young (Minister of Transport, Lib.): Mr. Speaker, there have been millions of dollars spent already on this contract. I agree with the hon. member that the contract is not being delivered on schedule and that it is over budget.

We are negotiating with Hughes to try to find a solution to the problem. The hon. member would know that the contract was entered into a number of years ago. It came to my attention that there were problems with it and I immediately informed the auditor general of my concerns. I have discussed the matter with my deputy minister. We are going to try to find a solution to it.

The problem we face with Hughes I think the hon. member would recognize as a good reason why we should proceed

rapidly with the commercialization of the air navigation system to ensure that those who deliver the service, the people who use the service, and especially those who pay for it have a direct say in how these services are built and maintained.

* * *

[*Translation*]

ROYAL CANADIAN MOUNTED POLICE

Mr. François Langlois (Bellechasse, BQ): Mr. Speaker, my question is for the Solicitor General.

After testifying before the commission on Quebec's future, Pierre Laberge, a retired member of the RCMP and CSIS, has now been barred from their Montreal headquarters, where the association of former RCMP and CSIS members holds its meetings. This ban was imposed by, among others, Normand Chamberland, the current director of CSIS for the Quebec region.

How can the Solicitor General justify such retaliatory measures against a retired employee simply because he took part in the proceedings of the commission on Quebec's future?

Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.): Mr. Speaker, the association of former RCMP members is a private organization that does not report to the government. It makes its own decisions regarding access to its meetings.

Mr. François Langlois (Bellechasse, BQ): Mr. Speaker, I understand that the RCMP building comes under the government's responsibility.

Can the Solicitor General tell us if the RCMP's intolerance toward Mr. Laberge reflects the policy that the federal government intends to apply to all federal employees who side with Quebec in the upcoming referendum campaign?

Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.): Mr. Speaker, access to the RCMP's premises in Montreal is an internal management matter that concerns the RCMP. It is a prerogative of the commanding officer, Deputy Commissioner Thivierge, and not a matter for which the Solicitor General is directly responsible. As I just said, it is an internal management matter concerning the RCMP.

* * *

(1440)

[*English*]

GREECE

Mr. Ted McWhinney (Vancouver Quadra, Lib.): Mr. Speaker, my question is for the Minister of Foreign Affairs.

Thessaloniki is Greece's second city, capital of Macedonia and the contemporary gateway to the Balkans. It is designated the European heritage city for 1997.

Considering the size of our Greek–Canadian community and the increasing trade links between Greece and Canada, will the minister consider appointing an honorary consul in Thessaloniki with responsibility for representing Canadian interests in northern Greece and the southeast Balkans?

Hon. André Ouellet (Minister of Foreign Affairs, Lib.): Mr. Speaker, indeed I would confirm to the hon. member that this suggestion is very worthy and we will study it very quickly.

* * *

AIR TRAFFIC CONTROL

Mr. Jack Frazer (Saanich—Gulf Islands, Ref.): Mr. Speaker, my colleague from Kootenay West—Revelstoke has drawn attention to the government's questionable decision to proceed with the Hughes Canadian automatic air traffic system. Yet we are informed that the defence department, 16 months after federal auditors warned that the civilian system was two years behind schedule and massively over the agreed contract price, signed a $70 million deal for a military version of the same system.

What prompted the Minister of National Defence to invest in a system that does not meet the original specifications? Why did he proceed with this project?

Hon. David M. Collenette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, I believe I addressed this question on Friday.

The air traffic control system is primarily being developed under the auspices of the Department of Transport, and it appeared only logical for the former government to have the defence air traffic control systems at Canadian military bases developed in co–operation with that being developed by the Department of Transport.

Mr. Jack Frazer (Saanich—Gulf Islands, Ref.): Mr. Speaker, it is also reported that if the military system is installed the department estimates its internal costs alone will add $106 million to the $70 million Hughes contract. Why would the minister authorize such an expenditure on a system with so many questions about its capabilities?

Hon. David M. Collenette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, I think we have to emphasize that this contract was initiated by the former government. My colleague, the Minister of Transport, has done the government and the Canadian taxpayers a real service in conducting an internal audit on this project. It is an audit with which we at national defence are co–operating.

[*Translation*]

COLLECTION OF CHILD SUPPORT

Mrs. Christiane Gagnon (Quebec, BQ): Mr. Speaker, my question is for the Minister of Justice.

After Quebec's National Assembly unanimously passed a bill providing for the automatic collection of child support, the minister said on April 25 that, in the coming weeks, he would propose measures to enforce child support orders.

Does the minister promise that the process he will put in place to ensure payment of child support will not overlap with those already in effect in several provinces including Quebec?

[*English*]

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, the reference the hon. member has made could perhaps be to a response I gave in the House some days ago concerning the government's intention to announce shortly its proposals with respect to child support in general, including efforts to put in place an effective national strategy for enforcement of orders requiring the payment of child support.

I can give the hon. member my assurance that we share the objectives of the Government of Quebec and other provincial governments that have put in place methods to increase the level of compliance with such orders. We will not be working at cross purposes; rather, our intention will be to collaborate to ensure that our efforts work together to achieve what we both have in mind: the payment of the orders when they are made and proper levels of support for children.

[*Translation*]

Mrs. Christiane Gagnon (Quebec, BQ): Mr. Speaker, does the minister undertake to endorse the federal–provincial child support committee's recommendation that provincial regulations prevail in the provinces that have such regulations?

[*English*]

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): First, in relation to the determination of the amounts of child support, we have signalled to the provinces a preparedness to see separate provincial formulae if there is a good need to have different amounts, so long as they are the same in purpose and principle. Second, as I mentioned, we are happy to work and I believe we are already working closely with provincial officials in developing enforcement methods that are complementary.

(1445)

Putting the matter shortly, we do not in any way wish to get in the way of any provincial effort in Quebec or elsewhere in Canada because we are all after the same thing.

I assure the hon. member of a willingness on our part to work co–operatively with provincial officials from coast to coast to see to it that people do not defeat court orders by moving, that information is shared to permit enforcement, and that the level of payment of the orders goes up across the country.

* * *

NATIONAL DEFENCE

Mr. Jim Hart (Okanagan—Similkameen—Merritt, Ref.): Mr. Speaker, this morning at 10.50 a Canadian forces liaison officer with the Somalia commission attempted to contact Major Barry Armstrong at his home.

What was the problem? As everyone in the House knows, today is the first day of a six–month tour in the former Yugoslavia war zone for Barry Armstrong.

It seems that the Somalia commission was just as surprised as members of the House that the doctor whose testimony first sparked the inquiry has been removed from the picture.

My question is for the Minister of National Defence. Is it not as obvious to the minister as it is to the Somalia commission and to members of the House that Major Armstrong being posted to this war zone compromises the investigation into the events in Somalia?

Hon. David M. Collenette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, it is absolutely not.

The fact is that Major Armstrong along with other Canadian forces personnel are required as part of their duties to be deployed from time to time outside the country.

If the commission wishes to have Major Armstrong or anyone else testify before the inquiry, it has to ask the person to come. The forces will certainly make him available, no matter where the person is residing.

Mr. Jim Hart (Okanagan—Similkameen—Merritt, Ref.): Mr. Speaker, maybe the minister should be reminded that the former Yugoslavia is considered a war zone. News reports indicate that the situation is escalating. At this very moment the Sarajevo airport is not even open.

How can the Minister of National Defence guarantee the safe and timely return of Major Armstrong for his testimony to be heard before the commission?

Hon. David M. Collenette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, if any members of the forces are required to testify they will be there.

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FISHERIES

Mr. Ron Fewchuk (Selkirk—Red River, Lib.): Mr. Speaker, my question is for the Minister of Fisheries and Oceans.

The report on Fraser River sockeye salmon stated that the sales agreement under the aboriginal fisheries strategy last year contributed to the mismanagement of the Fraser runs.

In response to the report the minister promised that all pilot sales agreements would be signed by May 15. Could the minister please update the House?

Hon. Brian Tobin (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, I do not have an announcement but I will do my best.

The Fraser panel report indicated that the late negotiations of sales agreements last year, negotiations that went into July, contributed to poor management performance with respect to the management of the sales agreements. The member for Delta has said that once or twice in the House.

Having listened to both members, the member for Saanich—Gulf Islands and the member for Delta, as well as members on this side of the House, I am pleased to announce that effective today all sales agreements will be signed two months earlier than was the case last year.

* * *

[*Translation*]

GAS PUMPS

Mr. Jean Landry (Lotbinière, BQ): Mr. Speaker, my question is for the Minister of Industry. We learned this morning that 13 per cent of gas pumps across Canada do not give accurate readings, which translates into unjustified additional costs to customers.

Does the Minister of Industry confirm this information and what does he intend to do to remedy this situation, which is prejudicial to consumers?

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, I too read a remark to that effect in the weekend papers. The hon. member may be interested to know that a maximum margin of error of 0.5 per cent has been set for gas pumps. There are federal employees assigned to inspect the pumps and we hope to have a report explaining these discrepancies in the near future.

(1450)

Mr. Jean Landry (Lotbinière, BQ): Mr. Speaker, does the Minister of Industry not agree that, by having gas pumps inspected only once every six years, he is failing in his duty to protect consumers, who can then fall victim to any malfunction of these pumps?

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, I fully agree that it is very important for inspectors to be vigilant, so that they can detect the kind of problems raised by the hon. member.

* * *

[*English*]

FOREIGN AFFAIRS

Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.): Mr. Speaker, many Canadians were shocked to learn last Friday that when it comes to Canadian foreign policy the government believes trade should take precedence regardless of a country's poor record on human rights.

Will the Minister of Foreign Affairs explain the shift in policy, given the fact that it breaks yet another promise set out in the infamous red book wherein it reads: ''We will continue to support democracy and respect for human rights worldwide?''

Hon. André Ouellet (Minister of Foreign Affairs, Lib.): Yes, Mr. Speaker, I can confirm for the hon. member that we will continue to act very vigorously to support respect for human rights and democracy throughout the world.

There has been no change of policy. In response to the very thorough review of the parliamentary committee we have expressed in our presentations the various goals we want to pursue in foreign policy.

One goal is trade. Another goal is to promote our values, what we believe in. Certainly we believe in respect for human beings and respect for democracy. This is one of many features of our foreign policy.

Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.): Mr. Speaker, that was not what was said last week. It sounds like we will see no evil, speak no evil and hear no evil when it comes to our foreign policy on human rights.

The attitude of the government shows the callous disregard for the gross human rights abuses that are taking place all over the world. I am sure the government's insensitive approach to human rights will be little comfort to the valiant souls subjected to torture and incarceration without trial while fighting for human rights and democracy throughout the world.

Why has the government flip–flopped yet again on its foreign policy commitments? Why has it broken another of its red book promises?

Hon. André Ouellet (Minister of Foreign Affairs, Lib.): Mr. Speaker, I absolutely refute the allegations of the hon. member. We have not changed our foreign policy. We have not flip–flopped on the red book. It is quite the contrary. We are delivering on our promises.

One of the main promises we made to Canadians—and the Prime Minister has said it all along—is to create jobs and sustain the Canadian economy. We are doing it. Despite the view of the hon. member we will work vigorously to promote employment and growth in Canada and create jobs. That is one aspect of our foreign policy.

By doing that it does not mean we are abdicating other objectives we have, particularly to promote and sustain those who are fighting for democracy and human rights in the world. They are not contradictory. Quite the contrary, the two objectives could go hand in hand and be promoted worldwide.

Mr. Bill Blaikie (Winnipeg Transcona, NDP): Mr. Speaker, I listened carefully to the answers given by the Minister of Foreign Affairs to the questions just asked.

The Minister of Foreign Affairs did not say that as far as the government is concerned there is a link between trade and human rights and that they are prepared to use trade in certain circumstances to make sure human rights are upheld around the world through our trade policy.

Will the minister say that there will continue to be a link between human rights and trade policy? If he will not that is a flip–flop.

Hon. André Ouellet (Minister of Foreign Affairs, Lib.): Mr. Speaker, I assure the hon. member that whenever we have trade relations in countries where we have established good rapport and created a climate of confidence, we will certainly use the good rapport to promote human rights and influence governments to change their policies and to accept our values and our own objectives.

(1455)

Mr. Bill Blaikie (Winnipeg Transcona, NDP): Mr. Speaker, is the Minister of Foreign Affairs saying he rejects that possibility with respect to any country guilty of severe human rights violations, whether it be Burma in the present or South Africa in the past? The government from now on will rely on good rapport that is supposed to be established between countries as a result of trade? Or, is he still open to the possibility of using trade sanctions as a way of upholding human rights around the world?

Hon. André Ouellet (Minister of Foreign Affairs, Lib.): Mr. Speaker, it is quite clear that in some cases, through the United Nations, when all countries accept the imposition of trade sanctions as happened in South Africa, Canada has certainly joined others and supported the measures.

To try to be a boy scout on our own, to impose our own rules on others when nobody else is following, is absolutely counterproductive and does not lead to any successful future. Therefore it is quite clear that our approach, the multiplicity of objectives we are pursuing, is certainly much more conducive to obtaining the end result.

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UNEMPLOYMENT INSURANCE

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, my question is for the Minister of Human Resources Development.

The government has conducted extensive public consultations on the reform of Canada's social programs. During that process one of the important issues raised had to do with unemployment insurance benefits for seasonal workers.

As the minister is expected to announce reforms to the unemployment insurance system later this year, could the minister assure the House that he will continue to give full credit to seasonal workers in recognition of their valuable contribution to the Canadian economy?

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, as the hon. member knows, in addition to general public consultations we have commissioned some special initiatives. A seasonal workers task force tabled its report about a month ago. We have had a special working relationship with the construction trades. I have met with representatives of the building trades and construction unions last week in Toronto.

In all cases they made very significant contributions. Therefore we will be responding to many of the representations, including one which I think is important, that is that we would seek an alternative to the two tier system originally presented in the green book. We think there are better ways of doing things.

* * *

COMPCORP

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, in order to protect the insurance policy holders from events arising out of corporate failure, the private sector created Compcorp, a well run and efficient regulatory body. Even the Secretary of State for Financial Institutions has applauded Compcorp's record in dealing with the failures of two federally regulated life and health insurance companies. Yet the government is pushing to eliminate Compcorp in favour of a federally operated policy protection board.

Why is the minister pushing to set up a public regulatory body when one that fills the needs of the private sector already exists? Is it not just another case of government overkill?

Hon. Douglas Peters (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, I thank the hon. member for his question and for his interest in financial institutions legislation.

Perhaps the hon. member is aware that I made remarks in Toronto recently on the question of Compcorp. I recognize it has been effective. If they will make some adequate changes to Compcorp we will certainly consider not proceeding with our policy protection board.

The four conditions I set out at the time are: revised corporate governance for Compcorp; greater access to privately financed resources; the capability of levying higher assessments if necessary; and, finally, to ensure the ability to arrange going concern solutions. These are the minimum changes that we would require from Compcorp and we would hope the private sector would answer those concerns.

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[*Translation*]

COPYRIGHT

Mrs. Pierrette Venne (Saint–Hubert, BQ): Mr. Speaker, the Minister of Canadian Heritage indicated that he had provided the Minister of Justice with instructions for the drafting of a copyright bill. However, the federal government still has no copyright protection policy.

Since the heritage minister is now waiting for his colleague from justice, could the Minister of Justice tell us if he plans to introduce this bill for consideration by this House before the summer recess?

(1500)

[*English*]

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, I cannot say. I am not sure that I know the timing of the proposals. I do know that officials in my department have been communicating with Heritage Canada and are at work in preparing proposals to improve the copyright law. As to timing, I am not able to answer the hon. member. Perhaps I will inquire of my colleague and let her know in the next day or two.

The Speaker: The hon. member for Sherbrooke.

Some hon. members: Oh, oh.

* * *

HIGHWAYS

Hon. Jean J. Charest (Sherbrooke, PC): Mr. Speaker, I thank my colleagues for the usual reception.

On Saturday I met with a group of truckers in Nova Scotia concerning Highway 104. They were protesting the diversion of

$26 million in funds from the federal–provincial agreement to upgrade the highway for safety reasons among others and to encourage interprovincial trade.

My question is for the Prime Minister. Given the fact that this diversion has been denounced by the auditor general of Nova Scotia as not conforming to the agreement signed between both governments, will the Prime Minister rein in his minister of public works so that he stops sending money to his own riding at the detriment of the safety of the highways in Nova Scotia?

Hon. Douglas Young (Minister of Transport, Lib.): Mr. Speaker, I want to welcome the leader of the fifth party back for his monthly appearance.

Some hon. members: Oh, oh.

The Speaker: I am sure the hon. minister is going to get to his answer.

Mr. Young: Mr. Speaker, I can only say that had the member been tuned in, he would have known that the question has been raised in the House on a number of occasions by members of the Reform Party. As I indicated to them and as I want to advise my hon. colleague now, the decision to build highways in Nova Scotia is a decision of the Government of Nova Scotia. The report to which my hon. colleague refers is a report by the auditor general of Nova Scotia.

It is not unheard of and certainly no precedent for this government to be able to reallocate funds and to be flexible enough to recognize realities, whether that occurs in Newfoundland, Prince Edward Island, New Brunswick or in Nova Scotia. Under these agreements funds have been reallocated.

Any beef the hon. member has would be with the few colleagues he still has in Nova Scotia in the opposition there.

The Speaker: This brings to a close the question period. I do have a point of privilege from the hon. member for Prince Albert—Churchill River.

* * *

PRIVILEGE

ALLEGED CONFLICT OF INTEREST

Mr. Gordon Kirkby (Prince Albert—Churchill River, Lib.): Mr. Speaker, on Friday the member for North Island—Powell River made the following statement about me:

> Mr. Speaker, the member for Prince Albert was adopted by binding aboriginal ceremony into the Bird family of the Montreal Lake Bank in a powwow about two years ago. Roy Bird, the chief of the band, is an important player in this family. The member for Prince Albert has been co–opted by the minister and is defending these negotiations with his adopted family.
>
> Will the minister not agree that he has placed this member, knowingly or unknowingly, in a conflict of interest situation?

I have been accused by the hon. member from the Reform Party of being in a conflict of interest situation. I feel that these accusations have very serious moral and legal implications

impacting and affecting my ability to adequately function as a member of Parliament.

I would like to make very clear that even if this suggestion made by the hon. member were true, this is nothing more than an honour bestowed by a community upon an individual.

So that the Reform Party can understand what this type of ceremony would be about, it would be like receiving a citizen of the year award from the chamber of commerce. It would be like getting an Order of Canada from the Government of Canada.

(1505)

I would suggest this would simply be an honour bestowed by a community upon an individual and is not grounds for any conflict. Even more important, this honour was never bestowed upon me in the first place. I wish to say I do not know where the hon. member would get such a statement.

Mr. Speaker, whether or not you view that my privileges have been violated, I would like the hon. member for North Island—Powell River to publicly withdraw the comments and apologize to the people of Canada for making statements that in some parts of the country damage positive race relations. This is the new politics promised by the Reform Party.

The Speaker: Colleagues, this point of privilege rises out of one that was raised on Friday. At that time the hon. member was not here to defend himself and that is why I waited until today to hear what the hon. member had to say.

It would seem to me at first blush that this is not a point of privilege; it is surely a point of debate and clarification. Many times when these statements are made, they are made in good faith, and I have to believe that they are because hon. members are just that, hon. members.

I do not think the hon. member for North Island—Powell River is here today. If we could let this sit until tomorrow, I want to take a look at everything that was said. I want also to review the video. If it is necessary, I will come back to the House but at this point it would seem to me this is not a question of privilege.

ROUTINE PROCEEDINGS

[*English*]

GOVERNMENT RESPONSE TO PETITIONS

Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, pursuant to Standing Order 36(8), I have the honour to table, in both official languages, the government's response to a number of petitions.

BUSINESS DEVELOPMENT BANK OF CANADA ACT

Hon. John Manley (Minister of Industry, Lib.) moved for leave to introduce Bill C–91, an act to continue the Federal Business Development Bank under the name Business Development Bank of Canada.

He said: Mr. Speaker, on a point of order, I wish to inform the House that it is my intention to propose that this bill be referred to committee before second reading, pursuant to Standing Order 73(1).

(Motions deemed adopted, bill read the first time and printed.)

* * *

FOOD AND DRUGS ACT

Mr. Sarkis Assadourian (Don Valley North, Lib.) moved for leave to introduce Bill C–325, an act to amend the Food and Drugs Act.

He said: Mr. Speaker, it is my pleasure to introduce to the House today my private member's bill entitled an act to amend the Food and Drug Act, re lactose warning labels.

This bill amends the Food and Drugs Act by ensuring that any packaged food or drug that contains lactose and is intended to be sold and used by the public is packaged in containers labelled with a warning that it contains lactose and may be harmful to persons with lactose intolerance.

(1510)

Lactose intolerance is a condition that affects one out of five Canadians, which is about six million of the population. I hope all members will take the time to carefully review this bill and come to the realization that the proper labelling of food containing lactose would certainly assist at least six million Canadians.

(Motions deemed adopted, bill read the first time and printed.)

* * *

PETITIONS

TAXATION

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, pursuant to Standing Order 36 I wish to present a petition that has been circulated across Canada. This particular petition has been signed by a number of petitioners from the Oakville, Ontario area.

The petitioners would like to draw to the attention of the House that managing the family home and caring for preschool children is an honourable profession which has not been recognized for its value to our society. They also state that the Income Tax Act discriminates against families who make the choice to

provide care in the home for preschool children, the disabled, the chronically ill or the aged.

The petitioners therefore pray and call upon Parliament to pursue initiatives to eliminate tax discrimination against families who decide to provide care in the home for preschool children, the disabled, the chronically ill or the aged.

HUMAN RIGHTS

Mr. Jack Frazer (Saanich—Gulf Islands, Ref.): Mr. Speaker, pursuant to Standing Order 36, it is my duty and honour to rise in the House to present a petition duly certified by the clerk of Petitions on behalf of 98 constituents of Saanich—Gulf Islands and surrounding area.

The petitioners call upon Parliament to oppose any amendments to the Canadian Human Rights Act or the Canadian Charter of Rights and Freedoms which provide for the inclusion of the phrase sexual orientation.

RICHARD CARROLL

Mrs. Dianne Brushett (Cumberland—Colchester, Lib.): Mr. Speaker, pursuant to Standing Order 36, I rise in this House to present a petition with 263 signatures.

The petition is from residents of Cumberland—Colchester wishing this government not to force the departure of Mr. Richard Carroll of Stewiacke, Nova Scotia from this country unfairly into the United States.

GRANDPARENTS RIGHTS

Mrs. Daphne Jennings (Mission—Coquitlam, Ref.): Mr. Speaker, I would like to present a petition with another 125 names to add to petitions already presented to this House regarding grandparents rights and the rights of grandchildren. It is the wish of these petitioners that we address their problem and vote in nature with it.

HUMAN RIGHTS

Mr. Réginald Bélair (Cochrane—Superior, Lib.): Mr. Speaker, it is my duty to present to this House a petition signed by 44 constituents from the town of Smooth Rock Falls who oppose the inclusion of sexual orientation in the Canadian Human Rights Act. They say that this inclusion will infringe upon the historic rights of Canadians such as the freedoms of religion, conscience, expression and association.

TAXATION

Mr. Paul E. Forseth (New Westminster—Burnaby, Ref.): Mr. Speaker, pursuant to Standing Order 36, I am pleased to present a petition today from 385 British Columbian constituents many of whom are from my riding of New Westminster—Burnaby.

The petitioners make it known in their petition that they are overburdened with taxation due to high government spending. Therefore they pray and request that Parliament reduce government spending instead of increasing taxes and implement a taxpayer protection act to limit federal spending.

By presenting this petition, these petitioners have displayed their responsibility to help Canada get out of this fiscal crisis. I wish to concur with this petition.

HUMAN RIGHTS

Mr. Paul E. Forseth (New Westminster—Burnaby, Ref.): Mr. Speaker, I have a second petition today signed and started by a constituent of mine, Shelly Siwack of New Westminster.

Fifty–seven petitioners signed the petition in order to voice their opposition to Bill C–41 and urge members of the House of Commons to not give passage to the bill.

The petitioners pray that Parliament not amend the Canadian Human Rights Act or the charter of rights and freedoms in any way that would tend to indicate societal approval of same sex relationships or homosexuality, including amending the human rights act to include in the prohibited grounds of discrimination, the undefined phrase sexual orientation.

DANGEROUS OFFENDERS

Mrs. Jan Brown (Calgary Southeast, Ref.): Mr. Speaker, I rise to present another petition in the course of action undertaken on behalf of constituents who wish to halt the early release from prison of Robert Paul Thompson.

(1515)

The petitioners I represent are concerned about making our streets safer for our citizens. They are opposed to the current practice of early release of violent offenders prior to serving the full extent of their sentences.

The petitioners pray our streets will be made safer for law–abiding citizens and the families of the victims of convicted murderers.

Mrs. Bakopanos: Mr. Speaker, I rise on a point of order. I missed the time for presenting reports from committees. May I present the report now?

The Speaker: Is that agreed?

Some hon. members: Agreed.

* * *

COMMITTEES OF THE HOUSE

CITIZENSHIP AND IMMIGRATION

Mrs. Eleni Bakopanos (Saint–Denis, Lib.): Mr. Speaker, I have the honour to present, in both official languages, the fifth report of the Standing Committee on Citizenship and Immigration in relation to order in council appointments.

QUESTIONS ON THE ORDER PAPER

Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I ask that all questions be allowed to stand.

The Speaker: Is that agreed?

Some hon. members: Agreed.

* * *

REQUEST FOR EMERGENCY DEBATE

ATLANTIC FISHERY

The Speaker: I am in receipt of a motion under Standing Order 52 from the hon. member for Burin—St. George's.

Hon. Roger Simmons (Burin—St. George's, Lib.): Mr. Speaker, pursuant to Standing Order 52, I am requesting that you grant leave to move the adjournment of the House for the purpose of discussing a matter requiring urgent consideration, the damaging and misleading statements made by the leader of the third party in New Brunswick on Thursday, which I became aware of late Friday—

The Speaker: I received notice from the hon. member, as procedure requires. I believe the hon. member stated he wanted to have an emergency debate on the fisheries and not on the statements made about the fisheries.

I wonder if the hon. member would limit himself to debate or at least to putting forth his points on debate on the fisheries if that is what he wants to do.

Mr. Simmons: Mr. Speaker, my next sentence was that the fishery in Atlantic Canada is a $1.6 billion export industry; $1.6 billion is a far cry from suggestions that the fishery is over.

Given the morale situation in Atlantic Canada right now and given the importance of the fishery and the confidence issue that is important to the fishery at this very difficult time, I feel it is timely to have a full fledged debate on the issue to set the record straight, to ensure false and misleading information is not undermining the confidence of a very vibrant industry employing tens of thousands of people in Atlantic Canada.

Mr. Speaker, that is my application. I hope you will give it your consideration.

SPEAKER'S RULING

The Speaker: To the hon. member with all respect, the fisheries question in Canada on both coasts is one of great importance to all of us in the House and to all Canadians.

However, I suggest the hon. member might have avenues to pursue that other than an emergency debate. It seems to me at this time at least an emergency debate on that topic would not be in order.

I thank him for his intervention on behalf of his constituents and for the work he is doing in that regard.

GOVERNMENT ORDERS

[*English*]

VETERANS REVIEW AND APPEAL BOARD ACT

The House resumed from May 12 consideration of the motion that Bill C–67, an act to establish the Veterans Review and Appeal Board, to amend the Pension Act, to make consequential amendments to other acts and to repeal the Veterans Appeal Board Act, be read the third time and passed.

The Deputy Speaker: When we last debated this matter the hon. member for Nanaimo—Cowichan had the floor. He has 15 minutes remaining in his intervention.

Mr. Bob Ringma (Nanaimo—Cowichan, Ref.): Mr. Speaker, because there has been a lapse of several days I remind all that Bill C–67 is the Veterans Appeal and Review Board Act and that the purpose of Bill C–67 is to reduce the existing backlog of appeal pension cases and to shorten decision time on first application.

(1520)

If it succeeds it will merge two existing bodies, the Canadian Pension Commission and the Veterans Appeal Board, and first decisions on veterans cases will be made by the Department of Veterans Affairs, and the bureau of pension advocates will become part of the department and will work only on preparation of appeals.

My unease with Bill C–67 stems from two sources. The first is the change of position of the bureau of pension advocates. This has long been an extremely important first level of contact for veterans who have a case to make. To move it to the second level is totally unacceptable. The second unease I have concerns what I shall call the leadership factor in the Departments of National Defence and Veterans Affairs.

Reaction to need within those departments has historically been very slow. I do contend that at the sharp end of the Department of National Defence, when we are talking about our troops, it is very good. Its reaction time is good and it is flexible. The farther we move in the chain of things behind the front line, the more the bureaucracy is involved and the slower the reaction. The bill's purpose is admirable but if the effect of the bill will be to increase the size of the bureaucracy then I cannot believe it will achieve its aim.

When I spoke to the bill very briefly last week I pointed out delays of 40 and 50 years in recognizing our veterans' accomplishments. The merchant navy waited for 50 years for recognition. The veterans of Dieppe have waited for over 50 years and are finally receiving a simple clasp for a medal. The veterans of

the Korean operation have waited for well over 40 years to achieve something. Other veterans of peacekeeping operations are still waiting. There was a proposal from this side of the House, supported by some members opposite, that there be a Canadian volunteer service medal produced for peacekeepers. However, I am sorry to say that was rejected by the House. There is certainly a slowness in recognition.

The other side of this impasse in national defence I started to illustrate the other day when I spoke about problems with hearing loss of members of the Canadian forces. Way back when, and we are talking a long time ago, when I was on the rifle ranges we wore no ear protectors. It took literally years for the Department of National Defence to come up with protection for the troops on the ranges firing weapons. It took even longer for any recognition of the fault of the Department of National Defence to be echoed by the Department of Veterans Affairs when veterans applied for hearing aids. The departments dragged their feet. That is a syndrome visible within national defence and veterans affairs.

Another example is the atomic energy corporation of Chalk River. There were spills of radioactive materials. There was a spill of the main reactor in Chalk River in the 1950s. People like Jimmy Carter, not then the president of the United States but a midshipman at Annapolis, came up to help clean up that spill. I was there. I had some illness presumably attributable to exposure to radiation. I tried to declare this on my release from the forces but it was not even accepted by national defence and veterans affairs.

(1525)

There is the gulf war syndrome. Our troops were in the Persian gulf several years ago and some of them have complained of a variety of symptoms. The same thing has happened in the United States. The American veterans administration has acknowledged and labelled the problem as the gulf war syndrome. It has set up a registry at veterans affairs across the United States where all gulf war veterans complaining of health problems can get a complete physical examination. There has been acknowledgement of it in the United States. Here there has been nothing yet. We are still looking at the problem.

I am not in a position to say there is such a thing as an illness contracted whether it is from the oilfields, nerve gas or from anything there. What I am saying is national defence and veterans affairs invariably drag their feet in recognizing there are problems.

There are sufficient symptoms displayed by veterans that it should not be a problem. The symptoms include loss of memory, aches in the joints, night sweats, severe headaches, loss of hair, confusion, reproductive problems, stress within family, attention disorder, fatigue, abnormal rashes, bleeding gums, irritability, breathing problems and so on. They are surely sufficient for our people to say get it out in the open and tackle this thing and either put it to rest and say there is no such thing as gulf war syndrome or there is and these are the attributes we recognize.

I have a letter from the vice–president of the Canadian Peacekeeping Veterans Association. He is reporting on the gulf war syndrome problem: ''This report would be more extensive had I received all of the information I am waiting for. Please advise me if you would like me to keep you informed of any new developments. Our methods of gaining information are very tedious, as we are a non–profit organization that must rely on the mail system, etc. We do not have the funds to travel to interview the individuals in question. We also have full time employment and must conduct this type of research after hours. Don't get me wrong, we do this research because we believe in what we do. We must help our fellow veterans. We would like eventually to conduct an interview or have a questionnaire completed by our gulf war veterans and their spouses. This would certainly enlighten us as to the situation with regard to that''.

My point is veterans affairs and national defence should take more initiative, should exercise leadership and show our serving soldiers and veterans that they are interested and lay some of these problems to rest.

We have other examples of the same thing. Somalia and the use of mefloquine is another such example. Mefloquine is a drug used as a malaria inhibitor. Years ago, I will not say how many, when I was in Korea we used paludrine which had certain side effects but nothing to the extent that apparently mefloquine does. My colleague from Delta brought this up in the last six months. He has asked for an investigation into the effects mefloquine may have had on Canadian troops serving in Somalia. He cited specifically Trooper Kyle Brown who, as we all know, has been put into prison, and Master Corporal Clayton Matchee and the men of the Canadian Airborne Regiment.

(1530)

I understand this drug is still in use to this day in Somalia in spite of questions about its appropriateness. Apparently Canadian troops in Somalia were given heavy doses weekly of mefloquine which, as I say, is used as protection against malaria. However, the drug is well known to have neurological side effects. The manufacturer's literature states that reactions are rare but include convulsions, psychosis, nightmares, dizziness, headaches, confusion, anxiety and depression.

The Canadian medical personnel in Somalia reported that Canadian troops experienced these side effects. In fact, the day the drug was administered in Somalia was known as psycho Tuesday.

In view of reports like this, I would expect that the Department of National Defence—and I lump veterans affairs in with it for this purpose—would show more leadership by taking the initiative to say: ''Let us put a stop to nonsense like this. Let us put a stop to the stories. We will determine accurately whether mefloquine can continue to be administered, what its side

effects are, when it can and cannot be used, what its effects are with liquor and so on''. We need to put these things to rest.

In conclusion, I find that leadership in national defence, lumped in with veterans affairs, is lacking today. We have been looking at a great many problems over the last year: Somalia, the disbandment of the airborne regiment and the videos pertaining to that, the reduction in the size of the forces, equipment problems, morale problems brought out in the Oehring report, having to do more with less in the way of equipment and troops as brought out by Brigadier–General Jeffries' report from Petawawa, the Fowler–Doyle–Létourneau incident, the Somalia inquiry and the staffing of the inquiry itself, the Bosnia–Croatia decisions, suicides in the forces and, more recently, the block of access to information problems. All of these things tell me that there are leadership problems in national defence.

When I look at those problems and the foot dragging that goes on, I say that Bill C–67 should be really looked at very carefully. It should not be proceeded with in its present form. I am absolutely against the relegation of the bureau of pension advocates to a review position. This is not going to help the veterans. The burgeoning bureaucracy that will be created by the combining of two levels is going to be bad news once again for the veterans and their administration.

Therefore, I speak negatively on this bill. The purpose of Bill C–67 is laudable but its implementation, I am sorry to say, may not do what we want for the veterans who are having problems.

Mr. Ian McClelland (Edmonton Southwest, Ref.): Mr. Speaker, I am very happy to rise and speak in the debate today on Bill C–67.

For the benefit of those viewing this at home, Bill C–67 has to do with the review procedure for pensions of people who represented and fought for our country in the last world war. It is apropos that we should be speaking about this having just gone through the victory in Europe celebrations and remembrances last week.

(1535)

As we discuss the bill concerning pension reform we should keep in mind that the average age of those involved is 74 years. That means that the motivation for the government to proceed with this bill now is to try to speed up the process.

When we want to find out how things affect veterans in our country it makes sense to go to the Royal Canadian Legion. As everyone knows, the Royal Canadian Legion by and large speaks for veterans. To some degree it is supportive of the bill. Its concern has to do with four basic facts. It wants to see that these four basic principles in the adjudication of pension disputes are met.

First, it wants to preserve the benefits and services provided to veterans. That goes without saying. It does not want to see this reduced in any way.

Second, there is a need to protect the benefit of the doubt provision. If the bureau of pensions is to err on one side or the other then it would err for the benefit of the applicant.

The third principle is to ensure an independence of advocacy and adjudication. Members should keep that in mind.

The fourth principle is to achieve the necessary speed and generosity to ensure that pensions and other benefits are received by the veterans when they are entitled to them.

The Royal Canadian Legion believes these four basic principles should be upheld by the bureau of pensions. Further it has two basic problems with the bill. They are the levels of expertise to be afforded the applicant at the first application level under the new system and the need to maintain continuity of process between the first application and any subsequent review or appeal.

Members may know, but many people watching may not be aware, that when a veteran appeals for a pension it is a two–step process. If the pension is applied for and granted, that is the end of it. However only 30 per cent of veterans who apply receive a pension after the first round. Therefore, most of them go to appeal.

When veterans are talking about the continuity of process, they are saying it makes sense for their advocates at the first level to also be their advocates at the second level at appeal.

It is interesting that of the 70 per cent who are rejected at first application and go on to appeal, fully 80 per cent of applications appealed are granted. That would be the benefit of the doubt. Therefore, the vast majority who apply for a veterans pension get it. Keep in mind that they are 74 years of age.

If we follow the logic of the whole process as I have described it, a veteran, whose average age is 74, requests a pension. Thirty per cent receive it and 70 per cent do not. Of those who do not receive it and appeal, 80 per cent end up winning their appeal. A lot of those would be based on the benefit of the doubt provision which is one of the four principles the Royal Canadian Legion particularly would like to have.

Another principle the Royal Canadian Legion has identified is the importance of an independent adjudicator. That is the Achilles' heel of the legislation.

(1540)

The government has stated a number of times that the goal of the legislation is to speed up the time it takes a veteran to get a

disability pension without the veteran losing any of the rights the veteran currently possesses. That is a very laudable objective. However, we have identified a serious deficiency in the bill.

The disagreement centres on whether the bureau of pension advocates should remain an independent body at the disposal of veterans at the first level or whether it should be made part of the department reserved for appeal level only. If 30 per cent of the applicants get their pension and on appeal 80 per cent win, why are we not making the gates a little wider at the beginning?

A number of arguments were made in the Standing Committee on National Defence and Veterans Affairs and in the House in this regard and they have been reviewed extensively. After consideration I have concluded that the bureau of pension advocates should remain an independent body at the exclusive disposal of the veterans. Why? I fail to see how removing the bureau from the first level will save any time in the current system. The only way to speed up the system is to ensure that more applications are accepted at the first level.

If 80 per cent of the appeals are granted, why not grant more of them at the first level? These applications must be well prepared in the future because the department currently rejects 70 per cent but goes on to accept 80 per cent on appeal. The typical time it takes for a lawyer to prepare an application is two to three months, a modest period of time to prepare a case when the veteran is forced to battle the department to receive a disability pension. The remaining delays at the first level, which can take up to a year and a half, are the responsibility of the department.

The problem is not with the veteran or with the lawyer who prepares the application, the problem is with the department. Much of that was identified earlier by my colleague who went through a step by step process of showing how the application goes from Ottawa, gets copied and then ends up in Prince Edward Island because the former government decided to put the bureau in Prince Edward Island.

Ironically, the government feels that removing the bureau from the first level will speed up the system because it will focus on appeals only. Under the legislation the government intends to have departmental clerks assist the veteran in filling out the first level application. That is a potential problem which the Royal Canadian Legion identified because it is the skill and the proficiency with which the first application is completed that will determine its acceptance.

The first level decision would then be adjudicated within the department. It could be true that the first level decision would be faster, but would the acceptance rate be higher than the existing norm of 30 per cent? Given the department's past record of rejecting 70 per cent of first level applications, I doubt it. If the veteran then has to appeal the case he has to go to a bureau lawyer who would work directly for the department.

The current system is that an outside, independent lawyer who is acting on behalf of the veteran, makes the application and then follows through with the appeal. Under the new system a departmental clerk will complete the application and only if the application is refused would the lawyer go to work to prepare an appeal for the applicant, which would take a further two to three months. The veterans say that streamlining of the whole process is in large measure due to how well the first application is put together.

If the government intends to focus all of the bureau's resources at the appeal level, then it is obvious that the first level acceptance rate will not increase. The majority of veterans will still have to wait years to get their disability pensions, and we must remember that their average age is 74 years.

If the process is to be speeded up the first level acceptance rate must be increased so that there will be fewer appeals. The way to accomplish this is twofold. First, have the first level application expertly completed by a bureau lawyer so that the veteran's case is solid. Second, the department should consider the success rate for past appeals, which is 80 per cent, and use the benefit of the doubt provision more liberally to increase first level acceptance. This two–track approach would substantially speed up the system and serve best the interests of the veterans. I know that it is serving the interests of the veterans that all members of this House and indeed all Canadians are firmly committed to achieving.

(1545)

While the intent in this bill is certainly a step in the right direction, as with much legislation that comes before this House there are certain aspects of it that could be substantially improved. I draw again on the suggestions made by the Royal Canadian Legion that the four paramount underpinnings of the foundation of the veterans' appeal must be to preserve and protect the benefits and services provided to the veterans of Canada; to protect the benefit of the doubt provision; to ensure an independent advocate; and to achieve the necessary speed and generosity to ensure that our veterans, whose average age is 74 years, are honestly and fairly dealt with.

Mr. Elwin Hermanson (Kindersley—Lloydminster, Ref.): Mr. Speaker, it is indeed a privilege to address the House with regard to Bill C–67 on third reading of the Veterans Appeal and Review Board Act.

In the last few days our attention has been focused on the men and women who served our country so valiantly 50 years ago, men and women who left family and friends to fight for freedom, democracy, and peace. As I and thousands and perhaps millions of other Canadians witnessed the V–E Day celebrations here in Ottawa and on television from Europe last week, it evoked emotions of pride for this country and respect for all

those who served here and abroad. While we have honoured these veterans through pomp and ceremony, we have failed in many cases to provide them with the compensation that is due them.

I want to briefly refer to a couple of incidents that happened in my riding. First, there was a huge air show in the city of Lloydminster last week where we were able to show off both military and domestic planes in a huge air show. It was a success. The Snowbirds were involved. Of course they are based at the Moose Jaw airbase. They were very well received.

A couple of days later there was another event in my riding. It too occurred in the city of Lloydminster. It was sponsored by the Kinsmen and the Kinnettes. It was a raising of the flag ceremony. It was truly an honour for myself as well the mayor of Lloydminster and one of the MLAs from the area to be involved in the ceremony where annually they raise the flag and we reflect on our country and the democracy we enjoy and remember those who paid a heavy price for the democracy that we enjoy. There was a colour guard there and cadets present, as well as the Kinsmen and the Kinnettes and dignitaries.

Following the raising of the Canadian flag and following the ceremonies I had an opportunity to meet with a couple of veterans. They were two brothers from the area who had just returned from the Netherlands and the celebrations over there. We were able to talk with them about their own experiences, first of all on the advancement into Europe when the liberation took place and then the recent trip over there. They expressed real emotion about the warm greetings and the warm reception they received from the people of Holland for the efforts they had been involved in 50 years before.

As I spoke to one of these veterans, one of these brothers, he said he had not been able to stay the full time. He had not been involved in the entire liberation, he said, because he got hit a few times. He pointed to his left hip and said ''I got hit here first and then a little while later I got hit in this hip, and then finally they got me a little higher up, in the arm and the chest. After that they decided they had better send me home.''

When we think of the commitment to democracy and we think of the commitment to Canada and what we stand for that was displayed by these veterans 50 years ago, it really humbles us who have not experienced the sacrifice and hardship that they did. It elevates in our minds the value of our veterans for their dedication and for their service to our country, and not only our country but democracy around the world.

Just a few minutes ago we also listened to the member for Nanaimo—Cowichan as he also described some of the horrors of war both past and fairly recently, including the gulf war and the gulf war syndrome.

(1550)

We realize that war is a terrible thing and that people are involved in it not because they enjoy it but because they feel a sense of duty and want to be involved for the pursuit of peace and democracy.

We realize once again that we do owe them more than just a thank you for a job well done. We need to come through with more than just kind words and phrases, but with actions and deeds as well. That is why it is a privilege for me to speak to Bill C–67, the bill that deals with the Veterans Review and Appeal Board Act.

The government has stated in this House a number of times that the goal of this legislation is to speed up the time it takes veterans to get their disability pensions without the veterans losing any of the rights they currently possess. This too is the aim of the Reform Party. Yet we disagree with the means to this end.

One of the main points of disagreement centres on whether the Bureau of Pension Advocates should remain an independent body at the disposal of veterans at the first level or whether it should be made part of the department reserved for the appeal level only. A number of arguments have been made in the Standing Committee on National Defence and Veterans Affairs and in this House as well in this regard. They have been reviewed extensively by my colleagues in the Reform Party, my fellow MPs who sit in this part of the House. After careful consideration we have concluded that the Bureau of Pension Advocates should remain an independent body at the disposal of all veterans.

Let me explain. I fail to see how removing the bureau from the first level will save any time in the current system. The only way to speed up the system is to ensure that more applications are accepted at the first level. These applications must be well prepared, because the department currently rejects 70 per cent of first applications but then goes on to accept 80 per cent of appeals at the second or third levels.

The typical time it takes for a bureau lawyer to prepare an application is two to three months, a modest period of time to prepare a case when the veteran is forced to do battle with the department to receive a disability pension. The remaining delays at the first level, which can take up to a year and a half, are the responsibility of the department. Ironically, the government feels that removing the bureau from the first level will speed up the system because they will now focus on appeals only.

Under this legislation, the government intends to have a department clerk assist the veterans in filling out their first level application. The first level decision will then be adjudicated within the department. It could be true the first level decision will be faster, but will the acceptance rate be greater than the current 30 per cent? Given the department's past record of

rejecting 70 per cent of first level applications, I doubt if this will change. We have no reason to believe that Bill C–67 will improve this situation.

If the veteran then has to appeal his case, he will have to go to a bureau lawyer who works for the department directly. This lawyer, who answers to the minister, must start to prepare the appellant's case from scratch, which will take months or years, because there is nothing in this bill that will speed up the appeal process, which currently takes up to three and a half years.

One gentleman who had served in the armed forces for a number of years waited approximately five years to receive a disability pension for military related injuries. This was after he had made several long trips for medical examinations for the appeal process and after he had written a number of letters to the department.

Veterans are becoming increasingly frustrated, frustrated to the point that many are unwilling to go through the lengthy appeal process. How many bureaucratic hoops must these veterans jump through to receive what they are legally entitled to?

If the government intends to focus all the bureau resources on the appeal level, it is obvious the first level acceptance rate will not increase. The majority of veterans will still have to wait years to get their disability pension. With an average age of veterans approaching 74, this is too little and too late.

I firmly believe that if the process is to be speeded up, the first level acceptance rate must be increased so there are few appeals. The way to accomplish this is twofold: first, have the first level application expertly filled out by a bureau lawyer so the veteran's case is solid; second, the department should consider the success rate for past appeals, which is 80 per cent, and use the benefit of the doubt clause more liberally to increase the first level acceptance rate. This two–track approach would substantially speed up the system and serve the best interests of all veterans.

The government in this piece of legislation has also proposed the merging of the Canadian Pension Commission and the Veterans Appeal Board. It has been implied that this amalgamation will streamline delivery and hence cut turnaround time for pensions in half and eliminate the backlog in two years. This is to be done without affecting veterans' benefits or appeal rights.

(1555)

As this House knows, the Reform Party is in favour of streamlining government and eliminating bureaucratic entanglements. However, there must be some guarantee that the veterans will receive what they are entitled to in the shortest period of time. As I have already noted, only 30 per cent of veterans' claims are accepted by the Canada Pension Commission, whereas 80 per cent of the appeals heard by the Veterans Appeal Board are accepted. Why is there such a discrepancy in the rulings of the two commissions?

Currently the Canada Pension Commission has an independent policy from that of the Veterans Appeal Board to determine what constitutes a disability. With 70 per cent rejection of veterans' claims by the Canada Pension Commission, it is evidence that they have taken a more restrictive view of the assessment of disabilities than the Veterans Appeal Board.

What position will the new amalgamated board take? Will it take a more restrictive position, as that of the Canadian Pension Commission, or will it take a more liberal position, as that of the Veterans Appeal Board? A more restrictive position taken by the board will undoubtedly increase the number of second appeals and lengthen the average turnaround time. Therefore it is essential that if the two boards amalgamate they adopt the more liberal policy of the Veterans Appeal Board. Any other position would adversely affect veterans' rights and benefits.

In addition, there is some concern from veterans whether or not the proposed Veterans Review and Appeal Board will provide for a new and independent look at each of the levels or simply be a review and appeal process. Under the new board, commissioners may hear both reviews and appeals but not of the same case. The whole review and appeal process would lose its independent look. As a result, any appeal would essentially follow the department's stated policy and procedure. The checks and balances the two independent boards have provided would be lost. Further, there would be no reason for a veteran to appeal any decision made at the first level.

We have given our veterans medals. We have honoured them in ceremonies, and rightly so. We have given our veterans parades. However, we have failed to provide our veterans with adequate financial compensation for their faithful and loyal service to this country when it was due.

We in this House have a moral obligation to provide support to veterans in a reliable and timely manner. How else can we say thank you to those individuals who laid down their lives for us?

The Deputy Speaker: Is the House ready for the question?

Some hon. members: Question.

The Deputy Speaker: Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

The Deputy Speaker: All those in favour of the motion will please say yea.

Some hon. members: Yea.

The Deputy Speaker: All those opposed will please say nay.

Some hon. members: Nay.

The Deputy Speaker: In my opinion the yeas have it.
And more than five members having risen:

The Deputy Speaker: Call in the members.

[*Translation*]

And the division bells having rung:

The Deputy Speaker: Pursuant to Standing Order 45(5)(*a*), the recorded division on the question now before the House stands deffered until 6:30 p.m. today, at which time the bells to call in the members will be sounded for not more than 15 minutes.

* * *

(1600)

[*English*]

OLD AGE SECURITY ACT

The House resumed from May 8, consideration of Bill C–54, an act to amend the Old Age Security Act, the Canada pension plan, the Children's Special Allowances Act and the Unemployment Insurance Act, as reported (with amendments) from the committee; and of Motions Nos. 5, 6 and 7.

The Deputy Speaker: Because of circumstances, the hon. member for Calgary North has the floor.

Mrs. Diane Ablonczy (Calgary North, Ref.): Mr. Speaker, I appreciate the opportunity to speak on group No. 4, amendments to clause 23 of Bill C–54.

For Canadians watching the debate, I will repeat that the bill is an attempt to make the administration of some of the government social services programs more streamlined, a little more user friendly, so to speak. We think that is a good idea but there is real concern expressed in this group of motions about the accountability in the administration of these acts.

The Bloc has put forward two amendments to clause 23 and Reform has put forward one amendment to clause 23. In fact, that is the only amendment we have put forward on the entire bill.

The purpose of our amendment is to ensure accountability of the administration of these new rules and procedures. We think it is right and proper that our citizens have access to these programs in a way that is not unduly bureaucratic and which removes as much red tape as possible. We are also very concerned that it also removes the accountability of the department and the administrators of the program from the people because it removes needed accountability to Parliament.

We believe the amendment we are suggesting to the bill and to clause 23 specifically would make the system more accountable. We think they are very modest and sensible proposals. We have not put forward a number of amendments but we think the issue of accountability is so key and so necessary that we felt the amendment we put forward ought to be seriously considered and passed by the House.

The amendment we have put forward is set out in today's Order Paper on page 17 under Motion No. 7.

Essentially the motion calls for the minister to be required to make a report to the House every year within 30 days of the beginning of the fiscal year. The report would tally the overpayments under these programs, particularly CPP and OAS and the amount of the overpayments. At the very least, the minister and his department should be accountable to the House and therefore, to the Canadian people we represent.

The House should know exactly how much the overpayment is because it really identifies administrative error, waste and inefficiency. If overpayments are being made, clearly the department is not doing its job very well. Overpayments, of course, very properly suggest these are payments over and above what should be made.

It is necessary because the dollars available to assist people in need under programs are becoming more scarce, with the possibility of CPP going broke in the next few years. It is very important that the dollars available actually reach the people who are entitled to them. If dollars are going to people who are not entitled to them, then clearly some of the difficulties these programs are in will hit hardest the people who do need those moneys.

Therefore, we think right after the beginning of the fiscal year, the minister should give a report to Parliament through the operating committee, of the administrative error that has taken place in the last fiscal year.

(1605)

It is all very well for the minister to report the overpayment and the errors that have been made by his department, but then what happens? The report will then be considered by the appropriate committee and the committee will then decide to what level the minister may have leeway to overpay for the next year.

For example, if the department has made overpayments under these programs of, say, $3 million the year before, the parliamentary committee may say to the department: ''This is simply unacceptable. We will make you accountable by putting a cap of only $1 million on the errors and overpayments you can make next year. We think that is plenty of room for error and we want you to operate in that range''. The committee then will decide how much margin for error that particular department can operate under.

This is sensible and sound management of very scarce and needed dollars. It would give the minister a target and goal and some parameters within which to operate. This limit would be considered by a proper authority, which is Parliament itself.

Someone running a business, a board of directors of a company, a school board, a union and even a household have to have some kind of budgetary parameters within which to operate. If there is an unlimited ability to overspend and to make errors in spending, two things happen. One is that the operation pretty soon does not operate on a sound fiscal basis and does not live within its means. The other is that money which is needed in other areas is simply not available because it has been wasted or not properly allocated in the area being considered.

I think that this is nothing but a very sensible, sound and modest way of ensuring that there is some accountability in the spending of the department under this bill. Under these new proposals we can effectively judge how well and how sensibly the program is being run.

Without this kind of accountability we lose a couple of things that are very important to sound management. One is the paper trail. There has to be some record kept of spending, where it has gone and why there has been overspending so that there can be a good assessment of how soundly things are being run. We also lose track of where the money is going. We do not want to do that. That is important not just because of some accounting fetish, but because money goes to people and the people who are entitled to the money need it and are entitled to know that is being well managed and put forward sensibly.

I urge the House to adopt this motion put forward by the Reform Party. It enhances the bill. It enhances the service to people and enhances our need to be accountable to the Canadian public.

Mr. Stan Dromisky (Thunder Bay—Atikokan, Lib.): Mr. Speaker, I find it fascinating to be discussing Motion No. 7 because of what the Reform Party is advocating. It is advocating that the minister's discretion with respect to forgiving overpayments should be wiped away and this special kind of power given to the highest ranking officer.

(1610)

Mrs. Ablonczy: No, that is not true. It should not be wiped away. It should be accountable.

Mr. Dromisky: —to forgiving.

Let me begin my discussion of this amendment by outlining briefly what it contains.

The Reform Party proposes that the minister should report to the House how much overpayment benefit money is forgiven each year. That is a simple request. The minister should make recommendations regarding how much he should be permitted to forgive in the upcoming year. The Reform Party believes that the minister has a crystal ball and knows exactly how many cases are going to appear before him and his ministry. Therefore, he should be able to make such a judgment for the future 12 months.

Reform proposes that a parliamentary committee should set limits on how much may be forgiven in a year. Again we have to use the crystal ball. The proposal also suggests that no amount may be forgiven until the committee sets the yearly total and no amount may be forgiven once that total has been reached.

When I first heard the motion, I could hardly believe my ears. The Reform Party is supposed to be the party which believes that less government is better government. Yet that very same party introduced the motion which would add extra processes, extra time, extra layers of bureaucracy and extra costs to the administration of the old age security program. It really is amazing.

Motion No. 7 betrays the Reform Party's fixation on the minute details of the OAS program. Members opposite seek to micromanage the program and the minister at great cost and for no benefit whatsoever. It would like to have complete control over every minute detail, every tiny aspect of the entire program.

As usual, it is instructive to look at the facts surrounding the motion. It is also worth while to note that these facts are at the disposal of the Reform Party, as they are at the disposal of all members of the House.

The Minister of Human Resources Development currently forgives something less than $1 million in old age security overpayments each year. As we have noted in debating other motions, the minister is responsible for that amount but does not have carte blanche to forgive overpayments. Certain conditions must exist before the overpayment can be forgiven.

As the old age security program pays benefits in the order of $18.5 billion each year, the rate at which overpayments are forgiven is something in the order of five one–thousandths of one per cent of the benefits paid. In addition, the amounts are already reported to Parliament in the context of the annual main estimates and public accounts. I will repeat that for the benefit of Reform members. These amounts are already reported to Parliament in the context of the annual main estimates and public accounts. Hon. members already have the opportunity to examine all of the figures in depth.

The motion by the Reform Party would create a duplication of these processes, and to what gain? So that Reform members can micromanage the minister's use of his discretion to forgive overpayments which amount to something in the order of five one–thousandths of one per cent of the program's expenditures.

If the motion were adopted, it could lead to disaster. Imagine a committee setting a small limit on the amount which could be forgiven. If that amount of money were used up in eight months time, let us say, what would happen to the cases which occurred

in the final four months of the year? The government would have to tell those individuals that they must repay their debts even though their circumstances were similar or worse than someone who was overpaid a few months earlier. I do not consider this a fair practice and no one else in the House does.

(1615)

With regard to the motions to amend Bill C–54 moved by the Bloc and the Reform Party, the government finds itself right in the middle. In one of the motions the Bloc Quebecois demands the minister be required to forgive overpayments without regard to the ability of the client to repay the amount. In Motion No. 7 the Reform Party seeks to prevent the minister from using his authority to forgive benefit overpayments compassionately by placing limits which would have to be respected no matter what the ability of the pensioner to repay the overpaid amount.

On one hand we have a party that says never collect any overpayment and on the other hand we have a party that says never forgive any overpayment. The government recognizes the need to recover moneys where warranted and to forgive repayment where appropriate. I also believe ministers must retain responsibility for the administration of their programs and that this responsibility should not be removed, as would be in the case of either Motion No. 6 or Motion No. 7 if adopted.

I firmly oppose Motion No. 7. I urge all hon. members in the House to do likewise and to move to the speedy passage of this legislation.

[*Translation*]

Mrs. Francine Lalonde (Mercier, BQ): Mr. Speaker, members of the official opposition are used to seeing their amendments or their comments misunderstood or not understood at all. This is once again the case. It must be understood that we are significantly amending an act, and that seniors or people who are eligible either for the Canada Pension Plan or for family allowances may discover, at some point, that they received more money than they were entitled to.

The current act, which we are in the process of amending, includes a provision which is fair in that it provides the following, and I quote: ''Where a person has received or obtained a benefit payment to which the person is not entitled, or a benefit payment in excess of the amount of the benefit payment to which the person is entitled, the amount of that benefit payment or the excess amount, as the case may be, constitutes a debt due to Her Majesty and may be recovered in proceedings commenced (a) at any time, where that person made a wilful misrepresentation or committed fraud for the purpose of receiving or obtaining that amount or excess amount''. In other words, if someone cheats, the government can, at any time, recover the money.

However, there is also a (b) in the existing section, and we hope that the government will listen and keep that provision. Part (b) provides this: ''in any case where paragraph (a) does not apply, at any time before the end of the fiscal year immediately following the fiscal year in which that amount or excess amount was received or obtained''. We will see what these other cases are.

We feel that the (b) part should be kept. But what is the government doing? It is eliminating that provision. The government says that any such payment constitutes a debt to Her Majesty, as though the recipients were cheaters. I agree that the government is significantly amending the legislation to make things easier for the public. For example, I can think of the income supplement for needy elderly people. As you know, these people currently have to sign a form every year. The bill before us provides that they will no longer have to sign that form. However, it could be that, without any ill intent on the part of the elderly, their situation may change, because they inherited some money or for whatever reason, so that they are no longer eligible for a supplement, but will not know that and may continue to receive such supplement for years, until someone finds out.

(1620)

Without being in any way guilty or even responsible, they would find themselves in the situation of having to pay back a large sum, even though responsibility for the overpayment might rest entirely with the system. I asked the committee to ensure that people knew what they were entitled to annually. I was told that that would be done through the regulations. I have no guarantee. I was shown nothing.

It seems to me that we cannot, on the one hand, increase the opportunities for administrative errors and, on the other, remove this limit, which forces the government to recognize that people are not required to pay for the errors it makes, because in fact, in this bill, the government is doing two things. It is taking away the five–year period within which a person could make a claim for benefits to which he was entitled. There was agreement with that, but at the same time, the government is giving itself unlimited powers to go after these amounts, which again may not have been fraudulently obtained, but might simply be the result of an administrative error. It is giving itself the power to subject members of the public to serious hardship, even in the case of an administrative error. We know that the people in question are generally seniors or families on income support.

Therefore, it seems to me that this is a measure worthy of the government's attention. We are concerned about the likelihood of administrative errors, and we will be supporting the Reform Party's amendment, and adding an amendment to the amendment deleting subsections 7 and 8.

The Reform Party wants members to be told exactly how the legislation has been administered so that they are aware of the large number of errors that have been made. We are in agreement with that, but do not agree that the government should not correct the errors, and we can be sure that the government will wish to correct them only in those cases where there has been prejudice done. We do not agree that errors should be allowed to stand until the House moves in this regard, particularly as any motion it brings forward can only be a recommendation.

Here is the amendment. I move, seconded by the member for Argenteuil—Papineau:

That Motion No. 7 be amended by deleting the new subsections (7) and (8).

But, it boils down to the same thing. Yes, we should improve the administration of the law but, in doing so, we should be very careful not to increase administrative errors and inconvenience people who are most in need and who are often unable to defend themselves. Individuals should not have to pay.

The current two subsections of the act stipulate that the government can recover its due at any time, regardless of the time which has passed since payment, if fraud is involved. If administrative or other errors were in play—mostly administrative errors—the stipulated time period is one year, and I stress this point all the more because this provision is contained in legislation, which increases the likelihood of administrative errors. I would like to take this opportunity to point out that we know, from what has gone on in our ridings, that when the new computer program was introduced, there were many administrative errors.

(1625)

These administrative errors hit citizens hard, citizens who did not receive any pension cheques at all. Those are obvious errors. When people stop receiving pension cheques, often, they call their MP, and I am glad that that is what happens. But, other administrative errors occurred, causing people to receive supplements to which they were not entitled.

I do not know whether you have ever helped people of a certain age who do not quite know how to go about it or what their entitlements are to fill in those forms. They can easily, with the best intentions, end up receiving benefits to which they are not entitled and have no idea what to do to fix the situation. In those circumstances, the same errors which deprived people of their entitlements could have the effect of giving people benefits to which they were not entitled, which they did not seek to obtain and which they could be obliged to pay back at one point. In my opinion, that is very unjust.

The government should take this matter seriously. Is that not the rule of thumb to ensure that administrative errors do not occur? Nothing is easier when cutting the payroll than letting administrative errors go by.

I am not saying that this is the government's aim but that there is nothing meaner and more stupid than wholesale jobs cuts which end up negatively affecting seniors in particular.

I hope that they will listen to our message, which is not an extremist message, contrary to what my honourable colleague said, but one of reason and compassion for people. Far from being extreme, our position consists of maintaining in part the current legislation. It appears to me that it is more my honourable colleagues opposite who are breaking with the Liberal tradition, which used to take into consideration the rights of people and was compassionate with them, a tradition which is broken with here. I invite them to correct this serious error in approach.

The Deputy Speaker: I declare the amendment to the amendment by the hon. member for Mercier in order. We shall therefore continue debate on the same group, including the amendment moved by the member for Mercier.

[*English*]

Mr. Darrel Stinson (Okanagan—Shuswap, Ref.): Mr. Speaker, the days have long since past when individual Canadians had to rely only on themselves, their families and their community for support during times of either unemployment or old age. Instead, the federal government has created the complicated system of tax funded programs of support, often called our social safety net. Like any other net it is full of holes, some of which are intentional but some of which merely represent aspects of serving the public which were not anticipated when the original legislation was drawn.

Bill C–54 represents the most recent efforts of the Government of Canada to mend some of those unintentional holes in our national safety net. It pertains to several major pieces of legislation, including the Old Age Security Act, the Canadian pension plan, the Children's Special Allowances Act and the Unemployment Insurance Act.

The fact that it covers such a large amount of earlier legislation makes one suspect Bill C–54 will be complicated. In that regard the suspicion is correct. Several members of Parliament have spent many hours studying and digesting what the government has proposed here.

(1630)

According to the legislative summary provided by the economics division of the Library of Parliament research, the government intended Bill C–54 to achieve the following goals: to improve service to clients of these major income support measures; to better co–ordinate programs, administration and the actual delivery of service; to eliminate some inconsistencies between old age security and the Canada pension plan programs;

to reduce administrative costs, and to save some trees and some time by reducing duplication and paper burden, both for the departments and their clients; and finally, to help members of Parliament to better serve our constituents.

These changes will have wide ranging impact since they are expected to benefit some 1.4 million seniors and save the taxpayer about $10 million annually. Of course, nearly all Canadians, including those in the Reform Party of Canada, would approve of these goals. We all want more efficient government, fewer program duplications and reduced federal expenses. As one might expect, however, it is how the government proposes to undertake these much desired improvements that has led some of us to propose amendments to Bill C–54.

The first section of Bill C–54 deals in clauses 1 through 24 with the Old Age Security Act. I must report to this House that my constituency office frequently receives complaints from seniors who are caught up in the red tape of the Old Age Security Act sections.

People receiving the spouses allowance, SPA, and the guaranteed income supplement, GIS, are required to reapply every single year preventing any payments from being made when the new fiscal year begins each April 1 until those applications have been received and approved. Single handedly that requirement imposes real hardship on the very Canadians this legislation was aimed at helping, namely low income seniors whose cheques are often delayed, for example if some bureaucrat decides that information on the application must be verified.

The simple fact is that the income of these least well off seniors does not change much from year to year. Therefore it seems to me to make far more sense to require only that seniors must report changes to their yearly income. No report received means there is no change.

On behalf of those seniors I personally congratulate the government for eliminating the very irritating and generally unnecessary piece of red tape. However, the question is not that simple.

A House committee has been at work on Bill C–54. The result of the committee's work is a series of proposed amendments which this place has been treating in groups for the purpose of organizing the debate.

Clause 23 of that first section of Bill C–54 is the subject of amendments, or Motions Nos. 5 and 6 proposed by the Bloc Quebecois as well as Motion No. 7 put forward by the Reform Party of Canada.

Clause 23 deals with overpayments that people may have received. Our position regarding Motion No. 5 is that when Canadians receive payment to which they are not entitled, they should pay the amount back except in those circumstances such as hardship or death, which already appear on page 10 of the bill.

Regarding Bloc Motion No. 6, we oppose it because we believe that department officials should stand behind their advice and be accountable regarding our tax dollars. This unaccountability by the bureaucrats and in some regards the politicians has gone on far too long.

Regarding Motion No. 7, the Reform Party's concern primarily relates to keeping the minister accountable to Parliament. This has been overlooked for years. It is time that the minister started to accept some of that accountability.

Motion No. 7 asks the minister to report annually to this House regarding overpayments in either Canada pension plan or old age security, providing details of their cost to taxpayers. A parliamentary committee would then study this report and make its recommendations regarding what the minister could or could not remit the following year.

Motion No. 7 has the great advantage of keeping the department and its minister accountable to the Canadian people through members of Parliament who are the people's elected representatives. What I am saying here is opposite to that which the member on the other side said a few minutes ago. We in the Reform Party say maybe it is time that MPs started to buckle down and do some work on their own to help the minister out and not just to pass it off.

(1635)

Very often even in my own riding of Okanagan—Shuswap I hear complaints from voters that civil servants and bureaucrats can do whatever they want with no accountability to the people who pay their salaries. It is an ongoing complaint and not only in my constituency. I am sure hon. members on the other side have had the same thing happen. They must hear it at the parties they go to or from the friends they associate with. It is an ongoing concern in Canada that has to be addressed.

We must take every responsible opportunity to correct this situation, where both bureaucrats and the courts run this country instead of having a government of the people, by the people, for the people. Too often we have government of the Ottawa mandarins for their own purpose, or governments of the lawyers and the judges, all too often to protect the rights of the criminals rather than to defend the interests of the vast majority of law–abiding citizens.

Until we can bring accountability back into this House we will always have this complaint from our constituents. It is unnecessary. It is something we must address and I believe Motion No. 7 is the first step in a long process.

Mr. Ken Epp (Elk Island, Ref.): Mr. Speaker, I am very pleased to be able to address this particular matter today. When I came here in the fall of 1993 one of the biggest promises I made to the constituents of Elk Island who elected me was to exert pressure on the government to be accountable for the way the taxpayers' hard earned dollars were being spent.

I remember very distinctly one of the things which shocked me when I arrived here. There was an orientation for new members. The individual making the presentation told us what our office budgets were and explained the formula. Then he said that it did not matter, that we could spend more, that we could spend any amount we wanted to. I was getting upset and as a brand new member I did not know what to do. Should I get up and say that is wrong and we should not do that? I was getting quite angry about this carte blanche that an MP had to spend any amount he wanted.

Then the presenter said that to remember, any amount we overextended or overspent on our budget or any category in it would simply be deducted from our salary. I immediately relaxed and was happy. He was obviously building it up. He said that as a member of Parliament I had a personal responsibility to be within my budget. If I am not trustworthy or not on the bit in terms of managing my budget, then it would come out of my own pocket.

When I left that meeting I remembered how my emotions went up with anger and down with great delight that there was one level of accountability. I then asked some of my colleagues if it would not be wonderful if we could require that same level of accountability from all members of the government, all of the bureaucrats. A deputy minister would be required to give up a portion of his salary for overspending the budget.

I have been watching the budget and we have been working in committee on the estimates for the year and I am appalled. Over and over we hear about cuts, cuts, cuts. Yet in every set of estimates I have looked at so far the spending is up. The people of Canada need to know that total government spending under this new, much touted cutting budget is actually $2 billion more than last year. The people of Canada and members of this House ought to know that we are spending more and more.

When the hon. member from the governing Liberal Party was speaking earlier, he made some comments about the Reformers. He said that here is this group of Reformers who want accountability and all they are doing is proposing something that will cost more money. The member then said that the amount of overspending is not really that much. Why, it is only five one–thousandths of one per cent.

(1640)

Five one thousandths of one per cent is certainly not excessive if it is put that way. But if we look at the tens of millions of dollars which are overspent because of administrative errors, because of lack of accountability and lack of resolve, I think that maybe 100 taxpayers would be required to pay their total tax bills just to pay for the overpayment. If we got those 100 taxpayers, or 1,000 taxpayers or however many are needed to come up with the tax dollars to fund this administrative error, I think we would have howls of protest. Perhaps then we would have a greater cry for accountability.

The member said that it is an administrative hassle. It will cost money to ask the minister to be accountable for the overpayments. Yes, indeed, accounting for money is a cost item. As any person who has ever been in business will tell us, the money which is spent on reliable accountants and on acceptable accounting procedures is usually money well spent. Money which is spent in providing accountability usually provides a saving of an amount much greater than the amount which is required to deliver on that accountability.

I would speak against the Bloc amendment to the Reform motion. What we are doing is we are promoting accountability.

The cry from the other side was that these people do not care, that we want to cut people off. Another statement was that we want to prevent the minister from being able to do his job. Wrong on both counts.

We in the Reform Party believe it is time we managed our fiscal affairs in such a way that we do not go down the tubes, so that we do maintain the ability to help people who are truly in need. As long as we keep on wasting money because we are too lazy to account for it, we are diving headlong into a disaster. That will prevent us from doing anything for anyone because we will have either runaway inflation or increased taxes and probably both in order to try to bail us out of a fiscal problem which was generated by governments over the past 30 years. There is probably nothing more urgent than bringing accountability to the whole process.

There is a recommendation in our motion that the minister must include his recommendations in his report. In other words, we are not saying that the minister cannot do his job; we are telling the minister to do his job and to do it well. Where it can be improved, he should bring his recommendations to the House. We will then provide assistance, via the House or a committee, so that we can be more efficient and better stewards of the money which Canadian taxpayers entrust to us.

We are saying to the minister that if he is overspending because of administrative errors, if he is giving money to people to whom it is not due, that money should be recoverable. If there are mitigating circumstances which would recommend that on compassionate grounds or for whatever reason it will not be paid back, we want to know why that is so. We want to know what the minister is going to do about it. Many years a go a very wise

teacher of mine said: ''If you set no goals, you will be sure to reach them. If you aim for nothing, you will be sure to hit it''.

(1645)

We are asking the minister to account for administrative errors in his department that cost the taxpayers money. We are asking the minister to come up with a plan that will save the taxpayers money. I do not think anyone would argue that when there is increasing competition for increasingly rare dollars from government, the money should go to people to whom it is intended. If someone receives money, whether it is OAS or CPP or UIC, to which they are not entitled it is actually a violation of the rights of the people who need it and it should be paid back unless there are very severe mitigating circumstances.

We want the minister to aim ever higher. We want the minister to say: ''Last year this amount of unauthorized payments were made and we could not collect it back''. We want the minister to stand in the House or table a report that will say what the amount was. He must be up front with the taxpayers who are footing the bill. Then he must also show his plan for reducing those costs. He must show what he is prepared to do in order to make the administration more efficient to reduce the number of people receiving payments to which they are not entitled. If the minister aims at nothing or says if we will have a certain amount of overpayment, so be it, we cannot improve, that is exactly what will happen. There will be no improvement.

However, as our amendment suggests, if the minister is required to give a report, stage his plans for doing better then we hopefully will find there will be improvement and fewer people will receive money to which they are not entitled. There will hopefully be fewer people required to pay back money they should not have received because the administrative procedures will be so honed to a fine art that people who are not entitled to receive money will not receive it. That is the ultimate goal for which we should strive and the goal which we should keep in mind and work toward until it is actually met.

We recognize it is not possible for a minister to micromanage his department. We say without equivocation that if the committees are to have any function in the House, as we were told by the so–called Liberal red book, we were to have more meaningful activities for MPs, let them work in the committees and deal with these recommendations.

Mr. Werner Schmidt (Okanagan Centre, Ref.): Mr. Speaker, it is with considerable amount of trepidation and at the same time a certain sense of responsibility that I rise in the debate on the bill.

What is operating here is a plea for accountability, compassion and responsibility, efficiency and businesslike operation of the affairs of the House.

In particular I draw the attention of the House to Motion No. 7, the Reform Party motion calling for the minister to make a report to the House on where overpayments of CPP and OAS were made and at what cost to the Canadian taxpayer.

I am sure members of the House recognize only too well the largest group of people in Canada that deserves compassion today are the taxpayers. All taxpayers are burdened, be they young or old. They are paying taxes to a point at which they believe it has become excessive. They find themselves unable to do many of the things they want to do. They want to get into some of the larger purchases. They want to buy houses, cars, appliances and they find their discretionary income is getting lower and lower even though their gross salary is increasing.

(1650)

We need to exercise some compassion. One of the greatest examples of compassion the House could demonstrate is that the money given to us by taxpayers be treated as money given to us in trust, money not to be spent willy–nilly at whatever whim or fancy might strike us at a particular time.

What is being called upon here is for the minister to say to all of his servants, the servants to the House and to the people of Canada: ''Do your administration honestly, do it fairly and do it consistent with the legislation''.

To the credit of most of our civil servants I must admit to the House that my association with our civil servants has been exemplary. They have done what they could and they do make mistakes, just as all of us make mistakes from time to time. When they make a mistake who is responsible? If the servant to the minister makes a mistake that servant is responsible to the minister but it is the minister who is responsible for the action of the people he has employed who report to him. The minister is responsible to the House for the actions taken by him and under his direction the staff he has appointed.

Therefore we ask that if there is an overpayment a committee do study these issues and they be reported to the House so that the responsibility can come back to the House. This is the Parliament of Canada. Here the legislation is enacted; here the responsibility ought to be demonstrated to all of the people of Canada.

It is with pride that we sit here. It is with the responsibility of knowing we are managing the people's money that we should approach the various aspects of the administration. It is with this intent that I come before the House to say the time has come to be accountable, to be responsible and to recognize it is not just the response we make to a stimulus but that we exercise the ability and the skill we have developed in the background we have so the right decision is made to emphasize that it helps the people who need the help the most.

Another group of people needs compassion. Those are the people who need to be helped by our social safety nets. There are many of them. There are those in our society, sad to say, who abuse the system, who use fraudulent means to apply for these benefits, who are dishonest in the information they include. They are responsible for the actions they have taken and they should be called to account. That is why this recommendation in this particular bill, to amend the bill, so that those overpayments do indeed become a debt to the crown. These are necessary and they ought to be enforced.

Then there is that other group that may well have received through administrative error or something else additional funds. Those people may through no fault of their own have spent more money than they probably should have are now unable to repay even though they may have received the amounts in error. Then a judgment call needs to be made. At that point the minister should exercise his responsibility. If he can defend that decision in the House, I am sure there are enough compassionate people in the House who would say there are those who ought to be forgiven.

We as a nation and as individuals would be the most despairing people and the most despicable people if we could not learn to forgive. Where there are honest mistakes made we ought to forgive; where people demand compassion, we must be able to give them that forgiveness. It can be done; it should be done.

Let us be accountable. Let us be compassionate to our taxpayers so we do not spend more money than we have to and recognize they are already overburdened in the taxes they are paying. Then let us call those to account who are responsible for the administration. They report to the House, they report to one another and they do these things honestly, credibly and efficiently. Let us all forgive where that needs to be done, where there are good reasons to forgive.

(1655)

Mrs. Jan Brown (Calgary Southeast, Ref.): Mr. Speaker, it is a pleasure to speak to Motion No. 7, the amendment put forward by the Reform Party.

Why is commons sense usually the first victim when we give consideration to change? I have stood in the House on more occasions than I wish to count and have seen that basic common sense becomes a trade–off between positive ideas for change and partisan politics.

Canada has reached a crossroads. Our fiscal situation has prompted a country wide debate on the state of our social security programs. Our safety net is financially unsustainable and many of the programs reflect waste and disturbing inefficiencies which will ultimately hurt the very people these programs were meant to help.

Motion No. 7 is one we believe can make the system more accountable. Accountability is one of the basic planks on which I was elected. I made a promise to constituents that all of my analysis, all of the efforts and work undertaken on their behalf would reflect that commitment to accountability.

There are many occasions in the House when all of us receive letters from constituents who write to us from their heart about expenditures and the danger to the basic structure of our social programs. When I get these letters I know why I am here challenging the government, demanding accountability on behalf of the Canadians we represent and using common sense in the deliberations we debate.

I received a letter from a lady named Irene in February of this year. Irene wants some answers to some very basic questions. She writes from her heart. She asks about accountability: ''Dear member of Parliament, I am a senior citizen who is proud to call myself Canadian. However, I have become more and more concerned with the handling of our budget by our government. I have decided to participate in the process by writing this open letter to all members of Parliament regardless of party affiliation to communicate my concern over what I and many of my friends and family see as utter waste regarding unrealistic expectations and greed and total absence of conscience for the spending of public money''.

She is doing what I would call her political work, participating in the process. She goes on to say: ''I have been elected spokesperson by my group of friends, hence the lengthy list of suggested budgetary cuts. By cutting the following expenses we can perhaps cut less from programs that we have supported with our many years of hard work and money. Although these are but basic and straightforward budget cuts, surely the more unpalatable cuts will be seen less as another blow to the ordinary Canadian if it is perceived that all expenses are open to scrutiny''.

What she is asking for is accountability. She goes on to list two pages full of cuts she believes would be appropriate and useful for government to take under consideration. Something in her last point I found quite interesting: ''Why not increase the resources of the auditor general to find waste and duplication which they manage to find every year?'' I thought that was appropriate to bring into the debate today since we are looking at our estimates: ''However, rather than just report it, why not increase the personnel so that follow–up action may be taken? Every year we hear about all the waste and duplication in different government departments. However, once the report is made public, is that all there is? Is there any follow–up and/or guidance for the guilty parties?''

Irene once again is simply seeking accountability.

(1700)

In Motion No. 7, which is basic common sense, we are trying to bring accountability to that system so that we can say to Irene: ''Yes indeed, there is follow up to government waste. There is follow up to issues and problems as they arise within the bureaucracy''.

Having said that, I want to go through the point that Motion No. 7 refers to because it is important to have for the record a very common sense motion that reflects the values of the Reform Party.

The motion calls for the minister to make a report to the House on where overpayments in CPP and OAS were made and at what cost to the Canadian taxpayer. That comment is very much reflected in Irene's letter to me. It is basic information about the government's bottom line. The report will then be studied by a parliamentary committee made up of representatives of the people who have entrusted us to make decisions based on the Canadian taxpayers' best interests with compassion and to do that with transparency.

The committee and not the bureaucrats will decide what the minister can or cannot remit next year. It will make recommendations on where and how to reduce the cost to the Canadian people in overpayment. That is just and fair.

If this motion is adopted, it will return accountability to where it belongs, in Parliament and not in the hands of the minister or senior bureaucrats of the department where everything is done behind closed doors. Let not the momentum of mediocrity continue to plague the actions of the House as we move toward change and become openly and completely accountable to the Canadian people.

[*Translation*]

The Deputy Speaker: My colleagues, it is my duty to inform the House that the question to be raised tonight at the time of adjournment is as follows: the hon. member for Mackenzie—Canadian National.

[*English*]

Mrs. Diane Ablonczy (Calgary North, Ref.): Mr. Speaker, I have been quite surprised by the Bloc amendment to the motion that we proposed.

The Deputy Speaker: I believe the hon. member has already spoken to this motion, has she not?

Mrs. Ablonczy: Mr. Speaker, no, I spoke to the motion but not to the Bloc's amendment.

The Deputy Speaker: Since it is the same vote, the member is precluded from speaking twice to the matter.

Mrs. Ablonczy: Mr. Speaker, on a point of order, I am a little puzzled. My motion has been amended and yet I have no way of expressing in debate my response to that.

The Deputy Speaker: My understanding is that the matters were all grouped for debate. The member is correct that she did not have knowledge of the amendment before she spoke earlier today. Accordingly, unless anyone else wishes to intervene on the matter, I can see no reason why she cannot speak.

Mrs. Ablonczy: Mr. Speaker, I find the amendment proposed by the Bloc to be extremely inconsistent with the stand that its members are taking on the bill.

Bloc members are erasing the accountability of the minister. They are saying that the minister should have discretion whether he exceeds any limits on overpayment. Yet in a number of their amendments, they say that the minister's discretion should be erased. Here they want to give the minister discretion by amending my amendment but in any other case, they do not want the minister to have discretion. I would ask the Bloc to consider the consistency of this amendment.

If they do not like the minister having absolute discretion in clause 38, why are they saying he should have absolute discretion in clause 23? I do not understand it at all.

(1705)

Erasing subclauses (7) and (8) of our motion will make the committee's recommendation totally toothless. The Bloc members are the ones who are always hollering and screaming about the need for more fiscal accountability in the way government spends money and to quit adding to the debt.

We have tried to bring forward a very simple motion that would put some limits and some parameters around what a department can spend. The Bloc members do not want that. They want this department to have absolutely unlimited discretion to overspend, to make payments that are not legitimate, necessary or warranted, but there is nothing that Parliament can do to stop this. They do not want Parliament to be able to stop this but they are always complaining that departments are overspending.

I am really sorry but I fail to see the reasoning. The Bloc has not even put anyone up to explain why it is doing this. I see absolutely no reason why the Bloc is doing this. It seems entirely capricious and illogical.

I would ask my colleagues in the Bloc to reconsider the position they have taken which is not consistent, not logical, seems to serve no good purpose and flies in the face of the concerns they have expressed about this bill in their own motions.

It is all very well to say the committee would look at the overspending, but if Parliament has absolutely no ability to place limits on ministerial and departmental discretion what is the good of Parliament? Why are we sitting here? Is not the whole purpose of us being here to manage the affairs of the country in a realistic way?

If this amendment passes we are saying that if departments overpay, make all the mistakes they want, waste all the money they want, send the money here, there and everywhere, wherever they want, we cannot do anything about it nor do we want to do anything about it. God forbid that we should say: ''This far and no more can your inefficiencies go''.

I appeal to the members of the House to reconsider their position on this. If the minister wants to overspend and feels there are good reasons to do this and has a logical explanation, then he will have to convince a committee of the House, parliamentarians, people who were elected to manage our affairs and our money, that he has a good reason for needing to do this. Is that not the whole purpose of us being here or am I missing something?

I ask my friends in the Bloc for an explanation of why they proposed this amendment. Failing that, I can only urge on the House that it is totally frivolous. It is illogical. It is unnecessary. It flies in the face of what we are here for. I urge that it be voted down and the motion as proposed be accepted.

[*Translation*]

The Deputy Speaker: Is the House ready for the question?

Some hon. members: Question.

The Deputy Speaker: The question is on Motion No. 5. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

The Deputy Speaker: All those in favour will please say yea.

Some hon. members: Yea.

The Deputy Speaker: All those opposed will please say nay.

Some hon. members: Nay.

The Deputy Speaker: In my opinion the nays have it.

And more than five members having risen:

The Deputy Speaker: The recorded division on the motion stands deferred.

The question is now on Motion No. 6. Is the House ready for the question.

Some hon. members: Question.

The Deputy Speaker: Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

The Deputy Speaker: All those in favour will please say yea.

Some hon. members: Yea.

The Deputy Speaker: All those opposed will please say nay.

Some hon. members: Nay.

The Deputy Speaker: In my opinion the nays have it.

And more than five members having risen:

The Deputy Speaker: The recorded division on the motion stands deferred.

(1710)

[*English*]

The question is on the amendment to Motion No. 7. Is it the pleasure of the House to adopt the amendment?

Some hon. members: Agreed.

Some hon. members: No.

The Deputy Speaker: All those in favour of the amendment will please say yea.

Some hon. members: Yea.

The Deputy Speaker: All those opposed will please say nay.

Some hon. members: Nay.

The Deputy Speaker: In my opinion the nays have it.

And more than five members having risen:

The Deputy Speaker: Pursuant to Standing Order 76.1(8), the recorded division on the amendment to Motion No. 7 stands deferred.

[*Translation*]

Mr. Maurice Dumas (Argenteuil—Papineau, BQ)

Motion No. 12

That Bill C–54 be amended by deleting Clause 38.

He said: Mr. Speaker, finally, the last amendment to Bill C–54. In Motion No. 12 I move the following amendment:

[*English*]

Mrs. Ablonczy: Mr. Speaker, I rise on a point of order. As I understand it, the House voted on whether to accept the amendment to Motion No. 7 but not whether to accept Motion No. 7. We need to do that.

The Deputy Speaker: That will be done at the time of the deferred division.

[*Translation*]

Mr. Dumas: Mr. Speaker, in Motion No. 12 I move the following amendment: That Bill C–54 be amended by deleting clause 38, which reads as follows: ''Where a decision is made by a Review Tribunal or the Pension Appeals Board in respect of a benefit, the Minister may stay—that is what it says—payment of the benefit until the latest of—there are three choices—(*a*) the expiration of the period allowed for making an application for

leave to appeal to the Pension Appeals Board, (*b*) the expiration of the period allowed for making an application under the Federal Court Act for judicial review of the decision, and (*c*) where Her Majesty has made an application under the Federal Court Act for judicial review of the decision, the month in which all proceedings in relation to the judicial review have been completed''.

Why delete clause 38? Because the purpose of this amendment moved by the Bloc Quebecois, the official opposition, is to prevent the government from suspending payment of benefits during appeals, since these appeals arise from the government's failure to manage these programs satisfactorily. Senior citizens should not have to pay for the government's incompetence.

Clearly, the government wants to discourage senior citizens from filing appeals, since some people do not have the resources to tide them over this waiting period. Clause 38 of Bill C–54 provides no guarantees for adequate financial security for seniors.

In the report by the National Advisory Council on Aging, as I said before, the disposable incomes of seniors were as follows: the income of families where the head of the household is a senior is 60 to 80 per cent of the income of other Canadian families, depending on the standard used and the region.

(1715)

In 1989, the average income of families where the head of the household was a senior was only $37,462 or 72 per cent of the income of families where the head of the household was under 65. In 1989, the average income of single persons aged 65 or over was $16,316, while the average income of single persons under 65 was $23,080. A single person, for the purposes of this clause, is a person who lives alone or in a household where he or she is not related to the other members of the household.

Single persons, whatever their age, tend to have relatively low incomes. Consequently, the gap between seniors and the rest of the population is not quite as wide for those who live alone as it is for families, but it is still significant.

By allowing himself to stay payment of the benefits during a review or an appeal, the minister is depriving recipients of money they need to live on, as it is often their only source of income.

Seventy–two per cent of retired women and 50 per cent of retired men receive old age security and guaranteed income supplement benefits. Only 5 per cent of seniors make more than $50,000. The life expectancy of seniors has increased. We must ensure that their extra years of life are satisfactory.

By tightening the conditions under which seniors can appeal what they consider an unfair decision, the government is trying to discourage them by reducing their income. Yet, the government itself admits that old age benefits are the only source of income for a considerable proportion of recipients.

Let us keep in mind that the federal government has already decided to reduce the deficit on the backs of the most vulnerable by lowering the age credit. As a result, all taxpayers aged 65 and over can apply for a tax credit equal to 17 per cent of $3,482 at the federal level and 20 per cent of $2,200 in Quebec. This credit is non–refundable, that is to say, it applies to the tax payable, and the excess portion cannot be refunded. The unused portion of the credit can, however, be transferred to the spouse.

On May 31, 1994, I rose in this House to oppose reducing the age credit. I reiterated that the feeble efforts to reduce spending were being made on the backs of the most vulnerable. During that speech, I also asked the minister responsible for seniors a question about the plan to install voice mail to answer inquiries from seniors.

The minister simply told us about the speed of the proposed service. I explained that many seniors are reluctant to use such a service and that they express this opinion on a regular basis. If you ask seniors how clause 38 will affect their decision about whether or not to appeal a decision, the answer is clear: seniors will not appeal because, for most of them, old age benefits are the only source of income.

In conclusion, the Bloc Quebecois, the official opposition, cannot remain silent and let the government reduce the deficit on the backs of seniors. Clause 38 of Bill C–54 must be deleted so that the government will not be able to stay payment of benefits during the appeal process.

[*English*]

Mr. Ken Epp (Elk Island, Ref.): Mr. Speaker, again I rise on this question to try to persuade the government to make the right decision. Since the calls are made by the Liberals, with their majority whatever they decide will be, so I am going to try hard to persuade them in the correct way.

There has been considerable inconsistency from Bloc members, in the sense that with this amendment they are asking that we take away from the minister the discretion not to pay.

(1720)

In other words, if the minister decides that somebody should not be entitled to some of these programs that are being dealt with in Bill C–54 and some administrative bureaucrat in the

system decides a person should not be receiving a benefit because the rules say he should no longer be receiving it, according to this amendment the minister would no longer have the right to stop the payments.

To me, this is ludicrous. On the one hand they move a subamendment to our motion, which would have the effect of not giving the minister the right to make payments when they are required, and here they are saying they do not want to have the minister have the right to not make payments when they are not required. That does not make sense to me.

As members opposite are thinking about this amendment, and I presume they will be opposed to it, I want to strongly urge them to be opposed to it. If the payments are not justifiable they are in breach of the rules, and the minister should be able to stop those payments.

Let us look at the scenario this sets up. A person receives money and the department says no more money. Then the person who is receiving appeals. During that appeal process, in which the wheels of government can take quite some time, these payments must be kept coming. If the person receiving them really wants to take the system for a ride, they will make sure that all of that money they receive is totally spent, so that if the appeal goes against them they will be able to say they cannot pay it back because they have no money. Then, on a compassionate ground or whatever, according to the previous rules that money would not be repayable.

It really means that the taxpayers are being totally dumped on in terms of accountability if this amendment is accepted. As I said, I urge the members opposite to pass the information on to their leadership so that the leadership gives the direction to them so they know how to vote and they will vote correctly in opposing this amendment.

Mr. Stan Dromisky (Thunder Bay—Atikokan, Lib.): Mr. Speaker, it is easy to see from the large number of amendments prepared on the subject that the opposition is not in favour of making changes to the current appeal process.

I cannot speak for the opposition, but the Liberal Party of Canada believes that our seniors deserve the best. With the proposed changes to the appeal system we would be giving them the opportunity to have their decisions reviewed as quickly and fairly as possible under the best system we can offer.

Motion No. 12 is intriguing. By the debate that is taking place, we see it is also very frustrating and confusing for the members of the official opposition versus members of the third party opposite. The battle that is going on between the two clearly reveals to me and to other members of the House of Commons that there is no simple answer to the very complex operations of any great government such as we have in Canada. Simple solutions just do not exist.

However, both parties have for some time, close to 18 months, been advocating simple solutions to extremely complex problems. I am just wondering after this lengthy period of time whether or not that is a deliberate attempt, or perhaps it is simply a matter of fact, that both parties lack the ability to comprehend the complexity and profound depth of these government operations. Perhaps they are deliberately trying to confuse Canadians with these simplistic solutions and are therefore misguiding the voting population.

(1725)

We should begin by noting that the Canada pension plan review tribunals hear thousands of cases every year, thousands. These cases often are very complex. The legislation is also complex. They are sometimes very difficult to adjudicate.

With human beings involved, mistakes are sometimes made by these tribunals. When this occurs the minister must with great reluctance appeal the decision to the pension appeal board. This is only done where there are the clearest indications that a mistake has been made. Nonetheless, the department records indicate that 45 review tribunal decisions that were appealed by the minister to the pension appeal board were in fact overturned by that body. That 45 represents 80 per cent of the decisions that were made and rendered in 1994. Had the minister followed what appears to be the preference of the opposition and paid benefits before he was absolutely certain they should be paid, these 45 people would have been in the unfortunate position of having to repay money to the government. Imagine the shock these 45 people would have received if they had opened their mail and discovered they had to pay back thousands of dollars immediately. Naturally, they would be in the position where they would have no assets, no funds, simply because they live from cheque to cheque.

Therefore, closer examination of this motion, which the opposition claims will give better service to clients, will in fact reveal that many of those clients are put in a position where they have large overpayments that must be repaid, because the government is paying benefits before it is certain about entitlement. We must not allow that to happen.

For all these reasons, I oppose Motion No. 12 and urge all hon. members to do the same.

[*Translation*]

Mrs. Francine Lalonde (Mercier, BQ): Mr. Speaker, if someone is inconsistent in this House, it is certainly not anyone on this side. I do not see where the consistency is in saying—especially with respect to the Canada Pension Plan which, we will recall, provides benefits to people with disabilities of all kinds—that individuals who are denied benefits will have to appeal. It is stated in the bill that the minister may stay payment of any benefit until the later of the following dates.

How can those people who are often disadvantaged because they have problems getting around and defending their case, because they have to hire someone to help them—people who will now be expected to appeal if they are convinced they qualify, knowing that, if they are wrong, the law requires that they repay—how can they, on top of everything, be deprived of benefits while they have to defend themselves? It makes no sense.

This is beyond me. If there is someone who does not understand, it is not one of us. Examine actual cases and then try and look us straight in the face and tell us that benefits should be stayed, even though the legislation clearly provides for benefits to be repaid. The pensioners who will appeal are those who are sure they have a good case. But if they do not receive benefits during that time, chances are that people will not appeal because they are unable to do so. It does not make any sense to me. It makes no sense and this so–called Liberal government should examine this point closely before adopting this clause.

(1730)

The clause reads as follows: ''Where a decision is made by a Review Tribunal in respect to a benefit''—so there was a benefit to start with—''the Minister may stay payment of the benefit until the later of—''

This means that those to whom benefits are denied or cut will probably have to go on welfare and rely on the welfare plan in their province. In some places, single individuals get something like $250. When a handicapped person who has to pay a helper loses his or her benefits and is told to wait until the very end, at which time he or she will get benefits, this is absolutely inconsistent and illogical; it makes no sense but, more importantly, it shows a total lack of compassion.

I urge Liberal members to look at this legislation closely and not from a partisan point of view. We, on this side, certainly did not debate the issue on a partisan basis. We work for those who are the least able to take care of themselves. This is how we have to consider this issue. We took a close look at the amendment proposed by the Reform Party and we agree with part of it. However, we do not agree with the part which provides that the minister must wait, even if he is convinced that an amount should be remitted because an administrative error was made. We feel that those who suffer the prejudice should not have to wait.

In any case, the amendment proposed by the Reform Party did not remove the minister's discretionary power, since the motion only refers to a recommendation. That could only adversely affect the people concerned, since the minister still had discretionary power. I am answering the hon. member, because we always enjoy debating the substance of these issues, but that proposal does not make sense. The fact is that, if we look at all these provisions and amendments, which are supposed to be technical, we realize that this bill will significantly change the relationship between the elderly, the handicapped and families, on the one hand, and the state, on the other hand. This is what this legislation is about.

It seems to me that we are all trying to protect the interests of our fellow citizens. At the same time, we realize that the system must include some protection. However, that protection must not be provided at the expense of the public. We must not set the whole system against the public. To deprive people of the means to defend themselves when they risk losing their meagre benefits, is certainly not consistent with social fairness, accountability or good government. No. The government is trying to save money on the backs of Canadians, by not explicitly providing them with the right to appeal, a right which is theirs.

One must have worked with people who had to fight the system, whether as regards occupational safety and health issues, or eligibility to disability benefits, to measure the enormous challenge which these people face, given how hard it is for them to provide the required evidence. Consequently, there is no reason to come up with such a provision, in addition to all the other changes proposed in this bill to favour the system, at the expense of the public. To be sure, this is not a legislation which the Liberals can be proud of.

[*English*]

Mrs. Diane Ablonczy (Calgary North, Ref.): Mr. Speaker, we are having a good debate today on some administrative changes to Bill C–54. I certainly agree with my hon. friend from the Bloc that we are trying to serve the citizens of the country as well, as effectively, as compassionately and as truly as we can.

(1735)

Our country deserves the best we can give it. I remind my hon. friend that if we are to run things effectively it should not be done on the backs of citizens. Savings should not be looked on as being something we do on the backs of people. Spending is really what we put on the backs of people. Spending is a burden which we extract from the hard work of our citizens and often place on our future citizens as well. We have to look at all of the administrative measures and all of the spending proposals in a way which is fair to the people who need the money, fair to the people who have to earn the money and fair to the people who will inherit the debt we are building in order to spend some of the money.

We cannot look at this issue as if only desperately poor and needy people are being hurt. Those are the people we want to help. If we are to continue to help them then we must be responsible, effective and efficient in the way we administer every government department.

I was saddened to hear the Liberal member deriding the Reform amendment to this very complex bill. He suggested it was put forward to hurt seniors. It does no credit to debate in the House when attempts to constructively improve proposals of government are simply dismissed as meaning to hurting people.

It is beneath members of the House to suggest that any member would be motivated by such repugnant motives.

The Liberal member also suggested the amendments were simplistic. Is any attempt to improve government legislation to be dismissed as being simplistic? I say to the people of Canada that to look at complex bills, to study them, to assess the impact and the effectiveness of them takes a great deal of time and effort. It is done in an attempt to give the best to our country, to ensure everything we do has the highest standards of accountability in delivering the services which Canadians need in a way we can afford and which we can count on over the long term.

I appeal to members to respect and to objectively and seriously judge the things put forward in the House, not to deride, misrepresent and distort them in a partisan way. The country will not benefit from that kind of approach. I am saddened by that kind of approach and I appeal to members not to take it.

Over 80 per cent of Canadians say they want our social programs reformed. They know the programs are often abused. They often give money to people who do not need it. There are many examples of programs sending money to millionaires. Any small attempts we make to these complex bills to make the departments and bureaucrats accountable are somehow dismissed.

Do we really want to say as parliamentarians to a minister or to a department: ''Go out and overspend. Go out and make allocations of money not warranted, to which people are not entitled, in any amount you want. We do not care. We do not want to know about it. We will not stop you. We do not want limits on that''?

(1740)

Surely we owe the people of Canada better responsibility, accountability and management than that. I ask the House to vote down measures which remove accountability and support measures which add accountability.

Our ministers and our departments are not looking for ways to defraud the Canadian people of money to which they are rightfully entitled under these programs—far from it. There are tens of millions of dollars going to people who do not need it, who do not deserve it, who are not entitled to it, people receiving money from programs not meant for that.

Surely we have an obligation and a responsibility in the House to put a stop to that and to make sure the people who do need the money are getting it and the people who do not need the money and who are not entitled to it are not getting dollars that should be going to the neediest people in our society.

I speak against Motion No. 12. It removes accountability in an important way. I certainly urge the House to add more accountability to the way these programs are administered rather than detract from it.

[*Translation*]

The Deputy Speaker: Is the House ready for the question?

Some hon. members: Question.

The Deputy Speaker: The division is on Motion No. 12. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

The Deputy Speaker: All those in favour will please say yea.

Some hon. members: Yea.

The Deputy Speaker: All those opposed will please say nay.

Some hon. members: Nay.

The Deputy Speaker: In my opinion the nays have it.

And more than five members having risen:

The Deputy Speaker: Pursuant to Standing Order 76(8) the recorded division on the motion stands deferred.

The Deputy Speaker: The House will now proceed to the taking of the deferred divisions at the report stage of the bill now before the House.

Call in the members.

And the division bells having rung:

The Deputy Speaker: Pursuant to Standing Order 45(5)(*a*), the division on the question now before the House stands deferred until 6.30 p.m. today.

* * *

[*English*]

AGREEMENT ON INTERNAL TRADE IMPLEMENTATION ACT

Hon. Raymond Chan (for Minister of Industry, Lib.) moved that Bill C–88, an act to implement the agreement on internal trade, be read the second time and referred to a committee.

He said: Mr. Speaker, on behalf of the Minister of Industry, I thank you for this opportunity to speak on the occasion of second reading of Bill C–88, an act to implement the agreement on internal trade.

The bill is another step in the process to create a new internal trade regime that has been under way in Canada for some time. Our objective is to reduce barriers to interprovincial trade and to remove restrictions on the movement of people and capital within the domestic marketplace.

Passage of Bill C–88 will be a necessary step for Parliament to take in order to implement the agreement on internal trade signed last year by all the provinces and territories along with the federal government.

At the invitation of the Prime Minister, first ministers met in Ottawa last July to formally accept and sign the agreement the committee of ministers of internal trade had finalized at the end of June. With this accord, we were committed to a target of July 1, 1995 to have the appropriate legislative and regulatory changes in place so the agreement could be legally implemented.

In this sense, in putting this legislation before the House we are meeting an obligation to provincial and territorial governments we incurred when we signed the agreement in June 1994. The agreement on internal trade was an important step in the quest to create an integrated domestic market in Canada.

(1745)

In the 127 years or so since Confederation, we have seen a hodge–podge of protectionist measures and trade conventions develop, which have inhibited interprovincial trade and restricted the flow of goods and capital between provinces in Canada. These measures range from outright restrictions to bidding on government contracts to a patchwork of regulations and incompatible standards.

The government has felt strong and repeated pressure from the private sector to deal with the problems associated with internal barriers to trade and conflicting regulations on cross–border flows of people and capital. We have received representations from the Canadian Manufacturers' Association, the Canadian Chamber of Commerce, the Business Council on National Issues, the Canadian Federation of Independent Business, the Canadian Bankers Association, the Canadian Construction Association, and so on. The list is long and the problems are deeply felt and broadly experienced.

Such barriers put Canadian businesses at a comparative disadvantage by restricting the size of the available marketplace and by making the markets open to Canadian businesses even smaller than they would be on an open national basis. In a time of increasing global competition and more open markets in other parts of the world, this can have the negative result of putting Canadian businesses at a disadvantage to international competitors, even in our own markets. In addition, there is an economic cost related to marketplace inefficiency. The Canadian Manufacturers' Association has estimated that barriers to trade cost Canadians about $7 billion annually in direct job and income loss.

In years past, when external trade barriers protected economies like ours from international competition the economic costs of internal trade barriers were tolerated. When Canadian industry was sheltered from international competition by tariff barriers of 10 per cent or even 20 per cent, the economic costs were not so obvious. But a marketplace sheltered from international competition is no longer the reality. International barriers and tariffs are down. The market is global and the competition is fierce.

We will not and cannot be successful in an open global market if we operate in a closed market here at home. So we need to adapt to the international reality in trade. Bill C–88 and the agreement it implements is an important aspect of this process and is part of the more open fundamental process of economic renewal that the government is following towards its strategic objectives for economic growth and job creation.

Last fall the Minister of Industry introduced in the House our government's plan to build a more innovative economy. We outlined our intentions for improving the economic climate of Canada in four ways: to build a positive entrepreneurial climate and to help small business grow; to expand markets for jobs and growth through trade; to create an efficient and modern infrastructure; and also to make technology work for Canada. These are the areas where the government can have the greatest impact on job creation.

While Bill C–88 will support all of these objectives, it has special relevance for the objective to expand markets. To grow and prosper, business needs an efficient and open marketplace, an environment that encourages innovation and expansion, free of unnecessary barriers.

With the agreement on internal trade and now with this bill we have the elements to establish a new internal trade regime in Canada, one that will allow us to make the most of our interprovincial domestic market by encouraging innovation and expansion and by removing unnecessary barriers to trade.

The Canadian economy is in a period of transition. There are fundamental changes taking place because of the globalization of trade and the rapid pace of technological change. Competitive advantage in today's world depends less on location and natural resources and more on innovation and ability to respond to changing market conditions and to achieve economies of scale.

(1750)

As we continue the transition from a resource based economy to one where innovation, knowledge, and flexibility are the underpinnings of competitive advantage, we need to ensure that the domestic trading environment will accommodate and expedite the necessary changes.

Bill C–88 will provide a supportive environment for the economic transition process we are now experiencing. The legislation that is before the House now is the result of a long process of negotiations and consultation, which has involved many Canadians with many different perspectives, ministers of the federal government, ministers of all the provincial and territorial governments, officials of all these governments and representatives of the private sector. Also, it is interesting to note that political parties of all stripes have co–operated in negotiations leading to the agreement. There were different

perspectives, but a shared belief that a more open trading environment will be good for Canada.

In fact a striking feature of the process has been the high degree of co–operation and goodwill that has been demonstrated on all sides. Those Canadians who have been involved in the process understand the compelling need to open our internal markets and ensure that the Canadian marketplace works to the advantage of all Canadians.

Over the last two years the negotiations and background work were under the guiding hand of Mr. Arthur Mauro, a well known Canadian businessman. Mr. Mauro acted as chairman of the committee of chief negotiators and worked tirelessly to keep the process moving toward its objectives and produced the agreement that the ministers signed last year.

The work leading up to this bill has been exhaustive. It has been thorough and it will be ongoing. It is our duty to keep the process moving. The process began in June 1988, when federal and provincial agriculture ministers compiled a list of barriers to internal trade in agricultural food products. A federal–provincial committee of ministers of internal trade with a commitment to open market access within Canada was formed. The focus of this group was comparatively narrow. Topics of discussion included government procurement, wine, spirits, and beer, transportation, professional mobility, and standards.

The process had begun. Governments were now dealing with the problems of internal trade barriers in an organized way. Federal–provincial discussions continued and the focus widened. Ministers also began to consider the need for a dispute resolution mechanism as part of more comprehensive trading agreements between provinces and territories.

In December 1989 a memorandum of understanding on internal trade in agricultural products was signed by seven of the provinces. The process was beginning to move. Federal–provincial negotiators continued to meet. Agreement was reached and memoranda of understanding were signed on a number of individual issues, such as transportation and government procurement.

By December 1992 the committee of ministers of internal trade recommended that the process be accelerated and that all parties commit to the goal of reaching a broad and comprehensive internal trade agreement by June 30, 1994.

By March 1993 the negotiators agreed to three specific principles as basic to an agreement. They were that governments treat people, goods, services, and capital equally, irrespective of where they originate in Canada; that government reconcile standards and regulations to provide for the free movement of people, goods, services, and capital within Canada; and that governments ensure that their administrative policies operate to provide for the free movement of people, goods, services, and capital within Canada.

(1755)

In August 1993 Mr. Mauro took charge of the negotiations. In December 1993 our government reaffirmed its commitment to the process, and in January 1994 chief negotiators were given specific instructions to prepare a draft agreement for the consideration of the committee of ministers of internal trade. Ministers were looking for an agreement that would improve three main elements: trade rules to apply to specific sectors or issue areas; an elaboration on how the rules would apply in these specific areas; and also a dispute resolution mechanism that would encourage parties to negotiate settlements but not to involve the courts.

Now the process was in high gear. An intensive series of meetings was held during the period from January to June last year. These meetings culminated in ministers agreeing to the text of an internal trade agreement at the end of June. Following that, the Prime Minister and all other first ministers signified their acceptance of the agreement with a formal signing on July 18. The final legal text was put in place and accepted by all parties by last October.

All governments agreed to make necessary legislative and regulatory changes to bring the agreement into effect by July 1, 1995. Bill C–88 fulfils the commitment of the federal government in this regard. Last year's agreement on internal trade was a major step in a long process. It has demonstrated that all governments can work together to achieve a common objective that will benefit all Canadians.

What are we putting in place? The agreement on internal trade gives a set of general rules that prohibits any new barriers to trade and eliminates old ones in ten specific sectors or areas and establishes a formal mechanism for the resolution of disputes that may arise.

The agreement provides for the following objectives. It will open the $50 billion annual government purchasing market to competitive bidding throughout Canada. It will reduce restriction on investment, including a code of conduct to forbid incentives that lure firms to relocate from one province to another. It will improve the ability of Canadians to work anywhere they wish. It commits government to work on harmonization of environmental protection, transportation standards, and consumer protection. It will set up an impartial publicly accessible process for resolving trade disputes between governments and between individuals and governments.

The dispute settlement mechanism is based on the principle that it is preferable to solve problems informally and at an early stage. It reflects the desire of governments to cooperate rather than to confront or to litigate.

Therefore, it sets out a methodical, step by step process of information exchange followed by consultations. Questions not settled in that way may be brought to an impartial panel that would make recommendations for solving the issue. Only as a last resort, when a party has failed to change a measure found to have violated the agreement, might retaliation be acceptable. Even then, action would be limited both in effect and scope to areas especially covered by the agreement.

Also important is the fact that the agreement has the potential to grow and evolve. It deals directly with a large number of current issues and it provides the framework for negotiations to continue on others. Also, the agreement and this bill are parts of a broad set of activities now under way to create a more open trading environment throughout Canada.

The provinces and territories have obligations to implement the terms of the agreement by July 1, 1995. Work is under way on many fronts to make necessary legislative and regulatory changes at the provincial and territorial levels. At the federal level we have both an obligation to make the necessary changes, as Bill C–88 does, as well as a duty to show leadership in order to advance the process. It is fair to say this bill does not solve all the interprovincial trade problems that have built up over the last 127 years. However, it has moved us a considerable way along the track.

(1800)

We see the process as one of forward movement. Some issues are dealt with. Systems and procedures are in place for dealing with others and new ones may yet come forward for our attention. For example, in the energy sector a separate set of negotiations is under way toward a similar deadline of July 1.

A process is in place to deal with the outstanding issues in the agricultural sector. Issues related to interprovincial trade in alcoholic beverages are not resolved either, but a consultative mechanism is set up and deadlines for resolutions are in place.

In summary, for the first time in our history, we will have a rules based system, a mechanism for settling disputes and a work plan for the future. In the future other issues may come up, for example, interprovincial regulations relating to financial services or standards for environmental protection. There is the further possibility of using the framework to consider streamlining and harmonizing ''non–standards'' regulations.

Whatever new issues come forward, we will want to deal with them in the same spirit of co–operation, shared objectives and mutual interests that has now been established within the agreement on internal free trade that this bill will implement. With this legislation we are ensuring the framework is in place and we are confirming our belief that the fundamental principles of free trade will work.

When first ministers signed the agreement last summer they committed to having the necessary legislative and regulatory changes in place by July 1, 1995. Passage of this bill by the House will ensure we meet our obligations to our provincial and territorial colleagues as discussed at the recent meeting of federal, provincial and territorial ministers in Calgary. It will also demonstrate our continued leadership in the move toward a more open domestic trading environment and it will reinforce our other activities to create a more innovative economy.

I want to emphasize that passing this bill is not the end of the process. It is part of a continuing one. This legislation builds the foundation and establishes the framework within which we will continue to build an effective domestic trading environment over time. Look at how the GATT and the European Union have evolved over time. The important thing is to establish the base and create the mechanism to allow for flexibility to meet changing economic conditions as they occur.

Trade agreements deepen and broaden with use and experience and this one will too. Bill C–88 will provide the foundation for moving toward a domestic trading environment that will allow for the free flow of goods, services, people and capital within Canada. The Prime Minister and other ministers, including first ministers, have been actively involved in broadening the marketplace for Canadian goods and services in export markets. The Team Canada approach has been highly successful in doing that.

Now we must bring the same spirit to improving the domestic market for our businesses and our workers. Bill C–88 is an important step in that direction and that is why we support it.

(1805)

[*Translation*]

Mr. Richard Bélisle (La Prairie, BQ): Mr. Speaker, this bill is aimed at implementing the provisions of the Agreement on Internal Trade signed with the provinces last summer. To this end, the federal government must pass legislation to comply with the agreement before its coming into force, on July 1, 1995, as the minister said. Briefly put, this is the purpose of Bill C–88.

First, I would like to show that Bill C–88 assumes powers which were never mentioned during the negotiations with the provinces or when the agreement was signed. This indicates a strong desire on the part of the federal government to centralize.

In the second part of my speech, I would like to highlight some of the aspects of international trade which favour the political autonomy of the regions and the creation of economic unions rather than the establishment of great federations with a rigid and centralizing constitution such as the Canadian federation.

Last summer's agreement deals with 11 specific areas, namely government contracts, investments, labour mobility, consumer protection standards and initiatives, farm products and foodstuffs, alcoholic beverages, natural resources processing, communications and transportation, energy and the protection of the environment. However, the sections of the agreement Bill C–88 deals with are basically those regarding dispute resolution, as if all the federal government could do was put controls in place.

Articles 1601 to 1604 deal with the establishment of a committee on internal trade and its secretariat. The role of the committee will be to supervise the implementation of the agreement and to assist in the resolution of disputes. Article 1705 deals with the establishment of a panel at the request of the disputing parties. The panel is made up of five members who will have to decide on the validity of the dispute and on retaliatory action that the complaining party will eventually be authorized to take.

Articles 1710(4), (5) and (6) stipulate that, if the matter has not be resolved within one year of issuance of the panel report, the complaining party may request a meeting of the committee. The committee shall convene within 30 days to discuss with the complaining party the option of taking retaliatory action in respect of the party complained against. So, the complaining party may, until such time as a mutually satisfying resolution is achieved, impose to the party complained against retaliatory action of equivalent effect to the damage caused to the complaining party.

If I am reminding the House of these few rather technical aspects of the Agreement on Internal Trade, it is essentially in order to highlight the context within which the interprovincial agreement was reached. We must understand that the panel decisions are not binding, which implies that the committee governing the interprovincial trade agreement has no power.

If the party complained against does not comply with the panel recommendations, article 1710 applies. As we saw, article 1710 deals with retaliation action that the complaining party may take in respect of the party that did not comply with the agreement.

In fact, the main purpose of this bill is to implement the agreement on internal trade. The Bloc Quebecois has always been in favour of freer trade, which is the context in which states do business today. So, we support the principle of the agreement, but if the federal government is the aggrieved party under a trade agreement referred to in the agreement, it can impose retaliatory measures. However, that is not what is said in Bill C–88.

In fact, clause 9 goes well beyond the spirit of the agreement reached by the provinces last summer. This is why we are against the bill as it stands now. Clause 9 reads as follows:

> For the purpose of suspending benefits or imposing retaliatory measures of equivalent effect against a province pursuant to Article 1710 of the Agreement, the Governor in Council may, by order—

And then it goes on. It says that the Governor in Council may act, by order, which is the method usually used by an autocratic government. This bill clearly shows that the Liberal government wants to govern by order in council.

(1810)

Are we again facing Liberal totalitarianism? In fact, clause 9 means that, if a party is at fault pursuant to article 1710 of the agreement, then the federal government, whether or not it is party to the dispute, assumes the right to impose retaliatory measures against all of the provinces without distinction.

Bill C–88 clearly indicates that the federal government intends to interfere in interprovincial trade and be both judge and judged, to provide through this agreement the power to act by order in council, a power it alone can exercise, and to extend the application of any federal law to the provinces, as mentioned in clause 9(*c*).

Governing by order in council, setting oneself up as the arbiter of interprovincial trade, are measures that go way beyond the spirit of the agreement signed with the provinces last summer. Nowhere in the 13 paragraphs of article 1710 of the agreement is there mentioned any right of the federal government to intervene in a trade dispute when it is not itself one of the parties to the dispute, contrary to the retaliatory measures described in clause 9 of Bill C–88, as formulated and tabled before us today.

The range of retaliatory measures the federal government has given itself in this clause is too broad. Its power of retaliation can affect the entire population of a province and is excessive. The problem stems, of course, from the fact that Ottawa has legislative power over all Canadians and can impose legislation on all the provinces.

Bill C–88 is another example. In our opinion, the retaliatory measures contained in clause 9 must be toned down considerably and the focus limited strictly to matters of trade. The federal government would thus not be able to retaliate in the social sphere, by attacking the Canada Social Transfer, for example.

I would have one last word concerning the intentions of the Liberal government reflected in this bill. Clause 14 of the bill provides, in the best Liberal tradition, that appointments to fill any position that may be necessary or advisable for carrying out the purposes of the Agreement be by order in council. To prevent any form of patronage on the part of the Prime Minister, the Bloc Quebecois requests that appointments be systematically

approved by the House of Commons, as they should be in a democratic system.

There is no doubt in our mind that this bill is highly centralist. It is a sign of a retrograde vision of trade relations between the various regions of the same continent. We are living in an era of trade globalization, of the dissolving of tariff and non tariff barriers, of open markets and not of the heavy, unilateral regulation by order in council of a continental market by a single state like Canada.

More and more, a new competitiveness can be found at the local, regional and provincial levels, which goes against the federal centralizing model. The new regional international model of economic development is an example of the globalization of economies, in which regional economic trade areas are swallowed by the global market.

Fernand Martin, from the department of economic sciences of the Université de Montréal, is unequivocal regarding this regional international reality. He says that local businesses are realizing that they are competing not only with domestic businesses but with all other businesses, and that they no longer benefit from the buffer of national borders.

This new reality on the world market underlies a second economic phenomenon: the role of local economies in the competitiveness of businesses. Regional space takes on a strategic importance. In this context, the intervention of a national state structure is no longer needed. By wanting to give unprecedented powers to the regions, the Government of Quebec fully grasped the new parameters of international trade, something that the government in Ottawa failed to do. NAFTA will decrease the federal government's power to intervene in economic matters even more.

(1815)

Even now in the area of international trade, agreements such as the GATT prevent Canada to a large extent from imposing tariffs and subsidizing exporters. These international agreements promote globalization of the economy and thus reduce, along with regional economic development, the federal government's control over the national and interprovincial economy.

Globalization of trade was first and foremost the product of the emergence of the multinationals. They initially turned the states toward new economic spaces, such as NAFTA. Today their ability to restructure an economic space is well established. Accordingly, they confer international stature on the cities and regions they locate in. These cities and regions in turn form networks giving rise to decisions and economic policy previously the domain of central states.

The federal government's regulatory authority, in these circumstances, becomes less and less important, and it is clear that clause 9 of Bill C–88 runs contrary to the current course of international trade. This point is all the more relevant, and, once again I quote Fernand Martin: ''—since economic development is based on competitive development, which counts on the quality of labour and on the infrastructures and economics of large population centres and urbanization. These levers come under provincial jurisdiction, because health, education and land use planning do''.

Thus, in terms of economic development and international competitiveness, membership in a centralized economic union is today, at the dawn of the 21st century, of little importance. However, the same cannot be said when it comes to belonging to a region. Since Trudeau, the traditional federalist vision of the federal Liberals has never gone beyond the level of a strictly nationalist analysis. Like those from the Trudeau school of thought, this liberal government is obsessed by the fact that it is powerless to stop the national economy from being regionalized under the influence of multinationals and the newly created continental trade areas.

It should not be forgotten that as interprovincial trade is increasingly following a north–south axis, Bill C–88, and more specifically clause 9, are nothing more than the reaction of this government without an economic agenda to this phenomenon and, by and large, to the present changes.

[*English*]

Mr. Ed Harper (Simcoe Centre, Ref.): Mr. Speaker, it is an honour to rise in the House today and speak to second reading of Bill C–88, an act to implement the agreement on internal trade.

However, Bill C–88 is like Bill C–85 on pension reform, it has more fluff than substance. Unfortunately it is another failure to deal with a serious problem. It appears to be another broken promise made in the famous red ink book. The Reform Party will be opposing the bill as it is currently written because it would implement an agreement that from a federalist perspective may be a step backward in our already deplorable situation.

I would like to point out for the benefit of all members the problems this bill brings, some historical perspective and as always, the Reform alternative, what I believe can be an inexpensive, agreeable and efficient solution to our current problems.

We are all aware that Canada has a massive problem with the free flow of goods, services and capital within our borders. We are all aware of the hundreds of barriers that exist to trade between the provinces, the billions of dollars this costs the economy annually, the thousands of jobs that are lost to Canadians and the larger than necessary government deficits that continue to grow.

The Canadian Chamber of Commerce estimates that interprovincial trade barriers cost every Canadian family at least $1,000 a year. Others have estimated that the cost per family may be as high as $3,500 per year.

The chamber continues on to say: ''These estimates do not capture the costs associated with new activity that is deterred as a result of the existence of barriers. For example, existence of internal barriers and the knowledge that new ones can be introduced at any time can deter Canadian businesses and entrepreneurs from undertaking new initiatives based on the expectation of access to the whole Canadian market. Similarly, the existence of internal barriers may discourage international investors who seek to locate their plants in fully integrated markets from bringing their productive investments to Canada''.

(1820)

There is no partisan issue in these considerations. We have all agreed, as did all the premiers last year, that these barriers to growth, productivity and employment must be reduced and eliminated. Even the current premier of Quebec has indicated his willingness to find agreement in these matters. Free trade within our borders is something every member of the House can agree to, except perhaps the NDP.

Where some of us differ is on the issue of the best mechanism to get there. The agreement signed last year between the provinces and Ottawa is a faulty mechanism that may do more damage than the good it intends.

A *Globe and Mail* editorial stated: ''To say that the signing of the agreement on interprovincial trade barriers was a triumph of federalism would be an overstatement. To say that it will create a free market would be an illusion. To say that it will bring stability and unity would be optimism''. The editorial continues to talk about the status quo of barriers which will remain in place saying: ''These are the wages of parochialism and the country continues to pay them''.

What became perfectly clear at the outcome of the meeting was not that the agreement to trade freely had been brokered but rather that an excellent photo opportunity had been set up for one candidate in the Quebec provincial election. All news commentators made that point. All of them remarked on the shallowness of the deal and in the final analysis they were right. The deal was shallow and the photo opportunity was a bust. The Quebec candidate went on to lose the election.

Unfortunately Canadians have to suffer with the results. There is still no improvement in trade between the provinces. The unity question continues to burn. We believe that in the solution to our domestic trade problem we will also find the solution to our national unity problem. The trade ties that could be binding us together as Canadians are the trade walls which are currently keeping us apart. Reformers and the BQ agree on this point. The Liberals say they agree but their words have rung hollow so far.

A Liberal Party pollster summed it up well when he said: ''The people on the street know this is no victory for federalism. They know the deal is full of loopholes. They know that Canada has successfully negotiated a sweeping free trade deal with the United States but is unable to do so within its own borders''.

It is important to reflect on the statements that have come from the government recently with respect to free trade. For example, the finance minister estimated that the economy would grow by 0.4 per cent as a result of the implementation of the GATT agreement due to freer trade with other countries. On the other hand, estimates by the Fraser Institute on the effect of removing interprovincial trade barriers ranged from 2 per cent up to a possible 6 per cent growth in GDP.

In other words, with the Uruguay round of the GATT we spent seven years and millions of tax dollars to negotiate with 120 foreign countries to open up trade and yet we have an opportunity to realize five to fifteen times the economic benefit by legislating, negotiating and arbitrating among only ten provinces. Unfortunately, the government has given only a half–hearted effort so far.

The Minister for International Trade in speaking to the GATT implementation bill stated: ''The agreement includes an enormous package of national commitments to lower tariffs and non–tariff barriers to merchandise trade''. It sounds wonderful but where are the complementary commitments we need to increase interprovincial trade?

The Prime Minister stated during the first ministers' conference that thousands of new jobs would be created and it would benefit all Canadians regardless of region. Unfortunately the talk we have heard bears little resemblance to the inaction we have seen in the flawed agreement. Let me explain where some of the flaws are.

The agreement sets out to eliminate specific barriers but may in fact create new ones and higher hurdles for business to cross. An example is the provision contained in article 709 which states that a province may adopt or maintain a measure that is inconsistent with the articles on labour mobility if the purpose of that measure is to achieve a legitimate objective.

(1825)

The list of legitimate objectives is extensive. Any province wishing to maintain or erect a barrier need look no further than this list to find a suitable excuse. Included are: public security, safety and order; protection of human, animal or plant life and health; protection of the environment; consumer protection; affirmative action and so on.

In other words, labour mobility is restricted by the self–serving interests of any province through the articles contained in this agreement. Many would recognize this as the current status quo, but early on I said this may even be a step backwards. Such

a provision could be used by any self–interested group in any province to erect new barriers to trade.

The dispute resolution mechanism included in this agreement may deal with these issues but it is not clear that the agreement will bind a province that wishes to go its own way.

Another major impediment to change is article 1507, part III, which states that nothing in this agreement shall be construed to effect the existing rights and obligations of the provinces under other environmental agreements, including conservation agreements. It does not take very much effort to realize that if one province wanted to keep in place an existing trade barrier, all it would have to do would be to claim an environmental exemption. Even worse, it is obvious that new trade barriers could be erected under this article. Again the agreement appears to be a step backwards.

One fact that cannot escape scrutiny is that many new regulations, panels and other administrative functions have been introduced in this bill both at the provincial and the federal level. It is plain that a whole new bureaucracy will spring up: new jobs for bureaucrats, new expense for the taxpayers but not necessarily any benefits to consumers.

However, one provision stands out as an improvement over the past practice and that is the proposed reduction in restrictions on interprovincial trucking. The consensus in this important area should not be dismissed lightly. Barriers to trucking have raised transportation costs, resulted in inefficiencies and lost productivity, and ultimately cost consumers millions. I hope we can capitalize on the consensus reached on this aspect of the agreement.

Some commentators have made the observation that the agreement is only the first step in a process which will see more agreements signed and barriers reduced. While this may be true, Reformers believe that this first step agreement is not necessarily a step forward. If we are going to improve the situation, it is vital that all steps must move us forward and reduce barriers, not leaving the possibility that new barriers can be erected in their place. We have lived with the status quo for too long already and Canadians deserve better.

It is important to look at the historical record and see where we have been as a nation in dealing with this issue. When Canada was created out of four British colonies in 1867 the founding fathers of Confederation had one purpose in mind. They believed that if they united, they could resist being pulled into the American sphere of influence and retain their distinct cultural heritage.

They saw two strategies as essential to resisting American pressures. The first was a unified military which could better defend the borders of Canada. Thankfully we have not had to face a major threat on our own soil since that time. But our armed forces have served with distinction in most major conflicts and all peacekeeping missions since that time.

The second strategy to maintain a distinct identity was to implement free trade between the provinces. It was believed that the free flow of goods and services would strengthen economic, political and cultural ties east to west instead of north to south.

It is quite obvious in which strategy we failed to accomplish our objectives. The fact is that trade between Canada and the U.S. today in many goods is freer and easier than the trade between the provinces.

Where we do fall down on this issue, history has shown it came because of ineffectual leadership in this area at the federal level.

I see my time is running out. I have quite a bit more. Will I be allowed to finish my presentation later?

The Speaker: You will at a later time, not today.

* * *

[*Translation*]

MEMBERS OF PARLIAMENT RETIREMENT ALLOWANCES ACT

The House resumed, from May 12, consideration of the motion that Bill C–85, an act to amend the Members of Parliament Retiring Allowances Act and to provide for the continuation of a certain provision, be read the second time and referred to a committee; and of the motion that the question be now put.

The Speaker: It being 6.30 p.m., pursuant to Standing Order 45(6), the House will now proceed to the taking of the deferred division on the motion of Mr. Boudria.

Call in the members.

(The House divided on the motion, which was agreed to on the following division:)

(*Division No. 214*)

YEAS

Members

Alcock	Allmand
Assadourian	Augustine
Axworthy (Winnipeg South Centre)	Bakopanos
Barnes	Bellemare
Bethel	Bevilacqua
Bodnar	Boudria
Brown (Oakville—Milton)	Brushett
Bryden	Bélair
Calder	Campbell
Catterall	Chan
Chrétien (Saint–Maurice)	Cohen
Collins	Comuzzi
Crawford	Culbert
DeVillers	Dromisky
Duhamel	Dupuy
Easter	Eggleton
English	Fewchuk
Finlay	Flis
Fontana	Fry
Gagliano	Gagnon (Bonaventure—Îles–de–la–Madeleine)
Gallaway	Godfrey

Goodale
Gray (Windsor West)
Guarnieri
Harper (Churchill)
Hubbard
Jackson
Karygiannis
Kirkby
Kraft Sloan
Lavigne (Verdun—Saint–Paul)
Lee
Loney
MacLellan (Cape/Cap–Breton—The Sydneys)
Manley
Martin (LaSalle—Émard)
McKinnon
McWhinney
Mitchell
O'Brien
Pagtakhan
Parrish
Peric
Peterson
Pickard (Essex—Kent)
Proud
Regan
Robichaud
Rompkey
Serré
Sheridan
Skoke
Stewart (Northumberland)
Telegdi
Thalheimer
Ur
Vanclief
Whelan
Zed—117

Graham
Grose
Harb
Hopkins
Irwin
Jordan
Keyes
Knutson
Lastewka
LeBlanc (Cape/Cap–Breton Highlands—Canso)
Lincoln
MacLaren
Malhi
Marleau
Massé
McTeague
Milliken
Murray
O'Reilly
Paradis
Payne
Peters
Phinney
Pillitteri
Reed
Rideout
Rock
Scott (Fredericton—York—Sunbury)
Shepherd
Simmons
St. Denis
Szabo
Terrana
Torsney
Valeri
Wappel
Young

NAYS

Members

Abbott
Althouse
Bellehumeur
Bridgman
Bélisle
Cummins
de Savoye
Duceppe
Epp
Frazer
Gauthier (Roberval)
Gouk
Guimond
Hanrahan
Harper (Simcoe Centre)
Hermanson
Hoeppner
Johnston
Lalonde
Langlois
Leblanc (Longueuil)
Loubier
Marchand
Mayfield
Mercier
Morrison
Plamondon
Ringma
Silye
Solomon
Taylor
Venne
Williams—65

Ablonczy
Asselin
Breitkreuz (Yorkton—Melville)
Brown (Calgary Southeast)
Chrétien (Frontenac)
de Jong
Deshaies
Dumas
Fillion
Gagnon (Québec)
Gilmour
Guay
Hanger
Harper (Calgary West)
Hart
Hill (Prince George—Peace River)
Jennings
Kerpan
Landry
Lebel
Lefebvre
Manning
Martin (Esquimalt—Juan de Fuca)
McClelland (Edmonton Southwest)
Meredith
Picard (Drummond)
Ramsay
Schmidt
Solberg
Stinson
Thompson
White (Fraser Valley West)

PAIRED MEMBERS

Anderson
Bergeron
Bernier (Mégantic—Compton—Stanstead)
Blondin–Andrew
Bouchard
Canuel
Cauchon
Cowling
Dalphond–Guiral
Dubé
Gerrard
Harvard
Ianno
Langlois
Lavigne (Beauharnois—Salaberry)
Leroux (Shefford)
Maheu
Martin (LaSalle—Émard)
Mifflin
Murphy
Nunez
Peric
Richardson
Robillard
Sauvageau
St–Laurent
Tremblay (Rosemont)
Wells

Bachand
Bernier (Gaspé)
Bertrand
Bonin
Brien
Caron
Copps
Crête
Debien
Gaffney
Godin
Hickey
Jacob
Laurin
Leroux (Richmond—Wolfe)
MacAulay
Maloney
McLellan (Edmonton Northwest)
Minna
Ménard
Paré
Pomerleau
Ringuette–Maltais
Rocheleau
Speller
Tremblay (Rimouski—Témiscouata)
Volpe
Wood

(1855)

[*English*]

The Speaker: I declare the motion carried.

Accordingly, the next question is on the motion that the bill be read the second time. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

The Speaker: All those in favour of the motion will please say yea.

Some hon. members: Yea.

The Speaker: All those opposed will please say nay.

Some hon. members: Nay.

The Speaker: In my opinion the yeas have it.

And more than five members having risen:

(The House divided on the motion, which was agreed to on the following division:)

(*Division No. 215*)

YEAS

Members

Alcock
Assadourian
Augustine
Bakopanos
Bellehumeur
Bethel
Bodnar
Brown (Oakville—Milton)
Bryden
Bélisle
Campbell

Allmand
Asselin
Axworthy (Winnipeg South Centre)
Barnes
Bellemare
Bevilacqua
Boudria
Brushett
Bélair
Calder
Catterall

Chan
Chrétien (Saint–Maurice)
Collenette
Comuzzi
Culbert
Deshaies
Dromisky
Duhamel
Dupuy
Eggleton
Fewchuk
Finlay
Fontana
Gagliano
Gagnon (Québec)
Gauthier (Roberval)
Goodale
Gray (Windsor West)
Guarnieri
Guimond
Harper (Churchill)
Hubbard
Jackson
Karygiannis
Kirkby
Kraft Sloan
Landry
Lastewka
Lebel
Leblanc (Longueuil)
Lefebvre
Loney
MacLaren
Malhi
Marchand
Martin (LaSalle—Émard)
McKinnon
McWhinney
Milliken
Murray
O'Reilly
Paradis
Payne
Peters
Phinney
Pickard (Essex—Kent)
Plamondon
Reed
Rideout
Rock
Scott (Fredericton—York—Sunbury)
Shepherd
Simmons
St. Denis
Szabo
Terrana
Tobin
Ur
Vanclief
Wappel
Young
Chrétien (Frontenac)
Cohen
Collins
Crawford
de Savoye
DeVillers
Duceppe
Dumas
Easter
English
Fillion
Flis
Fry
Gagnon (Bonaventure—Îles–de–la–Madeleine)
Gallaway
Godfrey
Graham
Grose
Guay
Harb
Hopkins
Irwin
Jordan
Keyes
Knutson
Lalonde
Langlois
Lavigne (Verdun—Saint–Paul)
LeBlanc (Cape/Cap–Breton Highlands—Canso)
Lee
Lincoln
Loubier
MacLellan (Cape/Cap–Breton—The Sydneys)
Manley
Marleau
Massé
McTeague
Mercier
Mitchell
O'Brien
Pagtakhan
Parrish
Peric
Peterson
Picard (Drummond)
Pillitteri
Proud
Regan
Robichaud
Rompkey
Serré
Sheridan
Skoke
Stewart (Northumberland)
Telegdi
Thalheimer
Torsney
Valeri
Venne
Whelan
Zed—144

NAYS

Members

Abbott
Althouse
Bridgman
Cummins
Epp
Gilmour
Hanger
Harper (Calgary West)
Hart
Hill (Prince George—Peace River)
Ablonczy
Breitkreuz (Yorkton—Melville)
Brown (Calgary Southeast)
de Jong
Frazer
Gouk
Hanrahan
Harper (Simcoe Centre)
Hermanson
Hoeppner
Jennings
Kerpan
Martin (Esquimalt—Juan de Fuca)
McClelland (Edmonton Southwest)
Morrison
Ringma
Silye
Solomon
Taylor
White (Fraser Valley West)
Johnston
Manning
Mayfield
Meredith
Ramsay
Schmidt
Solberg
Stinson
Thompson
Williams—40

PAIRED MEMBERS

Anderson
Bergeron
Bernier (Mégantic—Compton—Stanstead)
Blondin–Andrew
Bouchard
Canuel
Cauchon
Cowling
Dalphond–Guiral
Dubé
Gerrard
Harvard
Ianno
Langlois
Lavigne (Beauharnois—Salaberry)
Leroux (Shefford)
Maheu
Martin (LaSalle—Émard)
Mifflin
Murphy
Nunez
Peric
Richardson
Robillard
Sauvageau
St–Laurent
Tremblay (Rosemont)
Wells
Bachand
Bernier (Gaspé)
Bertrand
Bonin
Brien
Caron
Copps
Crête
Debien
Gaffney
Godin
Hickey
Jacob
Laurin
Leroux (Richmond—Wolfe)
MacAulay
Maloney
McLellan (Edmonton Northwest)
Minna
Ménard
Paré
Pomerleau
Ringuette–Maltais
Rocheleau
Speller
Tremblay (Rimouski—Témiscouata)
Volpe
Wood

(1900)

The Speaker: I declare the motion carried.

(Bill read the second time and referred to a committee.)

* * *

CN COMMERCIALIZATION ACT

The House resumed consideration of the motion.

The Speaker: Pursuant to Standing Order 45(5)(a), the House will now proceed to the taking of the deferred division on the motion.

(1905)

Mr. Boudria: Mr. Speaker, I think you would find unanimous consent that the members who voted on the previous motion be recorded as having voted on the motion now before the House in the following manner: Liberal members will be recorded as voting yea.

[*Translation*]

Mr. Duceppe: The Bloc members will be voting no.

[*English*]

Mr. Silye: Mr. Speaker, I think you will find that Reform Party members will vote yea, if it is done right, except for those members who wish to vote otherwise.

Mr. Solomon: Mr. Speaker, members of the New Democratic Party present vote no on this motion.

(The House divided on the motion, which was agreed to on the following division:)

(*Division No. 216*)

YEAS

Members

Abbott
Alcock
Assadourian
Axworthy (Winnipeg South Centre)
Barnes
Bethel
Bodnar
Breitkreuz (Yorkton—Melville)
Brown (Calgary Southeast)
Brushett
Bélair
Campbell
Chan
Cohen
Collins
Crawford
Cummins
Dromisky
Dupuy
Eggleton
Epp
Finlay
Fontana
Fry
Gagnon (Bonaventure—Îles–de–la–Madeleine)
Gilmour
Goodale
Graham
Grose
Hanger
Harb
Harper (Churchill)
Hart
Hill (Prince George—Peace River)
Hopkins
Irwin
Jennings
Jordan
Kerpan
Kirkby
Kraft Sloan
Lavigne (Verdun—Saint–Paul)
Lee
Loney
MacLellan (Cape/Cap–Breton—The Sydneys)
Manley
Marleau
Martin (LaSalle—Émard)
Mayfield
McKinnon
McWhinney
Milliken
Morrison
O'Brien
Pagtakhan
Parrish
Peric
Peterson
Pickard (Essex—Kent)
Proud
Reed
Rideout
Robichaud
Rompkey
Scott (Fredericton—York—Sunbury)
Shepherd
Silye
Ablonczy
Allmand
Augustine
Bakopanos
Bellemare
Bevilacqua
Boudria
Bridgman
Brown (Oakville—Milton)
Bryden
Calder
Catterall
Chrétien (Saint–Maurice)
Collenette
Comuzzi
Culbert
DeVillers
Duhamel
Easter
English
Fewchuk
Flis
Frazer
Gagliano
Gallaway
Godfrey
Gouk
Gray (Windsor West)
Guarnieri
Hanrahan
Harper (Calgary West)
Harper (Simcoe Centre)
Hermanson
Hoeppner
Hubbard
Jackson
Johnston
Karygiannis
Keyes
Knutson
Lastewka
LeBlanc (Cape/Cap–Breton Highlands—Canso)
Lincoln
MacLaren
Malhi
Manning
Martin (Esquimalt—Juan de Fuca)
Massé
McClelland (Edmonton Southwest)
McTeague
Meredith
Mitchell
Murray
O'Reilly
Paradis
Payne
Peters
Phinney
Pillitteri
Ramsay
Regan
Ringma
Rock
Schmidt
Serré
Sheridan
Simmons
Skoke
St. Denis
Stinson
Telegdi
Thalheimer
Tobin
Ur
Vanclief
Whelan
Williams
Zed—155
Solberg
Stewart (Northumberland)
Szabo
Terrana
Thompson
Torsney
Valeri
Wappel
White (Fraser Valley West)
Young

NAYS

Members

Althouse
Bellehumeur
Chrétien (Frontenac)
de Savoye
Duceppe
Fillion
Gauthier (Roberval)
Guimond
Landry
Lebel
Lefebvre
Marchand
Picard (Drummond)
Solomon
Venne—29
Asselin
Bélisle
de Jong
Deshaies
Dumas
Gagnon (Québec)
Guay
Lalonde
Langlois
Leblanc (Longueuil)
Loubier
Mercier
Plamondon
Taylor

PAIRED MEMBERS

Anderson
Bergeron
Bernier (Mégantic—Compton—Stanstead)
Blondin–Andrew
Bouchard
Canuel
Cauchon
Cowling
Dalphond–Guiral
Dubé
Gerrard
Harvard
Ianno
Langlois
Lavigne (Beauharnois—Salaberry)
Leroux (Shefford)
Maheu
Martin (LaSalle—Émard)
Mifflin
Murphy
Nunez
Peric
Richardson
Robillard
Sauvageau
St–Laurent
Tremblay (Rosemont)
Wells
Bachand
Bernier (Gaspé)
Bertrand
Bonin
Brien
Caron
Copps
Crête
Debien
Gaffney
Godin
Hickey
Jacob
Laurin
Leroux (Richmond—Wolfe)
MacAulay
Maloney
McLellan (Edmonton Northwest)
Minna
Ménard
Paré
Pomerleau
Ringuette–Maltais
Rocheleau
Speller
Tremblay (Rimouski—Témiscouata)
Volpe
Wood

The Speaker: I declare the motion carried. Accordingly the bill stands referred to the Standing Committee on Transport.

VETERANS REVIEW AND APPEAL BOARD ACT

The House resumed consideration of the motion that Bill C–67, an act to establish the Veterans Review and Appeal Board, to amend the Pension Act, to make consequential amendments to other acts and to repeal the Veterans Appeal Board Act, be read the third time and passed.

The Speaker: Pursuant to Standing Order 45(5)(a) the House will now proceed to the taking of the deferred division at third reading stage of Bill C–67.

[*Translation*]

Mr. Boudria: Mr. Speaker, if you were to seek it, I think you would find unanimous consent to apply to the vote now before the House the vote taken on the main motion concerning Bill C–85.

Since the usual discussions did not take place, if the whip for the New Democratic Party wishes to say otherwise, I am sure he will do so in a moment.

The Speaker: Does the hon. whip for the Bloc Quebecois agree?

Mr. Duceppe: Agreed.

Mr. Silye: Yes, Mr. Speaker.

[*English*]

Mr. Solomon: The Democrats in the House vote no on this issue.

[*Editor's Note: See list under Division No. 215*]

The Speaker: I declare the motion carried.

(Bill read the third time and passed.)

* * *

OLD AGE SECURITY ACT

The House resumed consideration of Bill C–54, an act to amend the Old Age Security Act, the Canada Pension Plan, the Children's Special Allowances Act and the Unemployment Insurance Act, as reported (with amendments) from the committee.

The Speaker: The House will now proceed to the taking of the deferred divisions on Bill C–54.

The first question is on Motion No. 1. A vote on Motion No. 1 will also apply to Motions Nos. 3, 8, 9, 10, 11, 14, 16 and 17.

Mr. Boudria: Mr. Speaker, I think you would find unanimous consent to apply the vote in the following way: that the vote on second reading of Bill C–89 be applied in reverse to the motion now before the House.

(1910)

If you were to seek it you might find similar consent to apply this vote to report stage Motions Nos. 4, 5 and 6, as well as to the amendment to Motion No. 7.

Mr. Speaker, I think you would also find consent that it be applied to report stage Motion No. 12.

[*Translation*]

Mr. Duceppe: Agreed.

[*English*]

Mr. Silye: Agreed.

Mr. Solomon: Mr. Speaker, members of the New Democratic Party will vote no on all of those motions except report stage Motion No. 12 on which we vote yes.

(The House divided on Motion No. 1, which was negatived on the following division:)

(*Division No. 217*)

YEAS

Members

Asselin	Bellehumeur
Bélisle	Chrétien (Frontenac)
de Savoye	Deshaies
Duceppe	Dumas
Fillion	Gagnon (Québec)
Gauthier (Roberval)	Guay
Guimond	Lalonde
Landry	Langlois
Lebel	Leblanc (Longueuil)
Lefebvre	Loubier
Marchand	Mercier
Picard (Drummond)	Plamondon
Venne—25	

NAYS

Members

Abbott	Ablonczy
Alcock	Allmand
Althouse	Assadourian
Augustine	Axworthy (Winnipeg South Centre)
Bakopanos	Barnes
Bellemare	Bethel
Bevilacqua	Bodnar
Boudria	Breitkreuz (Yorkton—Melville)
Bridgman	Brown (Calgary Southeast)
Brown (Oakville—Milton)	Brushett
Bryden	Bélair
Calder	Campbell
Catterall	Chan
Chrétien (Saint–Maurice)	Cohen
Collenette	Collins
Comuzzi	Crawford
Culbert	Cummins
de Jong	DeVillers
Dromisky	Duhamel
Dupuy	Easter
Eggleton	English
Epp	Fewchuk
Finlay	Flis
Fontana	Frazer
Fry	Gagliano
Gagnon (Bonaventure—Îles–de–la–Madeleine)	Gallaway
Gilmour	Godfrey
Goodale	Gouk
Graham	Gray (Windsor West)
Grose	Guarnieri
Hanger	Hanrahan
Harb	Harper (Calgary West)
Harper (Churchill)	Harper (Simcoe Centre)
Hart	Hermanson
Hill (Prince George—Peace River)	Hoeppner
Hopkins	Hubbard
Irwin	Jackson
Jennings	Johnston

Jordan
Kerpan
Kirkby
Kraft Sloan
Lavigne (Verdun—Saint–Paul)
Lee
Loney
MacLellan (Cape/Cap–Breton—The Sydneys)
Manley
Marleau
Martin (LaSalle—Émard)
Mayfield
McKinnon
McWhinney
Milliken
Morrison
O'Brien
Pagtakhan
Parrish
Peric
Peterson
Pickard (Essex—Kent)
Proud
Reed
Rideout
Robichaud
Rompkey
Scott (Fredericton—York—Sunbury)
Shepherd
Silye
Skoke
Solomon
Stewart (Northumberland)
Szabo
Telegdi
Thalheimer
Tobin
Ur
Vanclief
Whelan
Williams
Zed—159

Karygiannis
Keyes
Knutson
Lastewka
LeBlanc (Cape/Cap–Breton Highlands—Canso)
Lincoln
MacLaren
Malhi
Manning
Martin (Esquimalt—Juan de Fuca)
Massé
McClelland (Edmonton Southwest)
McTeague
Meredith
Mitchell
Murray
O'Reilly
Paradis
Payne
Peters
Phinney
Pillitteri
Ramsay
Regan
Ringma
Rock
Schmidt
Serré
Sheridan
Simmons
Solberg
St. Denis
Stinson
Taylor
Terrana
Thompson
Torsney
Valeri
Wappel
White (Fraser Valley West)
Young

PAIRED MEMBERS

Anderson
Bergeron
Bernier (Mégantic—Compton—Stanstead)
Blondin–Andrew
Bouchard
Canuel
Cauchon
Cowling
Dalphond–Guiral
Dubé
Gerrard
Harvard
Ianno
Langlois
Lavigne (Beauharnois—Salaberry)
Leroux (Shefford)
Maheu
Martin (LaSalle—Émard)
Mifflin
Murphy
Nunez
Peric
Richardson
Robillard
Sauvageau
St–Laurent
Tremblay (Rosemont)
Wells

Bachand
Bernier (Gaspé)
Bertrand
Bonin
Brien
Caron
Copps
Crête
Debien
Gaffney
Godin
Hickey
Jacob
Laurin
Leroux (Richmond—Wolfe)
MacAulay
Maloney
McLellan (Edmonton Northwest)
Minna
Ménard
Paré
Pomerleau
Ringuette–Maltais
Rocheleau
Speller
Tremblay (Rimouski—Témiscouata)
Volpe
Wood

The Speaker: I declare Motion No. 1 lost. Therefore Motions Nos. 3, 8, 9, 10, 11, 14, 16 and 17 are defeated.

(The House divided on Motion No. 2, which was agreed to on the following division:)

(*Division No. 218*)

YEAS

Members

Alcock
Althouse
Asselin
Axworthy (Winnipeg South Centre)
Barnes
Bellemare
Bevilacqua
Boudria
Brushett
Bélair
Calder
Catterall
Chrétien (Frontenac)
Cohen
Collins
Crawford
de Jong
Deshaies
Dromisky
Duhamel
Dupuy
Eggleton
Fewchuk
Finlay
Fontana
Gagliano
Gagnon (Québec)
Gauthier (Roberval)
Goodale
Gray (Windsor West)
Guarnieri
Guimond
Harper (Churchill)
Hubbard
Jackson
Karygiannis
Kirkby
Kraft Sloan
Landry
Lastewka
Lebel
Leblanc (Longueuil)
Lefebvre
Loney
MacLaren
Malhi
Marchand
Martin (LaSalle—Émard)
McKinnon
McWhinney
Milliken
Murray
O'Reilly
Paradis
Payne
Peters
Phinney
Pickard (Essex—Kent)
Plamondon
Reed
Rideout
Rock
Scott (Fredericton—York—Sunbury)
Shepherd
Simmons
Solomon
Stewart (Northumberland)
Taylor
Terrana
Tobin
Ur
Vanclief
Wappel
Young

Allmand
Assadourian
Augustine
Bakopanos
Bellehumeur
Bethel
Bodnar
Brown (Oakville—Milton)
Bryden
Bélisle
Campbell
Chan
Chrétien (Saint–Maurice)
Collenette
Comuzzi
Culbert
de Savoye
DeVillers
Duceppe
Dumas
Easter
English
Fillion
Flis
Fry
Gagnon (Bonaventure—Îles–de–la–Madeleine)
Gallaway
Godfrey
Graham
Grose
Guay
Harb
Hopkins
Irwin
Jordan
Keyes
Knutson
Lalonde
Langlois
Lavigne (Verdun—Saint–Paul)
LeBlanc (Cape/Cap–Breton Highlands—Canso)
Lee
Lincoln
Loubier
MacLellan (Cape/Cap–Breton—The Sydneys)
Manley
Marleau
Massé
McTeague
Mercier
Mitchell
O'Brien
Pagtakhan
Parrish
Peric
Peterson
Picard (Drummond)
Pillitteri
Proud
Regan
Robichaud
Rompkey
Serré
Sheridan
Skoke
St. Denis
Szabo
Telegdi
Thalheimer
Torsney
Valeri
Venne
Whelan
Zed—148

NAYS

Members

Abbott	Ablonczy
Breitkreuz (Yorkton—Melville)	Bridgman
Brown (Calgary Southeast)	Cummins
Epp	Frazer
Gilmour	Gouk
Hanger	Hanrahan
Harper (Calgary West)	Harper (Simcoe Centre)
Hart	Hermanson
Hill (Prince George—Peace River)	Hoeppner
Jennings	Johnston
Kerpan	Manning
Martin (Esquimalt—Juan de Fuca)	Mayfield
McClelland (Edmonton Southwest)	Meredith
Morrison	Ramsay
Ringma	Schmidt
Silye	Solberg
Stinson	Thompson
White (Fraser Valley West)	Williams—36

PAIRED MEMBERS

Anderson	Bachand
Bergeron	Bernier (Gaspé)
Bernier (Mégantic—Compton—Stanstead)	Bertrand
Blondin–Andrew	Bonin
Bouchard	Brien
Canuel	Caron
Cauchon	Copps
Cowling	Crête
Dalphond–Guiral	Debien
Dubé	Gaffney
Gerrard	Godin
Harvard	Hickey
Ianno	Jacob
Langlois	Laurin
Lavigne (Beauharnois—Salaberry)	Leroux (Richmond—Wolfe)
Leroux (Shefford)	MacAulay
Maheu	Maloney
Martin (LaSalle—Émard)	McLellan (Edmonton Northwest)
Mifflin	Minna
Murphy	Ménard
Nunez	Paré
Peric	Pomerleau
Richardson	Ringuette–Maltais
Robillard	Rocheleau
Sauvageau	Speller
St–Laurent	Tremblay (Rimouski—Témiscouata)
Tremblay (Rosemont)	Volpe
Wells	Wood

The Speaker: I declare Motion No. 2 carried.

(The House divided on Motion No. 4, which was negatived on the following division:)

[*Editor's Note: See list under Division No. 217*]

The Speaker: I declare Motion No. 4 lost. Therefore I declare Motions Nos. 13 and 15 lost.

(The House divided on Motion No. 5, which was negatived on the following division:)

[*Editor's Note: See list under Division No. 217*]

(The House divided on Motion No. 6, which was negatived on the following division:)

[*Editor's Note: See list under Division No. 217*]

(The House divided on the amendment to Motion No. 7, which was negatived on the following division:)

[*Editor's Note: See list under Division No. 217*]

(The House divided on Motion No. 7, which was negatived on the following division:)

(*Division No. 219*)

YEAS

Members

Abbott	Ablonczy
Breitkreuz (Yorkton—Melville)	Bridgman
Brown (Calgary Southeast)	Cummins
Epp	Frazer
Gilmour	Gouk
Hanger	Hanrahan
Harper (Calgary West)	Harper (Simcoe Centre)
Hart	Hermanson
Hill (Prince George—Peace River)	Hoeppner
Jennings	Johnston
Kerpan	Manning
Martin (Esquimalt—Juan de Fuca)	Mayfield
McClelland (Edmonton Southwest)	Meredith
Morrison	Ramsay
Ringma	Schmidt
Silye	Solberg
Stinson	Thompson
White (Fraser Valley West)	Williams—36

NAYS

Members

Alcock	Allmand
Althouse	Assadourian
Asselin	Augustine
Axworthy (Winnipeg South Centre)	Bakopanos
Barnes	Bellehumeur
Bellemare	Bethel
Bevilacqua	Bodnar
Boudria	Brown (Oakville—Milton)
Brushett	Bryden
Bélair	Bélisle
Calder	Campbell
Catterall	Chan
Chrétien (Frontenac)	Chrétien (Saint–Maurice)
Cohen	Collenette
Collins	Comuzzi
Crawford	Culbert
de Jong	de Savoye
Deshaies	DeVillers
Dromisky	Duceppe
Duhamel	Dumas
Dupuy	Easter
Eggleton	English
Fewchuk	Fillion
Finlay	Flis
Fontana	Fry
Gagliano	Gagnon (Bonaventure—Îles–de–la–Madeleine)
Gagnon (Québec)	Gallaway
Gauthier (Roberval)	Godfrey
Goodale	Graham
Gray (Windsor West)	Grose
Guarnieri	Guay
Guimond	Harb
Harper (Churchill)	Hopkins
Hubbard	Irwin
Jackson	Jordan
Karygiannis	Keyes
Kirkby	Knutson
Kraft Sloan	Lalonde
Landry	Langlois
Lastewka	Lavigne (Verdun—Saint–Paul)
Lebel	LeBlanc (Cape/Cap–Breton Highlands—Canso)

Leblanc (Longueuil)	Lee
Lefebvre	Lincoln
Loney	Loubier
MacLaren	MacLellan (Cape/Cap–Breton—The Sydneys)
Malhi	Manley
Marchand	Marleau
Martin (LaSalle—Émard)	Massé
McKinnon	McTeague
McWhinney	Mercier
Milliken	Mitchell
Murray	O'Brien
O'Reilly	Pagtakhan
Paradis	Parrish
Payne	Peric
Peters	Peterson
Phinney	Picard (Drummond)
Pickard (Essex—Kent)	Pillitteri
Plamondon	Proud
Reed	Regan
Rideout	Robichaud
Rock	Rompkey
Scott (Fredericton—York—Sunbury)	Serré
Shepherd	Sheridan
Simmons	Skoke
Solomon	St. Denis
Stewart (Northumberland)	Szabo
Taylor	Telegdi
Terrana	Thalheimer
Tobin	Torsney
Ur	Valeri
Vanclief	Venne
Wappel	Whelan
Young	Zed—148

PAIRED—MEMBERS

Anderson	Bachand
Bergeron	Bernier (Gaspé)
Bernier (Mégantic—Compton—Stanstead)	Bertrand
Blondin–Andrew	Bonin
Bouchard	Brien
Canuel	Caron
Cauchon	Copps
Cowling	Crête
Dalphond–Guiral	Debien
Dubé	Gaffney
Gerrard	Godin
Harvard	Hickey
Ianno	Jacob
Langlois	Laurin
Lavigne (Beauharnois—Salaberry)	Leroux (Richmond—Wolfe)
Leroux (Shefford)	MacAulay
Maheu	Maloney
Martin (LaSalle—Émard)	McLellan (Edmonton Northwest)
Mifflin	Minna
Murphy	Ménard
Nunez	Paré
Peric	Pomerleau
Richardson	Ringuette–Maltais
Robillard	Rocheleau
Sauvageau	Speller
St–Laurent	Tremblay (Rimouski—Témiscouata)
Tremblay (Rosemont)	Volpe
Wells	Wood

The Speaker: I declare Motions Nos. 5 and 6 lost. I also declare the amendment to Motion No. 7 lost and Motion No. 7 lost.

The next question is on Motion No. 12.

(1915)

[*Translation*]

Mr. Boudria: Mr. Speaker, if you were to seek it, I think you would find unanimous consent to apply the vote that was taken on the second reading of Bill C–85 to the motion now before the House.

I think you would find further consent that it also be applied in reverse to main Motion No. 7.

The Speaker: Does the Bloc Quebecois whip agree?

Mr. Duceppe: Agreed.

[*English*]

Mr. Silye: Yes.

Mr. Solomon: Mr. Speaker, the New Democrats in the House today will vote yes to Motion No. 12.

(The House divided on Motion No. 12, which was negatived on the following division:)

(*Division No. 220*)

YEAS

Members

Althouse	Asselin
Bellehumeur	Bélisle
Chrétien (Frontenac)	de Jong
de Savoye	Deshaies
Duceppe	Dumas
Fillion	Gagnon (Québec)
Gauthier (Roberval)	Guay
Guimond	Lalonde
Landry	Langlois
Lebel	Leblanc (Longueuil)
Lefebvre	Loubier
Marchand	Mercier
Picard (Drummond)	Plamondon
Solomon	Taylor
Venne—29	

NAYS

Members

Abbott	Ablonczy
Alcock	Allmand
Assadourian	Augustine
Axworthy (Winnipeg South Centre)	Bakopanos
Barnes	Bellemare
Bethel	Bevilacqua
Bodnar	Boudria
Breitkreuz (Yorkton—Melville)	Bridgman
Brown (Calgary Southeast)	Brown (Oakville—Milton)
Brushett	Bryden
Bélair	Calder
Campbell	Catterall
Chan	Chrétien (Saint–Maurice)
Cohen	Collenette
Collins	Comuzzi
Crawford	Culbert
Cummins	DeVillers
Dromisky	Duhamel
Dupuy	Easter
Eggleton	English
Epp	Fewchuk
Finlay	Flis
Fontana	Frazer
Fry	Gagliano
Gagnon (Bonaventure—Îles–de–la–Madeleine)	Gallaway
Gilmour	Godfrey
Goodale	Gouk

Graham
Grose
Hanger
Harb
Harper (Churchill)
Hart
Hill (Prince George—Peace River)
Hopkins
Irwin
Jennings
Jordan
Kerpan
Kirkby
Kraft Sloan
Lavigne (Verdun—Saint–Paul)
Lee
Loney
MacLellan (Cape/Cap–Breton—The Sydneys)
Manley
Marleau
Martin (LaSalle—Émard)
Mayfield
McKinnon
McWhinney
Milliken
Morrison
O'Brien
Pagtakhan
Parrish
Peric
Peterson
Pickard (Essex—Kent)
Proud
Reed
Rideout
Robichaud
Rompkey
Scott (Fredericton—York—Sunbury)
Shepherd
Silye
Skoke
St. Denis
Stinson
Telegdi
Thalheimer
Tobin
Ur
Vanclief
Whelan
Williams
Zed—155

Gray (Windsor West)
Guarnieri
Hanrahan
Harper (Calgary West)
Harper (Simcoe Centre)
Hermanson
Hoeppner
Hubbard
Jackson
Johnston
Karygiannis
Keyes
Knutson
Lastewka
LeBlanc (Cape/Cap–Breton Highlands—Canso)
Lincoln
MacLaren
Malhi
Manning
Martin (Esquimalt—Juan de Fuca)
Massé
McClelland (Edmonton Southwest)
McTeague
Meredith
Mitchell
Murray
O'Reilly
Paradis
Payne
Peters
Phinney
Pillitteri
Ramsay
Regan
Ringma
Rock
Schmidt
Serré
Sheridan
Simmons
Solberg
Stewart (Northumberland)
Szabo
Terrana
Thompson
Torsney
Valeri
Wappel
White (Fraser Valley West)
Young

PAIRED MEMBERS

Anderson
Bergeron
Bernier (Mégantic—Compton—Stanstead)
Blondin–Andrew
Bouchard
Canuel
Cauchon
Cowling
Dalphond–Guiral
Dubé
Gerrard
Harvard
Ianno
Langlois
Lavigne (Beauharnois—Salaberry)
Leroux (Shefford)
Maheu
Martin (LaSalle—Émard)
Mifflin
Murphy
Nunez
Peric

Bachand
Bernier (Gaspé)
Bertrand
Bonin
Brien
Caron
Copps
Crête
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Gaffney
Godin
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Ménard
Paré
Pomerleau

Richardson
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Sauvageau
St–Laurent
Tremblay (Rosemont)
Wells

Ringuette–Maltais
Rocheleau
Speller
Tremblay (Rimouski—Témiscouata)
Volpe
Wood

The Speaker: I declare Motion No. 12 lost.

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.) moved that the bill, as amended, be concurred in.

The Speaker: Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

The Speaker: All those in favour of the motion will please say yea.

Some hon. members: Yea.

The Speaker: All those opposed will please say nay.

Some hon. members: Nay.

The Speaker: In my opinion the yeas have it.

Mr. Boudria: Mr. Speaker, if you were to seek it I think you would find unanimous consent that the vote taken on the first motion we voted on today, in other words that the question be now put, be applied to the motion now before the House.

[*Translation*]

Mr. Duceppe: Agreed.

[*English*]

Mr. Silye: Agreed.

Mr. Solomon: Mr. Speaker, we do not agree. The New Democrat members present in the House today vote yes on this motion.

Mr. Tobin: Mr. Speaker, I missed the first vote of the day. If the question now being put applies to the first vote, of course I shall cast my vote with the government.

Mr. Collenette: Mr. Speaker, the same applies for me.

(The House divided on the motion, which was agreed to on the following division:)

(*Division No. 221*)

YEAS

Members

Alcock
Althouse
Augustine
Bakopanos
Bellemare
Bevilacqua
Boudria
Brushett
Bélair
Campbell
Chan
Cohen
Collins
Crawford
de Jong

Allmand
Assadourian
Axworthy (Winnipeg South Centre)
Barnes
Bethel
Bodnar
Brown (Oakville—Milton)
Bryden
Calder
Catterall
Chrétien (Saint–Maurice)
Collenette
Comuzzi
Culbert
DeVillers

Dromisky
Dupuy
Eggleton
Fewchuk
Flis
Fry
Gagnon (Bonaventure—Îles–de–la–Madeleine)
Godfrey
Graham
Grose
Harb
Hopkins
Irwin
Jordan
Keyes
Knutson
Lastewka
LeBlanc (Cape/Cap–Breton Highlands—Canso)
Lincoln
MacLaren
Malhi
Marleau
Massé
McTeague
Milliken
Murray
O'Reilly
Paradis
Payne
Peters
Phinney
Pillitteri
Reed
Rideout
Rock
Scott (Fredericton—York—Sunbury)
Shepherd
Simmons
Solomon
Stewart (Northumberland)
Taylor
Terrana
Tobin
Ur
Vanclief
Whelan
Zed—123

Duhamel
Easter
English
Finlay
Fontana
Gagliano
Gallaway
Goodale
Gray (Windsor West)
Guarnieri
Harper (Churchill)
Hubbard
Jackson
Karygiannis
Kirkby
Kraft Sloan
Lavigne (Verdun—Saint–Paul)
Lee
Loney
MacLellan (Cape/Cap–Breton—The Sydneys)
Manley
Martin (LaSalle—Émard)
McKinnon
McWhinney
Mitchell
O'Brien
Pagtakhan
Parrish
Peric
Peterson
Pickard (Essex—Kent)
Proud
Regan
Robichaud
Rompkey
Serré
Sheridan
Skoke
St. Denis
Szabo
Telegdi
Thalheimer
Torsney
Valeri
Wappel
Young

NAYS

Members

Abbott
Asselin
Breitkreuz (Yorkton—Melville)
Brown (Calgary Southeast)
Chrétien (Frontenac)
de Savoye
Duceppe
Epp
Frazer
Gauthier (Roberval)
Gouk
Guimond
Hanrahan
Harper (Simcoe Centre)
Hermanson
Hoeppner
Johnston
Lalonde
Langlois
Leblanc (Longueuil)
Loubier
Marchand
Mayfield
Mercier
Morrison
Plamondon

Ablonczy
Bellehumeur
Bridgman
Bélisle
Cummins
Deshaies
Dumas
Fillion
Gagnon (Québec)
Gilmour
Guay
Hanger
Harper (Calgary West)
Hart
Hill (Prince George—Peace River)
Jennings
Kerpan
Landry
Lebel
Lefebvre
Manning
Martin (Esquimalt—Juan de Fuca)
McClelland (Edmonton Southwest)
Meredith
Picard (Drummond)
Ramsay

Ringma
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Gerrard
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Langlois
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Nunez
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St–Laurent
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Crête
Debien
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Pomerleau
Ringuette–Maltais
Rocheleau
Speller
Tremblay (Rimouski—Témiscouata)
Volpe
Wood

The Speaker: I declare the motion carried.

ADJOURNMENT PROCEEDINGS

(1920)

[*English*]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

CANADIAN NATIONAL

Mr. Vic Althouse (Mackenzie, NDP): Mr. Speaker, on May 8 I rose in the House and asked the Minister of Transport to explain why the government appeared to have changed its policy outlined in the red book of resisting U.S. influence in the economy and in our nation by leaving the share offering that he was proposing in his commercialization bill for CNR open to foreign purchasers.

In the minister's response he said: ''I have not seen any major changes in the way Canadian Pacific Railway operates and handles its shipments, as opposed to CNR''. With that, he apparently was attempting to justify the fact that on a one time only offering of shares for ownership and control of CNR it would somehow come out with a similar kind of shareholding as Canadian Pacific.

I think the minister failed to recognize that Canadian Pacific began under the guidance of the government of the day and that there was an initial policy of Canadian ownership and control, even though some of the capital came from Great Britain and the United States. That tradition of existing shareholders, ownership, and control continues. It is not very likely that the balance of control over CPR would change overnight, as is possible with the CNR commercialization offering, because the shares will be offered all at once. If there are no Canadian bidders or purchasers it could conceivably all fall into the hands of foreigners, with the only control being that no one purchaser could hold more than 15 per cent.

I noticed that when the group that investigated commercialization for the government looked at it, they were attempting to answer the question of how competition could be encouraged to ensure that pricing and outcomes are not affected by the duopoly nature of railways in Canada. They were also asked to describe how the rationalization and abandonment process could be improved to ensure that efficiency and equity are addressed.

It seems to me that the proposal I put forward of putting the first share offering directly into the hands of farmers, because the amount of money is roughly the same as what is going to be netted from CNR after the brokerage fees are taken off and because the government had already decided to allocate $1.6 billion toward that end—that a different use of those funds would in fact allow for true competition because the users would then be the owners of the railway and it would be in their own interests to keep the prices for the service of the railway as low as possible. This would in fact force a new, never before seen kind of competition onto the rail sector in this country.

I cite as an example the kind of competition that resulted on the prairies in the elevator system in the teens and twenties, when farmers began taking over the ownership of government owned elevators at that time and the elevator system became truly competitive. For the first time in 20 years of buying grain, a truly honest, fair weight and fair pay were given.

(1925)

This is the kind of thing we could expect if the government would accept the proposition that there are other ways of commercializing CN that would put full control directly in the hands of the users not just of owners.

I stress to the government that the question of control is even more important than who owns CN, the people who decide who will be the board of directors. Those directors would be making the decisions to operate the company afterward. If those directors had to respond and be responsible to the users, the resource industry which in this case would be the farmers, it would be a big step toward true global competitiveness.

The minister has said that he does not think farmers want to own CNR. He said outside the Chamber that he has some doubts they would be able to operate the CNR. I point out that they have a lot of experience outside of farm operations which has proven to be very beneficial to them, their communities and the economy. These have become very much commercial operations. This has held the farming and rural community in good stead.

For those farmers who do not wish to continue to hold shares in CNR, it would be very simple for them to sell the shares. I am sure that other resource users such as mines, timber businesses and sulphur shippers would be interested in buying shares, as would the initial farmer shareholders. As well, some port cities would be interested in owning shares that might become available from the farmers who wish to retire and dispose of their CN assets. There would be quite a diversified ownership of the company.

Most important, because those shares would come on the market slowly and not in 100 per cent blocks as is the proposition the government is putting forward, it would be highly unlikely that foreigners would quickly get to own and control the CNR.

It is especially important that when the east west policy is fully abandoned by the government, the natural flow will be north and south. The proposition of U.S. railroads and shippers ending up controlling the second railway in this country is not a prospect I who represent shippers in western Canada look forward to.

Mr. Joe Fontana (Parliamentary Secretary to Minister of Transport, Lib.): Mr. Speaker, this government's objectives are to put CN on a viable footing so that it maintains competitiveness with other carriers and to maximize the value of the sale of CN's shares to Canadian taxpayers.

To achieve maximum value the broadest possible distribution of shares is necessary. The initial public offering of CN will be the largest such issue in Canadian history. The Canadian equity market may not be large enough on its own to absorb such an issue of this size.

To ensure the divestiture of all the government's equity in CN at maximum value, markets outside of Canada will need to be assessed. The United States in particular will be an important market. Its numerous investors are familiar with the rail renewal and revitalization which Canadian railways and CN in particular are undertaking. Foreign ownership restrictions could jeopardize the participation of these investors.

Canadian rail policy does not restrict or prohibit foreign ownership. More than 30 per cent of CP's limited shares are owned abroad. By not limiting foreign ownership for CN it ensures a level playing field between both CN and CP in their ability to raise equity capital in global financial markets.

The government's financial advisers agree that a foreign ownership limit could reduce the potential size of the issue and would reduce the price. Limits could also prevent the government from selling the majority stake. Given the size of the share offering, a successful issue would be endangered if the potential shareholder base was limited to Canada.

While shareholder investment thresholds under the Competition Act and Investment Canada Act could conceivably have provided sufficient safeguards against an unwanted foreign takeover, the proposed 15 per cent limit on individual share ownership also acts as an effective constraint on foreign control. Past experience with Canadian initial public offerings indicates that foreign sales are unlikely to approach, let alone exceed, 50 per cent.

[*Translation*]

The Speaker: Pursuant to Standing Order 38(5), the motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until 10 a.m. tomorrow, pursuant to Standing Order 24(1).

(The House adjourned at 7.30 p.m.)

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