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OFFICIAL REPORT
(HANSARD)

Tuesday, March 26, 1996

Speaker: The Honourable Gilbert Parent

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OFFICIAL REPORT

On page 1206 of *Hansard* March 25, 1996, the editor's note under Motion No. 23 should have read *See list under Division No. 21*.

HOUSE OF COMMONS

Tuesday, March 26, 1996

The House met at 10 a.m.

Prayers

ROUTINE PROCEEDINGS

[*English*]

GOVERNMENT RESPONSE TO PETITIONS

Mr. Rey D. Pagtakhan (Parliamentary Secretary to Prime Minister, Lib.): Mr. Speaker, pursuant to Standing Order 36(8), I have the honour to table, in both official languages, the government's response to petitions presented during the first session.

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PETITIONS

GASOLINE PRICES

Mr. Bill Gilmour (Comox—Alberni, Ref.): Mr. Speaker, pursuant to Standing Order 36, I am pleased to present a petition from constituents on Vancouver Island which contains over 1,000 signatures.

The petitioners request that Parliament not increase the federal excise tax on gasoline.

* * *

QUESTIONS ON THE ORDER PAPER

Mr. Rey D. Pagtakhan (Parliamentary Secretary to Prime Minister, Lib.): Mr. Speaker, I ask that all questions be allowed to stand.

The Deputy Speaker: Is that agreed?

Some hon. members: Agreed.

GOVERNMENT ORDERS

[*English*]

CANADA TRANSPORTATION ACT

Hon. David Anderson (Minister of Transport, Lib.) moved that Bill C-14, an act to continue the National Transportation Agency as the Canadian Transportation Agency, to consolidate and revise the National Transportation Act, 1987 and the Railway Act and to amend other acts as a consequence, be read the third time and passed.

He said: Mr. Speaker, I rise today at third reading of Bill C-14, the proposed Canada Transportation Act. This is an important bill. It introduces new framework legislation that touches every transportation mode. It represents the culmination of several years of effort on the part of the Department of Transport.

It has been at times, as all hon. members know well, a controversial bill. One of the first tasks that I set myself this year as the newly appointed Minister of Transport was to review the proposed legislation and assess for myself whether or not an appropriate balance had been achieved between the varied interests that are affected by the elements of the bill.

After careful consideration and an analysis of the bill, I have concluded that it is a balanced piece of work. It clearly reflects the hours of consultation and careful analysis that have been invested in it over the past few years.

On that basis, I am very pleased to move this bill forward today. It is an act which will truly bring the Canadian transportation industry into the 21st century.

[*Translation*]

I think it is also important to set this bill in a broader context. It really lies within the scope of our government's policy strategy, which is to streamline and modernize our transportation industry.

Given the importance of transportation in the Canadian economy and for Canada's competitiveness on the world markets, this bill will enhance the nature of trade, viability and competitiveness of transportation.

• (1010)

In drafting this bill, the government took into consideration reports from independent commissions, previous work of the Standing Committee on Transport and the report produced by a task force on marketing headed by the hon. member for Kenora—Rainy River, whom I wish to thank for his great work.

To develop Bill C-14, the government asked itself what those concerned could and should do on the market, which issues would better be left in the hands of the regulatory body and which should be debated by elected representatives.

The opinions weighed as part of this process were many and varied. Finally, the government decided on what it felt should be a new balance, a balance between regulatory protection and trade negotiation as well as between supervising an agency and giving transportation companies more freedom in managing their own business.

Over the summer, the government heard from many stakeholders, who were concerned about certain aspects of the bill. Recognizing that any legislative enactment can always be improved on, it identified several potential changes.

Then, the Standing Committee on Transport carried out an exhaustive review of the bill. It also heard evidence from many stakeholders at this stage. Nearly 100 testimonies were submitted, and I understand that an even large number of briefs were received. All those who took the time and made an effort to take part in this complex process deserve our thanks.

I would like to emphasize the huge contribution made by the members of the committee and many other members who also participated in the bill's consideration during 55 hours of direct evidence.

[*English*]

As evidence of this effort, over 80 amendments to Bill C-14 were made. Some were technical changes. Others were complex and in some instances they reflected differing and difficult choices among competing stakeholders' points of view. However, in all cases, these amendments reflected the careful thought and deliberation that members brought to the legislative process.

As this effort indicates, it is an important bill. It updates or removes economic regulation of transportation modes. For example, alternative means of transportation have made additional regulation of northern air services unnecessary.

We are also modifying the degree of regulatory oversight on northern marine services and regulation of commodity pipelines has been transferred to the National Energy Board.

Turning to the rail sector, I must emphasize that enhancing the viability of the rail industry is a key objective of the legislation. It will set in motion the steps necessary to ensure an effective and viable rail system in this country.

The rail elements of the legislative package complement the strategy of commercializing the CN but they are far broader than that single initiative. They are about enhancing the long term viability of the whole Canadian rail industry. It is important to note that this bill will affect the operations of approximately 31 railways currently operating in Canada.

When the government took office two and half years ago, the two national railways were suffering the effects of a number of structural problems: low labour productivity, under capitalization, excess trackage, to name a few. This had occurred despite considerable work by both railways to reduce costs by various belt tightening measures. Despite being hampered by onerous regulations, both railways have managed to rationalize, reorganize and downsize since 1993.

Outmoded employment security provisions were changed by an arbitration decision rendered last June. Some provincial legislatures have helped out, like my home province of British Columbia, among others. British Columbia recently passed legislation which significantly reduced provincial taxation on railways. Ontario has eliminated its successor rights provisions which applied to the sale of former federal track. I applaud those initiatives.

• (1015)

The federal government decided that it also had to act decisively to put the railways on a more secure financial footing. Commercialization of CN and more important, regulatory reform are directed to this goal. We are moving on this to ensure that we have a viable coast to coast system. In a country reliant on the export of resource materials, a healthy rail sector, the principal carrier of bulk commodities, is an extremely important key to our trading future. A healthy rail industry best serves all stakeholders, not just the railways themselves.

The current system is overbuilt. CN and CP cost cutting efforts have been stifled by the regulatory hurdles that they must jump over to tailor rail line networks to their core markets. At the same time, there have been few incentives in the existing system to market little used lines to the newer short line railways.

Railways must reduce trackage if they are to regain their true financial health. Eighty-four per cent of CN and CP traffic travels on one-third of their networks. It is estimated that some 50 per cent of current CN and CP track is surplus to the main carrier needs as they move to serve their core markets.

The traffic density of the Canadian rail network is presently much less than that of the top seven United States railroads. This means that by moving to similar densities in the range of the United States companies, our major carriers could generate significant savings.

[*Translation*]

One of the key objectives of this bill to put in place measures to streamline the current regulatory process in relation to the sale, lease or abandonment of lesser used lines. An equally important objective will be the incentive effect it will have on the legislation to establish shortline railways at a lesser cost on many of these lines.

The dramatic increase in the number of shortline railways in the U.S. is one of the major economic achievements of the 1980s. Nothing stops this scenario from being repeated in several regions of Canada, once those elements of the railway transportation legislative framework that did not foster the creation of shortline railways have been removed.

These past 10 months, the concerns raised by shippers and by our two main railway companies have been at the centre of the debates on the transportation bill.

The bill before us today is the product of the contributions made by various stakeholders—officials, interested parties, my colleague the former Minister of Transport, and more recently, the members of the standing committee—toward striking the right balance between their respective interests.

[*English*]

Have they succeeded? This is a question I have asked myself in reviewing this very complex legislative initiative in the two months since I became minister.

First and foremost, Bill C-14 preserves all the key shipper rights won through the National Transportation Act, 1987. These rights are unique to the rail mode and are more extensive than the rights available to shippers in other jurisdictions, particularly in the United States.

To illustrate, the bill keeps regulated rates for captive shippers and adapts them for short line railways. The bill keeps the statutory right of a shipper to final offer arbitration, shortening the process at the shipper's request and extending it to cover rail passengers and commuter service. This bill keeps the provision for confidential contracts between a railway and a shipper.

[*Translation*]

The decrease in railway prices—nearly 30 per cent since these rates were introduced in 1987—show how much shippers have benefited.

• (1020)

In addition, the bill preserves the traditional obligation of carriers to provide an adequate level of service, or what is commonly referred to as mass transit conveyance obligation, specifying the duties to be fulfilled by a railway in terms of traffic accommodation.

If a complaint is filed, the agency can always order the railway to take corrective measures. No other mode of transportation has this kind of obligations.

The bill also preserves the statutory right of a federal railway to operate on tracks other than federal tracks. This right enhances even more the competitive access of shippers.

Still, in spite of all these measures, shippers have asked the government to make more changes to the bill.

[*English*]

It is well known that shippers wanted section 27(2) deleted, whereby the agency would take into account whether a complainant would suffer substantial commercial harm in deciding whether a regulated remedy was warranted. Because many shippers objected to this provision, the government advanced amendments which replaced the term ''significant prejudice'' which was formerly used with the term ''substantial commercial harm''. Other amendments clarify the intent and application of the new terminology. These were two main concerns of the shippers.

Shippers also wanted section 34(1) deleted. This section stipulated that any party to a dispute, which would include railways, must pay the costs if the complaint or behaviour during the conduct of the proceedings was found by the agency to be frivolous or vexatious. Again amendments were made to address the shippers' concerns.

Section 27(2) was rewritten and clarified by government members of the committee and was subsequently adopted unanimously by the standing committee.

Section 34(1) was dropped.

Shippers also wanted section 113, which is now section 112 of Bill C-14, to be deleted whereby the agency would be required to set rail rates and conditions that are commercially fair and reasonable. I find it very hard to accept any argument that a regulated result should not be commercially fair and reasonable. This section however was subsequently clarified to specify that the result must be commercially fair and reasonable to all parties.

[*Translation*]

Initially, some shippers also wanted to extend to provincial railways the compulsory and mandatory running rights. We have concluded that this was both problematical and unnecessary, and could hinder the development of shortline railways.

I am convinced that this long process has provided an opportunity to review carefully all shippers' concerns and that action was taken regarding several of these concerns. I think that the outcome will be profitable to shippers as well as railways.

We must bear in mind some of the principles underlying the bill. Regulation should be a last resort, since solutions that are freely and mutually agreed upon are the best. A balance must be struck between sometimes incompatible concerns.

Railway companies have one main goal: viability, a goal which is also in the best interest of shippers and—I must say—in the best interest of Canadians as well.

Our common goal is to have a viable railway system, consisting of main carriers and shortlines, which will ensure that railway service will continue to connect as many communities as possible across the country.

● (1025)

[*English*]

To sum up, the objectives for rail which the bill meets successfully are: to promote the long term viability of railways; to foster the creation of short lines; to preserve key shipper rights; to preserve rail service to communities to the extent possible; and to reduce the regulatory burden on railways. It has been an enormous undertaking.

In easing the regulatory burden that had been placed on rail in the past, over 1,000 pages in various statutes have been reduced to just 100. In doing so the bill lifts regulatory intrusions into the railways' day to day business affairs. Most important, the bill streamlines the rail line rationalization process. This is the most effective legislative means of bolstering the railway's efforts to cut costs.

[*Translation*]

This way, if a buyer comes along, a railway can sell one of its lines without delay to another railway, which will continue to operate it. In the absence of an immediate buyer, the bill provides for a simple process to dispose of surplus rail lines, by encouraging their sale or lease to shortline railways.

However, if sufficient notice has been given and no private or government buyer wants to buy the line, the railway will be authorized to sell it as it pleases.

All concerned, including main railway lines, will benefit from efforts to foster the creation of shortline railways.

The public interest will be protected since the government will have the option of buying a line that no one else wants to operate for rail purposes. This is indeed the best way to promote the continued operation of a viable system from coast to coast.

[*English*]

During the committee's review of the bill, concerns were raised by some about the length of time for governments and others to react when a line might be discontinued. These concerns have been addressed through amendments to lengthen somewhat the time lines at the beginning and the end of the process. For instance, each level of government will now have up to 30 days to purchase a line rather than 15 days in the original bill. Amendments such as the example I have cited demonstrate the government's flexibility and resolve to make this important piece of legislation both effective and fair.

I feel that the bill as now drafted represents an admirable balance. The standing committee and all its members from all parties in the House is to be commended for its excellent work. It is an example of how well the standing committee process can work and how it can handle extremely complex legislative tasks.

The bill will now be considered by the Senate and I look forward to the outcome. Bill C-13 complements other transportation reform initiatives that the government has introduced. The Canadian transportation system must be dynamic and as unrestricted as possible if it is to meet the demands of our changing economy. This legislation, once passed, will achieve this. I am proud to have had a part in its progress at the third reading stage.

[*Translation*]

Mr. Paul Mercier (Blainville—Deux-Montagnes, BQ): Mr. Speaker, I believe everyone agrees that the principle of Bill C-14 is a good one: rationalizing, unifying and modernizing the existing legislation on public transportation, most particularly rail transportation.

No one can be against these goals of unification, modernization and rationalization since no one, even the official opposition, can be against virtue. We are, therefore, in favour of the principle. We also consider some of the clauses to be good ones, but others are so bad as to be unacceptable.

The amendments we moved to correct those shortcomings have all been defeated. For these reasons we are opposed to Bill C-14 and will vote against it.

● (1030)

The key reasons why we are opposed to Bill C-14 can be summarized into four points. The first deals with the creation of the short line railways, which represent the secondary elements of the system. Because the system's future depends on them, their creation ought to have been facilitated. The minister has just pointed out that, very recently, such secondary lines have multiplied greatly in the U.S.A., to the public's benefit.

The second reason why we are opposed to this bill is that the procedure for a company to abandon a trunk or other line looks at virtually nothing except profit issues and goals, whereas the public interest ought to hold far more importance.

Third, the bill maintains privileges for the west which accentuate or maintain the differences we are already used to between the west and Quebec.

Fourth, and most important, despite all the talk about decentralizing powers, we see that the government has not been able to resist the ingrained habit, any time new legislation is introduced, of taking advantage of the opportunity to nibble away at provincial powers, as well as to ignore the provinces when their interests are quite obviously concerned by the measures planned.

The first point, then, is the creation of short line railways. I would remind my listeners that these are entities whose development can ensure the survival of the secondary part of the system, which, it must be pointed out, has been scandalously neglected from the maintenance point of view. This has been both scandalous and profitable, perhaps, since the objective was to obtain permission to abandon the lines in question. In order for them to be abandoned, they have not to be used anymore. In order for them not to be used anymore, they need only not be properly maintained, and the result is achieved. Except that now certain sections of this secondary network are in bad shape.

Buyers, generally small companies with little capital, are being asked to take these sections in their existing bad state. Because the legislation governing the railway companies resulted in the network's being in such bad shape, we asked for but failed to get a mechanism from the federal government whereby railway lines would be repaired before being put up for sale, since local companies potentially interested in taking over the lines generally have little capital. Our request was not met. The SLRs that might have been the future of the secondary network are getting no help in setting up.

The other reason we will be voting against this bill is because the abandonment procedure follows market logic only. In the past, when a company wanted to abandon a section of rail line, the National Transportation Agency had to call public hearings. I recall having testified before agency commissioners in defence of a section. Public hearings are no longer held. If a railway company finds that a section of line is not profitable enough, it declares its intention to abandon it. It is true, and this is a good point, that the bill requires a company now give longer notice in announcing its intention to discontinue service and that it be according to a plan previously drawn up and made public.

• (1035)

But once the information procedure relating to the sale of a section of the network is completed, the rest is pure mercantile logic. If there is no buyer, well, there is no buyer. If there is no buyer, public authorities at the municipal, provincial or federal level are given some time to express their interest in buying it.

Of course, there is hardly enough time for these authorities, and especially municipalities, to organize public hearings. Up until now, we were happy with the current procedure whereby the Canadian Transportation Agency held public hearings before allowing companies to abandon rail lines.

The third reason we oppose this bill is that it perpetuates a system that is biased in favour of the West and that constitutes another example of the imbalance in the treatment of Western Canada, on the one hand, and Quebec, on the other hand. This bill contains a number of clauses we want to see deleted. Clauses 147 to 155 amend but also restore certain privileges for Western Canada.

These clauses set a maximum rate and special conditions applying to the transportation of western grain. These provisions were introduced in the National Transportation Act in 1987, when the Western Grain Transportation Act or WGTA was repealed and the subsidy eliminated.

At that time, western farmers were compensated generously, to the tune of $3 billion, for the elimination of the subsidy and the abrogation of the WGTA. In its bill, the government reintroduces the provisions that were originally in the National Transportation Act, 1987. Yet, western farmers were generously compensated, unlike their counterparts in Quebec. In fact, dairy producers received no compensation whatsoever for the recent elimination of their subsidies. Western farmers should therefore be in a good position to face the new transportation conditions in Western Canada and to adjust to a commercially oriented rail system, since we are told that the main purpose of the bill is to commercialize the network.

Giving unequal treatment to western and eastern shippers, as these eight clauses tend to do, can only lead to inequitable development of the rail system by adversely affecting the resources carriers can invest in the eastern network.

But what is really telling, although it was to be expected, is that the government and the minister are giving themselves discretionary powers in this bill, without even providing for consultations—and I mean mere consultations—with the provinces, in situations where the provinces should obviously be consulted.

There are several examples of that. Take clause 7, which deals with the Canadian Transportation Agency, formerly the National Transportation Agency of Canada which, incidentally, also has a new role. Clause 7 provides that the governor in council shall appoint not more than three members for a term of not more than five years. The expression ''not more than'' means that there could be one, two or three members appointed. The minister may also—he may but he does not have to—appoint three temporary members, for a term of not more than one year, from the roster of individuals established by the governor in council.

This is not a criticism, just a comment in passing. If there are three members for a maximum of five years, and if the minister may appoint other members, it seems to me—unless I do not understand French—that the CTA could be made up of only one individual. This is indeed a possibility, given the wording used.

• (1040)

The provisions on the CTA's membership include no criteria, benchmarks or obligations for the minister regarding the various interests of carriers, users and the general public. The whole process is discretionary.

Yet, it might have been appropriate to appoint members from a list of names submitted by interested parties. There are not even geographical criteria. Imagine that there are four members. I am just making a point but, strictly speaking, all four could come from the same region. There are no criteria and we want to at least correct that situation by saying that members, whether temporary or not, should be appointed on the advice of the four regions. Ten provinces was too much. We had defined four regions: the Atlantic provinces, Quebec, Ontario and the Western provinces. That was rejected out of hand and it is now up to the government to choose the members of the CTA.

One good thing is that the bill provides for situations that it defines as extraordinary, in which the governor in council may take special decisions recommended by the minister to cope with situations that require urgent action or for which there is no particular provision in any other act of Parliament that would offer a solution.

In this case, situations defined as urgent are those that could endanger the interests of the operator, all the interests of users and the public interest, with the exception of strikes.

In such situations, the governor in council can take special measures. But, if an urgent situation arises in a province, how can provincial authorities be left out of it? In addition, how can the matter not at least be referred to the Standing Committee on Transport? None of this is covered. We have the government arbitrarily taking control, setting itself up as the sole arbiter.

Another measure, good in principle, contained in the bill is the provision requiring that the legislation be reviewed after four years. However well thought out a piece of legislation is, the final test is obviously how well it stands up to real events over a period of time, before a decision can be taken to leave it as is or to introduce amendments. It is therefore a very good idea that the bill includes a provision from the outset for a review of this legislation in four years.

All this is fine and well, but who will review the legislation? It will be reviewed by individuals appointed by the minister. Once again, we are not told that these individuals will be chosen with the approval of the provinces or from lists prepared by the interested parties. No, not at all. The bill provides for a review after four years. There is no guarantee that all interest groups will be called upon to give their opinion on the legislation because shortcomings have shown up in practice. They say that the communities will be consulted, but this is obviously very vague.

• (1045)

We wanted the agency to be consulted, and the provinces, but there is nothing new. The omniscient, and therefore omnipotent government, as infallible as the Pope, will decide.

The bill provides for the construction of new rail lines, which is not something that happens much these days. In particular, we ought not to expect to see HSTs in the near future. Soon we may be the only country, with the possible exception of Zimbabwe, not to have high speed trains. However, the legislation does provide for the construction of new lines. The agency will grant authorization to a company requesting to build a new line, if it meets certain criteria, and if the route appears to serve the interests of the carrier, the users and the regions it crosses.

But—and this is truly incredible—the province concerned is not even asked for its opinion. If there is one field that is really specific to the provinces, it is the development of their territory. Either the province exercises that right directly, or the municipalities do so on its behalf. This is an exclusively provincial area.

In Quebec, the municipalities draw up land use plans for authorization by the province. These then lead to zoning plans. Imagine, a new line is to be constructed in a municipality. It is possible that the zoning plan, the land use plan, did not include the route of that line. Thus, we must trust the federal government's wisdom not to trash the zoning plan and the land use plan by putting the line through. It is absolutely incredible that putting in a new line—part of the development plan of a region—does not require consultation with the province, yet this is a specifically provincial jurisdiction.

And now for the icing on the cake: centralization disguised as decentralization. Clause 89, against which we tabled amendment No. 17. I must read it, because it is such a juicy tidbit.

> 89. If the construction or operation of a railway is authorized by a Special Act passed by the legislature of a province and the railway is declared by an Act of Parliament to be a work for the general advantage of Canada, this Part applies to the railway to the exclusion of any general railway Act of the province and any provisions of the Special Act that are inconsistent with this Part.

This is absolutely typical. It would, however, have been simple, rational, and respectful of the provinces to state in a general and unrestricted way that a railway constructed by a special act of a provincial legislature remained under provincial authority. That would have squelched the federal government's hunger for power, which is totally contrary to what it is saying.

• (1050)

Sadly, I must conclude that, with Bill C-14, railway transportation is losing some of its noble mission of public service. Essentiality, railways are intended to serve the public. Rail transportation is tending to become a business like any other, serving not so much

the public as the political interests in power. The state has bowed to market pressures.

I must thank the government for again giving Quebecers, in this bill, one more demonstration that there is absolutely no hope within the federal framework of one day seeing the logic of public interest cease to be constantly subordinated to political or profit making imperatives.

With Quebecers at least, Bill C-14 will have that one positive aspect. Thank you for that, Mr. Minister of Transport.

[*English*]

Mr. Jim Gouk (Kootenay West—Revelstoke, Ref.): Mr. Speaker it is an irony speaking today on Bill C-14. The hearings are finished, the amendments are finished. They were voted on last night.

All we will do today is have a post-mortem on what has taken place, a eulogy for the things that might have been much better in a bill that has a lot of good merit in it.

There are a lot of good points in this bill, but it could have been much better. There are several areas where the government has either included things that should have been taken out or failed to inject things that should be in the bill.

I will deal with both the things that should have been taken out and with the things that should have been in such as protection for utility companies or municipalities with regard to their infrastructure systems, sewers, water, roads and so on.

Before I get into that, I find myself in the strange position of defending the government. There are some good things in the bill. We have heard in debate from the NDP objections to some of the very things that give the bill some merit.

NDP members talked at length about the abandonment procedure and tried very hard to put in a bunch of amendments which would have basically cancelled the changes that took place. They lacked a basic understanding of the entire abandonment procedure, both the old one and the new one.

NDP members claimed during debate that they have been talking in the coffee shops of Canada. I do not doubt they have. It is too bad they did not know what they were talking about when they were doing it.

The Canadians I have talked to both inside and outside Parliament want a continued rail service, period. They would like to have the service we have now continue, but short lines are certainly a viable alternative.

I have to reiterate what I said in debate about how the old procedure worked and what the problems were. If a rail company wanted to abandon any rail line, short line, main line, it does not matter, the procedure for abandonment of a rail line was that it first had to prove financial hardship.

Before it made that application, and rail companies would be loathe to admit this but we all know it is a fact, it made sure that if financial hardship did not already exist it created it.

The way it creates financial hardship if it does not already exist is by demarketing the line, by going to the shippers on the line and providing some alternative method of shipping their goods to market or at least to a railhead.

This happened in my riding in the Slocan Valley where there was one primary shipper, Slocan Forest Products. CP Rail, in its intention to abandon that line, went to Slocan Forest Products and wrote a confidential trucking contract, we presume at very favourable rates, perhaps even below its cost, to ship its goods to the nearest reload centre in Nelson, B.C. where rail lines still exist.

• (1055)

It also did absolutely minimal maintenance on that line. That is not to say it did anything illegal or that it ran a line that was unsafe, but it ran it at absolute minimum standards. The evidence of that is by the time abandonment was actually approved, we had trees growing in the middle of the rail line. That does not happen on a well maintained line.

As a result the line was abandoned, but no short line operator in its right mind would bid to preserve and operate a line which had no customers left and which would cost a fortune in repairs and upgrades, when normally the rail line would have been maintained.

With the new procedure a rail company does not have to prove financial hardship. It can apply to abandon whatever line it wishes but it has to go through a very set procedure.

First it has to publish on a three year planning list which lines it wishes to abandon. It is not committed to abandoning them, but they would be lines under investigation or under scrutiny by the rail company with the possibility of divesting itself of those lines.

If it wishes to proceed, it has to offer in a prescribed manner those lines for sale with all kinds of published information to the general public so that short line operators or those that wish to become short line operators could consider purchasing them.

After the set period of time, if the company has not succeeded in selling the lines, it then has to offer them, in turn, to the federal, provincial, local, municipal and regional governments at their net salvage value. This gives every possibility of preserving those lines because the lines have not necessarily been demarketed or brought down to the lowest possible maintenance standards.

We believe these measures will enhance the ability of short line operators to take over the operation of rail lines.

I have spoken to several short line operators and they are aggressively looking to increase their operations and take on new lines. This is a very positive move to enhance the viability of short line operations, which may be a viable alternative to rail operations in marginal areas.

The amendments put forward by the NDP, though well meaning, may have harmed rather than helped the situation. I will now deal primarily with Reform motions which would have either added things that are missing from the legislation or taken things out which should have been out in the first place.

Three Reform motions deal with municipal government and utility company protection. We heard from representatives of the Federation of Canadian Municipalities and various utility companies regarding their concern about the infrastructures of their sewers, water, gas and power which pass in most cases under, and in some cases over, rail rights of way.

The problem is that if a line is sold or ultimately abandoned, in most cases there is no registered easement for the companies or for the various municipalities. This is a problem for municipalities which have designed their whole infrastructure systems for the crossings. They would like to have something in the bill which would ensure the protection of the lines for all the people they serve in the various communities in their areas.

I do not think that is a particularly unreasonable request. It is not a cost factor to the rail companies. Those who would argue against this would say the municipalities or the utility companies can expropriate. They can in many cases, but that costs money. In the end those costs fall to the very people who use these services, the taxpayers.

Again I am defending the Liberal government. The Liberal government needs the Canadian taxpayer to have as much money as possible in order to pay all the Liberal bills generated by the government. I truly am looking out for the best interests of the Liberals with these motions.

Unfortunately the Liberals rejected every one of the motions that would have protected the municipalities. They would have protected all the towns and villages that rail lines go through and all the infrastructure systems that go under or over the rail rights of way. The Liberals turned their back on them.

● (1100)

I hope those people will remember that when the Liberals start trying to get even more tax dollars out of them and there are problems at the municipal level because of these rights of way.

Another Reform motion that is missing from the legislation is some measure of protection for Atlantic Canada. Motion No. 38 was a Reform motion that provided one of those protections. This was an amendment that would have seen a five-year guarantee that the CN Rail line from Montreal to Halifax would continue in operation. This goes back to Bill C-89 which was the CN privatization bill.

People from Halifax, the port authorities and other representatives from Atlantic Canada came before the committee with regard to Bill C-89 and asked for a 10-year continuance of that line. They put forward some very good and sound arguments.

I put that amendment at committee level and it was supported by at least one Liberal member of the committee from Atlantic Canada. In fact the vote was a tie and the Liberal chair of the committee had to break the tie and did so by voting against Atlantic Canada. The same people came before us with regard to Bill C-89 and Bill C-14 or Bill C-101 at that time, saying they still need this. They said they could live with five years and cut their request in half.

Ports commercialization or privatization is coming in. All the ports will have to look out for themselves, raise their own capital on the marketplace and be responsible for it. The federal government is not going to guarantee the loans. I do not have a problem with that. These ports should stand on their own. They should operate on a commercially viable basis. The ports that came before us on this issue said they were prepared to do that.

However, they cannot go to investors and ask them to put money in if they cannot ensure those investors that while they are developing their post-Panamax facilities to get ready for the coming generation of new and larger freighters, they do not have some guarantee that they are going to be able to transport those goods from Atlantic Canada into central Canada and the American midwest.

As it happens Halifax is the ultimate best port for not only reaching central Canada but for reaching the American midwest. This does not take away from any of the inland ports, for example, Montreal or the Lakehead, because if these post-Panamax ships do not come to Halifax they are going to the New England states or to New York. It is Halifax or it is somewhere outside of Canada. The ports need the CN Rail line with its connection through the Sarnia tunnel to get to the American midwest market.

If I were going to invest in the infrastructure of the Halifax area I would want some assurance that the rail line was going to stay intact until such time as these post-Panamax facilities were developed, the market was there and the goods were being shipped. At that time the port will be prepared to stand on its own.

Liberal members were asking why Reform was interfering with the free enterprise of CN Rail by saying it had to do something for a

five-year period of time. The Reform Party is supposed to be the free enterprise party so why is it trying to bring in such an amendment?

I pointed out that for 80 years successive Liberal and Conservative governments had interfered with the marketplace, specifically with CN Rail, by having this crown corporation doing things that were far removed from normal commercial practices. All I was asking for was a five-year transition period while it went from this crown entity to the private sector.

● (1105)

The head of CN Rail, Mr. Paul Tellier, appeared at the hearings on Bill C-14. I asked Mr. Tellier that as he was required under the act to provide a three-year plan was he looking beyond that to four, five or six years? He said that he was. I then asked if he had any plans over the next five years to discontinue the line between Montreal and Halifax. His response was, no, absolutely not because CN had made a lot of investments in Atlantic Canada in facilities and there were no plans to do that.

The Liberals could have accepted the amendment that I brought forward so that Halifax could go to the investors and say: ''There is your guarantee that the rail line will remain''. It would not have cost CN or the government or the taxpayers anything. In fact, the only thing that could cost the taxpayers money is if Halifax has trouble raising capital in order to do its post-Panamax facility upgrades and loses the traffic to the United States. This was a win, win situation but the Liberals said no to Atlantic Canada.

Last night we had a standing vote on Motion No. 38 and one by one, each and every Liberal in this place rose and voted against Atlantic Canada. Why did they do that? Could it be that they simply do not want Atlantic Canada to develop any form of financial independence? There can be no other explanation.

Clause 27(3) would not have been required at all. The Reform Party tried to amend it but that would not have been needed if the Liberals had done the right thing with clause 27(2) but they did not. This does not fix clause 27(2). I have to make that clear. Our motion tried to make it slightly more acceptable.

The main source of the items we listed in our amendment to try to better define what is significant commercial harm was provided by the NTA representative stating items that would clarify clause 27(2) so we put those in.

I am going to mix a couple of things together here because clause 27(2) is strongly entwined with this. The minister said this morning that clause 27(2) got unanimous support at committee. Unlike Bill C-89 which went to committee after first reading, we supported it. The Liberals said this would make it more amendment friendly. They were not telling an accurate story, shall we say. When it got there we did propose amendments after listening to the various people who came before us. The Liberals rejected each and every amendment out of hand with very little discussion. After the fact, we discovered that they would have been much better off had they brought in at least the majority of those amendments. The government knows that now. Maybe it knew it then, but for whatever reason it chose not to listen.

The Liberals had a change of heart on Bill C-14. They seemed to be much more open to amendments and they did support a tremendous number of Reform amendments which were brought forward. They went so far as to ask me what I would like to see in the bill. That is very hopeful for the future if they are prepared to do this.

The Liberals did accept a lot of our amendments. Unfortunately, a couple which they did not dealt with clause 27(2) and 27(3). One thing that I tried to do was recognize that if the government does not want to take clause 27(2) out it is going to be passed because after all it has a majority and can pass anything it wishes.

At committee level I tried, first, to make the clause a little more palatable with an amendment which would define much more specifically exactly what was then referred to as significant prejudice. In part, the agreement I made verbally was that if the government accepted this, I would support clause 27(2) at the committee level, knowing full well that we still had report stage to deal with this after I had another opportunity to speak to the various shippers who were concerned about this.

● (1110)

What the government did was a little sneaky. Perhaps I should have said that it had broken its agreement and therefore I no longer had an obligation but I stuck with it.

I put forward an amendment that would define the meaning of clause 27(2). The government pre-empted it with one of its own, which was much softer than mine. Once the government's amendment was in, there cannot have two amendments proposed on the same clause at committee stage, so it took precedent over mine and mine was not considered. That was the same amendment that I brought forward at report stage.

The government should have supported my amendment as it was proposed, as I did what I had agreed to and that was support clause 27(2) at the committee stage provided the government amended it.

Reform supported two amendments which removed objectionable clauses from this bill. I would like to discuss the one that deals with clause 11(2), commercially fair and reasonable. At the committee hearings I asked the NTA representative to define commercially fair and reasonable. The following is a quote from the testimony before the Standing Committee on Transport, November 7, 1995 by Mr. Ashley of the National Transportation Agency responding to my inquiry.

Mr. Ashley stated: ''What is commercially fair and reasonable is I suspect consistent with what is competitive. What is competitive in any circumstances depends on product market, geographic market, the elasticities of demand for that product, temporal aspects, production efficiencies, market structure, market conduct and market performance''.

''I can tell you that on the street it would mean covering the fixed cost long term average variable cost, contribution to fixed cost and perhaps a return on shareholder equity. But to say today that in the future it will be what the agency does in every case would be wrong''.

''The competition people have appeared before you. The law is predicated on competition in the marketplace. If you look at case law under the Competition Act, the courts would have stated that even a non-compensatory rate, a below cost losing rate, can be a commercially fair and reasonable competitive rate. Perishable goods, production oversupply, the jurisprudence under the Competition Act shows that a commercially fair and reasonable rate can be many things in many circumstances and what is commercially fair and reasonable today may not be tomorrow''.

Responding to Mr. Ashley I said: ''Let me point out what you have just said. When I asked you about the meaning of significant prejudice you said 'it could be argued'. When I asked you about the meaning of commercially fair and reasonable you said 'I suspect it means'. That is little comfort to the shippers. If this is what the NTA does, if this is how they decide, it is no wonder the shippers are worried. 'I suspect', 'it could be argued', that is no comfort at all, Mr. Ashley''.

Continuing, I asked: ''Can I then surmise from what you are saying that you don't necessarily agree with these provisions but you are going to work with them to the best of your ability. These things are highly subjective and the NTA, soon to be the CTA, will have to deal with them as best they can''.

Mr. Ashley's response was: ''That is correct, sir''.

I responded again: ''You can see where my concern is. The lack of objectivity in this is telling me that they're'', and this is referring to the shippers, ''probably are right to be worried''.

That is the reason we are concerned about that particular clause and why we supported trying to take it out. Let there be no misunderstanding of what the government is saying. That is from the NTA.

Clause 27(2) is undoubtedly the most controversial part of the entire bill. It should have been taken out. This is what is referred to as significant prejudice throughout the hearings and later changed to substantial commercial harm.

I think there was a possible ploy on the part of the new Minister of Transport. Several shippers' groups visited with the minister and the new chair of the Standing Committee on Transport last week and brought forward their concerns about clause 27(2) and what this would do for them. The minister responded: ''I was not aware of those aspects. That is really interesting. In light of this I will have to reconsider the government's position on clause 27(2)''. This was echoed by the chair of the transport committee.

● (1115)

I asked how I could co-operate with them to ensure the matter was properly addressed. I told them I did not want to make a political football out of the matter, that I did not want to score political points, I simply wanted the bill to be good.

I offered to make an agreement to send the bill, or at least clause 27, back to committee where all committee members could reconsider and make changes so that it would not be a government response to a Reform amendment. They overwhelmingly rejected my offer. Up until the eve before debate they were very open, saying they were considering these things. The morning of debate it was gone from the table.

Since then shippers have told me they think they were set up. They think the minister gave them that hope to keep them quiet so they would not give a press release against what the government was doing. Once debate began, when it was too late to do any of these things, the government cut them off at the knees. I did not suggest this to the shippers, it came from them. I believe they were right.

There were many witnesses at the committee level. We had long hearings which lasted well into the evenings on several occasions. Most of the witnesses strenuously objected to clause 27(2). If we will not listen to the people who come before these committees, the overwhelming majority of them, why do we go through the cost of interpreters, technicians, research people, the clerks, the offices and all the other costs? Why do we have the expense of all these people coming to Ottawa to testify before the committee if we will not listen to them? Attempts to fix clause 27(2) were not accepted by these shippers.

Bill C-101, as it was first known, was basically lost from the Order Paper with the prorogation of the House. The government obviously wanted to bring it back, which it ultimately did. It tried first to bring it back in the old accepted way, by unanimous consent.

Moya Greene, who was an assistant deputy minister in the transport department, called me in British Columbia to ask if I would agree to unanimous consent to bring this bill forward. I said I would provided they take clause 27(2) out of it. She asked why I

wanted clause 27(2) taken out. I said it was because there was such overwhelming to it. She replied that they had fixed it. I said that I would give her the greatest deal ever: ''Of all the people who objected strenuously on record to clause 27(2), if you can find me two or three who are prepared to say they objected to it but now accept it, I will reconsider my position''. She did not know if she could do that. I suggest, as I did to her, that it has not been fixed.

As I have said, the minister led many concerned shippers to believe he would reconsider clause 27(2). I did everything I could to accommodate this. I brought forward a request to seek the unanimous consent of the House to do that so that it could be done in a non-partisan manner with all of the House agreeing to it. The government rejected my offer.

Who is really against clause 27(2)? The farmers and their organizations are against it, the grain companies are against it, the mining operations, sawmills, pulp and paper producers, chemical companies, manufacturers. Who really benefits? The two rail companies obviously benefit a little, but I do not believe they are the real beneficiaries.

I refer again to testimony of the NTA on November 7, 1995. In this text the term ''significant prejudice'' is used. This term was later amended to ''substantial commercial harm''. All shippers I have consulted with agree this change of words has not substantially changed the intent of this clause, if at all.

● (1120)

I asked the witness, Mr. Ashley from the National Transportation Agency, what ''significant prejudice'' meant. I asked him to define, from the NTA's point of view, what would happen to me if I were a shipper coming before it and it had do something for me or throw me out the door, depending on how it interpreted ''significant prejudice''.

Mr. Ashley's response was: ''I will tell you what I expect the agency will hear by way of arguments as to what it will mean. On one end of the spectrum it could be argued, and I assure you it will be argued, that it is the mere inability of a shipper to get his goods to market because of the railway's refusal to grant a CLR that is, by definition, significant prejudice of the ability of the shipper to get his goods to market.

''On the opposite end of the spectrum, it will be evidence in argument tendered to the effect that in a shipper's inability to get his goods to market the test of significant prejudice will only be met if that shipper has to close his plant''.

My response to Mr. Ashley was: ''You can see where the problem is. You have just given me an incredible range, including the possibility that a shipper has to go bankrupt before this thing may be decided in his favour. We have to sort of say to shippers 'do not worry about clause 27(2), it is great. It will not harm a damn thing as long as you are prepared to go bankrupt'. I find that absolutely astounding''.

I continued to ask Mr. Ashley the following: ''If we do not have clause 27(2) does it stop you from doing your job? In the last eight years have you had a problem doing your job?'' Mr. Ashley's response was: ''The answer to that, sir, is no''.

Who really benefits from this, as near as I can see, are lawyers. This is according to the testimony of Mr. Ashley, himself a lawyer. Why would the government be interested in doing something that will benefit primarily lawyers?

I have an astounding list in my hand. It points out that the Prime Minister is a lawyer, the government House leader is a lawyer, the minister of agriculture is a lawyer, the Minister of Health is a lawyer and the Minister of Indian Affairs and Northern Development is a lawyer. There is a lawyer's growth industry right there. When the member became the Minister of Indian Affairs and Northern Affairs some aboriginal people he had been working with as a lawyer said: ''I thought I had died and gone to heaven''.

The Minister of Industry is a lawyer, the Minister of Natural Resources is a lawyer, the Minister of Justice is a lawyer and the President of the Treasury Board is a lawyer. The Minister of Human Resources Development is a lawyer. He is the former Minister of Transport who introduced and helped draft this legislation. Now we know who is benefiting from this.

Clause 27(2) is a deal killer for the Reform Party. Even though there are other objectionable inclusions or exclusions in the bill, there would be enough value in it to recommend its passage if it not for clause 27(2).

The government had the opportunity to improve the bill but did not take it. We all know it has the power to pass absolutely anything it wants whether it is in the public interest or not. Let us chalk up another win for an autocratic Liberal government and another loss for democracy.

Mr. Bernie Collins (Souris—Moose Mountain, Lib.): Mr. Speaker, I am pleased to speak on Bill C-14, previously known as Bill C-101, as it has some direct impact on the western provinces and certainly my province of Saskatchewan.

I believe the proposed legislation is very constructive, creative and in a manner allows for unnecessary regulations and overlap to be removed. It places greater reliance on parties to negotiate their own solutions on commercial and economic issues and reduce, wherever possible, reliance on regulatory decision making in such matters.

● (1125)

In my view, this wisely places the matters of competition and monopoly in the realm of other appropriate legislation such as the Competition Act.

A number of places were uncovered where general business laws such as the Canada Business Corporations Act would be used instead of having specialized laws for transportation and companies. We wanted to reduce overlap and regulation. These matters were covered adequately by some other body.

This also makes it simpler for stakeholders who might otherwise be faced with confusion or who are burdened with many different pieces of legislation or regulation. Overall the new act will reduce the costly burden of excess regulation and will ensure the long term viability of Canada's transportation system.

First and foremost in my mind is the concern of my constituents about the rail sector. In this area alone, the legislation will reduce government intervention for approvals and decisions on railway actions, limiting them from 200 to approximately 40.

Although the bill is not completely satisfactory to either the railways or the shippers, it serves after months of public and open consultation to strike a compromise.

The amendments brought to the bill were after considerable work by the Standing Committee on Transport. Considerable consultation was undertaken with all the stakeholders. Because of the consultation, equilibrium and balance has been achieved. The bill has effectively addressed the need for balance between the marketplace and government policy issues and what must remain a matter for the regulator to be involved in.

I turn to some matters that drew considerable attention and fire during the debate from western stakeholders. I do this to demonstrate to the House that concerns have been listened to and changes have been made and to reassure western constituents they have not been hung out to dry in the process.

I wish to focus on three clauses that got the most attention while I travelled throughout the riding and when witnesses appeared before the standing committee. They were clause 27(2), formerly known as significant prejudice; clause 34(1), frivolous and vexatious arguments or applications; and clause 113, now known as clause 112, which obligated the agency to ensure any rates or service levels it sets are commercially fair and reasonable.

Let me deal first with clause 27(2). The clause was reworded, although some have missed it, to clear up what had been a problem. It provides guidance to the agency in ultimately rendering decisions. It does not act is a pretest as some had thought. The words ''significant prejudice'' were replaced by the words ''substantial commercial harm'', terms that are more understood in law. The new clauses 3 and 5 clearly signify and make clear that this does not apply to final offer arbitration.

In standing committee transcripts Cargill, a major shipper, was asked if these changes would satisfy it. Cargill responded positively. These amendments were adopted unanimously by all the parties in the standing committee.

Regarding the phrase ''frivolous and vexatious arguments'' many people in shipping organizations raised concerns. That clause has been removed from the bill.

The third major concern is clause 112. ''Commercially fair and reasonable'' is a phrase that has been heavily investigated and debated throughout the process. There are some concerns raised by the pools. I recall there was a question of commercially fair and reasonable to whom and in whose perspective? The government motion at report stage now adds some clarifying words to this provision. The words ''to all parties'' answer the questions of the shippers. This underscores the obligation that the agency's set rates must meet the test of fairness and provide the users with rail service.

● (1130)

I do not want to leave the House with the impression that I have conveniently grabbed all of these clauses and I quote them simply to support the position of the government. I have consulted widely with stakeholders and with my constituents on the issue. I feel confident that now is the time to move forward with the bill.

Let me quickly say a few words about the provisions of the bill as they relate to the grain interests in the country. Many witnesses who came forward to the standing committee were pleased that the government seemed to recognize that competition and market forces were not perfect in the grain sector and that a period of transition was needed. The changes that were made, especially in section 27, go a long way to remove the remaining fears of shippers, including grain shippers, about the issue. As well as the protection afforded all shippers under the new legislation, grain shippers will enjoy extra provisions such as maximum rates and a comprehensive hopper car allocation.

The Minister of Transport has indicated that the government intends to sell the 13,000 hopper cars which are presently owned by the department. He indicated that the department is inviting proposals to assess and determine the financial arrangements and the terms and conditions of sale. The interests of all stakeholders, including producers, will be taken into account in this process.

In closing, I will touch on the positive attributes of the legislation. While I was a member of the committee listening to the hearings and particularly presentations from the west, section

27(2), section 34(1) and also section 113 which is now known as section 112 were also major concerns. What happened with those?

We altered the wording in section 27(2) to meet the needs of shippers. Also section 34(1) which said ''frivolous and vexatious arguments'' was dropped completely, and I think correctly so. In section 113, which is now section 112, we have amended the wording to deal with those people who will be affected by it.

The shippers and rail companies and all who will be involved with new Bill C-14 have to come to the position of making it work. If they want it to work, it will. If they do not want it to work, they will use every effort in their power so that it will not work.

In my opinion, we have set legislation which is a compromise and in the final analysis will meet the needs of shippers, railways and all Canadians.

[*Translation*]

Mr. Jean-Guy Chrétien (Frontenac, BQ): Mr. Speaker, I will use my 20 minutes to speak to Bill C-14.

I am keen to speak on this bill, which is intended to update legislation on railway transportation, to redefine the mandate of the National Transportation Agency and to further deregulate air transportation.

• (1135)

Obviously, I will not be debating the entire bill, but rather setting out for you certain points that are of particular interest to me. We in the Bloc are opposed to Bill C-14 for a number of reasons. The provinces are not consulted on a number of points in the bill, including one of special interest to me—the environment.

As my colleague for Blainville—Deux-Montagnes, the former mayor of the beautiful municipality of Blainville, said yesterday in this House, clause 98 of Bill C-14 is incomplete, because it does not oblige the Agency to do an environmental impact study before authorizing the construction of a rail line, and this is totally unacceptable. I would remind you here of the unfortunate case of the *Irving Whale*.

In 1970, the *Irving Whale* sank off the Magdalen Islands and Prince Edward Island. It was, of course, the Liberals who were running the country at the time. Are we going to entrust the environment, as in the construction of a huge rail line or a major section, to a government that showed no environmental concern in the infamous case of the *Irving Whale*?

In 1994, we had a sort of committee, known as the Easter-Gagnon committee, that went around the Gaspé, Quebec and the Maritimes. Two backbenchers spent several thousand dollars of taxpayers' money for a political promotion. This was followed by the Department of the Environment's official consultation when the decision was made to raise the barge. The result was an outpouring of over $20 million, and the *Irving Whale* remains on the bottom.

You will ask me what all this has to do with the National Transportation Agency. The point is simply to show the danger of giving the federal government total jurisdiction over the environment. In fact, the environment is not covered by the Constitution and, until proof is provided to the contrary, it comes under provincial jurisdiction. Clearly, the construction of a railroad changes the rural and urban landscape.

The environmental impact must therefore be seriously considered and, moreover, the provinces should be consulted, since land use is their responsibility.

There is nothing surprising in this. It is one of many examples of the Liberal government's effrontery in pushing the provinces out of their own fields of jurisdiction.

I would be remiss as well if I did not talk about unfairness, since recently I have had a number of opportunities to raise this issue and today will be no exception. Like my colleague for Blainville—Deux-Montagnes, responsible for transportation issues at the federal level, pointed out earlier, eastern Canada faces a very serious problem—the abandonment of several shortline railroads. These sections were left discarded by the federal government and are now in bad shape, for the most part.

• (1140)

As you can easily imagine, once these lines are taken over as short line railways, operating them will not be so profitable, especially since the financial situation of short line railways is rather precarious because of the level of debt and because of the condition of the railways and bridges.

Eighteen months ago in my riding, in the great region of the Eastern Townships and Chaudière—Appalaches, the Quebec Central Railway abandoned the Chaudière—Vallée line, which goes from the city of Sherbrooke to Lévis and Lac-Frontière through Saint-Georges-de-Beauce, a distance of 382 kilometres.

The Quebec Central Railway gave such poor service and charged such high prices in its last 20 years of operation that it lost almost all its customers. Of course, it went before the National Transportation Agency, which gave it permission to abandon the line simply because it was not profitable.

At this point, I would like to remind you that, in the west, it is not necessary to demonstrate that a line is not profitable. Rather, it must be demonstrated that the line is not in the public interest. Since that is much harder to prove given the very large number of grain producers, it is much easier to abandon lines in the east than in the west. Once again, we are up against a double standard.

In the long term, this situation will lead to the failure of several projects and the abandonment of several rail lines. That is why a railway rehabilitation program would correct this situation, espe-

cially in the west and, of course, in the east. In the west, however, they speak a very different language. I often talk about the advantages given to western Canada, including the compensation offered western farmers after the WGTA was repealed and their subsidies eliminated.

While western farmers received nearly $3 billion in compensation, their eastern counterparts were forgotten. This is a perfect example of inequity and injustice. Once again, shippers must face the new transportation conditions in the west and adjust to a commercially oriented railway system. Giving unequal treatment to eastern and western shippers is dangerous, as an inequitably developed rail network will adversely affect the resources carriers can invest in the eastern network.

I have here two short sentences that add to the inequities between eastern and western Canada, including the abrogation of the WGTA announced last year. Maximum rates can be frozen until 1999. In concrete terms, for western grain producers, the ceiling set in 1995 will apply. Railway companies cannot increase it; it is frozen at the level it was at when the WGTA was repealed.

In addition, for over 15 years, these same producers have been allowed to use the government's fleet of hopper cars for free and, if they bought the 10 hopper cars for the transportation of grain, I am sure they would pay a reduced price.

● (1145)

Should we wish the same for Quebec? I doubt it. Quebec is a much larger territory than its neighbour, Ontario. Yet, the length of railway lines in Ontario is twice that of Quebec. Lines twice as long in a province almost half the size means there is actually four times more railways in Ontario. So, the inequity does not go back to this government coming to office: it existed long before 1867 and even before 1841.

Let us now look at construction and maintenance costs. Clause 103(3) provides that the owner of the land shall pay the costs of constructing and maintaining the crossing. Here is what this really means. I own a piece of land and there are 832 feet of railroad over it, cutting it in two. Since I have to cross from the west side to the east side of the railroad, the costs of maintaining the crossing are paid by the owner of the railroad. Now, under this bill, such costs would have to be paid by the owner of the land.

This makes no sense. Property rights pertaining to my farm existed long before the railroad was built. They go way back. Consequently, that clause alone is sufficient reason for me to condemn and to oppose that bill. Farmers who are listening to this debate on Bill C-14 must realize that if they use a private road to go from one side of their farm to the other, they will now have to maintain the crossing. The federal government just gave you a new responsibility, even though this area comes under provincial jurisdiction.

As I said earlier, the owner did not ask the railway company to encroach on his land. Consequently, the costs of constructing and maintaining the crossing must be paid by the company. After all, it uses the land. The same goes for fences. Not more than two weeks ago, it was reported in the newspapers that in Saint-Étienne, close to Quebec City, coyotes or stray dogs chased a herd of cattle over a railway fence and the CN convoy killed 49 animals.

Under this bill, fences would become the sole responsibility of the farmer. If you are a farmer and if a railroad runs over your land, you alone will have to pay for the whole fence, on both sides of the railroad, to keep your cattle from going on it. To those who might think this is fair, let me just say that Quebec's municipal code provides that the construction, maintenance and overall responsibility for fences are equally shared by the two owners. Any good notary knows that.

● (1150)

In its wisdom, the federal government is deciding that from now on you will have to put up your own fences. This will not do. It makes no sense.

Another point. When I was mayor of my municipality, I told you that each farmer had 832 feet, unless they had more than one piece of land. Over the years, a problem began to develop with drainage. As mayor, I met with the authorities of Quebec Central Railway, and it was mutually agreed that they would install two large culverts under the track. There was no problem. Do you know that, with Bill C-14, this would become the responsibility of the farmer? That does not make any sense either.

I would like to conclude with a look at the issue of running rights. In its present form, the bill allows a short line to transport merchandise to the nearest rail head, regardless of the national carrier chosen by the shipper. By giving provincially licensed railway lines running rights on federally licensed lines, a short line could deliver its freight to the rail head of any federally licensed company.

By transporting its freight over a greater distance, a short line would generate higher revenues, as well as offering improved service to its customers and cutting down on freight transfers. This is a logical and efficient improvement with respect to the running lines situation. And if the government is serious in saying that it wants to encourage the development of short lines, it must approve this proposal, which comes from our party, and in particular from the hon. member for Blainville—Deux-Montagnes.

In conclusion, I would like to pay tribute to a businessman in my riding of Frontenac, Jean-Marc Giguère, president of Marco Express. For several years now, Mr. Giguère has been negotiating with the head office of Canadian Pacific to buy 382 kilometres of track linking Sherbrooke, Vallée-Jonction, Lévis and le lac Frontière, via Saint-Georges de Beauce.

Like many of his fellow citizens from Beauce, Mr. Giguère is a courageous and persistent fellow, and he has not given up yet. Every week he heads for Toronto to pursue the negotiations. It is a slow and difficult process. In the meantime, the track continues to deteriorate. Almost one mile of rails and ties was stolen right outside Bishopton. By a fluke, the thief was caught. He went to court and was ordered to reimburse just the value of the old iron, $5,200. How much is it going to cost the promoters to rebuild one mile of track?

That aside, I pay tribute to Jean-Marc Giguère and wish him every success in his efforts to buy and operate this new short line in the Eastern Townships.

Mr. Ronald J. Duhamel (St. Boniface, Lib.): Mr. Speaker, I would like to make some comments and to ask two questions in particular. My colleague spoke of inequity. It seemed to me that this bill involving many key players is trying to strike some balance. Maybe my colleague would like to comment on this.

• (1155)

I would like to add that the byelection results last night, not only in Ontario and in Newfoundland but also in Quebec, show that Canadians think that the government of Jean Chrétien is quite equitable, fair and responsive.

I believe my colleague was not too ''chrétien'' on two aspects. For example, he said that this bill did not require an environmental study of its impacts and so on. As far as I know, he is mistaken. Such a study is mandatory under the Canadian Environmental Assessment Act. An environmental study is required before any approval, and this is the case here.

The second thing I want to say is this. If I understand correctly, it is not true, for example, that the damage caused to a land when a railway company proceeds with some construction project is the responsibility of the owner of the land. It is the responsibility of the railway company, not of the owner of the land.

I would like to know whether the member would comment on that. Did I misunderstand what he said? Maybe he thought he should exaggerate things. I would like him to clarify what he said.

Mr. Chrétien (Frontenac): Madam Speaker, I find the comments by my distinguished colleague from St. Boniface very pertinent. But before talking about environmental assessment and the construction of entrances, fences, and drainage culverts in farmland, I would like to get back to yesterday's election results, since he raised the question.

Last night on CBC, my dear colleague from St. Boniface also probably watched a special two-hour program on the state of the nation. Did he look at the poll results on voters' intentions at the federal level? His party would get 50 per cent of the votes across Canada, but only 35 per cent in Quebec, less than what it got in 1993. The Bloc Quebecois would get 53 per cent, or 4 points more than in 1993. What is going on? I do not want to be called a racist, but he knows where his party's strength is in Quebec. In francophone ridings, it gets walloped.

Look at what happened in the riding of Lac-Saint-Jean with a 22-year old candidate. Whether you like it or not, Madam Speaker, he is going to be the youngest member in this House. He got 76 per cent of the votes. It is a lot more than your leader in the riding of Saint-Maurice where he got a mere 54 per cent, in spite of his joining forces with the Conservatives.

Just yesterday, a liberal member who worked tirelessly in the riding of Lac-Saint-Jean told me: ''Of course, we do not expect to win, but it will be a good indication. Watch the results in Lac-Saint-Jean, the Liberal Party is going to shoot up''. It did not shoot up, it slipped on a banana peel.

In Quebec, the Bloc Quebecois is working hard, with dignity and modesty. This is the reason why—

Mr. Duhamel: I rise on a point of order, Madam Speaker.

Mr. Chrétien (Frontenac): He is wrong, Madam Speaker, do not listen to him.

Madam Speaker, my colleague asked me a question on the election results, I am answering him.

Mr. Duhamel: I rise on a point of order, Madam Speaker.

I also asked two specific questions of my colleague who suggested that there was no need for an environmental assessment. He is wrong. But, of course, he does not want to talk about that, he wants—

• (1200)

The Acting Speaker (Mrs. Ringuette-Maltais): That is not a point of order. The member for Frontenac has the floor.

Mr. Chrétien (Frontenac): Madam Speaker, you understood that I was about to get to that. But beforehand I wanted to tell my colleague from St. Boniface that we, from the Bloc Quebecois, are representing our province, our country, Quebec, in the best and most faithful way. That is why the opinion polls are so encouraging. I hope our standing will not drop.

I invite the Reform Party to do a good job in showing opposition in this House. They could, as well, kick the Liberal Party out of the other provinces. In Quebec, we are taking care of it. We will take care of the Liberal Party in Quebec. Fairness, that is what Quebecers want. They are frustrated by unfair treatments and have a hard time forgetting them.

My hon. colleague seems to have misinterpreted Bill C-14. Maybe it is not the same in English and in French. Personally, I read the French version, and it clearly says that railway companies have no obligation to maintain crossings, make fences or install drainage culverts under the railway once is constructed.

I remind the member for St. Boniface that, as mayor of my village, Garthby, I had to negotiate with Quebec Central Railway. I reread Bill C-111, which became C-101, which became C-14, and that is how I discovered this shortcoming.

My colleague, the member for St. Boniface, should read carefully the legislation, perhaps in both languages, because the translation often leaves little shortcomings that can change the interpretation.

I conclude rapidly on the issue of environmental assessment. For your party, the past is no guarantee for the future. Take the *Irving Whale* for example. Early next September it will have been sitting on the ocean floor for 26 years, rusting away and leaking contaminated oil. We spent over $20 million last year, the government organizing three so-called environmental public consultation sessions to end up with nothing, absolutely nothing. We will start all over again this year.

[*English*]

Mr. Ron MacDonald (Parliamentary Secretary to Minister for International Trade, Lib.): Madam Speaker, this is a very important piece of legislation, one that has had its roots way back in the first session of this Parliament and perhaps even further back than that.

For years the country has debated the future role of its transportation sector generally and quite clearly since the mid-1980s, 1986 or 1987, the future of rail. As everyone knows, it was on the promise of access to markets by way of rail that was one of the most compelling reasons the colonies, upper and lower Canada and the maritime provinces, came together and formed Confederation.

The debate may go on for a long time as to whether that ribbon of steal was actually a cause for the expansion of the economy like we wished to see in the Atlantic provinces, but I will not argue that today. I am sure my comments have been heard in that regard in other debates in the past.

Suffice it to say one of the things that has happened in the last number of years is that we are no longer dealing with a domestic market in the transportation sector which we can protect. Protectionism has gone the way of the dodo bird. In the last dozen years we have seen an explosion of competitiveness.

• (1205)

Canadian businesses have had to become more competitive. It does not matter which sector we are dealing with. We have had the free trade agreement, we have had the NAFTA, we have had the GATT. There have been agreements under TRIP on intellectual property. Every country that seeks to expand its economy has had to look outward.

The transportation sector is really no different. In the past we have hung our hat on public interest and public policy in order to protect these industries. There were so many regulations dealing with rail and air transportation that they would literally choke a stable of horses, not just one horse.

Clearly one of the things this government and the previous government, to give it a little credit, saw was there had to be a reduction in the regulatory burden in the transportation sector.

In 1987 when the government came out with the new National Transportation Act there was great debate about whether when we deal with rail line abandonment or rail line sale the argument would still be made that a line should be kept because it was in the public interest. I have debated that with myself and with others over the last number of years, in particular since I was elected to the House of Commons in 1988. One of the concerns I have had is that we still are able to maintain a national rail line from coast to coast.

One of the problems we have had, however, in the rail line is that both lines, Canadian National, a crown corporation recently privatized, and Canadian Pacific, were not as competitive as they had to be. One of the reasons they were not as competitive as they should have been is they had some protected markets.

They had an onerous regulatory burden that in my view led to some industries' in Atlantic Canada being less competitive on the international market, in particular the U.S. market, than they had to be to maintain their market share, to do value add in their industrial sector and continue to employ Canadians.

What has happened in the rail sector? Over the years we have seen both of our national rail lines, Canadian Pacific and Canadian National as a crown corporation, losing enormous amounts of money. It seems that when the economy goes into a cyclical downturn, and we can almost project when those things will happen, the bit of money made by these two very large and important companies during the good years is more than lost, many times over, in the bad years.

Over the last number of years both of these companies in the bad times have lost over $4 billion. For Canadian National Railroad, which was a crown corporation, the Government of Canada repeatedly has had to recapitalize that business.

When we came into power we said we had to have a national rail system. I come from a part of the country where a national rail system is essential. It has been there for many years. Unfortunately that national rail system has not allowed my part of the world to be as competitive with its industries as it should be.

Perhaps it is because both those large railroads, Canadian National and Canadian Pacific, when they were covered and wrapped in the warmth of burdensome regulations which protected both of their markets for that sector of the transportation business did not allow my part of the world to be as competitive as it should be.

A few years ago when I was in opposition I was fortunate enough to visit Hamburg. I visited with some interests promoting rail lines, both CP and CN. The thing that absolutely astonished me was when I looked on the wall of the office there was an ad from Canadian National: ''Canadian National, serving Canada from Montreal to Vancouver''. Somebody had forgotten to tell them there was another part of Canada, the closest part of Canada to Europe, Atlantic Canada.

The rail line at that point was still in place from Sydney to Montreal and somebody had forgotten to market the line. CN, it might be argued, in the past had selectively and intentionally demarketed the line from Montreal east.

Then this bill came in. In the past session of Parliament it had a different number. In this session it is Bill C-14. I was fortunate enough to sit on the privatization task force of CN, commercialization as we called it at the time. One of the things we heard over and over again when we spoke to shippers, when we spoke to provincial ministers, provincial governments and municipalities is that if rail is to continue to have relevance two things had to be done.

First, we had to recognize that rail in Canada could no longer be protected from outside forces, in particular the United States. Rail in the United States had undergone a renaissance. It had by and large been privatized. It had gone through shrinking and now is in an expansion mode.

• (1210)

It had been recapitalized primarily by the private sector and was competing on a daily basis through its connections with U.S. ports, particularly on the east coast but also on the west coast around Seattle and on the south Pacific coast around San Diego for Canadian bound traffic.

If the Canadian transportation sector in rail was to remain competitive, something had to change. CN again last year had a good year, it made some money, but that has not been the recent history of CN. It was clear to me that within a very short period of time, if it was still a crown corporation, CN would have to dip back into taxpayer pockets and would have to be recapitalized.

Quite clearly the government does not have the funds to do that. Members from all sides, particularly from the Reform Party, like to tell us all the time we have to accelerate our withdrawal from certain areas the government has traditionally supported. We have to leave it up to market forces. I believe that has to be the case.

The change in the regulatory burden the bill sets is important. When dealing with some aspects of rail line abandonment or conveyance in the past under the old bill there were over 200 different types of initiatives needing government approval. The new bill drops it to 40 or 50, in that area.

Reducing the regulatory burden means companies that are regulated will be more efficient. More than that, by putting this bill into place and by reducing the regulatory burden, by making it easier for short lines to be established in Canada, we should be able to reduce the overall cost of rail transportation. We should be able to make businesses that rely on rail transportation more competitive.

I come from a part of the world, around Atlantic Canada, Halifax, which has a brilliant future. In Atlantic Canada our future, particularly in Nova Scotia, will be based on our ability to trade. It will be based on our ability to very quickly let go of industries which are no longer competitive, which have had to rely for far too long on government support to maintain the jobs.

We have to find out what we can do best in a place like Halifax. In Halifax the thing we will do best is trade. Before Confederation Atlantic Canada and her ports were among the busiest in the new world. They were busy because we traded. That is why we were there. We had the best port in the world, the port of Halifax. It does not require icebreaking or dredging, but in order to get to its markets it requires a rail line and a road transportation system.

Provincial governments work on their road transportation systems. There have been many announcements in New Brunswick. The premier announced in the last year over $350 million in highway construction.

In Atlantic Canada, in Nova Scotia, we have had to refocus our efforts on what we do best, utilizing our location. In real estate they say the most important thing is location, location, location. At the port of Halifax location is our most important asset. We are the closest ice free port to the huge European market. We have a skilled workforce. We have plenty of industrial land. We have a reasonable taxation regime; it is not an onerous burden.

Nova Scotia is the only province that does not charge provincial tax on diesel fuel used in rail. In Nova Scotia we are trying to refocus.

When the privatization of CN first came to the task force, I admit I had grave concerns. I still have some concerns. CN had to be privatized. CN had to rely on market forces and it has to be as

competitive as it could be to keep the business it has to keep for its new shareholders.

Privatizing CN also meant that CP, its main competitor in Canada, had to become more competitive. Those two rail lines becoming more competitive with each other also means they will be more competitive with other modes of transportation and other rail lines which are capturing Canadian bound traffic through U.S. ports and running over U.S. rail lines.

Deregulation had to take place. We had to take that onerous burden off both those rail lines. This bill seeks to address some of the concerns of an onerous regulatory burden. I have watched what CP has done in Canada. I am not going to criticize it but CP has made a very strategic decision to abandon its eastern Canadian operations. It had a rail line that went into the port of Saint John. That rail link was essential to the port generating the net revenue and the jobs it had done in the past. The port of Saint John is not doing the business it had been doing when CP still had a rail line.

• (1215)

CP made a decision that it was going to go through a U.S. port of call. It bought the D and H rail line down through the United States. One of the states had given it $5 million, $10 million or $15 million to upgrade it but CP made a strategic business decision to abandon the line in maritime Canada. I have a concern that CN Rail will make the same business decision.

Clearly I would have liked to have seen in this legislation a requirement that under a privatized CN Rail for a specific period of time, be it three years or five years, the newly privatized corporation would not be able to abandon the line. If it did abandon the line, that line would have to come back to the federal government and the responsibility would lie with the federal government. Why did I think that was important during the task force deliberation? It was important for two reasons.

First I know we can compete in Atlantic Canada. The port of Halifax will be able to generate the new revenue, the new traffic required but I know it is going to take a little bit of time. It is not going to happen overnight nor is it going to turn on a dime, it is going to take some time.

My concern then and what still concerns me is that over a period of time, over the first two or three years with a privatized company with CN, decisions will be made which may not be similar to the decisions CP made and would put the very existence of that rail line in doubt.

I do not think we need special treatment in Atlantic Canada. We have to pull ourselves up by our own bootstraps and we can do that. The port of Halifax is experiencing a growth in traffic, not because of government subsidy, but because we have the best darn location to be found on the eastern seaboard of North America for that type of business.

Second we are going to succeed down there because increasingly as we get more trade from Europe and as post-Panamax vessels start plying Atlantic waters as they are currently doing in Pacific waters, there are very few ports on the eastern seaboard of North America that can handle those vessels. Halifax can handle those vessels.

We have reduced our costs of operating the port of Halifax. My government has come in with a marine transportation policy which will have a local port authority established, something I have begged the previous government for. The member for Thunder Bay knows that from the past Parliament. I said to let us do what we can do best, let us compete.

My port has said that on port fees it is prepared to have user pay as long as it is reasonable, transparent and that the government provides its service that it is paying for as cost competitively as possible.

I look with a great deal of optimism on the future of rail in Atlantic Canada but those concerns I have just expressed are ones I will continue to be very vigilant about. If I do see that the recently privatized Canadian National starts talking about making decisions similar to what CP has made which would jeopardize the main rail line from Halifax to Montreal, I give a guarantee to my constituents and I give notice to my government. I will be the first on my feet in this place and any other public forum to make sure that the privatization of CN, along with the very good provisions of Bill C-14 which have reduced the owners regulations, are not used by a newly privatized company, CN.

Mr. Hermanson: You will have zero impact. You will be a big zero.

Mr. MacDonald: The big zero is on the other side and perhaps he can ask the question when I am finished my speech.

Somewhere you have to have a little faith. This issue has been one where it has been difficult for me to put faith in a large privatized corporation.

Over the last number of years, as we all change when we are exposed to new things, I have changed a great deal. When I started in politics in 1988 I really believed that government had a large role to play in my economy in Atlantic Canada than what I do believe today. I know that governments in the past through protectionism, through regulation, through transfers, through regional development programs and policies have tried to do something to create economic growth but by and large they have failed.

• (1220)

In places like Atlantic Canada far too often we see the wonderful entrepreneurial spirit which built that part of the country over hundreds of years crushed because of inappropriate government

supports and transfers. Clearly, the people in my part of the world, my sons, daughters and family want to be able to work and live in Atlantic Canada. In order to do that public modes of transportation, all modes, be they rail, road or air, must be as competitive as possible. As a government or a Parliament we may think we can protect those industries, but we cannot protect them from the competition from south of the border and competition which is now upon us from all over the world.

I know we can succeed in Atlantic Canada. This bill is a step in the right direction. The reduction of regulation and the privatization of CN both will inevitably lead to a more competitive CP. The recently constructed Sarnia tunnel means we will be able to attract a volume of traffic necessary from the Chicago markets to come in through Halifax instead of Baltimore and New York and thus create jobs in Halifax and along the Canadian line down into the Chicago markets. In order to do that we must increase our volume so that we will have full train loads leaving Halifax and going straight to the yards in Chicago.

We have some way to go, but I am absolutely confident that those who are responsible for public policy and those responsible for the entrepreneurial zeal in Atlantic Canada will seize the opportunity and CN will see the rail line from Halifax to Montreal as an important profit centre, not as a cost centre.

With the advent of things such as short line operations, because the bill allows for easier establishment of short line operations than did past legislation, it will ensure that there is a competitive rail link. A rail link is absolutely essential to the economy of places like the port of Halifax.

Nearly $400 million a year in annual net revenue is generated in a city of 320,000 people by the fact that container traffic and bulk cargo comes into our port. It is not for distribution to local markets but serves central Canadian and northeastern and central U.S. markets.

In the tough times of the recession we did not shrivel up and die. CN was not competitive. Rates were too high because of regulatory burden. We have succeeded in the tough times. In the good times that are to come through expanding trade this type of legislation will assist my part of the country to take its rightful place as an entry and exit point to the North American market. Maybe the bill will go a long way to establishing a dream worth pursuing, the establishment of the port of Halifax as the NAFTA port north.

I support the bill with some reservations. However, I will be vigilant during the years ahead to make sure that this newly privatized company does not abuse the new regulations it has been given, but that they are used to ensure that the line between Halifax and Montreal is as competitive as possible.

Mr. Jim Gouk (Kootenay West—Revelstoke, Ref.): Madam Speaker, I would like to ask one question dealing with the hon. member's concerns he expressed at length about the CN rail line from Montreal to Halifax.

I do not know if the hon. member heard my speech this morning when I talked about my concerns. The people of Halifax came to the committee first on Bill C-89, the CN privatization and later on Bill C-101, the new Canada Transportation Act. They asked, begged and implored the committee and Parliament to offer some guarantee of continuance for a period of time for the reasons the member stated, so that the line would not disappear before the post-Panamax traffic was in place.

They wanted assurance for investors that they could invest in the newly privatized or commercialized Halifax port which does not get government support for these loans. I have no problem with that and they did not either, but they said to at least give them the tools to develop their financial self-sustaining characteristics. This is something which will not take traffic away from interior ports such as Montreal or the lakehead because post-Panamax freighters cannot and will not go up the St. Lawrence. They either go to Halifax or they go to the United States. Those are the two choices.

• (1225)

I talked to the president of CN Rail. I asked him if it would be a hardship for him if this was put in. His response was that it would not be.

What the hon. member should know is that the Bloc Quebecois has a private member's motion coming up on April 19 or thereabouts, because CN is not living up to its responsibilities to repair and rebuild the bridge which links the north shore to the south shore. If CN does not do that, if it is allowed to let it run down to the point where it is no longer practical to run it, that rail line will be gone.

We proposed in Bill C-89 on behalf of the member's people in Halifax that there be a 10 year continuance. That is what they asked for. The Liberals shot it down.

They asked for it again when Bill C-101 was in committee. They said: ''We have cut our plea to the minimum. We can live with five years. We would like to have 10, but we can live with five. Please give us the five years we need''. I reiterate, it is at no cost to anyone. It is not a cost to the internal ports of Canada. It will not take business away from them. It is not a cost to CN Rail. The president of CN Rail said it would not be a problem. I introduced this as Motion No. 38 which was voted down by the Liberal government.

The hon. member said that he would rise after the fact and speak on behalf of Halifax. It is too late. He either speaks now or

whatever benefit this may have brought Halifax will be gone. No matter what he says, it will be gone. He should know that one backbencher rising in Parliament after the fact will not make a difference. He should have been there when we were trying to put this through for Atlantic Canada.

Is the hon. member categorically stating that the Liberal government made a mistake in not passing Motion No. 38 which would have allowed that five years of continuance at no cost to anyone? Is he prepared to stand in the House today to say that he supports the motion now, even though it has already been defeated, against the position of the Liberal government which has turned its back on Atlantic Canada?

Mr. MacDonald: Madam Speaker, we have been listening to a speech from a Reform member whose party has been basically shut out in Atlantic Canada because of its harsh slash and burn policies toward regional development. It wants to privatize everything that walks, moves and crawls, yet the hon. member suddenly rises and pretends he has the interests of the people of Halifax at heart.

I do not need to take lessons from him or from anyone else in the Reform Party with respect to looking after the interests of Atlantic Canada. In the last Parliament 48 sets of questions were asked of the Tory ministers of transportation with respect to the competitiveness of the port of Halifax. Those questions came from the member of Parliament for Dartmouth. There were probably just as many questions asked by the member of Parliament for Halifax in the last Parliament.

In this Parliament it was the member of Parliament for Dartmouth who visited the Minister of Finance on a number of occasions to seek changes to the Customs Act and the Income Tax Act which would allow a port such as the port of Halifax to become a de facto duty free, value added trade centre.

Mr. Hermanson: You are avoiding the question. You do not have the courage to answer the question.

Mr. MacDonald: If the member wants to talk about courage, I will talk about courage. The courage is that in the past I have stood in my place here, in my place in my riding and in my place in my caucus and I have never been afraid to speak up for the people in my area. I have done something which members opposite have not done. I have been able to impact in a positive way public policy for the benefit of the people who live in Atlantic Canada.

We need no lessons from the Reform Party. The Reform Party, in the last few weeks of the campaign in Labrador, suddenly found out that Labrador existed. The Reform Party gets up every day in the House to talk about cutting social transfers to the poorest provinces. However, when it is on the election campaign in Labrador it talks about paving the Labrador highway at a cost of $1.1 billion. We need no lessons on this side of the House from those members opposite.

As the member of Parliament for Dartmouth, I raised with the task force on a number of occasions my concern that the rail line should be protected. I still had the concern that rail line should be protected.

• (1230)

Unlike members on the other side who do not think their voices count in this place, I happen to think the voices on this side are listened to by the front benches. I have received commitments not just from the front benches but from people like Mr. Tellier, the president of Canadian National. If we go back to the committee record, when he was asked the question he said that CN had no problem with the continuation of the rail line because CN was not going to abandon the investments it had made in Atlantic Canada, that it saw Atlantic Canada as a future profit centre for the operation.

To answer my hon. colleague's question of whether I give my unequivocal support, no I do not. Am I concerned about a privatized company, whichever it is, coming forward and changing its corporate direction? Yes, I am. However, am I confident that a rail line from Halifax to Montreal will be maintained as a viable entity, either as part of the main line or part of a short line, which I would support although I do not know if the hon. member would? I am confident that will continue because business goes where there is opportunity. There is no greater place in the transportation sector in Canada for new opportunities than there is at the port of Halifax.

Mr. Elwin Hermanson (Kindersley—Lloydminster, Ref.): Madam Speaker, I will ask a brief question of the member for Dartmouth.

He began his speech by talking about a new trading agreement. He talked about NAFTA, GATT and the like. I remember before the 1988 election when the Liberals were fighting the NAFTA agreement, they had advertisements in which they erased the boundary between Canada and United States. Now he has the gall to stand up in the House and support NAFTA, saying how wonderful it is. That is a big flip-flop on the part of the Liberals.

The transportation act we are dealing with, Bill C-14 replaces the old WGTA. The minister of agriculture stated as late as November 1994 that the Crow benefit was going to remain intact, that he had no intention of abolishing it. Three months later, in the 1995 budget, the Crow benefit was gone, another big Liberal flip-flop.

The member is praising the privatization of CN. Reformers have always been on the record as favouring privatization where the private sector can do a better job than the public sector. History is proving that position is right. I would like to remind the hon. member that his party's position was the opposite. It said that privatizing CN was despicable. I believe those were the words Liberals used. Now he is praising the privatization of CN. That is the third flip-flop.

The fourth flip-flop is that he said there should be a guarantee that the CN line remain between Montreal and Halifax. This member is from Dartmouth. He should have the interests of his constituents in mind, yet he is not supporting Motion No. 38 put forward by the member for Kootenay West—Revelstoke, a motion that would have put that in the legislation.

My question is really simple. Why should we believe anything a Liberal says?

Mr. MacDonald: It is unfortunate Reform Party members do not know whether they are punched or bored, which is part of their problem. The Reform Party opposite cannot believe for a second that the actions of the government have led to unprecedented popularity and support for our policies.

In Atlantic Canada, including Nova Scotia, the place Reformers are so concerned about in terms of transportation policy, the people are so certain they have made the right decision, in the latest public opinion polls 74 per cent said that they would continue to support initiatives like this and the privatization of CN because they know these initiatives mean economic growth and jobs in Atlantic Canada.

Mr. Elwin Hermanson (Kindersley—Lloydminster, Ref.): Madam Speaker, thank you for the opportunity to speak to Bill C-14. I hope I remember to call it Bill C-14. This bill had another title in the last session, Bill C-101. It is one of the bills the government brought back at its original stage. I talked about flip-flops earlier. The reinstatement of bills is another Liberal flip-flop. They said it was an abhorrent practice while in opposition yet they have followed that same practice themselves.

It is rather amazing we are already at the third reading debate of Bill C-14 on this Tuesday morning. I left on Thursday and was back in my riding over the weekend to attend to commitments. There were no sign that Bill C-14 would come up for debate. However, the government suddenly decided to slip it on to the Order Paper on Thursday and the House was doing report stage on Friday and Monday. One has to wonder about the motivation of the Liberal government in bringing this bill in around a weekend and trying to move it quickly through the House. I believe there is a little bit of mischief involved in the scheduling of Bill C-14.

• (1235)

What I will be talking about is primarily the rail transportation component of Bill C-14, although the bill is broader. I would like to bring to the attention of the House, and particularly to the attention of Liberal members, the market difference between rail transportation and other modes of transportation.

The best illustration that I can offer is the difference between rail and air transportation. When I want to fly home to Saskatchewan I go to the airport where I have access to more than one airline. I can decide what time I want to fly and which airline to use, based on the schedules and services they provide. Madam Speaker, when you want to fly back to New Brunswick you have some of the same opportunities. I suggest that when the Minister of Transport flies back to his riding in Victoria he also has a choice of airlines and times that he can fly. The same is true of the minister of agriculture when he flies back to Regina.

My constituents and thousands of prairie producers in the grain growing region of Canada are dependent on transportation for their very livelihood. However, they do not have the same options and opportunities as the Minister of Transport, the minister of agriculture or even you and I have, Madam Speaker, as to how we are going to get from here back to our ridings.

Prairie producers have to ship their commodity, primarily grain, through rail as it is the only commercially feasible means of transportation that they have. They are captive to two railways and at most times one railway. They have no opportunity to take their commodity down to the station to decide on which rail line they want to ship their products. That puts them in a category which is classified as being captive shippers.

It creates real problems for the industry if there is not legislation in place that ensures balance and fairness when disputes arise between the shipper and the transporter of these goods.

A couple of clauses in Bill C-14 are particularly obnoxious to shippers, primarily in the prairies but also right across the country. The most odious of these clauses in the bill are subclauses 27(2) and 27(3). The other clause that has caused a great deal of consternation is clause 112.

If it was just myself who was standing here and complaining about these clauses, perhaps members might question whether or not the concern was a significant factor. However, group after group appeared before the transport committee and talked about the inadequacies of Bill C-14 and particularly the clauses that I mentioned.

A number of shippers appeared before the committee. I have a partial list of those shippers which is a who's who of the shipping industry and farm organizations across the country. I am going to list a group of organizations which has stated their public concern or opposition to subclauses 27(2) and 27(3).

They include the Alberta Wheat Pool, the Saskatchewan Wheat Pool, the Manitoba Pool Elevators, the United Grain Growers, the Canadian Wheat Board, the Pioneer Grain Company, Cargill, the Western Canadian Shippers Coalition, the Canadian Dehydrators Association, the Canadian Fertilizer Institute, the Western Grain Elevator Association, the Canadian Federation of Agriculture, the Saskatchewan Association of Rural Municipalities, the National

Farmers Union, Southern Rails Co-operative, the Canadian Chemical Producers Association, the Atlantic Provinces Transportation Committee, the Ontario Ministry of Transportation, the Chamber of Maritime Commerce, Wabush Mines, Great Western Rural Development Corporation, Novacor Chemicals Limited, Luscar Ltd., Stelco. The list is longer but this is a who's who of shippers in Canada that have expressed opposition to subclauses 27(2) and 27(3) of Bill C-14.

● (1240)

The shippers hoped they would have an opportunity to see the bill amended. They wanted to see clause 27 deleted from the bill. They asked the government to do that. The former Minister of Transport and the Liberal members on the committee refused, in spite of an overwhelming cry from people against this clause in the bill.

There was a cabinet shuffle and a new session of Parliament started after the Christmas holidays and the new year break. Hope was rekindled in the hearts of many farmers in western Canada and many shippers across the country that perhaps with this change of leadership in the Department of Transport, new members on the transport committee and time for the government to digest all of the opposition to Bill C-101, which became Bill C-14, that it might change its attitude and become more concerned about some very real problems that occurred with the bill.

Many people had an opportunity to contact the new minister and ask him, a western Canadian minister, to reconsider Bill C-14. As the member for Kindersley—Lloydminister on behalf of my constituents I wrote a letter to the minister on February 8. Unfortunately the minister has not even seen fit to answer my letter. I have not received a response even though it was written a month and a half ago. There seems to be no concern on the part of Liberal ministers to whether they answer their mail.

In my letter I stated: ''A number of farmers in the livestock industry in British Columbia have expressed some concern over legislation initiated by the previous Minister of Transport. Under Bill C-101'', and that is the number of the old bill, ''grain destined for export would be under a freight rate cap, whereas freight rates for grain intended for domestic use in British Columbia would not be capped. It has been suggested that rail rates to the lower mainland of British Columbia for grain would be approximately $10 a tonne higher than grain destined for the export market. The livestock industry feels that the $10 a tonne price difference will have a detrimental impact on farmers facing increased costs.

''As well, there is some concern by prairie producers that a two-tiered freight rate may instigate allegations from outside our borders that the lower rate is a subsidy unacceptable under GATT. A further concern expressed in no uncertain terms by shippers and producers of goods shipped by rail was a strong opposition to clause 27(2) of Bill C-101. It was argued that this clause provided the railway with an unfair advantage when challenged by shippers over unfair, insufficient or overpriced service. This factor is extremely important to shippers of prairie grain who are captive to the railroads.

''With that said, the Prime Minister's decision to prorogue Parliament has resulted in Bill C-101 dying on the Order Paper. If you intend to reintroduce similar legislation in the new session of Parliament, I would call on you to make the necessary changes to alleviate the discrepancy in freight rates and remove clause 27(2) from the bill''.

I felt that this would be just one more letter that would perhaps tip the scales in favour of the shippers to provide more neutral legislation, better legislation for the Canadian economy but the minister did not even have the good sense to answer my letter.

Mine was not the only letter. Other letters went out from shippers asking the minister to take this opportunity to reconsider the bill. In fact, the minister said: ''Come and talk to me. I am open to changing the bill. There is a good chance that we will change some of the more reprehensible clauses in the bill''.

A number of shippers came to Ottawa and met with the new Minister of Transport. They were very disappointed in the results of that meeting. I have a copy of a letter written to the minister by Mr. Alex Graham, president of the Alberta Wheat Pool. He is also the chairman of Prince Rupert Grain and Pacific Terminals:

> The competitive access provisions provided in the legislation include the right of shippers to obtain a ruling from the Canadian Transportation Agency on rates or service, where the shipper has access to only one railway. As we said during our meeting, subsections 27(2) and (3) inject subjective language into the agency's decision-making process.
>
> Our legal counsel advises us that any time subjective language is placed in legislation, it results in legal challenges to define the language. We have been told that the legislative requirement for the agency to be satisfied that the shipper will suffer ''substantial commercial harm'' could result in as many legal actions as there are negotiations with the railways.
>
> Mr. Minister, during our meeting, and for the first time since this debate began, we were optimistic that our message was actually being received by the government. We were encouraged by your stated commitment to investigate fully our claims that these sections will result in increased litigation around applications to the Canadian Transportation Agency, and to take action if you found the claims to be valid.
>
> However, as report stage debate began in the House of Commons this morning, without any indication of additional amendments to address our concerns, it appears that there was really no intention to address them in the first place.
>
> As we said in our meeting, subsections 27(2) and (3) fly totally in the face of the intent of Bill C-14, which was to create a more commercial transportation environment, and to facilitate direct commercial negotiations on rates and services between shippers and carriers, without government or legal intervention.

> The government's approach to developing this legislation also flies in the face of its promise to enhance the ability of Canadian industry to compete on world markets. As has been pointed out on many occasions, all of the major shippers in Canada called for the removal of subsections 27(2) and (3), citing the disastrous effects these subsections will have on their ability to negotiate with carriers, and to remain competitive. They were supported by four provincial governments, and by a number of industry and municipal associations. We are perplexed and disturbed that the government chose not to respond positively to this overwhelming consensus.
>
> As long as this bill is before the House of Commons, Mr. Minister, you have the opportunity to make it right. In the interests of Canada's shippers, and the Canadian economy, we urge you to do so by removing subsections 27(2) and (3) or at least refer it back to the Standing Committee on Transport for specific and narrow examination before we all suffer the consequences.

● (1245)

That is a strongly worded letter from a respected person in the grains industry, someone whose constituency's livelihood depends on its ability to ship products at a fair price from the prairie region to port.

I also have a news release issued by United Grain Growers. It strongly condemns the government for the way it handled Bill C-14 with its heavy handed approach to saying it is interested in making some changes to the bill to make it more balanced as it relates to both shippers and the railroads, and then throwing dirt in its face, more or less, by slamming the door and saying it will not submit this bill to any changes whatsoever.

The government is ramming it through at report stage without considering any of the good amendments put forward, several by my colleague, the member for Kootenay West—Revelstoke, and by other members, which would have made the bill far more acceptable to the shippers.

To help us realize how important this is, the rail transportation sector, particularly in the prairies, used to be governed by the Western Grain Transportation Act, the WGTA. This legislation was considered to be shipper friendly. That is one reason the government brought in legislation that tipped the balance to being railway friendly, Bill C-14.

Under the Western Grain Transportation Act railways made their profits, guess where, shipping western grain. Here we had a piece of legislation that was shipper friendly and yet it was the shipping of prairie grain that was regulated under the act which provided the railways, CP and CN, with some of their largest profits.

It boggles my mind to think how we could tip the scales in favour of the railways and introduce and pass railway friendly legislation to allow the railways not only to make more money but to hold a hammer over the industry in such an unfair manner. For the Liberal government to be so unconcerned about that is beyond belief.

The people who presented the briefs to the transport committee, the many delegations that came as witnesses, must be shaking their heads. I read the list of the organizations that made submissions to the transport committee and said they had very grave concerns with this bill.

They must wonder why they bothered coming to Ottawa. There was clear consensus that there needed to be changes to this bill. This is one of the most clear indications of concern in a bill that I have seen since I have been here after first being elected to the House in 1993.

● (1250)

I have never seen such a strong, united effort on the part of the grains industry. One criticism of the industry is that it never gets its act together. One group will tell Ottawa it must do this, and the next group will say no, it has to go in the other direction. This did not happen in this case.

The groups that appeared for the transport committee were almost united in the their condemnation of clause 27(2) and clause 112. Yet the government chose to ignore them. It did not seem to care. Perhaps adding 5 cents more in value to CN shares it was selling was more important than the entire western grains industry; not only western grain but potash, iron ore and coal.

We have talked a lot about Atlantic Canada. Some Liberals from Atlantic Canada who just toed the party line as they had been told have asked why we suddenly have an interest in Atlantic Canada. One group that appeared before the committee was Wabash Mines from Labrador. It told us the bill was flawed and needed to be changed. It was not only western Canadians who were concerned; the concern came from across the country.

Did the members who serve that part of the country speak on behalf of the livelihood of their constituents, the job creators in their constituencies? No, they were silent. They let the flawed legislation progress and did not even speak against it. This is truly unfortunate.

Now we are at third reading. This is our final chance to debate Bill C-14. It cannot be amended in any substantive way. We can no longer delete clauses. We have gone past that stage. It is very sad to realize that so many people were opposed to a piece of legislation and the government would not budge. In the past significant concessions have usually been made when there was general opposition to a bill not only from members across the floor but from the public at large. However, in this case the government chose to have deaf ears and not hear what Canadians were saying.

This is extremely unfortunate. It means the bill will have to be changed in the future and it will be a lengthy process. I assure the House that there are members on this side listening to Canadians. We are taking notes and there will be a day of reckoning for the

arrogance of the Liberals and their inability to hear the concerns of Canadians.

I am thankful that through the democratic election process we will have a chance in the future to redress these wrongs.

[*Translation*]

Mr. Ghislain Lebel (Chambly, BQ): Madam Speaker, this morning, I heard the minister praise Bill C-14, which is only Bill C-101 reinstated under that new name after the hearing in committee.

The minister presented that bill as something totally new, something we could never hope for, something never yet submitted. The bill as such is not a bad one. I think we must be honest and, even if we are the opposition, admit that the minister meant well when he created what we will now call the Canadian Transportation Agency.

But, we are conferring powers to that office and this is where the minister should have paid attention to the recommendations of the opposition. Members of the opposition, even if they are Quebecers and sovereignists, are well aware of the fact that rail transportation in Canada, as air and sea transportation, has a great impact on their daily lives.

For example, the Reform member just spoke about mining companies owning private railways, such as the Wabush Mine and Iron Ore Company of Canada in Sept-Îles which also serves Labrador through the Quebec North Shore and Labrador Railway. So there are railways in Canada that will be affected by the provisions of the bill and by the regulations which will stem from it.

On that point, the minister should have listened to members of both opposition parties who made recommendations, because the Reform members also raised serious objections just as the members of the official opposition did.

• (1255)

Since party line rules in these committees, none of the proposals of the official opposition, none of the some 35 motions that we introduced, were accepted. Yet, they would have improved the bill and the transport industry in Canada, whether it be rail, air or maritime transport.

Personally, there is one thing I would like to tell the Minister of Transport. In the old days, last century, an independent colony had been set up because of the vastness of the country and, at the time, settlers were promised a dreamland, a country where remoteness, for example, would no longer be a problem.

They wanted to build a country then. Therefore, those who agreed to go further north, farther into the cold or into difficult terrain, in areas barely accessible, were told that people in large urban areas like Montreal, long before Toronto, were going to help pay the additional costs incurred because of the vastness of the country.

That view of things prevailed until recently, I would even say until today, but at least until 1987. Consequently people in remote areas knew that, despite everything, they would be in constant communication with the heart of the country, that is Montreal, Toronto or Ottawa, at a relatively reasonable cost. Of course, the real cost of operation was not fully reflected in what they paid since the community as a whole had chosen to assume a large part of these costs because people in remote areas were opening up new territories.

We know that an east-west railway was a main concern of the British government which feared at that time that Americans would push into Canada, court the settlers, and try to create a huge American entity. That was the main concern of the British government.

As you know, following the Halsbury Treaty of 1843, the British government had clearly defined borders between Canada and the United States. However, that border was contested especially in the west. American presidents who had expansionist views wanted their rights recognized, precisely at a time when the French speaking population—the friends of the hon. member for St. Boniface—was rebelling.

Even then, the Fenians, Irishmen living in the United States, had extremely expansionist designs. They tried to convince the American president to push toward the west, toward the north-west. That is what prevailed during the establishment of our railway system, our railways and much later, of course, air transportation.

Today this bill might be an attempt to achieve greater effectiveness. It is understandable that because of the globalization of markets—it is one of its effects—in order to be competitive we must—to put it rather inelegantly—''flush remote communities down the toilet'' because they cost too much. The cost of serving them is invariably or inevitably reflected in average administrative costs and our transportation costs are a little bit higher than those of our neighbours. This is reflected in our production costs and our products as well.

It is probably in order to respond to market requirements under all kinds of treaties, dictates of trading in the year 2000, of modern trade, that the Canadian government, through this bill, is making a clean sweep of its past, completely denying the very rationale for our railway system.

• (1300)

I want to talk about the more legal aspect of the bill, because my colleagues, the hon. member in front of me and my friend from Blainville—Deux-Montagnes, have amply demonstrated the flaws in this bill. Without underestimating the seriousness of their judgments, which incidentally I agree with, I would like, neverthe-

less, to talk about the perhaps more regulatory or legislative aspect of the bill.

The government is creating a commission or at least is transforming a commission that already existed with certain powers, giving it a new name. Then it says clearly in the bill that this agency will have the powers of a court. This is not bad in itself. In our parliamentary system, there are many agencies that have quasi-judicial powers. But, to reinforce these powers, the bill says that the agency's decisions may be approved by a superior court in a province, for example, the Superior Court of Quebec, the supreme courts of the maritime provinces, for instance, the Supreme Court of Nova Scotia, and the other Supreme Courts of British Columbia.

So, the agency was given teeth, was given the power to use its teeth and also the power to regulate, to legislate, a delegated legislative power. Where I have something against this procedure, which tends to extend to almost all government services at the present time, is that, once the agencies are created, parliamentary control is non-existent. Parliament does not have control over its agency any more.

The agency may edict regulations and determine whether they are appropriate or not. In short, an agency is asked to do the legislative work instead of the legislator. Within the bill, the minister still retains the power to intervene, perhaps in a slightly arbitrary manner, because he would not be called on to intervene by this House, but at his own discretion. He is the only judge of the appropriateness of the intervention; only he can decide whether the intervention is justified or not. He may, through the governor in council, make regulations or directions for the Canadian Transportation Agency, but without consulting the House in any way.

This is where it becomes sad. When we look at this, after the bills that were introduced last session—I am thinking specifically of Bill C-62 on regulation, and also Bill C-84, which amended the Statutory Instruments Act—we see that the government is showing great single-mindedness. All it is trying to do at this point is to push aside those who were elected to think, to discuss, to develop, to set objectives. It is faster to push us aside, thus allowing them to move forward without being tripped up.

Although this may sometimes be desirable, what will happen to Canada's railway system 15 or 20 years from now, for example? Even the minister would be unable to tell us, because he has no vision, no long term policy for developing Canada's railways. I think this government is showing us that it has thrown up its hands. It is selling off Canada's railways a little more slowly so as to save the best assets, but still moving inexorably toward their total dismantling. The government does not, however, have the courage to admit this to the people. The government goes all over the place boasting about this great country with communications from coast to coast, from east to west, from north to south, when it is in fact systematically shutting down our railway system.

• (1305)

I was looking at clause 25. Here we have a legal device of which we are becoming increasingly aware. The government creates an agency that is responsible for developing policies and regulations and, by virtue of its status as a superior court, judging those who could violate or be subject to these regulations. So, this court is no longer independent. It is losing its independence because it is responsible for both making legislation and enforcing it.

In our parliamentary system, we all know that when questioning the validity of a law, we can go before a tribunal that hopefully is independent. It is a bit like a divorce, where one party wishes to appear before the divorce court having jurisdiction in the area, while the other says: ''Oh no. We will not take this matter to a common law court, but to my mother. She is the one who will decide who is right.''

Can you imagine where this could lead? We could end up with decisions that would be legal monsters. This is precisely what we are about to do with this agency, with the new powers we are giving it, powers that are completely unlimited.

The Standing Joint Committee on Scrutiny of Regulations is specially appointed by the Speaker of the House and mandated by Parliament to study subordinate legislation. It acts as a watchdog for rights conferred by statute.

This committee has no interest in having a regulation quashed, replaced or enforced. Its only purpose is to verify compliance between regulations and the statutes that have been adopted and enacted by Parliament. For 20 or 25 years, this committee has reported regularly to the House, and the government has responded to its reports. Not so long ago, as we were submitting a report to the House, ministers wrote us saying: ''Yes, we do realize that such subordinate legislation is justified, or is not justified''.

Here, it is no longer possible. What monitoring power does Parliament have over an agency whose decisions are final and may not be appealed, as per clause 25? None. There is no such power left. Is the government trying to render Parliament ineffectual? Is it trying to transform it into an empty shell? Is it trying to turn the 300 or so members in this House into insignificant bystanders?

Everything will be decided by a few ministers who are close to the Prime Minister. From now on, these people will control practically all of Canada's economic, social and political development. We must put a stop to that. This can no longer go on. Where will this take us?

Earlier, we referred to Bill C-62. Public servants, we do not know which ones exactly—either at the top or the bottom—had the power to set standards that could be complied with, or not, subject to an exemption or a fee, or provided an alternative solution could

be found. This opened the doors wide to the lobbyists in Canada, and was unheard of.

• (1310)

Some weeks or months before, the Prime Minister had talked about introducing a bill. That was done with Bill C-41, which dealt with lobbyists on Parliament Hill. So, there is an incredible discrepancy between the statements made by ministers taken together, and those made by a minister alone. There is something wrong.

If government members will not do it officially, I ask them to at least tell their ministers, in caucus, that they have to shape up because the situation no longer makes sense.

In the end, we will hear about bills and acts of Parliament by reading about them in the newspapers, and the decisions will have been made by a handful of people. Consultation and democracy are on the way out in this country. So, as far as the regulatory powers are concerned, they will have to be reviewed, frankly, because we are in the process of making terrible mistakes.

I would like to deal briefly also with clause 104 and the following clauses of the bill. When the bill deals with mortgages, it is to allow mortgaging by SLR, the definition of which escapes me, but it relates to small, secondary railways.

An hon. member: Short line railways.

Mr. Lebel: Exactly, short line railways. We know that they are owned by groups of business people, often with limited financial resources, who have joined forces to buy a section of railway from the CN, the CP or some other railway company. Those railways are then given the right to mortgage the rolling stock. However, the bill is very evasive about the mode of publication of the mortgage or about its rank when there are several mortgages. If there are two, three or four, which one comes first? Will mortgage rank be determined by precedence of registration or of publication? The bill is totally silent on that.

With regard to the mortgage on movable property, there are provisions about that in Quebec legislation, but the bill is silent on that. So, railway cars could be seen as movable property. In Quebec, immovable property by destination has been eliminated under the new Civil Code. So, one could register in the registry of real or personal property in Montreal a mortgage on railway cars, whereas someone else would register the same property pursuant to clause 104 at the office of the registrar. Which one would take precedence? That is something that was completely overlooked, and I would like the minister to reply on these points.

Mr. Ronald J. Duhamel (St. Boniface, Lib.): Madam Speaker, I want to make a few comments and ask a few questions. You will remember that, earlier today, I pointed out to one of my colleagues from the same political party that he had made a mistake and I would like to quote the exact clause we were talking about. Then, I will tie up my comment to what my colleague just said and which is unfair and incorrect.

Clause 102 reads as follows:

> 102.If an owner's land is divided as a result of the construction of a railway line, the railway company shall, at the owner's request, construct a suitable crossing for the owner's enjoyment of the land.

And then in clause 103, it says:

> 103.(1) If a railway company and an owner of land adjoining the company's railway do not agree on the construction of a crossing across the railway, the Agency, on the application of the owner, may order the company to construct a suitable crossing if the Agency considers—

I made the same comment this morning, because the hon. member's colleague who spoke before said something else. I do not mean to say that he did not tell the truth, since he may have made a mistake, but what he said in the exact opposite of what I just said.

Having said that, I now worry about the Bloc members, because my colleague talks about a court which would not be unbiased. I find this shocking.

• (1315)

Then he says that Parliament gives it directions it must abide by, but then he argues that the court is not free, or rather that it is free, I do not know what his argument was all about. It is all very conflicting.

For my colleague's information, I would like to quote the following: ''A direction issued under subsection (1) shall not affect a matter that is before the Agency on the date of the direction and that relates to a particular person''. And then: ''A direction issued under section 43 is not binding on the Agency until the expiration of the thirtieth sitting day of Parliament after the direction has been laid before both Houses—''

This is a clear indication that there is a process in place, that the process is open and public, that it will be referred to Parliament, to a committee for further debate, etc.

If I had listened to every member of his party, I would have found similar mistakes. This morning, when I quoted from the document, why did his colleague not mention this mistake, why does he not recognize that we have an unbiased court and an open process, that what we are doing is both honest and right? Why are they always so negative when they do not need to?

Mr. Lebel: Madam Speaker, the hon. member for St. Boniface quoted the first paragraph of clause 103, but he should have quoted up to and including the third paragraph. It is said that we should always assume that things are done in good faith but I am wondering if this applies in the hon. member's case.

The hon. member for St. Boniface should read clause 103(3):

> The owner of the land shall pay the costs of constructing and maintaining the crossing.

Mr. Duhamel: If he buys a second piece of land.

Mr. Lebel: The hon. member says: ''If he buys a second piece of land.'' Maybe he had too much beef from England to eat, too much British cow.

It is specified in clause 103. The hon. member for St. Boniface is a sly one. He rises in the House to add or remove from the bill as he wishes.

Mr. Duhamel: That is it. I am writing my bills on the spot.

Mr. Lebel: The hon. member quoted the first two paragraphs of a clause, completely ignoring the third, which is precisely the one that the hon. member for Frontenac objected to this morning.

Partial as he is, not only does he not read between the lines but he does not even read the lines themselves. That is what I blame him for.

Mr. Duhamel: I do not doubt it.

Mr. Lebel: The hon. member for St. Boniface has interrupted me so much that he has finally succeeded in making me lose all concentration. I am still wondering where he was going with his second question and even what this question was. But I can tell you that the hon. member for Frontenac had raised this issue in good faith. He had also spoken of the environmental study. The member does not want to go back over that. Regarding the environmental assessments, nowhere is it mentioned in this bill that the person must conduct these assessments before getting the certificate of fitness required to operate a railway. It is not mentioned anywhere.

I agree with the member for St. Boniface that there is an act which requires the conduct of environmental assessments when the federal government and a province are involved. But it is far from being obvious that the environmental assessment act would apply to a SLR, a railway constructed and operated by an individual like the member for St. Boniface or myself.

The member for St. Boniface knows that very well. He does not mention it because it does not bring grist to his mill.

Mr. Duhamel: Is the court unbiased?

Mr. Lebel: Take an act, any act. Parliament enacts it and the court has to monitor its enforcement. But if the court establishes its own rules and says to the taxpayer that he did not comply with it, I would say to the member for St. Boniface that it is clearly in conflict of interest! What else does it take to make him understand the difference between a conflict of interest and impartiality?

• (1320)

Hon. Charles Caccia (Davenport, Lib.): Madam Speaker, first, I would like to congratulate you on your appointment to a position of responsibility. I am sure you will fill it with honour and a great sense of responsibility and wisdom.

[*English*]

I will say a few words on sustainable transport. The bill, which is former Bill C-101, lends itself very much to some considerations that ought to be related to the overall context of sustainable transport. In the 1993 red book as a party platform we devoted an entire chapter to sustainable development. Therefore, it is appropriate that we endeavour to launch new policies, including transportation policies within that overall concept.

This is not a new thought. It was adopted in Bill C-46 when the new Department of Industry was launched a couple of years ago. The same happened by incorporating a reference to sustainable development in Bill C-48 which bill created the new Department of Natural Resources. More recently the House debated and approved the creation of the position of the Commissioner for Sustainable Development which I believe was followed by a proclamation in December.

Therefore, it would make political logic to also insert the concept in the National Transportation Act and consolidation of the Railway Act and to put forward some thoughts on sustainable development. I will do that very briefly.

I congratulate the former minister who produced the bill, a massive effort no doubt, and for having decided that this aspect of our economy needs rationalization. We fully agree with him.

There is something which would have carried the matter a step further and would have been desirable. In section 5 of the act under the declaration section a reference is missing, one that would refer to the need for our national transportation system to be operated and developed in keeping with the principles of sustainable development. It is unfortunate it has not taken place yet. Those principles can be found in the legislation I referred to a moment ago which will be guiding the activities of the Commissioner for Sustainable Development in the auditor general's office. It is a set of principles which would be extremely useful within the context of national transportation.

Let me explain what sustainable transportation really means. It means a number of things. It means finding ways of reducing carbon dioxide emissions, keeping in mind the commitment we made internationally of stabilizing our carbon dioxide emissions and reducing them after the year 2000. It means keeping in mind that damage to the atmosphere is caused by air traffic in particular, which is an issue that needs to be addressed and is a matter of increasing urgency. It means that within the context of ground transportation we want to encourage movement of people with the

least consumption of energy, with the least production of pollution, with the least congestion of traffic. We want to find ways of transportation that move people with the lowest energy consumption per unit.

• (1325)

Finally I might add the necessity of conducting research for alternative fuels for the ones we are presently using. Research badly needs a shift in emphasis from the one we have so far applied when it comes to the energy sector.

The Ontario Round Table on Environment and the Economy has produced a number of interesting sectoral task force reports. Carbon dioxide emissions related to transportation account for 31 per cent of all emissions. Of this 31 per cent, the largest component, to the extent of 81 per cent is attributed to road transportation.

Imagine the importance of short, medium or long distance railway transportation in relation to the impact it could have in reducing the dependence on road transportation. This debate is not new on this continent but it has to be raised at every opportunity which is what I am doing today.

Rail transport produces significantly lower emissions per tonne of freight carried than does road transport. Tables and studies have been produced to this effect. For every tonne of freight switched from road to rail, energy used is reduced by some 86 per cent which is a considerable amount.

The ''Green Paper on the Impact of Transport on the Environment: A Community Strategy for Sustainable Mobility'' was produced by the Commission of European Communities. It confirms the results of the Ontario round table to which I referred earlier.

In December 1995 the Standing Committee on Environment and Sustainable Development produced a report entitled ''Keeping a Promise Towards a Sustainable Budget'' and dealt with the question of transportation and sustainable development albeit perhaps in a superficial manner. We came to the conclusion that the transportation system in Canada is currently not sustainable and requires significant changes. I refer particularly to pages 23 to 27 of that report.

We were quite struck by the submission by a witness on behalf of the Transportation Association of Canada who stated that the playing field in transportation is anything but level. I quote: ''It is tilted in favour of the automobile and there are many reasons for this. Our cities have been designed for cars. Cars would never have gained the popularity they have today if it had not been for roadway infrastructure provided for by the public purse. We need to tilt the playing field away from the single occupant auto and more in the direction of other means of transportation including of course railway''. This is what the Transportation Association of Canada is advocating.

Two of the witnesses before our committee said that the laws should be changed and a tax exemption made for employer provided transit passes. Around Montreal, Toronto and Vancouver there are a number of short railway systems which move commuters in rush hour and therefore the question of transit passes is relevant. Such a move, namely the employer provided transit pass, would encourage employees to use public transit rather than single occupancy automobiles. This would reduce energy consumption, decrease atmospheric pollution, reduce traffic congestion and the like. An initiative of this kind would send a strong signal to employers and to society in general about the need to change attitudes toward urban transportation.

• (1330)

The recommendation which emerged as a result of the consultation was that the Income Tax Act be amended to provide a tax exemption for employer provided transit passes to encourage people to use public transit rather than private automobiles. The change would apply to any future taxation year. The applicability of this would not be for rural Canada but for urban Canada and the transit railway systems that surround and feed into our major metropolises.

It would also be interesting to put on the record another recommendation to the effect that the federal government put in place a surcharge on the purchase of new fuel inefficient vehicles and redirect the revenue to a fund dedicated to improving the sustainability of Canadian transportation. This may sound a bit like pie in the sky but nevertheless it is a germ of an idea whose time will come and which could be implemented with perhaps some modification.

Another recommendation on the subject of sustainable transport is directed to the Minister of Finance and the Minister of Transport. They are being asked to re-evaluate the subsidies that are being directed to the railways and to road construction and maintenance in the context of sustainable transportation. They are being asked to determine whether a new allocation of resources between rail and road funding is needed and desirable at this time.

No doubt it is good that we have a bill to streamline rail regulations and promote the formation of short line railways. The question, however, which arises in this debate is whether we have the environmental and economic impacts available of the proposed short lines and have these impacts been studied.

These are factors of some importance because of the carbon dioxide emission issue, per tonne of freight in this case, and because of the fact that the emissions by the railway system are much smaller per unit transported than the emissions by road.

Taking this fact into consideration, environmental and economic impact studies are needed to ensure that the lines proposed by this bill will not result in greater road transport and hence greater carbon dioxide emissions because this would be contrary to everything we are trying to do under sustainable development.

I appreciate the fact that this debate on road transport versus rail transport is one which has bedevilled the imagination and skills of many governments and politicians before. It is not the first time it has been raised. However, it is becoming more and more relevant because of the urbanization of Canada and the increase in concentration of people in our urban centres, therefore, the transport requirement by rail and ground that follow this type of human settlement which is converging into our urban centres.

This kind of debate would have been much less significant 100 or even 50 years ago but it will be extremely relevant in the decades ahead.

• (1335)

I congratulate the government on this initiative. However, I would urge it to develop a sustainable transportation policy which would take into account the impact of carbon dioxide emissions on climate change. We must come to grips with those modes of transportation which are more energy efficient than the ones we presently have.

I would also urge the government to identify subsidies which are not desirable in the achievement of sustainable environmental goals and to identify modes of transportation which are less consuming and less polluting than the ones on which we rely today.

Mr. John Williams (St. Albert, Ref.): Madam Speaker, it is a pleasure to speak to Bill C-14. I note that this is a rehash of Bill C-101 which the government forced back into the House after it died on the Order Paper when Parliament was prorogued. It is a travesty of the democratic process, but nonetheless we are talking about it once more.

Unlike the previous speaker, I cannot find it in my heart to compliment the government for introducing the bill. I believe it has some serious shortcomings. However, our role is to be critical of legislation introduced by the government and the Reform Party has been doing an excellent job in that role.

Hon. members may have noticed the results of the byelections last night. The Reform Party gained considerable ground in Atlantic Canada and in Etobicoke North. Obviously the people are quite concerned about the message being delivered by the government. The way it is running the country is coming under closer and closer scrutiny. At the next election, when Canadians are given a real choice, they will choose something else, such as Reform.

The intention of the government in Bill C-14 is to regularize or streamline the process by which the main railway companies can abandon rail lines. I am thinking about the government's platform of jobs, jobs, jobs. With this bill it is creating an easier opportunity for the rail companies to abandon lines instead of maintaining them. All the jobs that go along with those lines will be lost.

The communities served along those lines will be diminished. Rural Canada will find it more difficult to maintain itself on a sustainable basis when competing with urban centres.

However, the government finds it quite appropriate to introduce rules and regulations which will make it easier for those companies to abandon lines. They will still have to justify what they are trying to do, but the government has given them a mechanism whereby they can say: ''We will allow this line to deteriorate and we will abandon it without any real public input''. It is shocking because this is the government that ran on jobs, jobs, jobs.

From the Reform point of view, a job in the country is every bit as important as a job in the city. Rural Canada is in jeopardy. It would have been a great opportunity for the government to protect and sustain rural Canada and rejuvenate the small cities and towns which have a way of life that is fading fast. It is a way of life that has produced great Canadians. It provides an opportunity for parents to raise their children without concerning themselves with crime and other things that little kids should not be getting into. It was a wonderful opportunity, but it is gone.

• (1340)

Let us look at the other side of the coin. If it is the government's intention to allow the railroads to abandon tracks, why is it not coming up with a plan to encourage small business entrepreneurs to operate these branch lines?

Unfortunately these small entrepreneurial companies do not seem to be of any concern to the government. It is just concerned with the big picture. As long as it can say that jobs, jobs, jobs are being created, it does not care about the small business entrepreneur who could help achieve that objective. The government has done nothing to create an environment in which these entrepreneurs could compete successfully by taking up the challenge of rejuvenating branch lines which are being abandoned by the major railroads. It is a great opportunity missed totally and completely by the government which does not seem to care.

Some branch lines in Alberta are run by small organizations. The member for Crowfoot has a branch line going through his riding. It is working profitably. It provides much better service that the major railroads. It is responsive to clientele. Its frequency is much

improved. It does not wait until there are 100 cars before it sends a train down the line. If there is grain to be moved the train is there.

It is time for us to recognize that small business entrepreneurs are capable of running railroads every bit as good as the large monoliths that are now being given the opportunity to abandon rail lines across the country. These railroads have been instrumental in the development and building of our nation. It is tragic to see them go.

The elevators are going along with them. My eldest son laments every time he hears about a grain elevator being demolished because he sees it as a part of our history disappearing. He is only 17, yet he realizes they are part of our history and will never return, again courtesy of this government. It does not have the foresight and the vision to realize that jobs can be created and protected.

I will now discuss another area of concern to my riding, the alfalfa business. I have been critical of the government in its treatment of the railroads by allowing them to abandon Canadian jobs. The alfalfa business is being treated in exactly the same way.

The alfalfa business has over 1,000 directly related jobs, yet the government ran roughshod over the entire industry when it cancelled the WGTA program. It did not give a hoot about the industry and how it will work in the new environment which has been forced on it.

As I have said, over 1,000 jobs are directly maintained in rural Canada. They are dependent on the alfalfa business, not to mention those spin-off jobs related to repair and maintenance. It is a $100 million export business. It generates the better part of $100 million in revenues although the government does not seem to care.

When the government eliminated the WGTA, the subsidy program for the railroads from which the alfalfa industry obtained a benefit, it did not consider the specific concerns and needs of the alfalfa industry. Alfalfa is a high volume, low value product. It is not like cereals which are low volume, high value. Yet the alfalfa industry has been eliminated from the subsidy entirely. Therefore, the elimination of the subsidy will cause the cost of transportation to increase much more dramatically for the alfalfa industry than for the grain growers.

● (1345)

We know the grain growers received $1.6 billion as a final settlement. The alfalfa people are going to get $40 million. However, it does not stop there. The $1.6 billion being paid to farmers allows them to reduce the capital cost of their land and therefore is non-taxable. They are allowed to keep the money.

Because land is not a depreciable asset, farmers can leave that reduced capital cost sitting on their financial statements until they retire. Then of course there is the $500,000 capital gains exemption for farmers when they sell out at retirement. This $1.6 billion is by and large going to flow through to farmers tax free.

This is not so in the alfalfa business because those people are not really in the business of land ownership. They will have to pay tax on this money if it is income, and there is a reasonable chance Revenue Canada will declare this to be income rather than a capital cost subsidy. If it does that at a 50 per cent tax rate, the $40 million subsidy becomes a $20 million subsidy because the government will claw $20 million of the $40 million right back into its own pocket. That is not going to do the alfalfa industry much good.

On the other hand, the government may say that this can be applied to capital. Unlike the farmers who can reduce their land values, they will have to acquire depreciable assets. This means they will be denied capital cost allowance by virtue of the grant and over the next few years will be paying higher taxes.

Again the government will get the $20 million back and not one penny of it will benefit the alfalfa industry. This is Canada we are talking about, a country in which this government does not seem to care about the small entrepreneur, the railroads.

This government does not seem to care about the small plants in my riding that generate jobs in rural Canada which are seriously in jeopardy because this government, even though it ran on the platform of jobs, jobs, jobs, is sitting back while its policy changes are putting these jobs in jeopardy, if not destroying them. It does not seem to care.

That is the type of legacy this government is leaving for Canadians. I and the people in my riding do not like it one bit. I can assure the government that there is absolutely no support from the people in the alfalfa business in Legal, Alberta, which is part of my riding.

The alfalfa people have been asking for about a $70 million subsidy. They feel that on a pro rata basis that is much more appropriate than the $40 million less tax being handed out by this government. That is why they are asking for $70 million and that is why they are asking that this amount be given as a prescribed amount, which allows it to be income tax exempt and allows them to get the money on the same basis as the farmers are getting.

If that type of insult were not enough, when the minister of agriculture announced the cancellation of the WGTA program and the introduction of the final payment, rather than paying the final payment on arable acres, he decreed that it was to be paid on land where cereals are being grown. Therefore the payment was denied to farmers who were growing alfalfa in that particular year.

I listened to the previous speaker tell us how concerned he was about sustainable development. Sustainable development is good but sustainable farming includes growing alfalfa periodically.

Because farmers were maintaining a policy of sustainable farming, the minister of agriculture said: ''Tough if you happen to be growing alfalfa this year because you are not going to participate in the final payout under the WGTA that every other farmer who was growing cereal that year was able to participate in''. If one member of the government speaks about sustainable development, we should also hear from the minister of agriculture and everyone else on the other side of the House.

• (1350)

We in the opposition agree with sustainable development and sustainable agriculture. Canadians agree with it. Why do we not hear from the minister of agriculture? Does he not care about the small alfalfa plant which generates $100 million worth of exports for this country, sustains 1,000 jobs in this country and pays taxes in this country like everyone else? He does not seem to care.

It is a disgrace for me to stand and accuse the minister of agriculture in that way but the unfortunate news is it is true.

I could go on about the alfalfa business, but the point is it is entitled to a fair shake. As farmers, as producers, as rural Canadians, as people who are participating in this economy and as people who are trying to make a living in Alberta while this government keeps pulling the rug out from underneath them, surely they deserve the same type of treatment as cereal growing farmers and as the railroads which are being allowed to abandon entire branch lines, perhaps even the branch line that services the alfalfa plant. Who knows, maybe in five years even it could be gone.

Finally we have the announcement by the Minister of Finance in the budget that he will be selling off these railway cars. He will allow a surcharge of 75 cents a tonne for the movement of commodities. Who will get hurt the most? Again, it is the alfalfa industry. It has high volume and low value. It has to move its product from the prairies to the coast for export to Japan which is a large consumer of the alfalfa pellets. What do we have? Another charge being levied on it.

It has not even had the opportunity to adjust, reinvest and improve its productivity to accommodate the elimination of the WGTA. Now it will get hit with a 75 cent a tonne surcharge, compliments of the Minister of Finance. After having dealt with the minister of agriculture, the industry now has another minister coming at it. Where will it stop? Is it the intention of this government to beat it into the ground, suffer the losses of jobs, suffer the decline of rural Canada and allow the railroads to dictate the policies of this government by asking for the authority to abandon lines as they so desire?

The government has a lot to answer for. With a bit of homework it could do a lot better. I expected that with this bill we could have had a lot better.

[*Translation*]

Mr. Paul Mercier (Blainville—Deux-Montagnes, BQ): Madam Speaker, I would like to put a question to my colleague from the Reform Party on the part of his speech which focuses on short lines.

It is not frequent for a member of my party to agree with a member of the Reform Party, so I did not want it to go unnoticed. It so happens that my honourable colleague rightly says that the bill does not give enough support to small businesses which intend to take over parts of the lines the big companies wish to abandon. He also says that these small businesses can manage the lines as well as the big companies.

I would even go further. Often times, they can manage them better because they succeed where the big companies have failed and, as the minister himself said this morning, in the United States, it is these short lines that truly saved the American network. Just like small streams feed big rivers, short lines feed larger ones.

• (1355)

Our party was suggesting two things to help the SLRs. First, we suggested that loans be given to small companies so they could rehabilitate the lines. As the hon. member probably knows, the big companies did not maintain short lines hoping that the service would deteriorate and that as a consequence people would stop using them which, in turn, allowed them to ask that the lines be abandoned. Today, when the National Transportation Agency authorizes a company to abandon a branch line, we can find buyers for that line but it is usually a small company which is not strong enough or does not have the money necessary to rehabilitate the line that was deliberately neglected.

I would like to ask my colleague what he thinks of our two suggestions which are: First, to give interest-free loans to small companies that want to buy branch lines, provided they rehabilitate those lines; and second, that the federal government creates its own branch line rehabilitation program since it is responsible for the present state of those lines.

What does the hon. member think of our suggestions? Does he himself have suggestions to help SLRs?

[*English*]

Mr. Williams: Madam Speaker, I would like to respond to and agree with the points raised by the hon. member.

We are fully aware that in many cases, years before a line is finally abandoned, the railroad sets it apart, ignores it and allows it to fall into disrepair and decay. After that, it can come before the National Transportation Agency and say: ''Look how much money it will cost to fix it up. Look how little traffic there is. This line is uneconomical and we want to close it down''.

Lack of maintenance, management and marketing leads to the decline of that particular line and the community which goes along with it. Therefore I think the hon. member has made a good suggestion. If we were to ask the railroads to finance, interest free, the rejuvenation of these branch lines then it would ensure that the railroads would not allow the lines to fall into a state of disrepair to begin with.

I do not see that the onus is on the government to pick up where the responsibilities of the railroads left off. I would think we would want to put it right back squarely in the lap of the railway companies to ensure they realize their responsibilities are to maintain adequate rail service in the country.

The Speaker: It being about 2 p.m., we will now proceed to Statements by Members.

STATEMENTS BY MEMBERS

[*English*]

CUBA

Mr. John Maloney (Erie, Lib.): Mr. Speaker, my constituents are outraged by the controversial and unjustified trade sanctions of the Helms-Burton bill which targets third country investments in Cuba.

Canadians deplore and condemn the excessive and inappropriate use of force by the Cuban government in downing civilian aircraft, action which coalesced Congressional support for this unacceptable legislation.

Equally, we deplore and condemn the excessive and inappropriate use of trade sanctions by the U.S. government which violates the spirit and text of NAFTA and WTO agreements.

The U.S. is an ally, our largest trading partner and a friend. Friends do not do this to friends. I urge the U.S. government to repeal this ill conceived legislation.

I strongly urge this government to vigorously support and protect the rights of Canadian businesses and investment. Above all, let us send a strong message that the United States of America does not dictate Canadian trade policies.

* * *

BYELECTIONS

Mr. Elwin Hermanson (Kindersley—Lloydminster, Ref.): Mr. Speaker, the Reform Party made remarkable gains in the six byelections yesterday.

Liberal patronage opened the way for the election in five safe Liberal ridings. Two of those safe seats gave the Liberals a scare last night, thanks to Reform.

The byelections are over but the issues remain. Will the new backbencher from Labrador fight to correct the injustice to his constituents posed by the Churchill Falls hydroelectric contract? Will the backbencher from Etobicoke North insist that the finance minister abolish the GST like he promised? Will the backbencher from Humber—St. Barbe—Baie Verte demand that the Liberals stop breaking their pledge to allow free votes in the House of Commons? Will the two new Quebec ministers realize that a majority of Canadians do not want special distinct society status for Quebec but rather equality of all provinces?

I want to thank the six excellent Reform candidates who capably communicated the Reform platform. I want to thank the thousands of voters who said no to Liberal nonsense and yes to Reform common sense.

* * *

ROYAL CANADIAN MOUNTED POLICE

Mr. Bill Blaikie (Winnipeg Transcona, NDP): Mr. Speaker, members of the Canadian Police Association are in Ottawa this week to build support for the principle that RCMP officers should be granted the right to collective bargaining and access to a grievance process that involves an independent third party.

We in the New Democratic Party support this idea now just as we did last year after hundreds of RCMP officers gathered on Parliament Hill calling on the government to withdraw Bill C-58 which would have weakened the labour rights of RCMP officers rather than strengthen them.

Other police forces in Canada enjoy collective bargaining rights without undermining the special functions of police officers in our society. There is no reason that RCMP officers should be denied their basic labour rights.

I call on the government to listen to the Canada Labour Commission and to begin the process of developing legislation to grant RCMP officers what is after all only their right.

* * *

[*Translation*]

FRANCOPHONIE CANADIENNE

Mr. Ronald J. Duhamel (St. Boniface, Lib.): Mr. Speaker, I would like to congratulate the Association canadienne d'éducation de langue française for the tremendous success of the Semaine nationale de la Francophonie. I would also like to congratulate two teachers at the École Lavallée, in my riding, for winning the Prix de la Francophonie canadienne in the education category.

Paul Sherwood and Dée-Anne Vermette developed and organized an activity entitled ''Envolée FM 95'' with students from their class. This musical show was presented in five Franco-Manitoban villages. Promoting and teaching French in a minority environment is a lot of work and a heavy responsibility. Mrs. Vermette, Mr. Sherwood and the students at the École Lavallée have been very successful in facing that challenge. In my opinion,

these enthusiastic teachers and students are excellent proof of the vitality of francophone communities in western Canada. We have not—poof!—disappeared.

* * *

CANADIANS OF GREEK ORIGIN

Mrs. Eleni Bakopanos (Saint-Denis, Lib.): Mr. Speaker, yesterday was an important day for Canadians of Greek origin.

[*English*]

The first reason is that the Liberal candidates they voted for in the byelections were all elected. I want to congratulate my new colleagues to this House.

The second reason is that they celebrated the 175th anniversary of the independence of the Hellenic republic. On that day in 1821, the Greeks declared their independence from nearly 400 years of Ottoman rule. The struggle for independence and democracy put forth by the Greeks of that time will forever be remembered by their descendants no matter where they are in the world.

Today on Parliament Hill we will celebrate this special day with Canadians of Greek origin from across Canada. I wish to take this opportunity to welcome them to Ottawa and to offer them my best wishes. I ask all my colleagues to attend if they can tonight.

ZHTO H ELLAS

ZHTO O KANADAS

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WALTER GUMPRICH

Mrs. Georgette Sheridan (Saskatoon—Humboldt, Lib.): Mr. Speaker, I rise today to pay tribute to the efforts of Walter Gumprich, a CESO volunteer who lives in my riding of Saskatoon—Humboldt. He has just completed his assignment with the Vologda regional government in Russia.

CESO is supported by CIDA, the Department of Indian Affairs and Northern Development and Canadian corporations and individuals.

Speaking with Walter this morning, I learned that he had held a seminar for 150 government, business and farm personnel on consumer driven economics. I also learned of how he assisted Russian farmers with management issues such as operations, financial management and marketing. Before conducting such seminars, Walter spent time in the area to familiarize himself with the reality of farming in Russia in 1996. I was struck by his comment that there is little value in fine marketing theories when the biggest obstacle facing the Russian farmer in selling his crop is a lack of protection on the highway against hijackers on his way to market.

Walter said after his work in Russia he realized even more vividly how lucky we are to live in Canada. I would add how lucky we are to have committed volunteers like Walter representing us throughout the world.

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[*Translation*]

BLOC QUEBECOIS

Mrs. Pauline Picard (Drummond, BQ): Mr. Speaker, yesterday's byelections in the ridings of Lac-Saint-Jean, Papineau—Saint-Michel and Saint-Laurent—Cartierville confirmed Quebecers' support for the Bloc Quebecois.

• (1405)

In Papineau—Saint-Michel and in Saint-Laurent—Cartierville, which, as we know, remain two Liberal strongholds, candidates from the Bloc performed well. Our party is grateful to them.

As for Lac-Saint-Jean, the unequivocal choice of the people in that riding will bring among us the youngest member of this 35th Parliament. The election of that member confirmed the status of the Bloc Quebecois as official opposition.

Thanks to all voters who supported the Bloc. Congratulations to Michel Sarra-Bournet, Daniel Turp and Stéphan Tremblay. Welcome to the new member for Lac-Saint-Jean, who will join us in defending Quebec's interests and our sovereignist option.

* * *

[*English*]

THE VALOUR AND THE HORROR

Mr. Bill Gilmour (Comox—Alberni, Ref.): Mr. Speaker, the CBC documentary on the bombing of Germany during World War II entitled ''The Valour and the Horror'' is an unbalanced portrayal of Canadian servicemen.

Thousands of Canadian airmen gave their lives during this war and I know from personal experience the sacrifices they and their families made. My father, who was a navigator in the RCAF, gave his life overseas during this war.

The Senate committee found serious inaccuracies in this docudrama and strongly recommended that CBC fulfil its promise to the Canadian public not to rebroadcast ''The Valour and the Horror'' in its original form, yet CBC has refused to listen.

I am personally outraged that CBC, funded by taxpayers, intends to rebroadcast this production which completely distorts history and casts a dark shadow on our brave airmen.

* * *

BRANDON POLICE SERVICE

Mr. Glen McKinnon (Brandon—Souris, Lib.): Mr. Speaker, I rise to salute the Canadian Police Association in general and the Brandon Police Service in particular who are in town this week.

The Brandon Police Service has developed an innovative approach to traditional crime prevention, one that is community based with a focus on youth.

In January 1995 to increase informal accessibility of police officers to young people, six Brandon schools formally adopted a cop. The officer is sometimes a guest in the classroom or a walker in the halls which provides students with the opportunity to interact with the officer at whatever level they choose.

Canadian police forces across the country are making great efforts to bring policing closer to the communities and are working with the communities to address issues relating to crime prevention.

I salute the initiative of the Brandon Police Service and the administrative staff of the participating schools. I encourage more involvement of this type across the country.

* * *

[*Translation*]

STANDARD & POOR'S

Mr. René Laurin (Joliette, BQ): Mr. Speaker, a news release from Standard & Poor's brings the federal government back to reality.

Federalists say that there will be no negotiations following a declaration of sovereignty? Standard & Poor's thinks otherwise. Federalists say that economic ties between Canada and Quebec will suffer? Standard & Poor's says that they will be maintained. Federalists are talking about a ruthless breakup. Standard & Poor's says that negotiations will take place in a climate of responsibility.

In addition, the firm expresses confidence in Quebec's approach, and this is reflected in the bond market, where there has been an upswing in the performance of Quebec government bonds.

The markets are putting to rest the federal government's campaign of fear. It is high time that the government faced up to the inevitable and began to prepare for Quebec's sovereignty.

[*English*]

TAIWAN

Mr. Gar Knutson (Elgin—Norfolk, Lib.): Mr. Speaker, I rise today to congratulate the people of Taiwan who have just voted in that country's first truly democratic election. President Lee Teng-hui received over 54 per cent of the votes last Saturday despite the implied warnings made against him by China. For the Taiwanese people this was the first democratic presidential election ever held on the island.

Several weeks ago China began conducting military exercises along the coast of the island of Taiwan in an attempt to influence the outcome of this historic vote. Taiwan has demonstrated great courage and has shown it will not be intimidated by China's military manoeuvres.

Canadians and all others who believe in democracy must support the Taiwanese people as they move forward.

* * *

● (1410)

ETOBICOKE NORTH BYELECTION

Ms. Jean Augustine (Etobicoke—Lakeshore, Lib.): Mr. Speaker, good news, good news. A new Liberal swept to victory once again last night in the Etobicoke North byelection. This proves once again that the people of metro Toronto have faith in the direction of the Liberal Party and its ability to govern this country.

It is interesting to note that in this byelection the Reform Party gained only eight more votes than it received in 1993. Only eight more votes despite a considerable sum of money and a great amount of energy put into trying to win voter support in Etobicoke North.

I ask you, Mr. Speaker, is this a strong second? It is not even striking distance. The voters of Etobicoke North have spoken. They support the policies and vision of the Liberal government. They recognize the Liberal government is good for Ontarians and is an excellent government for the people of Ontario.

Welcome to the member for Etobicoke North.

* * *

[*Translation*]

FOOD BANKS

Mrs. Christiane Gagnon (Québec, BQ): Mr. Speaker, it is bad news today. Today, a number of food banks throughout Canada and Quebec will be holding press conferences to criticize, among other things, the cuts to the Canada health and social program transfer. According to these organizations, the cuts will add to the difficulties already being experienced by those who depend on food banks to survive.

After the brutal cuts in unemployment insurance, the student loans program, transfer payments to the provinces and, soon, in the universality of old age pensions, we must ask ourselves what has become of the fine principles that led to the creation of Canada's social safety net.

* * *

[*English*]

LABRADOR BYELECTION

Mr. Chuck Strahl (Fraser Valley East, Ref.): Mr. Speaker, we want to congratulate the wonderful Reform Party campaign workers in the constituency of Labrador and their excellent candidate, John McGrath. Working together with the constituents they have changed the political momentum in Atlantic Canada raising the Reform share of the popular vote from zero to 30 per cent in our very first election there.

While the people of Labrador have set a new first, they have soundly rejected the Progressive Conservatives of course and have shown their willingness to consider a new political alternative in the Reform Party of Canada. I can assure the people of Labrador that we are in Labrador to stay and we will be even more active in the months and years ahead.

We also congratulate the new member for Labrador. We hope he enjoys his short stay in the House of Commons. We urge him, no we dare him, to stand up for the rights of his constituents because the voters have served noticed that in the coming days the person who puts the party ahead of the constituents will have to find a new job come the next general election.

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BYELECTIONS

Hon. Roger Simmons (Burin—St. George's, Lib.): Mr. Speaker, yes the byelections are over and the people have spoken and I for one like the results.

I am happy to note that Humber—St. Barbe—Baie Verte is giving us a gentleman we know and has given overwhelming support for Gerry Byrne. The name is well known around Parliament Hill as he worked with former member and now Premier Brian Tobin. Gerry's experience is going to serve the House and his people very well.

Labradorians had the good sense to put their confidence in Lawrence O'Brien. In so doing I say to the leader of the Reform Party they sent a strong signal of support for the Liberal government here.

I look forward to working with both members. I want to extend my gratitude and that of all the caucus to the people of Newfoundland and Labrador for their ongoing confidence and trust in the government's efforts on behalf of Atlantic Canada.

[*Translation*]

LIBERAL PARTY

Mr. Don Boudria (Glengarry—Prescott—Russell, Lib.): Mr. Speaker, after being in office for over two and a half years, our government succeeded in having five members elected in the six byelections held yesterday.

Voters in Humber—Sainte-Barbe—Baie Verte will be well represented by Gerry Byrne. So will those in Labrador, by Lawrence O'Brien; those in Etobicoke North, by Roy Cullen; those in Papineau—Saint-Michel, by the Hon. Pierre Pettigrew; and those in Saint-Laurent—Cartierville, by the Hon. Stéphane Dion.

Since 1993, our party has won four of the five byelections held in Quebec, and eight of the nine held across the country. This is Stanley Cup material.

• (1415)

Canadians, in Quebec and elsewhere in the country, have once again renewed their confidence in our government and our Prime Minister.

ORAL QUESTION PERIOD

[*Translation*]

STATISTICS CANADA

Mr. Michel Gauthier (Leader of the Opposition, BQ): Mr. Speaker, Statistics Canada is preparing for its census, and is therefore recruiting a number of census commissioners and census takers in each riding. To fill these positions, the Minister of Industry has asked each MP to provide the name of one volunteer to recruit potential census commissioners.

Will the Minister of Industry confirm that, in nearly all ridings represented by opposition members, additional lists of candidates have been provided by the Liberal Party of Canada?

[*English*]

Hon. John Manley (Minister of Industry, Minister for the Atlantic Canada Opportunities Agency, Minister of Western Economic Diversification and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, as the hon. member knows since he also received an invitation to name a contact person in his riding, that contact person is a source of names for the appointment of census commissioners. The same invitation was provided to all members of Parliament. Experience has shown that it is not adequate to generate all of the names required because the people whose names are submitted must submit themselves to testing, both written as well as interviews.

As the names have come in, in fact, I have noticed that in the ridings represented by the party of the hon. Leader of the Opposition, 134 of the recommendations were accepted out of 754 referrals, a proportion which is not dissimilar to the experience of others. I must say it is somewhat better than some of my colleagues have experienced.

[*Translation*]

Mr. Michel Gauthier (Leader of the Opposition, BQ): Mr. Speaker, I would like to find out from the Minister of Industry why his office, or Statistics Canada, seems to be asking for additional lists in ridings represented by opposition members far more often than in ridings represented by Liberals.

[*English*]

Hon. John Manley (Minister of Industry, Minister for the Atlantic Canada Opportunities Agency, Minister of Western Economic Diversification and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, if the Leader of the Opposition would like to take it up with some of my colleagues, he is welcome to do so. If he asks them he will know that additional names have been sought by Statistics Canada other than those submitted by political parties in all parts of the country. This has been necessary in order to ensure that census commissioners are those who are the best qualified.

Those who have been named have had to pass what is a rather difficult test of their skills. Very often, names submitted by the representatives or by the contact persons named by members of Parliament have been inadequate in number to fill the jobs. Therefore, they have been recruited from Canada Employment Centres, ads in newspapers and virtually any other source. They rebut them. They were all subject to the same testing procedure. If the member finds that unfair, I fail to understand it.

[*Translation*]

Mr. Michel Gauthier (Leader of the Opposition, BQ): Mr. Speaker, I accept the Minister's explanations but I would like to ask whether he will confirm that, under the system set up by his office, by his department, there appears to be two kinds of lists, a regular list and a priority list?

• (1420)

[*English*]

Hon. John Manley (Minister of Industry, Minister for the Atlantic Canada Opportunities Agency, Minister of Western Economic Diversification and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, to be perfectly clear on this, the lists of names submitted for the position of census commissioner have come from a number of sources.

With respect to the Liberal Party, of 2,199 names referred for census commissioner across the country, only 569 were actually recommended, fewer positions than there are. Obviously names come in from a variety of other sources in order that the census is well performed.

Certainly political sources have been used in order to obtain names of people for testing. Those sources have been, in each riding, first of all suggested by the member of Parliament of whichever party. The success rate for all parties is well below half, including overall the governing party.

There is also a recruiting process to select census representatives. There are over 35,000 of these people being hired to work on the census across Canada. They will be subject to testing. If the member has any names that he would like to submit for those positions, I would be happy to receive them and we will see that they are in.

[*Translation*]

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, I am sure the minister will be happy soon.

The practices the Minister of Industry established for the 1996 census leave us somewhat perplexed. There are regular lists and there are priority lists.

Could the minister tell us whether the priority lists are the ones provided by the Liberal Party of Canada?

Mr. Young: What we need to know is who chooses the television commentators. Who chooses the television commentators?

[*English*]

Hon. John Manley (Minister of Industry, Minister for the Atlantic Canada Opportunities Agency, Minister of Western Economic Diversification and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, I have already answered this question.

[*Translation*]

Mr. Young: The guys who talk on television, who chooses them?

[*English*]

Mr. Manley: At the end of the day there will be one list of people hired. They will be selected—

[*Translation*]

Mr. Young: They did not have a whole lot to say last night.

[*English*]

Mr. Manley: —by Statistics Canada and they will have been qualified—

[*Translation*]

Mr. Young: When you lose, you are sad.

[*English*]

Mr. Manley: —by taking a rather challenging written test. Only those who are qualified will be selected to perform the task.

The Speaker: I remind you, colleagues, that sometimes we are close to the microphones and our conversations carry over.

[*Translation*]

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, like you, I also heard the Minister of Human Resources Development making essentially irrelevant comments yet again. This is what he does, Mr. Speaker.

Would the minister responsible for Statistics Canada and thus for its activities and its operations tell us his criteria for determining whether a list is a priority one rather than a regular one?

[*English*]

Hon. John Manley (Minister of Industry, Minister for the Atlantic Canada Opportunities Agency, Minister of Western Economic Diversification and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, I hope I understand the hon. member's question correctly. Let me make sure we set out the process.

In the appointment of census commissioners, I wrote to every member of Parliament and invited them to submit a name as a contact person. From those names, Statistics Canada solicited possible people to serve as census commissioners. In many cases the contact person submitted their own name.

All those people were subject to very thorough testing at two stages. They were required to write a written test and they were required to submit to an interview process conducted by public servants who were regular or term employees of Statistics Canada.

From that, over 2,000 census commissioners across Canada were hired. Subsequent to that, there is a request for further names for census representatives.

• (1425)

As I explained a moment ago, 35,000 across the country is not a bad number. I am forwarding any names left over or which come to me from members of Parliament for those positions. I invite the member if he has some names to submit them to me. I would be happy to forward them on his behalf.

* * *

TAXATION

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, every senior government in Canada with the exception of the federal government is now committed to deficit elimination and balancing its budget.

Eight jurisdictions are expected to balance their budgets this fiscal year or post surpluses. This means that a number of provincial jurisdictions are getting close to being able to offer tax relief to their people. Their concern is that the federal government, still running a $30 billion deficit, will cancel out provincial tax cuts with federal tax increases.

Will the finance minister today assure his provincial counterparts that his government will not raise federal taxes when provinces cut theirs?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the leader of the Reform Party has a tendency, I am sure due to a difficulty in the research department, to ask the same question time and time again.

He has asked this question before. I have said to him that at the last meeting of the finance ministers we discussed this very issue and their was complete agreement on the need for co-ordination, that it made no sense for governments to fill in tax room, one on the other in either way. We will continue to co-operate in that way.

Eight provinces have either balanced their budgets or are looking to balance their budgets, absolutely. One of the reasons is that in the transfers to the provinces established by the federal government we have provided a formula for growth.

If the federal government had followed the policies of the Reform Party to slash and eviscerate those transfers, those provinces would not be able to balance their books.

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, one of the biggest problems the provinces are having in balancing their budgets is the drastic reduction in transfers instituted by the government, exactly opposite to what the minister said.

These are not unfounded fears. Despite the minister's assurances that this has all been discussed with provincial counterparts and that there is agreement, there is not agreement. If the minister is so confident this agreement can be reached would he be prepared to enter into a formal federal-provincial tax relief agreement to ensure that tax relief measures adopted by either level of government are passed on to the long suffering Canadian taxpayer?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, we have made it very clear that with the provinces we are prepared to sit down and take a look at the whole area of federal-provincial tax co-ordination. We have made it very clear and we will be discussing it at the next meeting.

I find it very difficult to understand how the leader of the Reform Party could stand up not one minute ago and say that one of the

problems is the drastic reductions we have imposed on the provinces when in fact his budget from last year had reductions that made ours look like a peanut hill; they were enormous.

Why will he not be consistent? How can he stand up here one day and say one thing, then stand up the next day and say another? Is there no coherence in the Reform Party at all?

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, the statements by the finance minister concerning Reform's budget are false.

This is not an academic matter. The finance minister will recall that his predecessor, Michael Wilson, in the late 1980s attempted to reduce federal taxes and managed to do that in a couple of years. However, the provinces, particularly the Liberal provincial government in Ontario, increased provincial taxes to sop up the tax relief granted by the federal government, and the taxpayers never saw any of it. Now people are afraid the same thing will happen in reverse.

I ask the minister again for a yes or no answer. Will he enter into a federal-provincial tax relief agreement to ensure that tax relief given by one level of government is not taken away by another level of government?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, I have answered the question. I said that what we want to do and what the provinces have agree to do is sit down and take a look at the way the provinces and the federal government tax the same taxpayer. We have agreed to co-ordinate.

● (1430)

Perhaps I should remind the leader of the Reform Party that in our first budget there were no increases in personal taxes. In our second budget there were no increases in personal income taxes. In our third budget there were no increases in personal taxes, corporate taxes or excise taxes; there were no increases in taxes at all.

* * *

[*Translation*]

STATISTICS CANADA

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, we know that the Minister of Industry, who is responsible for the census, has introduced a system of lists and names having priority in the hiring of census representatives at Statistics Canada.

Does the minister confirm that it is up to his own office to decide which lists have priority?

[*English*]

Hon. John Manley (Minister of Industry, Minister for the Atlantic Canada Opportunities Agency, Minister of Western Economic Diversification and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, I think I have answered that question. Let me answer a different question.

If the hon. member is asking whether as minister responsible for Statistics Canada I am involved in staffing the census positions, the answer is yes. Under the Statistics Act the minister responsible for Statistics Canada is authorized to appoint the staff required to conduct a census.

However, the way we have gone about doing this in order to provide as many names as possible so that the most qualified people could obtain jobs was to use the political process as a source of names.

As I have told the member, with respect to census commissioners, that has been done through all members of Parliament providing a contact person. In the case of representatives from the Bloc Quebecois, from the Reform Party, from the NDP and from the Liberal Party, many people did not successfully qualify for the position.

Consequently, with respect to the 35,000 positions for census representatives, we have asked that, being subjected to testing first, people who have been submitted through my office be hired if they are qualified.

I am prepared to do that for any member of Parliament who indicates, as many official opposition members have, that they feel their people were better qualified than the testing revealed them to be on the first go-round. They are perfectly welcome to submit names.

[*Translation*]

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, that was a long answer to a question that was quite simple. I want to give the minister another opportunity to answer a simple question.

Does the minister confirm that Liberals are invited to provide names on a list given priority by his office for federal ridings held by non-Liberal members, yes or no? That is a simple question.

[*English*]

Hon. John Manley (Minister of Industry, Minister for the Atlantic Canada Opportunities Agency, Minister of Western Economic Diversification and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, again let us be perfectly clear. If the member is asking me if names were being submitted from my office solely for Liberals, the answer is no.

If he would like to make sure names are submitted from his riding, from his list, for census representatives I invite him to do so. Point final.

INDIAN AFFAIRS

Mr. John Duncan (North Island—Powell River, Ref.): Mr. Speaker, the Nisga'a deal transfers ownership of a section of the public highway from Terrace to New Aiyansh and Greenville to the Nisga'a.

The minister knows that road blockades in B.C. have revolved around legal ownership of right of way at Adams Lake and Apex Mountain. These disputes remain unresolved and the minister conveniently has washed his hands of responsibility.

Why is the minister promoting an agreement that removes longstanding public ownership of public highways when he knows the precedent is a recipe for future problems?

• (1435)

Hon. Ron Irwin (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, dealing specifically with access, which was the point of the question, I am very proud of the access provisions of the agreement.

They provide public access to Nisga'a lands for hunting, fishing and recreation. The Nisga'a will regulate access based on safety, environment, cultural and historic sites and habitat. The province is to maintain the roads. The federal and provincial governments can acquire Nisga'a land for fair compensation for access. It is a very modern approach to access which the province of B.C., the Nisga'a and the federal government are quite proud of.

Mr. John Duncan (North Island—Powell River, Ref.): Mr. Speaker, the minister is continuing to perpetuate myths which do not stand up to scrutiny in the agreement.

Recently in the House the minister said there was no constitutionally protected commercial fishery in the Nisga'a deal. This same claim was made in some B.C. government ads which led to complaints. This resulted in the provincial aboriginal affairs minister's withdrawing the ads because they were inaccurate and misleading.

Will the minister follow the lead of his provincial counterpart and do the honourable thing by rescinding and withdrawing his earlier misleading statement?

Hon. Ron Irwin (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, the only thing mystical in the Nisga'a deal is the absence of the member of Parliament from the area on an invitation to the signing.

Concerning the fisheries, there was quite a bit of negotiation on the commercial aspect of the fishery and whether it would be constitutionally protected. The Nisga'a demanded that it be constitutionally protected. In the end this was withdrawn.

The commercial aspect of the fishery is not constitutionally protected. It is defined annually by a committee or commission of two Nisga'a and two federal representatives and reports directly to the Minister of Fisheries and Oceans.

* * *

[*Translation*]

STATISTICS CANADA

Mr. Gilbert Fillion (Chicoutimi, BQ): Mr. Speaker, obviously, the Minister of Industry is in the process of introducing at Statistics Canada a patronage system that is incompatible with the very role of the department.

By taking it upon himself to appoint Statistics Canada's census representatives on a partisan basis, is the minister not guilty of patronage in the performance of his duties?

[*English*]

Hon. John Manley (Minister of Industry, Minister for the Atlantic Canada Opportunities Agency, Minister of Western Economic Diversification and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, I suspect some of my colleagues would wish that I plead guilty to that accusation.

The system in place is based on testing and qualification by public servants evaluating the lists of names submitted for census commissioner by contract persons and other sources from all members of the House of Commons.

The second process is with respect to the hiring of the census representatives. There are over 35,000 of these people across the country subject to a two stage testing process.

In reflection of the fact that members of Parliament from all parties expressed some frustration that not all the people they considered qualified had succeeded in being chosen as census commissioners, we have asked Statistics Canada to give priority to those candidates who were tested and proven to be qualified for the census representative position who were referred through the minister's office. That includes names given by members of Parliament other than members of the governing party.

I invite the hon. member to do this but he does not have much time.

[*Translation*]

Mr. Gilbert Fillion (Chicoutimi, BQ): Mr. Speaker, yesterday, Senator Hervieux-Payette described the government as totally upright. Would the Minister of Industry say that his actions related to the 1996 census are in keeping with the government's rules of conduct?

● (1440)

[*English*]

Hon. John Manley (Minister of Industry, Minister for the Atlantic Canada Opportunities Agency, Minister of Western Economic Diversification and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, as I indicated in my answer to an earlier question, the Statistics Canada Act gives full discretion for the minister to appoint directly the people involved in the census process.

Rather than doing that, on a fully transparent patronage basis I have invited all members of Parliament to participate by submitting names. But I stress, with 35,000 of these people, most of the hirees are going to be people recruited directly by Statistics Canada either from the Canada employment offices or references from various groups and organizations in ridings across the country.

The census is going to be held and it is going to be on time. If the hon. member has some names, he had better get them in this week.

* * *

CANADIAN SECURITY INTELLIGENCE SERVICE

Ms. Val Meredith (Surrey—White Rock—South Langley, Ref.): Mr. Speaker, on February 29 the Solicitor General of Canada advised the House that he had been assured by the director of CSIS that a mole was not operating within CSIS. He also advised that SIRC was unable to confirm allegations that there was a mole within CSIS.

Today I would like to hear the minister's opinion on the matter. Is the solicitor general personally convinced that there is not a Russian spy operating within CSIS?

Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.): Mr. Speaker, I will not try to give further information about employment of census commissioners but instead I will say to the hon. member who has raised a serious question that I have no information that would lead me to change anything I have said in my previous answers.

Ms. Val Meredith (Surrey—White Rock—South Langley, Ref.): Mr. Speaker, I do not blame the solicitor general for being somewhat hesitant in providing the House with a more positive response.

Perhaps the minister should ask the director that if he is so convinced that the employee in question is not a mole, why did this employee have unreported contact with targets of the service, travel to another region to meet a CSIS source without authorization, have tens of the thousands of dollars in unexplained cash, lie during his security interview and fail a polygraph exam?

Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.): Mr. Speaker, as far as I can recall all these matters were gone into by SIRC when it reviewed the matter and, as I say, I have no reason to question the conclusions of SIRC in this matter or the advice I have received from the director.

* * *

[*Translation*]

STATISTICS CANADA

Mr. Michel Gauthier (Leader of the Opposition, BQ): Mr. Speaker, from the way the Minister of Industry has been answering our questions for the last while, he obviously seems to think that there is nothing unusual in the census being prepared by Statistics Canada. I would therefore like to hear what he has to say about other information we have obtained.

In an information note from Statistics Canada, *Census 96*, we read the following:

> The priority given priority lists remains unchanged. Please note that a sticker will identify these lists as priority.
>
> However, representatives of the Liberal Party have until March 29 to provide us with additional names and to follow up on your request. It is also possible that the Liberals will provide us with other priority lists of candidates in federal ridings not held by Liberals.

Are the minister's firm assurances based on his complete ignorance of what is going on in his department or do they simply indicate that he is trying to cover up the rather unorthodox treatment reserved for us by these people?

[*English*]

Hon. John Manley (Minister of Industry, Minister for the Atlantic Canada Opportunities Agency, Minister of Western Economic Diversification and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, I do not know how many times I can explain this.

With respect, the hon. Leader of the Opposition has given us a list and it has been forwarded to Statistics Canada. I do not know from what he is reading. I would be happy to look at it if he wants to pass it over to me. It certainly did not originate with me.

● (1445)

I can assure him that members of Parliament from all parties who submitted names through their contact person for census commissioner were disappointed with the results of the testing process.

In order to at least give some opportunity to those many people whose names were submitted—and there are many others that have to be hired because those lists would not be adequate—we have asked Statistics Canada to give priority to the qualified people, after testing, that have been submitted through members' offices.

That includes the names the Leader of the Opposition submitted from Roberval.

[*Translation*]

Mr. Michel Gauthier (Leader of the Opposition, BQ): Mr. Speaker, it is obvious that this is a minister with problems. How can the minister make the sort of statements he has just made, when a note on Statistics Canada letterhead says, and I quote: ''The big news is that you may go to other sources to recruit enumerators—'' and the memo mentions the Bloc Quebecois, students—

Some hon. members: Oh, oh!

Mr. Young: Go on, go on.

An hon. member: No, no, read the whole thing.

Mr. Gauthier: I will read the whole thing, at the general request of the Liberal Party. Understandably, it will take a little longer, if you insist that I read it all.

> The big news is that you may go to other sources to recruit enumerators, CECs, the Bloc Quebecois, students, Statistics Canada lists. However,

You asked and now you shall have the answer.

> please inform these candidates that, even if they pass the test, there is no guarantee that they will be called to an interview. It all depends on the number of positions remaining that have not been filled from the priority list.

An hon. member: Oh, oh!

An hon. member: They take their orders from the Liberals.

Mr. Gauthier: How can the minister give us such firm assurances, when we know full well that the priority lists were provided by the Liberals, identified by Cabinet, and that they take priority over ability, as the note says?

[*English*]

Hon. John Manley (Minister of Industry, Minister for the Atlantic Canada Opportunities Agency, Minister of Western Economic Diversification and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, perhaps the Leader of the Opposition would be kind enough to table the documents so that I will have a chance to look at them. They are not something that originated with me or my office.

If the hon. member wishes to provide names, as members of Parliament from all parties have done, those names will be passed on. The people will be subject to some rigid testing. After all, this is the census of Canada. We want qualified people to do the job. We do not want some of those people who counted the ballots in the referendum.

Some hon. members: Oh, oh.

DISABILITY TAX CREDIT

Ms. Beth Phinney (Hamilton Mountain, Lib.): Mr. Speaker, my question is for the Minister of National Revenue.

People with vision impairment have been affected by the definition of blindness used in the disability tax credit form. Recently in the Hamilton area, Zena Duguay received a letter revoking the credit which she has received for 20 years.

What is the minister doing to ensure that Canadians with disabilities get the benefits to which they are entitled?

Hon. Jane Stewart (Minister of National Revenue, Lib.): Mr. Speaker, let me begin by thanking the hon. member for Hamilton Mountain for her diligence on this file.

As a result of her representations and representations from other members in the House and the Canadian National Institute for the Blind a problem has been identified with the eligibility certificate used with the disability tax credit, particularly as it relates to Canadians who are blind or visually impaired.

Some of these people were rejected under the credit when, in fact, they are eligible. This will be fixed. The department will work with the CNIB to review the files that were rejected as a result of the problem with the form and that the form will be fixed.

• (1450)

Finally, the department will administer the disability tax credit with fairness and compassion, and where there are administrative improvements that need to be made, we will make them.

* * *

CRIMINAL CODE

Mr. Randy White (Fraser Valley West, Ref.): Mr. Speaker, yesterday the justice minister came under fire from the Canadian Police Association for his non-committal stand on the repeal of section 745. What did he do? He referred to a case where a victim's family actually supported an application for a judicial review.

Can the justice minister explain why he did not tell them that the victim's family was also the offender's family? Why did he purposely deceive the members of the—

Mr. Assadourian: You will never learn.

An hon. member: You blew it.

Some hon. members: Oh, oh.

The Speaker: Once again I ask you to be very careful. The words ''purposely deceive'' are not acceptable. I would ask the hon. member to withdraw those words.

Mr. White (Fraser Valley West): Mr. Speaker, I withdraw them. I would like to continue with the question for the justice minister. Why on earth were the members of the CPA not well informed of the situation?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, the case to which I referred made the point I wanted to express, namely, that not all those persons serving time for murder are career criminals, are dangerous offenders and there are exceptional circumstances. The case to which I referred was just that, an exceptional circumstance.

In the course of my address yesterday before the police association I told its members that I am working with the solicitor general on proposals which we are going to bring to caucus and then to cabinet to change section 745 to deal with the issues that have been raised in the public debate that has gone on now for some months in this country.

We have not ruled out the repeal of the section but I made the point yesterday that if we were to simply repeal, as the Reform Party would have us do, many people contend it would overlook the hard fact that serving time for murder are people in exceptional circumstances. That is exactly the illustration I made with the case to which the hon. member has referred.

Mr. Randy White (Fraser Valley West, Ref.): Mr. Speaker, I would inform the justice minister that it is not just the Reform Party that wants the section repealed.

In fact, yesterday the Canadian Police Association told the minister it would not support anything short of an absolute repeal of section 745, and that includes many other people in this country. No amendments will be supported.

Why does the minister continue to tinker with this ridiculous law in the face of mountains of petitions, loud and persistent requests from victims, from police and from a majority of the members in the House of Commons?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, as the solicitor general and I have told the House, and as I told the police association yesterday, we are bringing forward proposals for discussion in caucus and in cabinet that will meet the issues that have been raised.

It is important for at least the members of this party, if my hon. friend is not able to do it, to draw distinctions and to look at cases that are different. As we consider section 745 we shall consider all of its implications.

The simple point that I made yesterday, I make today: all of those serving murder sentences are not necessarily in identical circumstances and we should bear that in mind as we look at section 745.

[*Translation*]

CANADA LABOUR CODE

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

On January 31, 1996, the following recommendation was made on page 55 of the report by the task force examining part I of the Canada Labour Code: ''That the government undertake an examination to determine the appropriateness of allowing RCMP officers to unionize and to conduct collective bargaining under legislation other than the Canada Labour Code.''

• (1455)

Yesterday the Solicitor General told the Canadian Police Association that he was refusing to allow RCMP officers to exercise their legitimate right to unionize. Does the minister not acknowledge that he has thus rejected out of hand the process of public consultation announced by the Minister of Labour concerning RCMP unionization?

[*English*]

Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.): Mr. Speaker, the Sims committee had a very narrow term of reference which was to receive representation on the working of Part I of the Canada Labour Relations Act.

Part I deals only with people who are working in the federally regulated private sector and does not deal in any way with public employees. While the Sims committee had some comments on the matter of labour relations and the RCMP, as far as I can see, it was not within its terms of reference.

The section in the report did not deal with such things as the existing labour relations system within the RCMP, whereby the rank and file elect their own representatives to deal with RCMP management on such matters.

Finally, I might add that any matter with respect to a change in what is currently in the RCMP act would be a matter to be brought to and considered by cabinet, then brought forward as legislation to this House. It is not a matter for a decision by me personally.

As I also told the Canadian Police Association, there are a large number of legislative items to be dealt with in the House. Whether some people agree or not, these are the priorities of the government.

[*Translation*]

Mr. François Langlois (Bellechasse, BQ): Mr. Speaker, the only things the government has done since its election with respect to the RCMP have been to confirm the RCMP Commissioner's imperial status as a distinct employer, to drag its feet in putting the Gingras decision into application, to table Bill C-58 so as to prevent the RCMP from unionizing and, finally, to thumb its nose

at the most democratic rights of RCMP officers, for instance blocking Sergeant Major Gaétan Delisle from running for mayor of Saint-Blaise-sur-Richelieu.

When will the government begin to treat RCMP officers like every other Canadian citizen?

[*English*]

Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.): Mr. Speaker, with all due respect to the hon. member, I would like to correct something he said.

The RCMP does not have the status of separate employer, which is a very specific situation. It is being looked into in consultation with the elected representatives of the rank and file of the RCMP.

I would say further that one cannot overlook the existing labour relations structure within the RCMP. It appears there are those who do not agree with this but I have not received any information to the effect that it does not continue to be supported by most of the rank and file members of the force.

Certainly we have great respect for all the members of the force and the important role they play in our society. Their well-being and their working conditions remain of great concern to the government. We certainly want to see that any of these concerns are dealt with in the most appropriate and timely fashion.

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COMMUNICATIONS

Mr. Jim Abbott (Kootenay East, Ref.): Mr. Speaker, the tug of war in cabinet over foreign ownership in broadcasting and telecommunications is well known.

The heritage minister wants to go back to 1967 and the industry minister wants to move ever so slowly, of course, into the 21st century.

My question is for the industry minister. Consumer and industry advocates are demanding a coherent telecommunications policy, which is why I am asking him the question. When are we going to get one?

Hon. John Manley (Minister of Industry, Minister for the Atlantic Canada Opportunities Agency, Minister of Western Economic Diversification and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, we have a very coherent telecommunications policy.

The hon. member knows that in the joint submission to the CRTC on the issue of convergence last year, we set out the framework for a competitive, Canadian telecommunications industry. We are looking forward to responding to the CRTC report on convergence in the near future.

• (1500)

With respect to foreign ownership which was in the preamble to the hon. member's question, I would like to point out to him something which I think is very important. Canada has had one of the most open and liberal foreign ownership regimes in telecommunications of all countries in the world. We wait with impatience for some other countries to actually deliver on their promises of reciprocity which they have made so often.

Mr. Jim Abbott (Kootenay East, Ref.): Mr. Speaker, in reality, if we take a look at the DTH decision which was made last week and the fact that cabinet was not prepared to overrule the policy decision which the CRTC made, basically what happened was that cabinet put the Canadian industry at a disadvantage to the American industry.

Can the minister give us an idea of when he and the heritage minister will finally get their act together and make some decisions that are going to make competition by Canadian companies for Canadian business a reality in Canada?

Hon. John Manley (Minister of Industry, Minister for the Atlantic Canada Opportunities Agency, Minister of Western Economic Diversification and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, it has to be the height of irony to have the Reform Party posing a question like that.

Last year when we as a cabinet gave direction to the CRTC to set a framework which was going to lead to competition, it was that party which rose repeatedly to say we were interfering with the CRTC. It criticized us. It was not willing to take a stand with us in favour of competition.

We walked a very careful line in deciding how we would formulate our direction to the CRTC. We stayed within the law in giving direction on policy matters. The CRTC implements those policies. It did so.

If the hon. member does not like it, I do not know why he did not support us when we were making directive orders to the CRTC on this very issue.

* * *

ENVIRONMENT

Hon. Charles Caccia (Davenport, Lib.): Mr. Speaker, my question is for the Minister of Finance. It relates to our red book commitment to conduct a comprehensive base line study of federal taxes, grants and subsidies in order to identify barriers and disincentives to sound environmental practices.

When does the Minister of Finance intend to implement this red book promise?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, we welcome and in fact are actively reviewing the proposals of the standing committee on the environment concerning the base line

study. We will be reporting shortly on how we intend to continue the important work which has already been initiated.

I will give some examples of what we have done. In the 1994 budget we brought in tax deductions to encourage contributions to mine reclamation funds. In 1995 we brought in a tax change to encourage donations of ecologically sensitive land. In the 1996 budget which we just brought down, we acted on the key findings of the environment committee's review to help level the playing field between renewable and non-renewable energy sources by, for instance, providing access to flowthrough financing. I would say that we are very active on it.

I would also like to congratulate the environment committee, its chairman and all members of the House who bring this very important matter to the attention of the government.

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TRADE

Mr. Vic Althouse (Mackenzie, NDP): Mr. Speaker, my question is for either the minister of trade or the minister of agriculture.

The U.S. has claimed in arguments before the special trade panel now sitting that Canada was fully aware that its conversion of import quotas on supply managed products to tariffs violates the NAFTA, even though tariffication is permitted under the GATT and the World Trade Organization. Canadian officials say there is no evidence of intergovernmental memos on this issue.

Can the minister give his word to the House that there is no documentation of any kind to prove the U.S. assertions, neither from a minister of the crown, past or present, nor from departmental officials, past or present, nor a statement issuing from any department which may jeopardize Canada's position vis-à-vis the U.S. in this dispute?

Hon. Ralph E. Goodale (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, certainly to the very best of my knowledge and belief, no such documents exist. I have already asked my officials to confirm that to my satisfaction.

I can tell the hon. member what I do know exists. It was delivered to me in Geneva in December 1993 when the initialling of the WTO agreement took place. It was a very clear, very strong legal opinion on behalf of the legal counsel acting for the Government of Canada that our position with respect to supply management was not only fully consistent with the WTO which was about to come into effect, but was also fully consistent with all of our obligations under the NAFTA.

• (1505)

The Speaker: My colleagues, this would bring to a close the question period, but I have notice of a point of order by the member for Skeena.

* * *

POINT OF ORDER

NISGA'A LAND CLAIMS

Mr. Mike Scott (Skeena, Ref.): Mr. Speaker, I rise on a point of order. During the course of question period the Minister of Indian Affairs and Northern Development made a statement to the effect that I had refused an invitation to attend the Nisga'a signing ceremony on Friday of last week at Aiyansh. The minister knows this is totally false and I would ask him to withdraw this statement. It is not a matter of debate but a matter of record.

The Speaker: I do not know exactly where this is going but the hon. minister is here. Perhaps he could clarify this situation.

Hon. Ron Irwin (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, I was told by the Nisga'a leadership that an invitation was sent to the member. If he says that he was not invited, I am prepared to accept his word.

The Speaker: All right, the matter is closed.

GOVERNMENT ORDERS

[*Translation*]

CANADA TRANSPORTATION ACT

The House resumed consideration of the motion that Bill C-14, an act to continue the National Transportation Agency as the Canadian Transportation Agency, to consolidate and revise the National Transportation Act, 1987 and the Railway Act and to amend or repeal other acts as a consequence, be read the third time and passed.

Mr. Paul Crête (Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, indeed I think it important to put all arguments to the House when a bill is being studied, and the point of this one is to bring legislation on rail transportation up to date.

In order to analyze this bill, I decided to use a specific example, because part of this bill concerns all of us and has a particular effect on certain regions of Quebec and Canada. I am talking about rail transportation and the sale of rail lines to private interests.

The example I would like to use is that of the line between Gaspé and Matapedia, in the Gaspé region of eastern Quebec. For a

number of years the fate of this line was up in the air, because there was some doubt as to its continued maintenance.

Under the old way of doing things, under the present legislation, there must be public hearings. The government, when it wants to close a line, has to go through the transportation agency, hold hearings and get opinions.

Under the new bill, and this is very important for the future of these lines, there is no provision for public hearings where people can come and present reasons why a rail link is important to their community. For example, the year after we were elected, there was a rumour the Gaspé—Matapedia line would be closed. Public hearings were held. Hearings were even organized by community groups and, as the result of representations made, we succeeded in keeping the line running.

Today, under the new legislation, things would read differently: the owner would simply have to announce its intention to divest itself of the line, and the people in the community would have only two weeks for consultations on the merits of buying the line.

• (1510)

We are confronted with a situation where negotiations could easily be conducted behind the scene, which could favour private owners. We have a very real case in point here. The rumour has it, and there have been reports in the press these past few days saying that the Gaspe-Matapedia line may be sold to a company like Irving, which already owns several similar properties.

In the meantime however, the local population does not know how to react, for lack of information on whether or not the line is for sale.

The bill provides that railway companies shall prepare a three year plan concerning the lines they intend to sell, but this provision is of no use in 1996. The companies have not yet been asked to table these plans. Assuming that the bill became law by the end of the current session and that the companies prepared their plans—because they are required only to prepare plans, to have them on file, not to file them—the stakeholders are in no position to prepare their case, to determine if there would be any potential local buyers. Instead, this will encourage the bringing of railway lines under the control of foreign interests or big money.

Therefore, there is no guarantee that the line will remain open in the medium term. Let us take a case like that of Irving, a company involved in many areas, such as lumbering, automobile gasoline and rail transportation. At times, its interests may conflict with that of the local population.

The bill, as it stands, does not provide well enough that the local population, those who live in that part of the country will have the opportunity to thoroughly analyze the situation, take their responsibilities, and find out if local interests would offer to buy.

In this case, the example of the Gaspe-Matapedia line could be taken one step further by asking ourselves: providing sufficient notice was given, what would keep the solidarity fund recently established for the Lower St. Lawrence and Gaspesian Peninsula from being used to enable a consortium of local interests—this money could be put together with money from other local sources, local interests—to buy the facility and give it a future. Let us stop throwing back into question, year after year, the future of this line.

I notice one disappointing fact and that is the fact that the current federal government does not care the least for regional development. It has really given in to market forces as we see in all the legislation it introduces, of which this is but one example. They say they will let the market forces come into play as much as possible, and under the guise of deregulating, they are tolerating things that do not promote regional development in Quebec and Canada.

I believe it would be in the interest of the Liberal majority, in particular members from the regions, to amend this bill so as to give people in the areas more time to find out about the sale of a rail line, about sale conditions, about the cost and about what kind of development can take place around the line in question.

Other points could be raised. Before, carriers could enter into secret deals to provide services at the lowest possible prices in an effort to stay competitive. They could then remain on the market. However, the law required these agreements to be submitted to the National Transportation Agency. This requirement will be eliminated. Owners of short line railways will no longer have some kind of guarantee that they will have access to major national railways.

In our opinion, this should be corrected to give equal opportunities to owners of short line railways, as there is an increasing number of such railways. We must ensure that these short line railways have a future, that they have the same opportunities as major carriers, so that these people are not sold out.

• (1515)

The other point I wanted to raise is that there is no assurance that there will be a requirement that short line railways be connected to the major networks. I think the bill should be amended to allow for the smooth operation of short line railways. These railways are of local or regional interest and would help develop the whole region.

This bill has another flaw: it says that, in the future, any short line railway can be declared to be in the general interest of Canada. This situation could hurt short line railway owners, since they must co-operate with major railways such as Canadian National and Canadian Pacific, and since that decision would not give these owners the leeway that they would otherwise have if they were regulated only by provincial laws. This would in fact make a lot more sense, considering that almost all short lines are sections of a

railroad in a province. Therefore, they should really be governed by provincial legislation. However, the federal government is giving itself the right to rule that any short line is beneficial to Canada. In so doing, it more or less duplicates the legislation governing owners.

Sure, it is necessary to update the legislation on railroad transportation. However, the bill does not adequately take into account the experience gained over the last 5, 10, 15 or 20 years regarding the abandonment of railway lines.

All these obstacles and difficulties have helped us develop an expertise. In fact, local groups that have developed some expertise in the submission of briefs opposing the abandonment of lines are being somewhat deprived of that expertise, since the bill will no longer allow them to use it in the same fashion. These groups will no longer have adequate information to help local authorities decide what to do when faced with this kind of situation.

I should also point out that clause 99 does not stipulate that the agency must conduct an environmental study before authorizing the construction of a railway line. This seems unusual, given an increasing awareness in Quebec and in Canada regarding the need to assess the environmental impact of any decision of an economic nature.

In short, this is more or less an omnibus bill dealing with several issues. My main concern is with the railway sector. I believe we must use concrete examples, such as the Gaspe-Matapedia line, to show that the bill will become acceptable, if some amendments allow local interests to be well informed about the decisions that will be made by current owners. Furthermore, we must ensure that they have time to draft counterproposals, so that these lines can be taken over as quickly as possible by local interest groups, thus avoiding the situation that we are currently experiencing with the sale of CN.

● (1520)

As we are now finding out, because of insufficient control over the sale of shares, an architectural work of art like the Quebec bridge is now owned in part by American interests. In any discussion about cultural heritage, whether in Quebec or in Canada, it is important to prevent anything of the sort from happening again.

I would urge the government to make sure that the final version of the bill provides for a more transparent process. We all agree on the need for planning and for companies to make plans, saying: ''Over the next three years, we intend to get rid of such and such a line'', but they should be required to submit their plans to the National Transportation Agency, not just keep them on file. Second, we should have access to this information as quickly as possible so that the public is kept informed.

Time frames of 15 days or 60 days, at present, are inadequate. More time is required, again, to protect local interests.

Let us hope that the approved version of the bill will include these changes and that, if the Gaspé—Matapédia line changes hands, this will be in the best interests of Gaspesians, Quebecers and the people of eastern Quebec and all of eastern Canada, because this is a high quality line. This line, which once provided Gaspesians with their only means of travel in the summertime, has become a major touristic tool. It is therefore important that those who want to ensure its continued development have the opportunity to buy it, in order to avoid unpleasant surprises like seeing the new owner close down the line just a few years from now for reasons that do not necessarily take into account the interests of the region.

[*English*]

Mr. Jim Abbott (Kootenay East, Ref.): Mr. Speaker, one of my constituents involved in the tourism industry suggested that rather than me being referred to just as the member for Kootenay East, I be referred to as the member from the part of the beautiful, fabulous, magnificent, sensational, thrilling Canadian Rockies.

I had a look at the old Bill C-101, which was the evil twin of this bill, and found a speech which I had actually prepared for Bill C-101. The design of the bill at first reading was rather interesting because it was designed at a time when it was going to go to a committee. There were things in the speech where we were basically saying: ''The difficulty is that we really cannot trust the Liberals in this process because of the way they have been seen to use pile drivers to put nails into boards. We really cannot believe that they are really to be open to the amendments that are required''.

What is particularly scary as I reviewed this speech, which I should note I never had the opportunity to give, is that I realized that virtually everything in this speech came to pass. Therefore I go ahead.

I come from a riding which relies heavily on rail transport. Mining and forestry combine to make up a substantial part of the economy in Kootenay East. It is understandable that when I had my office contact companies in my constituency for their opinions on the bill we were inundated with responses. I have compiled a substantial amount of information. We received from some companies detailed amendments to the bill which I will outline in my remarks.

Before I carry on, as I say, this was a speech which was intended to be made at first reading in the hopes that the Liberals would actually follow through on their word and would make this a workable process and make the legislation better. However, they did not. All of the companies responding to our request for

information made it clear they feel strongly that the bill is vital to maintain and enhance competition in Canada's railways.

• (1525)

One forest product company in my riding told our constituency office that it no longer ships its plywood and lumber by rail. Rather than be captive to rail, this company trucks its plywood to Calgary. From there, it is shipped down east by rail but the company has a choice of railways in Calgary.

For the past several years this company has shipped its lumber by truck south to the U.S. to be loaded in rail cars there. It is just a matter of 30 miles south of the U.S. border, which is the bottom of my constituency, where there are two U.S. rail companies that have freight yards.

The person we talked to said that it was cheaper to go through that whole process than to simply put the wood on rail cars to the point of origin. Lumber is also shipped east directly by truck.

I do not blame this company for taking these measures to maintain and retain its position as a viable company. However, having said that, I have to point out the pounding of our park roads and the pounding they are taking in my constituency.

In my constituency I have Yoho National Park and Radium Hot Springs. They sit adjoining Banff and Jasper Parks. Highway 1 goes through there and the amount of traffic that goes across there, plus Highway 16 through Jasper, is growing. It is absolutely immense. The pounding that is going on on those roads is beyond all comprehension. However, the companies are forced to take these moves, to do these things which are really deleterious and detrimental to the parks and to the environment of the parks because of the ongoing legislation of the Tories and the Liberals.

This issue happens to fit hand in glove with the issue of funding our national parks. As a critic of the heritage department, one of the largest concerns I have is how we will continue to fund these roads and continue to make them safe. That is an issue which is directly related to the issue of rail and this rail act.

In the southeast corner of British Columbia, the out valley in my constituency, coal country, there is deep concern about the proposal to eliminate the railway statutory common carrier obligations. The people vehemently oppose this proposal since it would practically render competitive access provisions ineffective. It is extremely important that legislative reform allow Canadian shippers to have access to a truly competitive transportation environment so that our goods can get to world markets at globally competitive prices.

Another coal company in the same area said that the threat to competitive rail prices lies in the overtaxation taking place on rail companies. This example could also be attributed to the forest product company that I mentioned earlier. Canadian railways are taxed at a rate of 53 per cent more than the U.S. and this bill does nothing to address this serious problem.

As a Reform MP, I am dedicated to give credit for any positives if they exist. In this case there are a few places where I can comment on the brighter aspects of this bill. My understanding is that one aspect of the bill, actually supported by a majority of shippers and the Reform Party, is the ability of railways to abandon track that is no longer economically viable. The reason for this is that shippers hope that a more cost efficient railway will eventually translate into benefits for them.

We could also see smaller private rail companies pick up these abandoned tracks and operate them with low overhead and a higher rate of return. However, there are many negatives. As mentioned, smaller private rail companies could take over the operation of smaller track lines. However, this could mean tracks located within provincial boundaries would not fall under the new Canada Transportation Act but instead be regulated under provincial jurisdiction.

A classic example, in this case in my constituency, is where the CP Rail track comes through the Crow's Nest Pass, passes through Sparwood on its way to Fernie on its way to the coast. The difficulty is that the spur line which services three mines, two of which are not associated with CP Rail, would be at the mercy of the following little activity.

If CP Rail said it wants to abandon this line and does so and a subsidiary of CP Rail picks up the line, then these two companies, which are not associated with CP Rail, would come under the direct power of the subsidiary company of CP Rail. This would mean that it would be able to charge the rates it wanted to and the Canada Transportation Act would not apply. They would come under provincial jurisdiction. There is much concern on the part of the people in my constituency over that little sleight of hand.

• (1530)

Unfortunately, many provinces have no or inadequate legislation to deal with rail transport. This bill has made an attempt to deal with this problem but it has been unable to rectify it. Smaller rail lines or short lines would be of possible benefit in regard to service and rates but there remains the fact that short lines will still have to feed on to the main line of CP or CN Rail. These companies therefore do not lose the traffic, just the costs of running it, over the now abandoned or sold lines. This leaves the shipper now having to negotiate rates with two separate companies. In the example I just gave we can see how that could become very convoluted and anti-competitive.

A final concern on short line operators is the possibility of main line railways using the availability of abandonment as a threat

during rate negotiations. This would leave the shipper forced to make a deal rather than lose access to the main line.

Other concerns have been outlined for us with respect to the increasing lack of recourse a shipper has at its disposal to obtain relief to a transportation rate or service.

In section 27(2) a shipper is required to demonstrate that it will suffer significant prejudice if the relief sought is not otherwise available. There is concern first that the term ''significant prejudice'' is not defined in the bill, nor is it a term which has been introduced or verbalized in the previous railways legislation.

I see from my notes that in spite of the fact that shippers have lobbied hard to have this clause deleted from the bill and the government had recently seemed to be coming around on this concept, it nonetheless quickly extinguished Reform's motion at report stage which called for the deletion of section 27(2). As I said at the outset of my speech, the difficulty we on this side of the House have is that the words of the Liberal government very frequently do not match the reality of what it actually follows through on.

Further, section 34(1) of the proposed legislation enables the agency to award damages against a shipper should it be found that an application is frivolous or vexatious. Unfortunately, this will leave many shippers spending a lot of time and money trying to determine whether or not there is a valid argument.

Section 40(3) of the National Transportation Act, 1987 enables the agency to grant an interim injunction in an appropriate case. This provision does not appear in the bill. If this provision is not included in the bill, and it is not, it will mean that unsatisfactory service will remain intact until a final determination is made by the agency.

I also note that clause 112 of the bill does not clearly define the terms of commercially fair and reasonable. The language of this clause should be defined as a rate which does not cause either party to operate below cost. The reality is that the government has been unwilling to amend or delete this clause. A motion put forward at report stage to delete clause 112 was also shot down by the government despite the vocal concerns expressed by the shippers.

It really makes me wonder. In this and in past debates I have observed the Liberals consistently talking about how they would change the system to make it fair, balanced and equitable. They have said they would expedite the system, when clearly all they do is turn around, give us the words and give us the very old Liberal actions which date back to 1867.

One forest company in my riding said that it spent $6 million a year on rail transportation. It fears because of the points I have just raised that it will be at the mercy of the rail line which will most likely face increased rates with the implementation of this bill.

This was the concluding paragraph in my previous speech: In conclusion, it is important that we see substantial amendments some of which are included in the legislation. However, because of the intricacies and potential impact of this legislation, and the fact that this Liberal government has yet to exhibit an ability to listen and understand the concern of Canadians, the legislative process for this legislation is suspect. We are hoping we are wrong, but fear we are right. One thing Canadians can count on, as Canada's national opposition, the Reform Party is going to become extreme in its vigilance to see that the government really listens.

• (1535)

We tried. We really did try as we try on so many issues. No matter what the issue is, we try to make the government listen but the government will not listen. It has an aggressive growing arrogance. Sooner or later, Liberal members are going to be revealed for the people they truly are.

This legislation is not only badly flawed but additionally, the legislative process it went through was a joke.

The Speaker: Is the House ready for the question?

Some hon. members: Question.

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.

And more than five members having risen:

The Speaker: Call in the members.

The recorded division is deferred until 5.30 p.m.

* * *

CANADA LABOUR CODE

The House proceeded to the consideration of Bill C-3, an act to amend the Canada Labour Code (nuclear undertakings) and to make a related amendment to another act, as reported (without amendment) from the committee.

Hon. Fernand Robichaud (for the Minister of Labour, Lib.) moved that the bill be concurred in.

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

Some hon. members: Agreed.

Some hon. members: On division.

The Speaker: I declare the motion carried.

(Motion agreed to.)

The Speaker: When shall the bill be read a third time, by leave now?

Some hon. members: Agreed.

Mr. Robichaud (for Mr. Gagliano) moved that the bill be read the third time and passed.

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

Some hon. members: Agreed.

The Speaker: I declare the motion carried.

(Motion agreed to, bill read the third time and passed.)

* * *

DEPARTMENT OF PUBLIC WORKS AND GOVERNMENT SERVICES ACT

The House resumed from March 25 consideration of the motion that Bill C-7, an act to establish the Department of Public Works and Government Services and to amend and repeal certain acts, be read the third time and passed.

The Speaker: Is the House ready for the question?

Some hon. members: Question.

[*Translation*]

Mr. Ménard: Mr. Speaker, I thought there would be a debate at third reading. Is that also your understanding?

The Speaker: I asked if anyone wanted to speak on debate and no one stood up.

• (1540)

Mr. Ménard: Pardon me, Mr. Speaker, but there has been a misunderstanding. I thought the government majority wanted to debate this bill, especially since we support this measure. I would like to speak to Bill C-3 if I may, Mr. Speaker.

The Speaker: Dear colleague, as I understand it and you must understand, we have already dealt with this bill, this motion. We are now debating Bill C-7. I believe you wanted to discuss Bill C-3. No member rose to speak. You may seek unanimous consent. Do you wish to do that?

Mr. Ménard: Mr. Speaker, I simply want to say that I find it strange that the House is debating a bill at third reading and the government does not even bother to discuss its own piece of legislation. It was agreed that we would have one speaker from each side. If it is too late, then it is too late. However, this is a strange way of conducting the business of this House.

Mr. Robichaud: Mr. Speaker, I did hear you ask if there was a debate, but I think that members thought that the House was ready for the question. We said ''question''. You put the question and we voted on it.

I am sorry. I do not want people to think that members from this side of the House refused to discuss the bill. I believe you were very clear. You asked if we wanted to debate the bill and no one got up. Consequently, we voted on it.

[*English*]

Mr. Harvard: Mr. Speaker, I rise on the same point of order. We had a long debate on Bill C-7 yesterday. The government spoke and members of the opposition parties spoke. As far as I am concerned—

Some hon. members: We are on Bill C-3.

Mr. Harvard: We are on Bill C-7, are we not, Mr. Speaker?

The Speaker: In answer to your question, we are to be on Bill C-7 but we are now discussing Bill C-3.

The hon. member for Hochelaga—Maisonneuve understood that he would be speaking on Bill C-3. When I called for debate, I looked around the House and there was no one rising. Therefore, I put the question and it was passed. That seems to have been the agreement of the House.

I have explained that to the hon. member who has raised some objections. However, it has passed. I asked the hon. member if he would like to ask the House for unanimous consent. He said no, or at least that is what I understood. Therefore, we will proceed with Bill C-7.

We are now on Bill C-7 and I am asking if there is any debate on Bill C-7.

Some hon. members: Question.

The Speaker: If there is debate, we will hear it.

[*Translation*]

Mr. Roger Pomerleau (Anjou—Rivière-des-Prairies, BQ): Mr. Speaker, I will share my time with a colleague.

I am pleased to discuss Bill C-7, which is the former Bill C-52. As my colleagues pointed out on numerous occasions during the previous debates on this legislation, the Bloc Quebecois' position is based, as with many other bills debated in this House, on the government's alleged transparency or, rather, on its lack of transparency.

During the last election campaign, the Liberal Party of Canada used its now famous red book as its book of promises.

● (1545)

But we know that the government has broken its promises more than once, and I give one example that comes to mind. Most of my Liberal colleagues campaigned on a promise of scrapping the GST, and we know what became of that promise. The GST is still with us, and it will still be around for the next election, where it may become yet another promise.

As the members on this side of the House take a malicious pleasure in quoting from the red book in order to remind the government of its broken promises, I would like to read from it two brief passages. The first is on page 92 and reads as follows:

> In the House of Commons, a Liberal government will give MPs a greater role in drafting legislation, through House of Commons committees. These committees will also be given greater influence over government expenditures.

A little later, on page 95, we read:

> We will take an approach of openness in decision-making.

These passages are short, but they speak volumes about the willingness of the government to keep its election promises. And yet, during the last election, transparency and the openness of the decision making process to all levels was a real profession of faith with the Liberals.

It is my contention that the government has failed, in Bill C-7 before us today, to put in place a mechanism for demonstrating the full transparency of the government. There is no longer any doubt that the government is making no effort to keep its promises, as can be seen with what happened to the GST. A point by point analysis of the bill confirms this. You can hear every note of the lullaby the government is hoping to lull us off to sleep with.

Let us keep in mind that the government opposed the motion we proposed on public funding of political parties. It was my hon. colleague, the hon. member for Richelieu, who proposed at the beginning of the session that the same thing be done in Ottawa as in Quebec City as regards public funding of political parties, so that the Liberals would no longer be funded by business, but rather by individuals.

To quote an expression that is very popular in Quebec, ''He who pays the piper calls the tune''. This government, this party is funded by major companies, banks, organizations of all kinds, to the tune of $25,000, $30,000 or $50,000. So the ties between these two groups are quite obvious. But it was the Liberals who campaigned with the promise of cleaning up Canadian politics by eliminating this rather questionable cronyism. Yet this government has demonstrated to us, unequivocally, its intention to preserve the privileges it holds with those who contributed to its campaign coffers.

The best example came very recently, in the last budget, when the Minister of Finance announced the creation of a technical committee on business taxation, at least five members of which had together contributed over $80,000 to the party's coffers. The entire question of tax havens is being studied by those who are themselves the heaviest users of them. Are we to conclude that the government adopted a transparent approach here? Hardly.

Let us keep in mind as well the famous bill on lobbyists. It was meant to make the relationships between them and the government more transparent. Here again, the Liberals bowed to the lobbyists, who managed to amend the bill aimed at controlling their own influence. Are we to conclude that the government adopted a transparent approach here? Hardly.

We know that the Department of Public Works and Government Services we are dealing with here is one of the hugest and most influential departments, controlling as it does the procurement of federal goods and services—we are, of course, dealing in billions here. It administers all contracts entered into by the government, and has one of the biggest portfolios around.

It is therefore up to the government to take all necessary measures to ensure that the money spent through this department is spent in accordance with our laws and regulations and, if possible, in a transparent way.

The Liberals promised members of Parliament that they would be allowed to monitor government spending much more closely. This is another red book promise. Well, it is in this very area that members of Parliament should get involved.

● (1550)

It would be logical, cost effective and desirable for us, the elected members of this House, to have the right to monitor this government's numerous expenditures, but this right is not spelled out. The federal government should follow the example of the Quebec National Assembly, which demonstrated how effective such a monitoring process can be.

Unfortunately, we must recognize once again that the government made some very nice promises that it has no intention of keeping. Today during question period, we talked about the appointment of census representatives. We are being asked to provide the names of people in our ridings who could help conduct the census but they will, of course, come after the priority lists drawn up by the department. So much for transparency.

Also, as elected representatives of the people, we have a right to find out about the money spent in our ridings. We have a duty to check if the expenditures ordered in our ridings by departmental officials are really justified. Otherwise, how can we know if they are useful? Should we not find out if these expenditures are legitimate? Is this not the reason why we were elected? Why should the people elect members of Parliament if we have no say in how taxpayers' money is spent? We might as well have only a govern-

ment and get rid of the opposition, because monitoring the government's spending powers is one of our basic duties.

It is deplorable that we as members of the official opposition have to raise this point, when we should be granted such a basic right without having to ask for it. As elected members of Parliament, we are accountable to the people so long as we have a say in public matters.

We are consulted, we are asked to vote on a considerable number of issues, yet we are denied the means to check in the field if the government's decisions are consistent with the recommendations made and legislation passed by this House.

Of course, elected members have the power to question the government on all public expenditures. But how can we carry out in good faith our duties in this House without the means to really find out about the activities of the federal public service? That is the basic question.

There is another point to consider: the accountability of our officials. As you know, the federal public service is the largest employer in Canada. Day in day out, public officials make decisions that have or could have financial implications. The costs involved, as minimal as they may be individually, add up to a huge amount.

In times when we have to put our fiscal house in order, it is imperative that we get a grip on government expenditures. And I will remind you that, at the very beginning, the Bloc Quebecois asked that an ad hoc committee be established to review government expenditures, item by item, but we never got an answer on that.

The public administration must conduct a self-examination to assess the expenses incurred by the various departments, including the one at issue today, namely Public Works and Governmental Services Canada.

As I said earlier, this department handles most of the federal government's goods and services procurement contracts. We must therefore make sure that it does not make any excessive or unnecessary expenditures. Judging from the auditor general's report, year after year, I would say that many expenditures are questionable.

The Bloc Quebecois had suggested putting in place a system whereby public servants could blow the whistle on squandering. If implemented, that solution might result in significant reductions in government spending in the short, medium and long terms. As for the public servants who oppose that measure, they should be told the facts. They should know that it is in their best interest to participate in this type of exercise if they want the government to rely more on them, instead of contracting out. It would also be in their interest to participate, because budgets are being reduced and departments must face cuts, because of the ever increasing deficit and debt. This is not very reassuring in terms of their long term job security.

As regards contracting out, over the last few years, there has been a definite trend showing that the federal public service is relying increasingly on that process.

• (1555)

The government contracts more and more outside the public service. If it results in savings for the government and, indirectly, for taxpayers, and if it stimulates the private sector, so much the better. However, we should be able to know for sure that it does not promote patronage and the awarding of contracts to friends of the government. This is why much greater transparency is required and why opposition members, regardless of their allegiance, must have much more direct access to information.

The total figure for such contracts from the Department of Public Works and Government Services is several billion dollars every year. Such a level of spending should be subject to clear and fair guidelines. The stakes are too high for federal public servants, contracting firms and Canadians.

The government will soon have to tell us what it intends to do about the contracting out process. It had a chance to do so with Bill C-7, but it did not. I cannot understand why the government did not take this opportunity to innovate. Measures must be taken to avoid the wasting of public funds. The government probably thought that we would turn a blind eye on that bill, since it is supposedly just a bill establishing a new Department of Public Works and Government Services.

We see nothing in this legislation that will make the contracting out process more transparent, and that will make us, members of Parliament, more responsible, since we do not have the necessary information.

With this bill, the government distances itself from its election commitment and its red book promises. It distances itself from its obligation to ensure maximum transparency in all its activities. We will continue to strongly condemn that as long as we are in this House. If the government is afraid to give greater transparency to its actions and decisions, then it is hiding things from the public.

If the government has things to hide, then it is doing things that it should not be doing. We have no choice but to come to that conclusion. Some day though, we will know what is going on with this government.

Mr. Laurin: Mr. Speaker, I rise on a point of order. Just before we begin to discuss Bill C-7, it seems to me that there was confusion among certain members, both in the opposition and in government. Each had at least one speaker on Bill C-3 and it appears that when you invited the speakers to take the floor, neither of the two speakers heard you.

We wonder what has become of Bill C-3, since we have not voted on it, nor have we spoken to it. We are wondering, from a procedural point of view, how you see this bill, because we never voted on it, you never asked if we were for or against, in any case, we said nothing. First of all, I would like your answer to this question so that we can determine if there should not be some sort of solution to satisfy government as well as opposition members.

[*English*]

Ms. Marlene Catterall (Ottawa West, Lib.): Mr. Speaker, on the same point of order, may I suggest that it is entirely clear that the Speaker did call for debate. Seeing no member rising for debate the Speaker called the question. The question was carried and the Speaker so announced.

I am aware that my colleague on the other side of the House is disappointed. A colleague from our side is prepared and would like to speak on the bill. If the opposition agrees, we are quite prepared to give consent to go back to Bill C-3 for one speaker only from each party, provided that we proceed with and complete the business on Bill C-7 first. Then my colleague from the other side may put his request for unanimous consent to the House. We will be quite pleased to give it.

• (1600)

The Speaker: We have a situation where I need unanimous consent. I want everybody to know what is going on. We are now debating Bill C-7. But for one second I am going to put that to one side.

I have also a point of order. I am going put it aside until I know what I am doing.

I have been asked by the whip of the Bloc Quebecois to return to Bill C-3, notwithstanding that the bill has been passed, so that one of their members can put his speech on the record.

At this point we have had an intervention by a member of the Liberal Party saying, yes, that party is prepared at some time, which I will clarify in just a minute, to go back to Bill C-3 for one speaker from each party. That is where we are right now.

I have not heard at this point from our colleagues from the Reform Party. I presume they are in agreement. Is that correct?

Mr. Stinson: The bill has already been passed, Mr. Speaker.

The Speaker: All we are asking is for unanimous consent to have one speaker from each party, if each party so desires, to go on the record with a speech. Do members understand what is in front of us?

Ms. Catterall: Yes.

The Speaker: Is it the pleasure of the House to allow, at a future time which I will describe in just a minute, for one speaker from each party to make one speech on Bill C-3? Is that agreed?

Some hon. members: Agreed.

Ms. Catterall: Mr. Speaker, I indicated quite clearly that my party would give consent following the passage of Bill C-7. I would ask my hon. colleague opposite to withdraw his request for consent until we have completed consideration of Bill C-7 in order to not further confuse the business of the House.

The Speaker: It was not my intention to intervene immediately. It was my intention to finish up with Bill C-7. That is what we are doing. Then at the end of Bill C-7, I will invite the hon. whip of the Bloc Quebecois to put his motion for unanimous consent, as I have described it here. That is what we are going to do.

Right now we have a deal. I know you will go with the deal after. But right now I am staying on Bill C-7. That is where we are. Bill C-3 is going to come after Bill C-7. All right, we all understand the rules.

[*Translation*]

Mr. Fillion: Mr. Speaker, I rise on a point of order.

In the misunderstanding that arose over Bill C-3, you must, at some point, have asked the Bloc Quebecois, through our speaker just a moment ago, the hon. member for Anjou—Rivière-des-Prairies, to speak to Bill C-7, when normally, if procedure had been followed with Bill C-3, I would have had the floor for 20 minutes.

Given the situation, will you allow me to speak for 20 minutes on Bill C-7?

The Speaker: Yes. That is understood. And the hon. member who preceded you was also entitled to 20 minutes. So you have 20 minutes. You have the floor.

Mr. Gilbert Fillion (Chicoutimi, BQ): Mr. Speaker, I am pleased to speak to Bill C-7, which is a resurrection of Bill C-52, an act to establish the Department of Public Works and Government Services and to amend and repeal certain acts.

The purpose of this bill is to join the former Department of Public Works and the Government Telecommunications Agency.

• (1605)

This bill could have done a lot more, however, for the people we represent, especially as regards the transparency the government is supposed to display before its electors. I see no transparency in the bill before us, on the contrary.

Since its election, the Bloc has been asking the government to be totally transparent in connection with its expenditures. The Department of Public Works and Government Services is the department where the federal government should be cleaning house from top to bottom. It is a shame this bill does not improve transparency or access to information. Yet this is what the government promised in the red book, but, as we know, the promises in the red book fade.

I would first like to raise the matter of the awarding of federal contracts. At the moment, anyone outside the government or the public service trying to submit a bid must deal with a very cumbersome system. The department has set up a series of impressive obstacles to confound those trying to understand how contracts are awarded under the federal system.

There are in fact innumerable contractors who are looking for contracts from the department and who initially fail to discover and subsequently fail to understand all the intricacies of the government structure. I should have kept track of the number of constituents who complained either to me or to my staff about this, since the elections in 1993. Things are so complicated, the federal government itself paid agencies in order to understand how this administrative approach works.

Here is an example that I personally consider a good one. Last year, the centre d'incubation technologique d'entreprise—Cité 2001—in the Outaouais region trained some 40 business executives to enable them to find their way round the chaos of federal contracts. The centre had noted that only 1 to 5 per cent of federal contracts awarded in the region, totalling some $2 billion, had been awarded to Quebec contractors. Not a very high percentage.

So, Cité 2001 studied the computerized federal bidding system for these 40 businesses. The results were decisive, and a number of these firms now do business with the government. However, we have to ask ourselves why these people did not bid previously. Why were they not doing business with the federal government? Were things too complicated, was there too much paperwork or were bids made and then dropped because the criteria were too difficult to target?

So a publicly funded pilot project was needed in order to look at the system and understand how it works so people could deal with the federal government. If ridicule could kill, I know a lot of people who would be out of it.

Not all regions were as fortunate as the Outaouais. On the other hand, the Outaouais is not fortunate enough to be represented by members of the Bloc Quebecois. So much for that. In regions some call remote, just imagine the hard time our businesses have in dealing with the federal government. Of course they complain to their MPs about the process, eligibility criteria, or the awarding of contracts they consider unfair. This is the case in my riding.

• (1610)

As for transparency, in 1994, my colleague from Richelieu wanted the federal government to pass a law similar to that of Quebec concerning political party funding. Of course, the Liberals refused to go along with this.

Even though it was rejected by the House, the Bloc Quebecois adopted these measures for its own funding. Yet, voters expect elected representatives to serve the common interest, not those of some privileged few. This bill would deny businesses the right to finance political parties.

Voters who give political parties $5, $20 or $40 know very well they can expect nothing in return. But no one can convince me that a business is giving the party $50,000 just because it likes the MP's looks. How can a $3,000 a plate dinner bring together people who expect nothing in return? What goes up must come down.

This political practice hides many dangers. One of them certainly is that friends of the government may be made aware in advance of contracts to be awarded by the Department of Public Works. The same logic applies to lobbyists. Lobbyists have much influence on the government because the companies or interests they represent are more often than not committed to a political party and, therefore, the government owes them something.

Nothing in this bill would add to the openness of the contract awarding system. I hope the new minister will not follow in the footsteps of her predecessor as regards information given to members.

The Bloc Quebecois believes it is very important to encourage accountability of members, to keep them informed and to consult them regarding the awarding of departmental contracts in their ridings. Indeed, whatever their political affiliation, members are elected to represent their ridings in Parliament.

MPs, or at least we members of the Bloc Quebecois, know perfectly well that our responsibilities are not limited to legislative considerations. We have to study the country's affairs. We have to vote on a considerable number of things, but when it is time to check what is going on in our ridings to see if decisions made by the government comply with what was voted in the House, of course we are denied this right.

A number of my colleagues have already mentioned the fact, because I am not the only one concerned with matters of openness, as you very well know. I want to quote again part of the letter the previous Minister of Supply and Services sent me when I requested a detailed list of all contracts over $100,000 awarded in my riding since October 1993.

The minister replied that his department could not produce statistical data on contracts broken down by riding and that no document could provide the information I wanted. Finally, the minister said that, in order to answer my questions, he would have

to make thorough searches in various sectors of his department and that, by and large, this would entail an excessive workload for his department's employees.

Is this not the admission that this department's files are an incredible mess? It is also an obvious lack of collaboration and openness. The government could put in place a public monitoring body whose mandate would be to scrutinize contracts and thus ensure transparency.

Such a body would be asked to list, on a monthly basis, all government contracts, in a simple, accessible and easy to understand manner. These lists would always be available. This is a step a government serious about transparency would take.

• (1615)

As an elected representative, it is my duty to know what the federal government is doing. How can an MP do his job seriously and earnestly in the House if he is denied the means he needs to check if the decisions made here reflect what is going on in the field. Believe me, sometimes, a lot is going on in our ridings.

Giving members on all sides this kind of tool would restore the credibility of the political world, a world which has an urgent need to regain some prestige these days. This would provide people with a new instrument. At long last, the federal government would become accessible to all. I do not know if members opposite work this way, but for my part, when I think that something could be good for them, I tell them as soon as possible.

It is desirable, on both sides of this House, I am sure, for people to have confidence in their elected representatives. Accordingly, the government should make sure such confidence is truly deserved.

I find it deplorable that we, the members of the official opposition, have to intervene on such a fundamental issue. Our position is clear, and I believe it to be extremely important, since it shows the concern we have, and must have as elected representatives, with regard to controlling public expenditures, useless public expenditures which have such an impact on the government's economic health.

We should never forget that we have an inheritance to pass on to our children. It must be worthwhile. It is not by throwing money out of the window, by wasting public funds that we will deal with the problem. In a way, we must, all of us, become auditors of government spending. We must do all we can to stop the haemorrhage that now characterizes this spending. I really do not understand why the government will not innovate. I also fail to understand why it will not seize the opportunity this bill provides and finally practice transparency.

One of the principles we should all consider is the possibility of public servants blowing the whistle on the squandering of public funds. They know about most of the goods and services acquisition contracts. There is often some waste, it can go unnoticed. Therefore, we must implement a mechanism whereby public servants would have the right to blow the whistle on the squandering of public funds and whereby that right would be recognized and valued. Government expenditures are, for a good part, generated by public servants and that is quite normal given their role within the public service. However, the government machinery is not perfect. The annual report of the auditor general makes very disturbing revelations in that area.

Public servants know very well that decisions are made but that they may be questionable. Let me give you a small example. This is something a public servant told me last week. The Canada Post Corporation launched a complete restructuring of post offices in my riding. They centralized all of their operations in one building. The old post office building will be disposed of. In addition to post office employees, there were also human resources development employees working in that building and they too will be relocated in a few weeks. Last week all the interior doors of the offices of that building were replaced. Where is the logic? The civil servant who mentioned it to me was shocked by that, and he was right. Why is the federal government doing such things? Because this civil servant fears reprisals, he does not intend to go any further in his whistle blowing.

• (1620)

This is a very simple example, a very small one. One can easily imagine that there are many more cases of the same nature.

We can also question all the moves that are planned in various Quebec ridings by the Department of Human Resources Development. The minister responsible announced the closing of employment centres in several ridings. What will such moves cost? In my riding, there will be a refitting of the building where these civil servants will be housed. Are we saving money? Are we consulting the people involved in order to get the best prices? Of course not. Everything is done on the sly. Even managers, those who are supposed to make decisions, very often do not know what is going on: guidelines come from higher up.

Civil servants also deplore another situation, and that is contracting out. In 1992-93, Treasury Board valued at $5.2 billion service contracts awarded outside the federal government. In my opinion this is enormous.

The Bloc Quebecois would have liked the department, in its Bill C-7, to establish provisions forcing the government to regulate contracting out in a proper way. Public servants would agree with such a code. It would guarantee that when the government contracts out it does so only after having exhausted all its resources.

How can you ask a company to put all its people to work on a project when public servants are being fired or shunted into a siding? It makes no sense.

The government must therefore put in place a mechanism to respond to the people's expectations in terms of contracting out. In the present context, government employees and their unions certainly see contracting out as the evil thing to kill. If employees see contracting like this, it is because it is done any which way. The government must therefore clearly set out its policies concerning contracting out and how it uses it.

If such a mechanism is put in place, I am convinced public servants will no longer see contracting out as another way of stealing their jobs. Contracting out is necessary, but I repeat, it must be used advisedly.

Since you are signalling me that my time is up, Mr. Speaker, I will conclude by saying that the Bloc Quebecois, during the study in committee, made some proposals that were worthy of consideration. Naturally, the Bloc Quebecois is concerned with transparency. The government should take in consideration what the official opposition put to it. It would feel that much better for it.

Access to information is crucial to the public, businesses in general and elected representatives. It would be a proof of good faith if the government were to accept putting these principles in its bill, but it refuses to listen. I am forced to believe that it is satisfied with the system. It had condemned it when the Conservatives were in power, but now that it is in control, it is going overboard.

I truly hope that the people will remember that the government is refusing to give them information about its spending. I also hope the people will remember that it voted for a legislation that put it in competition with their businesses.

Like the people of Lac-Saint-Jean, I do not trust this bill. It does not respect the most fundamental principles of democracy. It does not respect the moral values that must be part of each and every one of us. Worse still, this bill gives more power to a minister who already had too much.

Since I was elected to defend the interests of the people I represent, I cannot accept that they be tricked by supporting a bill such as this one. I will vote against the bill, and I invite my colleagues to do the same.

• (1625)

Mr. Roger Pomerleau (Anjou—Rivière-des-Prairies, BQ): Mr. Speaker, because of a misunderstanding I spoke before my turn, but my colleague pointed out the difficulty companies, in Quebec in particular, but I suppose it is the same in Canada, have in negotiating with this department. This department has even to some extent paid people so it could understand what it was doing.

The question is often raised in my riding as well: Why is it that it was so difficult to deal with this department? We note, and perhaps this is part of the answer, in the case of the task force on taxation that was established, that the people who will be paid to study the impact of tax havens are in the first place the main users of those tax havens and major contributors to the Liberal Party.

In fact I think the difficulty in gaining access to this department has something to do with whether or not one contributes to the campaign fund. My colleague also pointed out that we—I think it was the member for Richelieu—had already introduced a bill a few years ago relating to party funding by the people. The Parti Quebecois for example is funded under this formula, in other words companies cannot make political donations, and the amounts individuals can give are limited to a maximum and the names of all people who contributed are made public.

We know that the Bloc Quebecois is doing exactly the same thing. Even if the law allowed us to do otherwise, we voluntarily agreed to restrict our fund-raising to the private sector, to avoid business contributions, and to solicit relatively small amounts.

I know that, like myself, my colleague is currently raising funds. We know what this means. It means that, night after night, we go door to door to solicit donations of $10, $15, $20 or $100 if we are lucky from the 200,000 members of the Parti Quebecois or the 100,000 members of the Bloc Quebecois until we reach the goals we have set for ourselves.

In this context, I would like to ask my colleague who knows about such things whether he feels like me that this fund-raising formula for political parties, which was never adopted and against which the Liberals voted—even those from Quebec who are familiar with the impact of this legislation in that province—increases transparency and allows people to buy their own freedom to a certain extent by helping fund political parties in this way.

Mr. Fillion: Mr. Speaker, the hon. member first raised the issue of businesses which, through public works, should normally be able to bid and participate. As we can see, Bill C-7, clause 16 in particular, creates all sorts of difficulties for businesses wishing to deal with the federal government. Remember that this department handles more than $10 billion a year in supplies, services, equipment, and so forth for the federal government.

No doubt small businesses, whether they are architect or engineering consultant firms, have a very hard time doing business with the government. But if you look elsewhere, you realize that some businesses having many more employees, larger companies, through lobbyists and employees they pay just to gain access to government, go all out to negotiate contracts involving large sums of money and contribute, through lobbyists, to party election funds. Eventually, the party's coffers are well filled, so members of this governement do not have to beg for $2 here or $5 there to fund their activities.

My mother used to say: ''They were born with a silver spoon''.

• (1630)

The Bloc Quebecois gave itself a transparent way of getting funds, which allows people to contribute minimal donations. Our money comes from the grassroots. As donations must come from individuals and not businesses, companies cannot interfere in the contracting process. The same situation does not apply to companies contributing to the Liberal or Conservative election funds, because these companies expect their favour to be returned some day. For Canadian and Quebec taxpayers, this is where their money goes down the drain.

Mr. Laurin: Mr. Speaker, I do not wish to comment on my hon. colleague's remarks. I rise instead on a matter of procedure. Shall I wait that my hon. colleague's time be expired?

The Acting Speaker (Mr. Kilger): I would prefer that the questions and comments period be over before we go on to something else. We will come back immediately after to the question you want to raise.

Any other questions or comments? Then I recognize the hon. member for Joliette.

Mr. Laurin: Mr. Speaker, since we have yet another member slated to speak to Bill C-7, I would like to know whether it will be possible for us later on, for the time remaining, to organize things in such a way that we can share our time, as was asked by the other member, with unanimous consent. Would it be possible to do that again?

The Acting Speaker (Mr. Kilger): Before reverting to the question about unanimous consent on Bill C-3 agreed on earlier today, I will nonetheless ask the House whether there are other members wishing to speak to Bill C-7.

The hon. member for Kamouraska—Rivière-du-Loup has the floor.

Mr. Paul Crête (Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, Bill C-7 seeks to establish the Department of Public Works and Government Services and to amend and repeal certain acts. Why was this department set up? It is probably in order to improve its services, increase its efficiency and allow it to operate in the most appropriate way in the future.

However, this piece of legislation does not contain any change to deal with the very blatant flaws currently found in the system. As a new member of the committee on government operations, I was able to how centralized the procurement operation of the federal government.

Granted, they are trying to find ways to ensure that procurement is made at the lowest cost. They are also trying to ensure some openness in the procurement process. However, they forgot a very important concern: is that process to the benefit of Quebec, of Canada and of the various regions of this country and does it allow for development of those regions on a fair basis?

In committee, I was told, for example, that the figures on the actual breakdown of government procurements between the various provinces were not available.

This to me is a major flaw because, while they put forward a reform of the unemployment insurance system, while they say they will try to find ways of helping the regions hardest hit by the reform, regions with seasonal economies or with an economy dependent on natural resources, they cannot put forward real measures devised to give new impetus to these regions in diversifying their economy. One of the more concrete ways to do so would be for the government to ensure that its procurement program has some impact throughout the country and that it can efficiently assess this impact.

• (1635)

During the 1970s, the federal government opened a number of offices, for instance to process tax returns and other similar information, which had some kind of synergic effect in some areas, but we do not see that anymore and we cannot even get this kind of information nowadays.

Another element which we think is being somewhat overlooked in this bill is the fact that federal members of Parliament from all political stripes should be consulted and kept informed of any government contract awarded in the federal ridings they represent.

Right now, there is no systematic information mechanism to ensure that the public is made more aware of what is going on. One criticism that we can make—and I have seen this in my riding in the last few months—is the following: what process do small businesses have to follow to be eligible to join the bidding process and to be included in the computerized contractors system. It is very complicated and very hard to gain access to this network but even tougher to reach the insiders, those who know how the procurement system really works. Let me give you a very concrete example by telling you about an experience a company in my riding went through.

There was a call for tenders for the building of fibre glass shelters. Upon seeing the ad in the newspapers, a company in my riding decided, all in good faith, to request all the information it needed. After reading the documentation—and I have seen all of it—it dawned on us that it was impossible to develop a proposal based on the information made available to companies.

To make things worse, the company called to get additional information but could not get any. That came about because the project was developed with a particular company in mind, and even though the government called for tenders, it was in fact already a done deal. Under such circumstances, it is impossible to compete

because the companies are not even provided with all the information they need.

So, with this bill, the government would have had a great opportunity to act on this issue and on the creation of the department, and to provide for transparency and get rid of the old myth that government procurement is always based on patronage and also to deal with the whole issue of administrative contracts. There is still a lot of room for improvement. The government could have done a lot more to better target its action.

They could also have tried to make public servants more aware of the money they were spending. We are often told, these days, that calls for tenders are done correctly and in such a way that anyone can bid on them, but the government never tried to have a real impact on the development of small or medium size businesses in our regions. What would be more meaningful in an area with high unemployment than to inform businesses in that area and to have federal civil servants going on a tour of these businesses to make sure that they can take part in the procurement system, have the chance to know exactly how it works and submit proposals, answer calls for bids and get contracts?

We have seen this as members of Parliament for the last two years and a half. The system is often made in such a way that people with a lot of potential and capabilities and who are already part of the system get the information they need and are encouraged to perform even better. But our responsibility in government is not only to make sure the strong and the rich get what they need, but also to see to it that new types of small and medium size businesses can take off, develop as well as create and maintain jobs. The federal government has still a lot to do in that regard. I think some progress was made in recent years to make tendering more available. There remains much to do but I can see no will to do it in the bill before us.

• (1640)

The Bloc Quebecois' approach is based on government transparency and that of its administration. Currently, anyone trying to deal with the government or the public service is confronted with a colossal maze preventing them from getting more information.

If the example I gave earlier was an isolated case, we could say that it is an exceptional case, but there are also others. In my riding, well known businesses, medium size and large ones that have been operating for many years are having a lot of difficulty finding their way around in the government procurement process, and I believe that there is work to be done in this regard.

There is an element which, of course, cannot be solved by the bill on the public works department, but which is always present in these situations. It is the question of the political party fundraising. As you know, Quebec has a law which provides that only individuals can make donations to a political party. No bank, no union, no community association, no foundation can make donations and claim a deduction.

In the federal government, things are different. Businesses, unions, community groups, everybody can make donations to a political party. This does not necessarily mean that businesses are dishonest, but it can give rise to conflicts of interest. I believe that if we change the law governing contributions to political parties along those lines, there would be more openness and transparency in the awarding of contracts, and I believe that would be much more appropriate.

Another element the Bloc Quebecois considers as important is the establishment of a code for contracting out that would force the government to adequately monitor the use of outside contractors and to make the process transparent. The monitoring process should be acceptable for all the parties involved in this important question. The contracting out process is a current issue and it is a dynamic process which can be very profitable. On the other hand, as public organizations, we must ensure that we do this with enough visibility, allowing people to see that their money is spent properly.

I would like to come back on the consultations, on the information required by the contracting out process and on the role MPs must play. A federal member of Parliament, regardless of his or her political affiliation, is someone who has been elected and who is responsible for representing his riding as far as legislative issues are concerned. But he has more than legislative responsibilities. Administrative decisions have impacts which are very real, and one of them has to do with public procurement. There are public expenditures of this kind.

The elected representative has the power to question government on all its expenditures. However, can we do that job properly if we do not have the necessary tools to really know what the federal public administration is doing in our riding? That kind of information would be very useful and could even help in the elaboration of economic development strategies for a given region. An area that does not benefit from a lot of government investments could think of attracting some or decide to continue looking for other kinds of investments. If it does not benefit from that kind of investments, it could try to find out why not.

• (1645)

How could we do things otherwise? Could we have federal civil servants give business owners up-to-date information? There could be another reason. Perhaps some ridings do not get many federal contracts, not only because the necessary information is not

available, but because they do not try hard enough to get it. There is an interesting economic potential that could be developed at a very low cost.

The government is constantly seeking ways to create jobs. Well, one of the ways to do it would be to make sure that its purchasing is done fairly and appropriately in all areas of the country. So there has to be a process where everyone has a chance to compete and to be awarded a contract.

We, in the Bloc Quebecois, would also like to have a mechanism for blowing the whistle on any waste of public funds. It is not a matter of hitting people over the head. Perhaps we should follow the example of municipal governments. If you talk to a councillor or a mayor in a small municipality, you can be sure that, when money is spent on things that are not really necessary, they know it quickly because people see those things in their daily life; they see the work done at the street corner, they see everything. That is probably why municipal governments follow what goes on very closely.

At the federal level, governments may not have been as vigilant as they should have in the past, as is shown by our deficit. We can easily imagine the kind of unnecessary expenditures that are made regularly. In the fight against the deficit, if we did things right, if we followed the situation more closely, we could put less pressure on social programs and stop chasing unemployment insurance recipients. Instead of that, we could try to find the major elements that we have to work on in order to save money.

So there could be significant cuts in government spending. I think that it could imply greater accountability for public service employees. The area of government procurement may be a priority area where, in creating the department, the government could have clearly shown its desire to improve the situation in this regard. However, we do not find these elements in the bill as it stands.

There is another issue of interest to us, and it is the issue of advance payments by the government. This practice is used by public service employees and managers. These people are afraid of having their annual budget cut if they do not use all the resources allocated to them. In other words, when the end of the fiscal year is near, suddenly the money has to be spent to be sure that next year's budget will not be cut. We all have heard about that, we all have seen it in the departments. I think the government should have done something to provide for better control in this area.

Finally, the Department of Public Works is responsible for processing requisitions from other departments. Maybe there is a period during the year where the department should be particularly vigilant to see if these purchases are really necessary. Do they really need these things? Is it not at the beginning of the year that it is finally realized that the full amount budgeted is not really needed? The unnecessary purchases and horror stories we hear, which often take place at year's end, would be avoided.

The Department of Public Works must therefore be a credible watchdog over advance payments by departments. This department spends over 50 per cent of government commitments. In each department, the amount that can be authorized is minimal and responsibility rests with the department of public works. This is therefore very important because we are reviewing the act governing this department.

It is therefore very important to be sure, at this stage, that the bill contains all the means necessary to carry government purchasing into the 21st century, allows a sufficient degree of transparency and, above all, ensures that government spending benefits regional development.

• (1650)

For these reasons, I think that the government will have to review its bill and see whether amendments are not required.

The Acting Speaker (Mr. Kilger): Is the House ready for the question?

[*English*]

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 nays have it.

And more than five members having risen:

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

The Acting Speaker (Mr. Kilger): Pursuant to Standing Order 45, the division on the question now before the House stands deferred until 5.30 p.m. today, at which time the bells to call in the members will be sounded for not more than 15 minutes.

[*Translation*]

It is my duty, pursuant to Standing Order 38, to inform the House that the question to be raised tonight at the time of adjournment is as follows: The hon. member for Kamouraska—Rivière-du-Loup— unemployment insurance reform.

[*English*]

POINTS OF ORDER

BILL C-3

Ms. Marlene Catterall (Ottawa West, Lib.): Mr. Speaker, I rise on a point of order. Pursuant to discussions earlier today, of which I am sure you are aware, I think you would find unanimous consent that the House return to Bill C-3 only for the purpose of allowing one speaker from each party on the bill.

This is on the understanding that the vote has already been taken on the bill. It has been approved by the House on the understanding as well that there will be no questions and comments and that the remaining time between now and 5.30 p.m. will be divided equally between the three parties for purposes of speaking. Should the debate conclude before 5.30 p.m. we would agree to call it 5.30 p.m. and proceed with the sounding of the bells for the vote at 5.30.

[*Translation*]

Mr. Laurin: Mr. Speaker, we agree with everything suggested by the government deputy whip, except for the allocation of time. There has been consultation on this matter. Considering the time needed by the three speakers, I believe you will find there is consent to give ten minutes to the speaker from the government side, five minutes to the speaker from the Reform Party and the rest to the speaker from the Bloc Quebecois, for a total of 15 minutes.

The speaker from the government side told us that he would probably need only ten minutes and the speaker of the Reform Party said that five minutes will be enough. The rest of the time could be allocated to the Bloc Quebecois and if the debate ends before 5.30 p.m., we are ready to accept that the division take place at that time and that the debate cease at the same time. In other words, we will be ready to say that it is 5.30 p.m.

[*English*]

Mr. Johnston: Mr. Speaker, we agree to those terms.

The Acting Speaker (Mr. Kilger): The terms are clearly set out in requesting unanimous consent. The question has been put. Bill C-3 has been adopted. We are going back to simply put things on the record.

I will try to follow this as closely as possible with all of you. I would hope the member participating on behalf of the government would take approximately 10 minutes during his intervention, that the member for the Reform Party would take approximately 5 minutes, and that the remaining time would go to the member from the Bloc Quebecois. If it should all end before 5.30 p.m., I would see it as being 5.30 p.m.

• (1655)

In essence, I will follow that rotation. To facilitate the debate, I will go to the government, to the Reform Party and conclude with the member from the official opposition. Is there unanimous consent?

Some hon. members: Agreed.

Mr. George Proud (Parliamentary Secretary to Minister of Labour, Lib.): Mr. Speaker, this took a little while in arriving. We had a little juggling to do in the exchange of some different points of view. Finally we have agreed to end the day before 5.30 p.m., closing the debate on Bill C-3.

My remarks will be short. During the debate on Bill C-3 one aspect all hon. members will agree on is the desirability to administer labour law in Canada as efficiently as possible.

The government is committed to providing Canadian employers and workers with a stable environment in which to conduct labour relations. These goals are in essence the reason we have the legislation before us today.

Flexible federalism allows us to smooth out the rough edges where administrative difficulties arise. Ontario Hydro is a publicly held corporation constituted under the Ontario Power Corporations Act. It is the division of the enterprise responsible for the construction and operation of nuclear facilities in the province.

Currently this division includes Darlington, Pickering and Bruce generating stations and a number of other facilities.

[*Translation*]

This division groups together the three main power stations of Darlington, Pickering and Bruce and a number of other facilities.

Before the Supreme Court ruling in 1993, it had always been believed that the employees of Hydro Ontario nuclear power stations were governed by provincial labour standards.

[*English*]

Before the 1993 Supreme Court decision it was always believed that employees of nuclear facilities of Ontario Hydro were subject to provincial labour laws. This was not the case. Consequently the province and employees of the nuclear facilities found themselves in a complicated situation.

In effect 42 per cent of Ontario employees are subject to federal labour law while the remainder are subject to the labour laws of Ontario. As members of the House we are in a position today to enable both federal and provincial governments to untangle and to dispense with this dilemma.

At the same time it is certainly reasonable for hon. members to want a clear understanding of the effects these amendments will have. In 1993 the Supreme Court found that part I of the Canada Labour Code which governs industrial relations is applicable to employees of Ontario Hydro's nuclear facilities.

As a result of the decision it became clear that parts II and III of the Code and the Non-Smokers' Health Act also applied to these workers. Part II of the Code addressed occupational safety and health and Part III deals with labour standards, hours of work and such like.

The Supreme Court decision created a complicated and exceptional situation as employees, the company and unions must conform to two comparable but slightly different labour relation regimes. For example, Ontario Hydro and the unions must deal with two conciliation processes during the negotiation of collective agreements. In addition, they must conform with slightly different occupational safety and health regulations which provide essentially the same protection for workers. The provisions of the bill demonstrate the government's commitment to provide the parties with a stable labour relations environment.

● (1700)

Here is how the bill eliminates the problem of a split jurisdiction at Ontario Hydro. First, the company is exempted from having to comply with the Canada Labour Code. At the same time, the company is made subject to provincial labour laws which are incorporated by reference through federal regulation.

The mechanism may be triggered by passing regulations dealing with industrial relations, including ad hoc or emergency legislation, occupational health and safety matters, labour standards or workplace smoking rules and regulations. Once the regulations are in place, provincial laws can be applied to nuclear facilities.

In the case of collective bargaining, any bargaining agent that was recognized under part I of the Canada Labour Code would remain the bargaining agent under the provisions of the bill. This was a question that we were asked by the power workers of Ontario: would we guarantee that this would be the case? We said we could guarantee that it would be the case during the transition period and during the life of the agreement. That is all we can do. In fact, that is all anybody can do. It ensures successor rights to the bargaining agent and it prohibits other unions or associations from applying to represent that bargaining unit outside of regular procedures.

As I said, any collective agreement concluded under part I of the Canada Labour Code will continue in force until the life of the contract expires. That ensures that the rights, the privileges and the duties of both parties to the collective agreement remain intact. The solution is clear and it makes sense.

It is the desire of the government and the Government of Ontario to have all provincial labour laws apply to the province's nuclear facilities. Both governments agree that from a practical standpoint it is logical to have all legislation related to labour law at Ontario Hydro under one roof.

Since early 1994 both levels of government have been examining various ways of accomplishing this. Much discussion led to the development of Bill C-3.

However, the story does not end here. Nuclear generating stations in the provinces of New Brunswick and Quebec were also affected by the Supreme Court decision. The Point Lepreau generating station in New Brunswick and Quebec's Gentilly 2 appear to be in a legislative void for the purposes of labour law.

After crown immunity is lifted, the provisions of Bill C-3 can be applied to these nuclear facilities, thus eliminating the legislative void and providing a mechanism whereby provincial labour law may apply.

In addition, the mechanism may be applied to uranium mines in Saskatchewan which are also regulated by the Atomic Energy Control Act. The province of Saskatchewan has for many years been delivering its occupational safety and health programs to uranium mines in Saskatchewan. Strictly speaking, these mines are subject to the Canada Labour Code. There is no formal agreement between the two levels of government concerning the situation and the federal government would like to formalize the arrangement.

The way to do that would be to follow a similar route to that which is being done with Ontario Hydro, namely: to exempt these mines from application to part II of the Canada Labour Code; to incorporate Saskatchewan occupational safety and health laws into federal regulations; and to contract with the province of Saskatchewan to deliver its programs to these mines. There is a mechanism in part II of the code which could be used to achieve this, but only with respect to the occupational health and safety laws.

● (1705)

I want to stress that the passage of this bill will have no effect on the mandate of the Atomic Energy Control Board. The board has sole authority to ensure that the use of nuclear energy in Canada poses no undue risk to health, safety, security or to the environment.

For these reasons I ask all here today to support the bill. I know they will.

Before I sit down, I would like to thank all those who took part in the process. I thank members of the Bloc and the Reform Party who worked on the bill in the subcommittee. I thank the chairman of the subcommittee and other members, the clerk and the people from the department and the witnesses who appeared before us.

This bill simplifies the process. There is no need to have two or three jurisdictions looking after basically the same legislation. I thank all those who were so co-operative in helping me get passage of this bill.

Mr. Dale Johnston (Wetaskiwin, Ref.): Mr. Speaker, I am not sure if we are making parliamentary history today. It is the first time that we have debated a bill that has already passed through the House. Certainly, in my former life as a farmer I became accustomed to this sort of thing on occasion. Many times I closed the gate after the calves got out.

I am speaking to Bill C-3. Of course, this is precipitated by the fact that the Supreme Court in 1993 rendered a decision on labour relations in Canada that threw the atomic workers into a state of flux.

At Ontario Hydro, for instance, 42 per cent of the workers were under federal jurisdiction while the remaining 58 per cent were subject to the Ontario labour code. Workers in Quebec and New Brunswick were caught in a very similar bind. Needless to say, the situation led to more and more confusion and duplication, all of which was unnecessary and not conducive to good working relationships.

The importance of nuclear safety cannot be stressed enough. Indeed, it was a concern expressed by the Supreme Court and it is a concern to everyone who works at the nuclear facilities, to their families and all Canadians. A stable work environment will help to alleviate the uncertainty caused by this split jurisdiction.

The Reform Party does not oppose this bill. I would encourage the minister not to wait for future court rulings, but to move forward with the devolution of federal control in labour matters, devolving them to the provinces.

Part I of the labour code is currently under review and it would be an appropriate starting point for the minister, who I know is anxious to do away with duplication of service. The government is strapped with a $580 billion debt. I know the minister will do what is necessary to eliminate all duplication and overlap in order to downsize, and do his part to get the debt under control.

The minister will find that the workers, management and the people in my party would be most supportive of the direction taken by him.

I believe that labour and management have a common goal in maintaining a productive workplace and we as legislators should do all we can to advance that goal. We can facilitate this by relinquishing control over the bureaucratic regulations that stand in the way of sound labour relations. Bill C-3 is a step in the proper direction.

• (1710)

I encourage the minister to immediately convene negotiations with those provinces whose nuclear workers are caught in this legislative vacuum and allow these employees to be brought under provincial governance as soon as possible. I believe the government owes the nuclear workers of Canada that much.

When we were talking about the division of time I suggested that I would be very brief and I am going to be true to my word. I believe that one should be frugal with one's words as well as one's mind.

The Acting Speaker (Mr. Kilger): I thank the hon. member for his co-operation.

[*Translation*]

Mr. Réal Ménard (Hochelaga—Maisonneuve, BQ): Mr. Speaker, as you know, today has been a very eventful day. So I would like to thank our collaborators behind the scenes, especially Sylvain Gauthier, who kept his cool under pressure.

As the parliamentary secretary knows, we support Bill C-3. It might be useful to remind those listeners who have just tuned in that the purpose of Bill C-3 is to devolve responsibility for labour relations to the provinces that will ask for it through regulatory negotiations. I think we should also remind them that bills such as this one are related to the Canada Labour Code, an area from which the federal government is willing to withdraw.

This bill results from a ruling made by the highest court in the land, the Supreme Court. In 1993, the Supreme Court ruled in response to an appeal filed by the union that part I of the Canada Labour Code governing labour relations applies to the employees of nuclear plants, including Ontario Hydro.

It is important to keep this in mind because Parliament has a duty to adjust to court rulings. Through this bill, Parliament is correcting a situation that would have been extremely harmful as it would have created a legal vacuum. The parliamentary secretary referred to it in the case of New Brunswick and Quebec. This situation would have put us in an uncomfortable situation that no one wants by allowing two different labour systems to coexist.

We must remember that it makes a lot of sense to ask the provinces to define, frame and apply provincial legislation in this area, as the Ontario government has done for 50 years in the area of nuclear energy, for example. So we must commend what the federal government has done by trying to maintain the status quo.

We must acknowledge that Bill C-3 concerns not exclusively but mainly Ontario. I would like to remind you that, of the 10,000 nuclear workers across the country, there are 6,000 to 8,000 in Ontario, 700 in Quebec, about 500 in New Brunswick and 500 in Saskatchewan's uranium mines.

The situation was particularly worrying for Ontario. That it why they followed the work of the parliamentary committee very closely. Both parties were heard, since the nuclear industry accounts for 60 per cent of electricity generation in Ontario.

I am not saying that we did not try to introduce amendments to Bill C-3. Although we agree with the principle of devolving responsibility for this area—and we hope that this will extend to other areas and that the Minister of Labour can influence the minister responsible for intergovernmental relations and other ministers in this cabinet to transfer certain areas of jurisdiction—this bill nonetheless does not meet with unanimous approval.

It does not meet with unanimous approval first of all because Ontario Hydro union members are not too crazy about being subject to provincial labour legislation in light of the Harris government's shift to the right.

• (1715)

Even so, we, in the official opposition, did not succumb to the temptation of seeing things the same way as workers who did not have an overall view. The government took the overall view of withdrawing from the area of labour relations in the nuclear industry because the provinces, and Ontario, New Brunswick and Quebec in particular, had respectively 15, 30 and 40 years experience in that area.

I am thrilled at the thought of being able to rely on the support of the Minister of Human Resources Development, whose global outlook on things make him take an interest in matters as diverse as unemployment and energy, which in his mind are both explosive issues.

That said, let me remind you that we suggested amendments that the government rejected, with a rare elegance mind you, but rejected nonetheless. I owe to the truthfulness of our deliberations to remind you that the Quebec government had contacted the hon. member for Saint-Léonard and Minister of Labour, requesting that the applicable Quebec legislation be referred to specifically in his bill.

It must be understood that, while we agree in principle with the bill, we would rather this not be done through regulations but through references in the act instead. I understand the minister for giving in to his officials, explaining that he was not comfortable with the idea of yielding to Quebec's demands, because of the risk of creating a precedent that could have been detrimental to New Brunswick, Ontario and Saskatchewan.

At any rate, Quebec's position concerning Bill C-3, which, I remind you, we agree with in principle, would have been that it should refer directly to provincial legislation rather than to regulations and that it should state that, as soon as the act came into effect, after receiving royal assent, all provincial legislation regarding those employed by the companies governed by the Atomic Energy Control Act will become applicable.

For information, the legislation provides that, when the Government of Canada, through its minister responsible, the Minister of Labour, and his Quebec counterpart have negotiated an agreement, no third party will be authorized to request that the legislation apply on that territory. Naturally, the authority to negotiate rests with the province or the provincial government.

I think that it is important to remember that, in Quebec's case, six pieces of legislation are involved, including the act respecting labour standards, the Quebec equivalent to the federal government's Labour Code, Part III, and the act to ensure that essential services are maintained. We always refer to this legislation with great pride, because it was passed in Quebec by the government of the late René Lévesque and is definitely the answer to our labour relations problems. The Minister of Labour should follow that model, so as to have similar provisions in the federal labour code.

The measures that will also be applied through regulations are, of course, the provincial labour code—it is essential to the bill—Quebec's occupational health and safety act, its charter of rights, as well as all the regulations governing the construction industry.

You would have been touched by all the excitement around the Minister of Labour. His whole staff was mobilized. This bill is a pet project of the minister. His staff was truly excited and wanted to make sure that we could pass the bill as quickly as possible. I can understand the minister's enthusiasm; indeed, promoting democracy is always an exciting moment in the career of a public figure. This is the first bill sponsored by the new Minister of Labour in this House. Still, it would have been nice if he had accepted the amendments proposed by the opposition. As you know, one would be hard pressed to find a single one of these amendments that is either unreasonable or unjustified.

Yet, our amendments were rejected. Nevertheless, we will support the bill, but we feel it would have been appropriate to refer directly to the act, instead of going through a regulatory framework which has a major drawback in that it does not get Parliament involved.

• (1720)

In the case of a bill on labour relations, it is vital that Parliament be involved.

In any case, the debate is over and the issue has been dealt with. As a democrat, I accept the parliamentary rules and I will abide by the decision made by the sub-committee.

I also want to remind this House that, should a labour conflict or an emergency situation occur, it will incumbent on each participating province to ensure that the situation or conflict is resolved under provincial laws.

In spite of the labour minister's enthusiasm because of the imminent passing of Bill C-3, the real test for him will definitely be the anti-scab legislation. As you know, consultations were held across the country and the Sims report was tabled, so as to immediately give an indication of what the government should do regarding Part I of the labour code.

I think the government will have to introduce an anti-scab bill. This will be a test of political courage. As you know, in politics, courage is a rather rare commodity; moreover, it is unevenly distributed. Mr. Speaker, I would go so far as to say that it is generally more prevalent on your left than on your right, but I realize you cannot do anything about that.

Again, the real test will be the anti-scab legislation. We urge the government to introduce this legislation. I even told the minister, in sub-committee, that if he wishes so, we are prepared to continue our work until the government can propose a model.

What does an anti-scab bill entail? The Quebec government provides a very eloquent example. We are talking about an instrument of last resort—after all, a strike is also an ultimate means, not a marginal one. Yet, for reasons that are often related to the deterioration of labour relations, a power struggle ultimately results in a strike action. Consequently, it is necessary to have a tool to alleviate tensions under such circumstances.

This instrument helps labour relations in such a context, because workers who go on strike, usually on the advice of their union, are aware that even if they walk out they will not lose their job once the conflict is over.

I will conclude by saying that we will support this bill, that the work in committee was rather pleasant, in spite of the fact that the very reasonable amendments proposed by the Bloc Quebecois were rejected. I remind the minister that we hope to work on an anti-scab bill. This will be the true measure of his ability to deal with labour relation issues.

* * *

CANADA TRANSPORTATION ACT

The House resumed consideration of the motion.

The Acting Speaker (Mr. Kilger): It being 5.30 p.m., pursuant to the order previously made, the House will now proceed to the taking of the deferred division at the third reading stage of Bill C-14, an act to continue the National Transportation Agency as the Canadian Transportation Agency, to consolidate and revise the National Transportation Act, 1987 and the Railway Act and to amend or repeal other acts as a consequence.

Call in the members.

(The House divided on the motion, which was agreed to on the following division:)

(*Division No. 29*)

YEAS

Members

Adams
Alcock
Anderson
Arseneault
Assad
Assadourian
Bakopanos
Barnes
Bélair
Bertrand
Bethel
Bevilacqua
Bodnar
Bonin
Boudria
Brown (Oakville—Milton)
Brushett
Caccia
Calder
Cannis
Catterall
Cauchon
Clancy
Cohen
Collenette
Collins
Comuzzi
Cowling
Crawford
Culbert
DeVillers
Discepola
Dromisky
Duhamel
Dupuy
Easter
English
Fewchuk
Finlay
Flis
Fontana
Fry
Gagliano
Gallaway
Godfrey
Goodale
Graham
Gray (Windsor West/Ouest)
Grose
Guarnieri
Harb
Harvard
Hickey
Hopkins
Hubbard
Ianno
Jackson
Jordan
Karygiannis
Keyes
Knutson
Kraft Sloan
Lastewka
Lavigne (Verdun—Saint-Paul)
LeBlanc (Cape/Cap-Breton Highlands—Canso)
Lee
Lincoln
Loney
MacAulay
MacLellan (Cape/Cap-Breton—The Sydneys)
Malhi
Maloney
Manley
Marleau
Massé
McCormick
McGuire
McKinnon
McTeague
McWhinney
Mifflin
Minna
Mitchell
Murphy
Murray
Nault
O'Brien
O'Reilly
Pagtakhan
Paradis
Parrish
Patry
Payne
Peters
Peterson
Phinney
Pickard (Essex—Kent)
Pillitteri
Proud
Reed
Regan
Richardson
Rideout
Ringuette-Maltais
Robichaud
Robillard
Rock
Scott (Fredericton—York—Sunbury)
Serré
Shepherd
Simmons
Speller
St. Denis
Steckle
Stewart (Brant)
Szabo
Terrana
Torsney
Ur
Valeri
Vanclief
Volpe
Wappel
Wells
Whelan
Young
Zed—127

NAYS

Members

Abbott
Althouse
Asselin
Axworthy (Saskatoon—Clark's Crossing)
Bachand
Bélisle
Bellehumeur
Benoit
Bergeron
Bernier (Gaspé)
Breitkreuz (Yorkton—Melville)
Bridgman
Brien
Chatters
Chrétien (Frontenac)
Crête
Cummins
Dalphond-Guiral
Daviault
de Jong
Debien
Dubé
Duceppe
Dumas

Epp
Frazer
Gauthier
Godin
Grey (Beaver River)
Harper (Calgary West/Ouest)
Hayes
Hill (Prince George—Peace River)
Jacob
Johnston
Langlois
Lavigne (Beauharnois—Salaberry)
Lefebvre
Manning
Ménard
Meredith
Nunez
Penson
Plamondon
Ramsay
Sauvageau
Scott (Skeena)
Solberg
Stinson
Tremblay (Rimouski—Témiscouata)
Venne
Williams —77

Fillion
Gagnon (Québec)
Gilmour
Gouk
Grubel
Hart
Hermanson
Hoeppner
Jennings
Landry
Laurin
Leblanc (Longueuil)
Leroux (Shefford)
Mayfield
Mercier
Mills (Red Deer)
Paré
Picard (Drummond)
Pomerleau
Ringma
Schmidt
Silye
Speaker
Strahl
Tremblay (Rosemont)
White (Fraser Valley West/Ouest)

PAIRED MEMBERS

Augustine
Caron
Copps
Deshaies
Gerrard
Guimond
Iftody
Lebel
Loubier
Marchi
Stewart (Northumberland)

Bernier (Mégantic—Compton—Stanstead)
Chamberlain
de Savoye
Dhaliwal
Guay
Harper (Churchill)
Lalonde
Leroux (Richmond—Wolfe)
Marchand
Nunziata
Wood

● (1750)

The Speaker: I declare the motion carried.

(Motion agreed to and bill read the third time.)

* * *

[*English*]

DEPARTMENT OF PUBLIC WORKS AND GOVERNMENT SERVICES ACT

The House resumed consideration of the motion that Bill C-7, an act to establish the Department of Public Works and Government Services and to amend and repeal certain acts, be read the third time and passed.

The Speaker: The House will now proceed to the taking of the deferred recorded division on the motion at the third reading stage of Bill C-7, an act to establish the Department of Public Works and Government Services and to amend and repeal certain acts.

Mr. Boudria: Mr. Speaker, I wish to seek unanimous consent that members who voted on the previous motion be recorded as having voted on the motion now before the House.

[*Translation*]

The Liberal members will vote in favour, with the addition of the Secretary of State for Youth.

Mrs. Dalphond-Guiral: The members of the official opposition will vote against the motion.

[*English*]

Mr. Ringma: Mr. Speaker, Reform members will vote no to this, except those who might wish to vote otherwise.

Mr. Forseth: Mr. Speaker, if I had been here for the first vote I would have voted with my party against the motion. I want to say that I am here.

The Speaker: I take it that it is the whip of the New Democratic Party.

Mr. de Jong: Indeed it is, Mr. Speaker. All New Democrats present today will be voting against this motion.

Mr. Bryden: Mr. Speaker, if I had been here at the commencement of the vote, I would be recorded as having voted with my party. I definitely support my party.

Mr. Milliken: Mr. Speaker, had I been here for the first vote, I too would have voted with my party. I am very pleased to do so on this second vote and be recorded as so doing.

Mr. Perić: Mr. Speaker, I would like to be recorded on the side of the government.

Mrs. Gaffney: Mr. Speaker, had I been here for the vote I would have voted with my party.

(The House divided on the motion, which was agreed to on the following division:)

(*Division No. 30*)

YEAS

Members

Adams
Anderson
Assad
Bakopanos
Bélair
Bethel
Blondin-Andrew
Bonin
Brown (Oakville—Milton)
Bryden
Calder
Catterall
Clancy
Collenette
Comuzzi
Crawford
DeVillers
Dromisky
Dupuy
English
Finlay
Fontana
Gaffney
Gallaway
Goodale
Gray (Windsor West/Ouest)
Guarnieri
Harvard
Hopkins

Alcock
Arseneault
Assadourian
Barnes
Bertrand
Bevilacqua
Bodnar
Boudria
Brushett
Caccia
Cannis
Cauchon
Cohen
Collins
Cowling
Culbert
Discepola
Duhamel
Easter
Fewchuk
Flis
Fry
Gagliano
Godfrey
Graham
Grose
Harb
Hickey
Hubbard

Ianno
Jordan
Keyes
Kraft Sloan
Lavigne (Verdun—Saint-Paul)
Lee
Loney
MacLellan (Cape/Cap-Breton—The Sydneys)
Maloney
Marleau
McCormick
McKinnon
McWhinney
Milliken
Mitchell
Murray
O'Brien
Pagtakhan
Parrish
Payne
Peters
Phinney
Pillitteri
Reed
Richardson
Ringuette-Maltais
Robillard
Scott (Fredericton—York—Sunbury)
Shepherd
Speller
Steckle
Szabo
Torsney
Valeri
Volpe
Wells
Young
Jackson
Karygiannis
Knutson
Lastewka
LeBlanc (Cape/Cap-Breton Highlands—Canso)
Lincoln
MacAulay
Malhi
Manley
Massé
McGuire
McTeague
Mifflin
Minna
Murphy
Nault
O'Reilly
Paradis
Patry
Peric
Peterson
Pickard (Essex—Kent)
Proud
Regan
Rideout
Robichaud
Rock
Serré
Simmons
St. Denis
Stewart (Brant)
Terrana
Ur
Vanclief
Wappel
Whelan
Zed—132

NAYS

Members

Abbott
Asselin
Bachand
Bellehumeur
Bergeron
Breitkreuz (Yorkton—Melville)
Brien
Chrétien (Frontenac)
Cummins
Daviault
Debien
Duceppe
Epp
Forseth
Gagnon (Québec)
Gilmour
Gouk
Grubel
Hart
Hermanson
Hoeppner
Jennings
Landry
Laurin
Leblanc (Longueuil)
Leroux (Shefford)
Mayfield
Mercier
Mills (Red Deer)
Paré
Picard (Drummond)
Pomerleau
Ringma
Schmidt
Silye
Speaker
Strahl
Tremblay (Rosemont)
White (Fraser Valley West/Ouest)
Althouse
Axworthy (Saskatoon—Clark's Crossing)
Bélisle
Benoit
Bernier (Gaspé)
Bridgman
Chatters
Crête
Dalphond-Guiral
de Jong
Dubé
Dumas
Fillion
Frazer
Gauthier
Godin
Grey (Beaver River)
Harper (Calgary West/Ouest)
Hayes
Hill (Prince George—Peace River)
Jacob
Johnston
Langlois
Lavigne (Beauharnois—Salaberry)
Lefebvre
Manning
Ménard
Meredith
Nunez
Penson
Plamondon
Ramsay
Sauvageau
Scott (Skeena)
Solberg
Stinson
Tremblay (Rimouski—Témiscouata)
Venne
Williams —78

PAIRED MEMBERS

Augustine
Caron
Copps
Deshaies
Gerrard
Guimond
Iftody
Lebel
Loubier
Marchi
Stewart (Northumberland)
Bernier (Mégantic—Compton—Stanstead)
Chamberlain
de Savoye
Dhaliwal
Guay
Harper (Churchill)
Lalonde
Leroux (Richmond—Wolfe)
Marchand
Nunziata
Wood

The Speaker: I declare the motion carried.

(Bill read the third time and passed.)

The Acting Speaker (Mr. Kilger): It being 5.55 p.m., the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

PRIVATE MEMBERS' BUSINESS

[*English*]

TAXATION

Mrs. Sharon Hayes (Port Moody—Coquitlam, Ref.) moved:

That, in the opinion of this House, the government should recognize the onerous burden of taxation upon the Canadian family, and the pressures that such taxation places upon the family, and that this government take immediate measures to provide the family with tax relief, including balancing the federal budget.

She said: Mr. Speaker, I rise today to speak on Motion No. 148 which highlights the issue of the level of taxation that the Canadian family faces and recommends the course the government should pursue to relieve the financial and tax burden on families.

The debate today is particularly relevant in light of the federal budget tabled earlier this month. I introduced this motion to highlight the issue of taxation and the family. Normally the taxation issue is associated with individuals or with corporations. Rarely is this issue ever associated with the family in this place.

• (1800)

It distresses me to say that it has certainly not been a theme of this government to recognize families in its policy development beyond its perfunctory rhetoric.

I recall my beginnings as a politician. In the town of Coquitlam, there was a forum called together of federal candidates before the last election. At that forum were the candidates from all parties and members of our community. It was sponsored by a local communi-

ty newspaper, the *Tri-City News*, that wanted to find out what the issues were in our area.

Candidates from all parties were there: the NDP incumbent, the Liberal candidate who was the provincial president for the Liberal Party and many others. They were called on to answer to the issues that were important to our community. There was free discussion. It was all on tape. The report of that discussion went into the newspaper the following week.

At that time I did not have much experience in politics. However, I did have experience as a community volunteer, a community member, a teacher and a mother.

The issue of family distress, the monetary and cultural pressures on the families that I saw in my community, brought me to consider that perhaps change might be possible in the political process. That is what brought me to the political arena.

That afternoon in that setting the issue of the family was primary. People talked about high taxes, their hopes for the future, the choice for young mothers to stay at home, the value of parenting and less government intrusion into families. Those were the topics of discussion chosen by the people in my community.

That day I was able to answer their questions with conviction because that is exactly where I come from and that is exactly why I aligned myself with the Reform Party. The Reform Party listens to the individuals, the families and the grassroots of the community. That day again affirmed my decision to take on the risk of political life.

Those families are not skilled at the lobby table. They are not well funded to be able to bend the ears of politicians, to organize or to pressure policy direction. However, the well-being of families is what is in the hearts of Canadians and that well-being will predict the strength of the future of the country.

By introducing this motion, I wish to establish the fact that the Canadian family has been affected by the overspending and resulting over-taxation of previous and present governments and is in desperate need of tax relief. It is a fact that the federal government can provide the Canadian family with tax relief by balancing its revenues and spending.

Even as I stood as a candidate for the Reform Party, it proposed a zero in three plan to balance the budget. Through reasoned spending priorities and choices, if Reform had been elected in 1993, this year's budget would not have been looking at a projected deficit of $25 billion but would have seen us making decisions on how to allocate a budget surplus. The books would have been balanced and debt reduction and/or tax relief would have been a reality.

As my motion indicates, it is through a balanced budget that tax relief for families will be realized.

How is it that we got where we are? The inability of governments to address the real security of Canadians through proper fiscal management has a very long history. Thinking back to 1972, the then Liberal government came into power with a debt load of $16 billion. It was voted out of office in 1984, 12 years later, leaving behind it the travesty of a $160 billion federal debt which has been a millstone to the prosperity of our country and to every citizen.

The Tories could not rein in their spending and again the debt grew, first to $200 billion in 1988 and then to $485 billion in 1993.

Today, still with no firm commitment to deficit elimination by, once again, a Liberal government, the security and future of every man, woman and child stands at the mercy of an incredible $578 billion debt which is projected to increase to $620 billion by 1997.

• (1805)

Meanwhile, political parties of all persuasions throughout the provinces have recognized the need for deficit elimination. Even the separatist government in Quebec now recognizes the need to balance its provincial budget with a stated goal of a balanced budget only four years away.

Not surprisingly, the results of overspending over the last 30 years by successive Liberal and Tory governments have produced a record of continually increasing taxes on the Canadian family. For instance, from 1961 to 1994, taxes on the Canadian family rose some 1,167 per cent. The rate of those tax increases far outstrips the corresponding increases in the cost of food, shelter and clothing over the same period.

In 1994, the average Canadian family earned $46,488. The Fraser Institute's Tax Facts 9 outlined the tax bill that this average Canadian family faced by categorizing the taxes by type. This is what it found.

Income tax, perhaps the most easily identifiable tax, accounted for $8,250. Another continual frustration to families are the sales taxes which take another bite of $3,278. Excise taxes gobble up another $973. Then there is the auto fuel and motor vehicle taxes of $709.

There is a big bite with social security, medical and hospital taxes of $3,817 and property taxes of $1,848. There are import duties of $331, a profits tax of $1,306, natural resource taxes of $354 and all the other types of sundry taxes not included in the above are $361.

If these are added up, the total taxes paid by the average family is $21,228. That works out to 46 per cent of its cash income. It means almost half of the working hours are spent on behalf of various levels of government or others.

It is little wonder that increasing numbers of Canadians are suffering from tax fatigue. For instance, in the Angus Reid survey in 1990, 45 per cent of Canadians expressed their concern of being

financially under stress, while in 1989 that figure was only 38 per cent; still a large number.

According to a 1995 Angus Reid poll, over half of Canadians stated that they were finding it harder to make ends meet than just five years before that.

Tragically, this financial stress is especially common among young families. A two-year project entitled ''Prospects for Young Families'' found that in the 1970s, families headed by a person under 25 had a median income of 80 per cent of the income of all family groups combined. By 1992, however, young families had a median income of only 54 per cent of the income of all other families.

There is something wrong with this picture when hard working families find that the harder they try, the farther behind they get. If this is a land of opportunity and the envy of countries around the world, why then do we rob our families of hope or achievement as they continually run harder to accomplish less?

The effect of this level of taxation leaves the family with less and less after tax income. According to StatsCan, since 1989, after tax family income has dropped some 6.5 per cent. If we go back a full 10 years, the picture is no better.

The StatsCan study found that the average family's after tax income in 1984 was $43,204. In 1993, the figure was $43,225. That is a long time for the average family after tax income to rise by just $21—10 years.

With declining disposable income, families are left with less money to spend on their children and less money with which to realize their dreams and secure their futures. It has been demonstrated that it takes twice the working hours now to support a family as in the 1970s. The opinion of Canadians again reflects this reality. Fifty-two per cent of Canadians surveyed believe ''it is just not possible to support a family on one income any more''.

There is a direct correlation between the levels of taxation and the resulting loss of net income in families and the rise of dual income earner families. For instance, in 1967, 58 per cent of Canadian families had one income earner. By 1991, however, only 19 per cent of families were classified as traditional earner families while dual earner families had skyrocketed to 61 per cent.

• (1810)

Negative societal effects resulting from the rise of the dual wage earner family have just begun to be reported. Particularly distressing are the effects on children who with both parents working are placed in institutionalized day care.

A recent study by Dr. Mark Genuis of the National Foundation for Family Research and Education demonstrated that non-parental care of children undermines the bonding between a parent and a child. The study concluded that ''insecure bonding to parents in childhood is a direct cause of clinical levels of emotional and behavioural problems in adolescence''.

There are negative effects on families themselves. Thirty-five per cent of homes with both parents working outside the home with children under six experience moderate to severe levels of stress. Those attempting to balance those same pressures while coping with toddlers under three similarly report severe stress.

Excessive taxation does hurt families. What has been the response of the government since being elected in 1993? What is the Liberal approach to home economics? Their record is simply a continuation of neglect and disregard for the financial challenges of the Canadian family. It is a record of sly and subtle tax increases in spite of the finance minister's rhetorical pronouncements to the contrary. In short, it is a record that has failed to recognize the tax burden that families face.

Let me list some of the examples of tax increases the government has and will be implementing. The full fiscal impact of the 22 tax increases from all its budgets will be to suck approximately $8.8 billion from the pockets of Canadians and their families.

For instance, recent proposed changes to the RRSP rules of reducing the age of mandatory withdrawal from 71 to 69 will net federal coffers some $100 million by the year 2000. Freezing the RRSP dollar contribution to $13,500 until 2003 will garner the federal government some $215 million more over the next three years.

RRSPs are fundamental to a family's savings and wealth. Families use them not only for retirement purposes but also for purchasing homes and other investments. Instead of changing RRSP rules to further line its pockets, the government should empower families to have greater control over their private savings and finances. Reform's super RRSPs would do just that. It would empower families and give them greater control over their personal finances.

Other examples of Liberal tax increases include excise taxes which will amount to almost $1.7 billion over the next three years. Not to be forgotten of course is the government's failure to abolish the GST which will be another $17.9 billion tax grab in 1996-97 alone.

In spite of the increased revenue gouging by this government, it has no plans to offer Canadian families the tax relief they deserve and desperately need. It still has not committed to deficit elimination. The finance minister has even stated that there will not be any tax relief for some time.

Rather than recognize the contribution and importance of families and the incredible tax load they carry, the government has other priorities. One of those is the federal plan for gender equality. Millions of family tax dollars are being poured into every federal department to fund gender analysis where the goal of all women

must be to pursue economic autonomy and their value is determined by their activity in the paid workforce.

Recent government initiatives in employment equity, pay equity and day care are going to cost Canadians billions of dollars and in the meantime remove value and choice from some of our most fundamental institutions. This is all predicated on a warped and intrusive government priority agenda.

The government's mindset of neglect and disregard for the family is also reflected in other misguided spending priorities. This is illustrated in the comparison of federal spending on major diseases in our society.

● (1815)

In 1994-95 the federal government spent $43.4 million on the national AIDS strategy, yet in the same year it spent only $4 million on breast cancer. Considering that one in nine women will experience breast cancer in her life compared with approximately 2,000 deaths by AIDS each year, Canadian families have a right to demand an explanation of how government determines and prioritizes the allocation of their hard earned tax dollars.

These examples of overtaxation and misguided spending priorities assault the sensibilities of families. In spite of the observations I have made, there are policy alternatives. Less, not more government is one of the solutions. Social policy spending must be targeted to those most in need and public policy should promote choice and empower families.

Income splitting is one practical solution. The Reform Party's taxation task force is examining this concept to better the economic and tax status of families. Presently two incomes of say $30,000 receive much better tax treatment than a single income of $60,000. Tax treatment to allow spouses to declare and split their household income would level the playing field between dual and single wage earner families. Income splitting would level the taxation field by recognizing and valuing the idea of a home team.

The child care expense deduction could also be reformed. Presently this income tax provision allows parents to deduct expenses incurred for child care that is non-parental. The effect of this is that parents who send their children to camps or daycare facilities, or who hire a nanny can deduct that amount from their income tax. However, parents who stay at home with their children are not eligible for this deduction.

This deduction could be converted into a child tax credit that would expand choice and opportunity for families. In the last budget this government instead raised the age eligibility limit for children from 14 to 16. The result is that parental and non-institutional child care options are still not recognized in our tax law, but what is recognized is the subsidization of child care for a 16 year old teenager.

Recognizing this tax inequity and the unfair tax treatment families face, my colleague from Calgary Centre introduced a private member's bill in the first session of this Parliament which would have provided a tax deduction for all parents regardless of their income status or method of child care chosen. What was the response of this government to this innovative proposal? The proposal was dismissed out of hand and relegated to the overcrowded never never land of private members' business.

Earlier this month I joined with the member for Mississauga South to support another private member's bill that would convert the child care expense deduction to a $5,000 tax credit for parents with children under the age of seven and a $3,000 credit for children between the ages of 7 and 13.

This proposal was developed in conjunction with Dr. Mark Genuis of the Calgary based National Foundation for Family Research and Education. This proposal will expand choice and will recognize the importance and value of parenting and family in our income tax law. It is innovative proposals such as this one that can and should be implemented immediately.

Reformers believe that just as a family must balance its books, so too must the federal government. With this approach in mind we developed our zero in three proposal which we presented to the public prior to and during the last election campaign.

In February 1995 we presented our taxpayers budget which was designed to balance the federal budget within three years and implement measures to prevent future deficits and secure the interests of taxpaying families. Reformers believe that balancing the federal budget is the primary means by which tax relief can be offered and realized for families in the long term.

It is no accident that the wording of this motion we are debating today includes specific reference to deficit elimination. To date this government has failed to present any plan to balance the federal budget.

Government priorities in spending must also recognize not only special interests but the best interests of families and thus the best interests of society as a whole. Finally, the bias and discriminatory aspects that impact negatively upon the family could and should be eliminated from the Income Tax Act and its regulations.

● (1820)

In conclusion, it is crucial for the future of the family that government acknowledge and recognize the burden of taxation it has placed on the Canadian family. It must realize that this burden

impacts the viability and the contribution of this fundamental institution. It must realize that a dollar left in the hands of a taxpayer is better than a dollar in the hands of a bureaucrat or politician. It must realize that decisions made by parents are better than decisions enforced through programs designed by bureaucrats in Ottawa and funded by those parents' taxes.

I call on the House to design and implement new priorities; priorities that will expand choices for families rather than constrict them; priorities that will provide social and economic security for families, both for parents and their children; priorities that will provide economic social security for future generations; priorities that will empower families to realize their dreams and allow them to become a vibrant part of the future success of this great land of ours.

Mrs. Sue Barnes (Parliamentary Secretary to Minister of National Revenue, Lib.): Mr. Speaker, I am pleased to address Private Members' Motion M-148. It is a motion that asks the government to recognize the onerous burden of taxation on the family and to take immediate measures to provide the family with tax relief, including balancing the federal budget.

Let me start by underscoring that the government fully understands the impact of Canada's level of taxation on many families. Unfortunately, what the hon. member fails to appreciate are the dramatic actions we are taking to put the country's finances in order. And she overlooks the measures we have introduced to provide targeted tax relief for families.

It is because we are acting not with quick fixes but through a strategic approach that will deliver sustained and permanent fiscal progress that I must oppose this well intended but precipitous motion. Allow me to outline how the government is addressing the fiscal and tax burden concerns raised in this private members' motion.

First let us remember not to put the cart before the horse. The fact is that we cannot begin serious tax reduction until the deficit is under control. To cut taxes in any other way would simply mean an even higher deficit and that simply guarantees that taxes would go back up again in the near future because it is the taxpayer who has to pay the interest on government borrowing.

Again, let me make the relationship clear. It is because we have had too many years of high deficits that our tax burden today is so high. We are paying for the borrowing appetite of the past. That is why we have moved on deficit reduction with courage and commitment. But we have not acted in a way that will do more damage than good. That would be the result if we took a slash and burn approach to eliminate the deficit in just a year or two. We would see too many Canadians facing real hardship, too many valid government programs virtually eliminated.

That is not our approach because that is not what the majority of Canadians want. Their choice is for a firm, balanced progress and that we are delivering. That approach was again emphasized earlier this month when the Minister of Finance delivered his third budget. It is the third step in a comprehensive and determined effort to restore fiscal health to the country.

The budget plan shows that the government is staying on course to eliminate the deficit and put the debt to GDP ratio on a constant downward track. The fact is the government bettered its deficit target for 1994-95 and it is now clear that the deficit target for 1995-96 will be achieved or again, bettered. We are on track to reach our 3 per cent of GDP target for 1996-97. The budget even announced actions to reach a new deficit target for 1997-98 of $17 billion or 2 per cent of the gross domestic product. Indeed, these actions will enable us to move beyond the 2 per cent target toward budget balance.

These actions build on the major deficit reduction measures announced in the government's first two budgets. They include further cuts in federal departmental spending amounting to almost $2 billion. These cuts will take effect in 1998-99. For most departments this means further budget cuts of 3.5 per cent in 1998-99 and for some departments the cuts are even higher.

These measures together with the spending cuts announced in our first two budgets add up to a dramatic decline in federal government spending. In the 1993-94 time period, government spending on programs was $120 billion. By 1998-99, after six consecutive years of absolute spending declines, we will have reduced it to $105.5 billion.

• (1825)

In relation to the size of the economy the scale of this achievement is even more evident. Program spending that accounted for close to 20 per cent of the gross domestic product a decade ago will be reduced to 12 per cent of the GDP. This will be its lowest level in 50 years. These spending cuts will also reduce the amount of new money the government must borrow on financial markets every year.

In 1993-94 Canada's borrowing requirements were $30 billion or 4.2 per cent of our economy. By 1997-98 our actions will have reduced this requirement to just $6 billion, or only .7 per cent of GDP. This represents major progress in tackling our fiscal problems.

In 1997-98 the federal government's borrowing requirements will be at the lowest level in almost 30 years and lower than those projected for the central government of any other G-7 country.

As hon. members know, this government has focused on spending cuts not tax increases to restore the country's fiscal health. Over the three budgets taken together we will have cut seven dollars in

spending for each one dollar in new revenue. Most important, there have been no increases in personal income tax rates.

This should prove that our government is very conscious of the tax burden on Canadians. Indeed our whole program of fiscal measures is designed to achieve two payoffs. The first is to secure the future viability of key Canadian social programs such as medicare and our public pension programs. The second is to reduce taxes for Canadians.

This government believes that it would not be responsible to introduce major tax cuts before the country's fiscal problems are resolved. Nevertheless in the 1996 budget we have been able to provide targeted tax relief to families that most need it. We have not done this though at the expense of progress in reducing the deficit; rather we have reallocated revenues within the tax system.

Low income families with children are a priority concern for our government. In the 1996 budget we introduced several changes to address the needs of these families in particular.

First, we introduced a new child support system that includes guidelines to ensure fairer and consistent child support settlements, measures to help ensure that child support orders are enforced and a change in the tax treatment of child support. The new tax rules apply to new and amended child support awards beginning May 1, 1997.

Under these rules child support will not be included in the income of the recipient for tax purposes, nor will it be tax deductible for the payer. This will ensure that children who need the support most get it. It will also eliminate the need for complex tax calculations and planning by parents. Our approach will treat spending on children the same for separated parents as for intact families.

Second, to increase support for children the budget proposes to increase the working income supplement under the child tax benefit. This supplement assists low income parents to meet work expenses such as child care, transportation and clothing. It also helps to make up for the benefits lost by parents who leave social assistance and re-enter the workforce. The maximum annual benefit will be doubled in two steps. It will increase from $500 to $750 in July 1997 and to $1,000 in July 1998. When fully phased in, it will increase support by $250 million to about 700,000 low income parents.

Third, the budget proposed additional support to parents through an increase in the age limit on the child care expense deduction from 14 years to 16 years. This will be of particular benefit to single parents whose jobs require them to be away from the home at night.

Fourth, the government proposes to provide additional assistance to Canadians who provide in-home care for adult children and other relatives with disabilities. The value of the infirm dependant credit will be increased from $270 to $400 and the income threshold for the reduction in this benefit will be raised from $2,690 to $4,103.

● (1830)

Fifth, the government introduced several measure in the 1996 budget to increase support for students and their families. These measures provide an additional $165 million in support over three years so that students and their families will be better able to deal with the increased costs of education.

The education credit will be increased from $80 to $100 per month. This credit recognizes the non-tuition costs of schooling. The limit on the transfer of the tuition and education credits will be raised from $680 to $850 per year. This will provide a transferable credit against costs of $5,000 per year, up from $4,000 under the current rules. This measure will assist parents and spouses who pay the education costs of students.

Again, the annual limits on contributions to registered education savings plans will be increased from $1,500 to $2,000 and the lifetime limit from $31,500 to $42,000. This will assist parents to save for their children's education.

Finally, single parents attending school full time will be able to deduct child care expenses against unearned income and the deduction will apply to those completing high school. This will assist parents to undertake education or retraining.

In summary, I feel I have demonstrated that this government is taking responsible steps to put the country's finances in order and so provide a sound platform for future tax cuts. At the same time, the government is acting to provide targeted tax relief for families that need help the most.

Accordingly, I urge this House to withhold support for private member's Motion No. 148.

[*Translation*]

Mr. Richard Bélisle (La Prairie, BQ): Mr. Speaker, the hon. member for Port Moody—Coquitlam is asking the members of this House to support motion M-148 which reads as follows: ''That, in the opinion of this House, the government should recognize the onerous burden of taxation upon the Canadian family, and the pressures that such taxation places upon the family, and that this government take immediate measures to provide the family with tax relief, including balancing the federal budget''.

This motion has two important components: family income and balancing the federal budget. These two components can, in certain cases, be at odds. In fact, one of the ways of balancing the federal budget could well be to increase the tax burden on families. The

other possible ways of balancing the federal budget would be to increase the tax burden on businesses, or to cut spending.

For the Bloc Quebecois, the only real way to reduce the tax burden on individuals, in addition to balancing the budget without cutting social programs, is to find new sources of revenue. In all their interventions in this House for over two years, Bloc MPs have always made it clear that these new sources of revenue, this new money in the federal coffers, called for an immediate, in-depth review of business taxation.

Reformers, true to their own brand of logic, as always, are again suggesting spending cuts as the sole means of balancing the budget. We must remember, however, that federal spending consists primarily of transfers to individuals and to provinces, the latter amounts going a long way towards paying for the provinces' social programs. Spending cuts hit individual taxpayers the hardest and do not produce the desired results. We are therefore opposed to balancing the budget solely through cutbacks in federal spending, the approach now being taken by the federal government.

The Reform motion emphasizes the family aspect of taxation. Here, Reformers are making the same mistake as the Liberals, who are now basing the new seniors benefit on the family income of couples. When the family income has been established, the government will divide the amount of the monthly benefit into two equal parts. Is this the Liberals' way of lightening the tax burden on families? By limiting their suggestions to spending cuts, Reformers are on the wrong track. By targeting family income as the basis for government assistance to seniors, the Liberals are also on the wrong track.

We in the Bloc Quebecois want the budget balanced, but not at the expense of families and seniors.

• (1835)

The Bloc Quebecois is totally opposed to the government initiative to base old age pensions on family income. Taxation reform must address individual or business revenue, not family income.

For cohesiveness, the Reform motion would require a business tax reform. Successfully balancing the budget requires business tax reform rather than merely tightening up on expenditures, which will impact upon the transfer payments to individuals and to the provinces.

Given the size of transfer payments to individuals and provinces, major cuts in expenditures will, of necessity, impact upon those same individuals and families.

Essentially, these transfer payments comprise the old age pension, the guaranteed income supplement, spouse's allowance, unemployment insurance benefits, and the taxation agreements, health insurance and health care, the Canada assistance plan, education support, family allowances and the child tax credits, along with a variety of other transfer payments.

It can be seen that most of these are aimed at young people, seniors and low income families. Interfering with them would place the incomes of the least advantaged members of our society at risk. Balancing the budget cannot, therefore, go the route of cutting transfer payments, at least not in our opinion.

Between 1990 and 1995, these transfer payments accounted for between 67 per cent and 71 per cent of federal program expenditures. Their importance is therefore obvious, when we realize that the only other equally large government expenditure besides program expenditures is servicing the debt, which remains untouched. Other revenues must therefore be found.

On the other hand, individuals are already paying more than their share of taxes. Between 1990 and 1995, personal income taxes accounted for between 78 per cent and 87 per cent of federal tax revenues, while corporate taxes for that same period accounted for between 11 and 20 per cent.

In order to lighten the tax burden on families and balance the budget at the same time, we must look at the business tax aspect before making heavy cuts to the assistance available to individuals, which would only add to the pressure already being felt by our families.

We know what a heavy burden families have to bear, and we know that the only way to balance the budget without increasing the burden of individual taxpayers or making drastic cuts in social programs, as the Liberal government is doing, is to review the corporate tax system to collect the government's missing revenues from those who do not pay their fair share.

On March 6, in the budget speech, the finance minister announced the creation of a committee to review the tax system. Some members on this committee are experts in tax evasion: one is a representative of Price Waterhouse, a firm with several branches in countries considered as tax havens, such as the Bahamas, the Caiman Islands, and Switzerland; and one is a representative of Ernst & Young which is also a great user of tax havens.

For the past two years, the Bloc Quebecois has been demanding a true reform of business taxation, the only way to lighten the tax burden on Canadian and Quebec families while making it possible to balance the budget.

The business taxation review process must be public. Input from opposition members must be allowed to make the process as open and transparent as possible.

The government is promising there will be public consultation once the experts issue their report; in other words, people will have their say once the decisions are already made. Business taxation must be streamlined and businesses must be made to pay all the taxes they are exempt from. In 1994, tax expenditures on Canadian corporations amounted to $9 billion.

Before the budget, the government was saying it wanted to get businesses involved; the Prime Minister challenged them to create jobs. This rallying theme seems to have disappeared somewhere in between the throne speech and the budget. Businesses are yet to be put to task.

• (1840)

I fear that the Liberal government is once again going to ignore the necessary contribution of businesses to the tax system of this country, which badly needs it both to balance its budget and to lighten the tax burden on families.

Up to now, the only fiscal effort on the part of some corporations has been to contribute to the Liberal coffers; as we know, six of the eight members of the business taxation review committee come from businesses which contributed to the Liberal Party's coffers to the tune of $80,000 in 1994.

[*English*]

Mr. Gary Pillitteri (Niagara Falls, Lib.): Mr. Speaker, I am pleased to speak tonight to the private members' Motion No. 148 which calls for the House to recognize the heavy burden of taxation placed upon Canadian families.

This motion also calls for immediate action to be taken to provide the Canadian family with tax relief, taking into consideration the continuous reduction and balancing of the federal budget debt.

In my opinion this motion is not very clear. It does not propose specific measures. However, the motion does call for tax relief for families and a move to a balanced federal budget, a very commendable goal.

However, the government should not support this motion. The Liberal government, in its March 6 budget, has taken several steps and measures to address the serious concerns that must have prompted this private members' motion.

We have seen that the budget does not increase taxes on the family. With serious and well balanced measures, the federal budget continues to provide expenditure restraint that will eventually lead to a balanced budget. This in turn will bring about a reduction in the broad based taxes paid by families.

The budget has shown that the Liberal government cares about families and the welfare of children. This can be seen, for example, through measures such as the doubling of the working income tax supplement. The child tax benefit will increase to its maximum level from $500 to $1,000.

These are measures that show how much our government cares for families in our society. By restoring a climate of financial health, we are paving the way for more dynamic job creation in our economy.

It is well known that by lowering the deficit we will obtain lower interest rates. This in turn will create growth and investment which will lead to more jobs and a flourishing economy.

We know that the Canadian tax system is effective and fair. According to a recent survey taken by the OECD, Organization for Economic Co-operation and Development, we rank 14th in the world. This means that there are 13 industrialized countries where the tax burden is much higher than that of Canada. Our country enjoys one of the highest standards of living of all the industrialized countries in the world.

We have learned that Canada has the highest index of human development. Of 173 countries around the world, Canada ranked first in terms of longevity, average income, spending for education and health care. This is according to the human rights development report prepared and published every year by the United Nations.

This means that in Canada our tax dollars are well spent. We are all receiving an exceptionally high value for the taxes we pay. With the new budget, the government has proven that it is meeting the fiscal targets it set.

After a lower than projected deficit last year, the government is now on track to meet or better the target of $32.7 billion in 1995-96 and 3 per cent of the GDP in 1996-97.

The budget also announced $1.9 billion in spending cuts for 1998-99. This, together with actions introduced in the last two budgets, will ensure that the deficit will continue to decline for years to come.

This motion asks for the relief of pressures that taxation places on Canadian families. The budget has already done this. Let us look at the support for families.

• (1845)

The Liberal government is moving ahead with improvements to the child support system in Canada. This strategy announced with the budget includes guidelines for setting child support, fairer taxation of support payments, better enforcement, and increased income supplements for working families.

The current system places the tax burden on the custodial parent and provides a deduction for the non-custodial parent. Under the new child support strategy, custodial parents will no longer pay income tax on child support payments and non-custodial parents will no longer claim a tax deduction.

These new tax rules will apply to agreements and court orders made on or after May 1, 1997. They will not apply to existing orders unless the orders are varied by the courts or unless the parties have agreed to the changes. This means children will benefit from a fairer and consistent child support which will be paid in full and on time. In addition to these measures, the parents

will be allowed to file a joint election with Revenue Canada to apply the new tax treatment.

Moreover the current age limit of 14 years for children with respect to whom the child care deduction may be claimed does not recognize the need of many parents, especially the single ones, who work at jobs which require them to be away from home at night. Accordingly, our government proposes to raise the age limit for eligible children to 16 years. This measure will complement the other changes made to the child care expense deduction and it will without any doubt assist single parents and support learning.

The increased assistance is important to the many Canadians who are caring for and supporting adult children and other relatives who have moderate to severe medical conditions. I am aware of many constituents in Niagara Falls and Niagara-on-the-Lake who are providing home care for invalid members of their families. These families will find relief in the government proposal to increase the value of the infirm dependant credit from $270 to $400 and to raise the dependant net income threshold for the phase out of benefits from $2,690 to $4,903.

The measures proposed in the budget promote fairness: fairness to the Canadian taxpayer who complies with his obligations under the Income Tax Act; fairness that will ensure everyone shoulders their fair share of the tax burden. These are reasons enough for me to vote against this motion.

The Acting Speaker (Mr. Kilger): There being no further members rising for debate and the motion not being designated as a votable item, the time provided for the consideration of Private Members' Business has now expired and the order is dropped from the Order Paper.

ADJOURNMENT PROCEEDINGS

[*Translation*]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

UNEMPLOYMENT INSURANCE REFORM

Mr. Paul Crête (Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, in the context of the adjournment proceedings, I would like to go back to a question that I asked the Minister of Human Resources Development in early March. It referred to the fact that the minister had acknowledged that the bill on unemployment insurance reform, known as employment insurance, would penalize several workers if thorough changes were not made.

Essentially, what we would like to know is what are the changes that the minister will put forward. The committee has now been sitting for a few days on the subject and the minister has given us very vague indications. On every occasion, on amendment proposals coming from the Liberal members, they were always talking about very cosmetic, very technical changes. These are minimum changes that do not go to the heart of the issue.

• (1850)

Essentially, the real question is this: Will the minister be able to change budgetary parameters? In the unemployment insurance reform, the government expects to use the surplus in the UI fund to compensate for the federal deficit. Even though the UI fund money is provided totally by workers and employers, the Liberal government expects to use the money that is in the surplus. It is $5 billion for this year alone. Yes, $5 billion.

Will the minister to able to do anything to ensure that the reform will be changed root and branch? Because the one that is presently on the table has been condemned everywhere, by all people involved in this reform.

Will the minister be able to do anything in the budgetary parameters? Will there be a strategy for regional economic diversification? It is one thing to try to put the burden of the unemployment issue on the unemployed, but seasonal workers do not want unemployment. These are people who are caught in a seasonal economy, an economy of regions that live on natural resources. They have the jobs that they can, and if they could have more, they would take them.

In the reform project, it would be important that the minister gives up this principle that is found in the documents saying that seasonal workers are lazy. That is essentially what is being said. In all testimonies, we have seen that does not reflect reality.

In conclusion, will the minister be able to come back to common sense? Will he use the fact that there was a change in ministers to thoroughly change the unemployment insurance reform, to put back on the table the main things that concern him and to ensure, once and for all, that there is a reform, but a reform that will really make it possible to fight unemployment and allow more people to get jobs?

[*English*]

Mr. George Proud (Parliamentary Secretary to Minister of Labour, Lib.): Mr. Speaker, employment insurance reform was designed to minimize the number of people who will not be eligible for income benefits. In fact, the new hours based entrance system opens up eligibility to people who were previously not covered by unemployment insurance.

In addition, while some individuals receive benefits for shorter periods, more individuals will have increased duration. This will have a net positive impact on social assistance.

The family supplement means benefits will increase by 7 per cent on average for claimants in low income families with children. By protecting those most in need, impacts of the reform on social assistance will also be lessened.

HRD has estimated the impact of employment insurance reforms on social assistance across the country will be in the order of $75 million by the year 2000. However, this impact will be offset by both the $300 million jobs transition fund and the $800 million reinvestment in direct re-employment assistance. About 45 per cent of current social assistance clients will meet the new eligibility requirements for these measures.

I would like to remind the hon. member that these employment benefits will give people meaningful employment and keep it. By doing that, the reforms will again reduce, not increase, the burden to provincial social assistance.

Further, the government realizes the interaction between employment insurance and social assistance clientele is a complex one. Departmental officials are now in the process of talking to the provinces in order to get their feedback on this impact analysis. They have now met with five provinces and will meet with the remaining five over the next two weeks. A key purpose of this reform is to create needed jobs and help people increase their employability.

Another issue that the legislation addresses is that of a business environment that is conducive to job creation. Lowering premiums for employers and employees is a step in that direction. That, when considered with the job and growth agenda, will help create more jobs and this will further reduce social assistance rolls.

Over all, many elements of the new employment insurance legislation benefit low income Canadians. Therefore, I urge the hon. member who professes to be concerned about the fate of this group to support the legislation and thereby be of real help to Canadians most in need.

[*Translation*]

The Acting Speaker (Mr. Kilger): The motion to adjourn the House is now deemed to have been adopted.

Accordingly, this House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 24.

(The House adjourned at 6.54 p.m.)

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