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OFFICIAL REPORT  
(HANSARD)

**Monday, November 30, 1998**

**Speaker: The Honourable Gilbert Parent**

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# HOUSE OF COMMONS

Monday, November 30, 1998

The House met at 11 a.m.

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*Prayers*

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## PRIVATE MEMBERS' BUSINESS

• (1100)

[*English*]

### SMALL SCALE FISHING

**Mr. Peter Stoffer (Sackville—Eastern Shore, NDP)** moved:

That, in the opinion of this House, the government should declare an international week of awareness about the benefits of small-scale fishing for the environment and for the sustainability of communities.

He said: Mr. Speaker, I thank the House and the Canadian people for the opportunity to speak to this motion.

• (1105)

The motion basically states that we should respect and honour those fishermen, fisherwomen and plant workers in our coastal communities, on all three coasts, and those who fish in our inland waters of the Great Lakes and in the inland waters of provinces like Saskatchewan, Alberta and Manitoba.

It all started in the 1950s with the invention of the freezer trawler and the ocean factory freezing draggers. These technological advances, the new way of catching fish, have literally destroyed different species of stock throughout the entire world.

In 1977 the present Governor General, Romeo LeBlanc, was the fisheries minister of Canada and he extended our limit from 12 miles to 200 miles. One of the reasons for doing that was to have greater control of our ocean resources.

The unfortunate aspect is that the current Minister of Fisheries and Oceans has indicated, quite rightly, that governments of the past, Liberal or Conservative, have favoured the large corporations over the inshore sector. I thank him for that admission.

This motion does not in any way reflect on monetary value from the government. It does not reflect in any way any on political partisanship. This motion honours those fishermen who risk their lives every day on the oceans to put food on our tables.

It was announced today in the Gulf of St. Lawrence that search and rescue crews are searching for three more fishermen who are presumed drowned. There were five fishermen on that ship. Two bodies have been found and three more are still missing. Fishermen spend their entire lives working so they can put food on our tables. All this motion does is honour and recognize them.

November 21 is international oceans day. On that day we stop to reflect upon what benefits the oceans provide the human race. We also reflect upon those individuals who work in the resource in all countries.

The resources of the oceans do not just belong to Canada, they belong to all Canadians and to all human beings in countries bordering oceans.

In Nova Scotia, in Newfoundland and in other coastal areas we often see on top of people's homes architectural pieces called the widow's walk. The widow's walk enabled women, especially the wives of fishermen, to watch and hope that their husbands or sons would come back from fishing. Widows' walks can still be seen throughout Nova Scotia and in other provinces as well. They were put there so that the wives could watch for the return of their husbands and sons from their perilous days or weeks of fishing.

Fishing in the old days was not like it is today. It was not the hook and line and small dory fishermen who destroyed the fishery, it was advanced technology. It used to take weeks to catch the fish. Now it takes just minutes.

Today is the opening of the lobster fishery in West Nova and literally thousands of small boats will be out fishing. The chances of some of them not returning are very real. Fishermen risk their lives to earn their livelihood. It is said that farming is one of the most dangerous occupations. Fishing is right behind it. Every year we lose dozens of lives in our coastal communities to fishing.

This motion proposes that we honour fishermen internationally for one week a year. It would provide the opportunity to reflect on what benefits small scale fisheries bring to Canada.

*Private Members' Business*

It would be a tragedy if we lost our coastal communities to a lack of resources. Currently in Halifax there is a week long conference on the oceans. This motion is in perfect timing with debates concerning what the world should be doing with the resources of the oceans.

Recently we had the Swissair disaster in Nova Scotia. The very first people on the scene were inshore fishermen; people from Sambro Head, Blandford and from the St. Margarets Bay area. They were the very first people at the scene when that Swissair plane went down.

• (1110)

If we continue in our ways and force fishermen and their families out of these communities that type of ability will be lost forever.

It is not a good idea to pull people out of their communities and move them into urban centres. We absolutely cannot do that.

Again, this motion would allow us to honour for one week of each year these people and their commitments, their ancestors and their communities. I will ask for unanimous consent later on in the debate for this to be made a votable motion.

Many people in my caucus agree with the fact that coastal communities, inland communities, small communities are really what make this country great. They built this country and they will sustain this country.

All I am asking parliament to do, this House of Commons, this very respected and hallowed place, is to honour the inshore fishermen and the small scale fishery, which was, by the way, very sustainable. It went on for hundreds and hundreds of years.

Just recently, since 1956, we have destroyed many aspects of the fishery. Now we are slowly starting to consult and to work with people in the industry to rebuild the stocks and to make employment in the industry as equitable as it was before.

We know there have been changes to the fishery, some good and some bad. All this motion asks for is one week to recognize the hard work of these people, what they do for our environment and also what they do to put food on our tables. It is important to reiterate that these fine, outstanding people risk their lives every day on these small boats, mostly to sustain those in urban centres.

A lot of the children of these fishermen will not realize what it is like to be with their dad, mom, uncle or brother on a small boat because, as we speak, more and more small inshore fishermen are being forced out of the industry. Even the government admits that big scale, big corporate fishing is the way to go. I am certainly not here to debate that. That debate is for another time in our committee hearings.

I know that the parliamentary secretary who is here today realizes that beautiful Prince Edward Island also has thousands of inshore fishermen and that these people risk their lives as well. Members of the Reform Party, including the hon. member for Saanich—Gulf Islands, my hon. colleague on the committee, also know that there are hundreds of people in their ridings who realize their livelihood from this resource.

When we travelled to the riding of a former member of our committee, the member for Vancouver Island North, thousands of people came to speak to us about the feasibility and the possibility of retaining small scale fisheries to keep their communities alive. Many of these communities are coastal communities. They do not have road access and many other things that the great urban areas have.

It is an honour, a privilege and a real treat to go to communities like Sointula, Alert Bay, Port Hardy and Prince Rupert, B.C.; Burgeo, Newfoundland; Malpeque, P.E.I.; Sheet Harbour, Sambro and Shelburne, Nova Scotia; Broughton Island, Baffin Island in the Northwest Territories and thousands of other communities. It is an honour as a parliamentarian to visit those communities.

All these people ask for is the opportunity to remain in their specific field of fishing. They do not want to become rich. They just want to make enough money to maintain their livelihood and look after their children. That is not very much to ask.

This motion would recognize a symbolic week. It would be a gesture from the House of Commons saying "We respect you. We appreciate what you have done in the past and will do in the future. We will honour your commitment to fishing and providing sustenance for our tables so that we can survive as a species. We will do that by giving you an international week".

Some people may say that it will be difficult to have an international week. It was difficult, but we managed to do it fairly quickly on the land mines issue. We give the current Minister of Foreign Affairs top marks and a lot of credit for his efforts and other countries' efforts in establishing the treaty on land mines.

• (1115)

If we can do that we can certainly honour fishermen in all coastal regions around the world like those of India, Bangladesh, Namibia, the United States, Chile and Canada. I could go on and on. All nations that have coastal communities and people within those communities can certainly get together either through the UN or through parliament to recognize these communities, fishermen and their families throughout not only Canada but the entire world. It would be a symbolic gesture. It would go a long way toward honouring their commitment to the economy of nations and to the livelihood of their communities.

It is a real pleasure to speak today. I hope the government of the day and future governments will be able to respect and honour

small scale fisheries and the people who live within those communities.

There have been many protests directed toward government. I remember the ones in February 1996 when many inshore fishermen occupied DFO buildings because of their perception that their livelihoods were being taken away from them and traded over to big corporations. That argument still continues and the battle still continues.

The unfortunate part right now is that people have given up hope and dignity. The motion will restore some hope and dignity to the lives of these people. I do not have to go into the number of suicides of inshore fishermen and plant workers which have recently happened in South West Nova. A rash of suicides is also happening on Vancouver Island. These people were at one time proud people who worked hard in the fisheries and made a little money to look after their families.

The unfortunate part is that in their perception, and sometimes in their reality, their livelihoods have been taken away by the government or past governments in co-operation with big corporate industry. Evidence abounds which indicates the government today is still favouring certain sectors of the fishing industry over those of the small inshore fishers. That debate would be for another day.

I ask for the indulgence of the House. I will at the end of my speech ask for the motion to be votable. It is not a monetary motion. It is not a motion that binds the government or future governments in any, way shape or form. It is a symbolic gesture to say to people in the inshore communities and our coastal communities that we respect them, that we honour their way of life, and that we will do all we can as a government and as an opposition to respect their way of life and their families.

I thank all members in the House who are taking part in a debate which I think is a very important one.

**The Deputy Speaker:** Perhaps I could seek clarification from the hon. member. Is he seeking this consent now or will he do it in his five minute reply?

**Mr. Peter Stoffer:** In my five minute reply.

**Mr. Wayne Easter (Parliamentary Secretary to Minister of Fisheries and Oceans, Lib.):** Mr. Speaker, I am pleased to rise on the motion of the hon. member for Sackville—Eastern Shore:

That, in the opinion of this House, the government should declare an international week of awareness about the benefits of small-scale fishing for the environment and for the sustainability of communities.

I have had the opportunity to travel with the member for Sackville—Eastern Shore to many small communities with the fisheries committee. I firmly believe that fishing, farming and

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other rural communities are the lifeblood of the nation. We have to do everything we can to ensure their viability.

Declaring a week of awareness is not the answer. At the very end the member opposite dealt with the facts when he said it was nothing more than a symbolic gesture. It has to be much more than that. We on this side of the House believe in taking some action. Symbolism is not enough.

If we are to have an international week of awareness we have to put people on the issue. We have to hire people. We have to put out publications. It takes money and time. We are trying to expend our efforts improving the fisheries rather than that which is typical of the New Democratic Party. It wants to theorize, study and go on for years. We on this side of the House believe in making some hard decisions and taking action. We have begun to see evidence in the last year in terms of improvements. In fact Premier Tobin mentioned that the other day.

• (1120 )

Awareness is already taking place and taking place vividly. Last week at the Canadian Council of Professional Fish Harvesters, a national forum held from November 21 to November 23, the minister, elected officials, industry representatives and fish harvesters met to work further on a vision of the fishery which recognizes gear sectors and opens the lines to communication. It was an attempt to work in unison with the industry as a whole. It was a recognition by people practising in the industry of its importance and that there is a future for the fishing industry.

When Premier Tobin spoke—

**An hon. member:** Who?

**Mr. Wayne Easter:** The member opposite is asking “Who”. Premier Tobin is well known. I believe he was called Captain Canada at one time when on behalf of the government he ensured that we put the run to the foreigners at one point in time. He ensured that the fishery would move ahead for Canadian fishermen.

In his remarks Premier Tobin made very clear that although many people in Canada think the fisheries is a basket case that is not the case at all. The main reason the Newfoundland economy is predicted to do so well this year is because of the fishery. It has improved and is healthy. There are problems in terms of the Atlantic cod fishery but the fishery is improving. The value of landings has improved. I believe in the province of Quebec the value of landings has improved 39% since about 1982.

One of the most important points I want to make is that conservation is the government's top priority when it comes to managing Canada's fisheries resources. In the case of the fisheries this means conservation comes before other priorities, as worthy as they may be, such as job creation and economic development.

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Although members opposite very seldom admit it, we are working on job creation and economic development through the rural initiatives of the Government of Canada rather than just fisheries policy in and of itself. We are doing what we can with fisheries policies.

The Minister of Fisheries and Oceans has made the point many times in terms of conservation that the fish must come first. It must be obvious by now why this is so. Discussion on fisheries policy would be much more productive if everyone would realize that the old ways must change, both the old ways of thinking and the old ways of fishing. We need to acknowledge that things have changed and that current conditions demand both drastic short term measures, many of which we have taken, and the long term will to change.

If we need to mark anything, it is the passing of the old fishery and the birth of a new conservation based fishery. Its design and development is still unfolding. Many members of the House are members of the fisheries committee. It is an integral part and hears what fishermen in the fishing communities have to say. It listens to them and brings reports, even when they are critical of DFO, to the House to add to the debate so that we develop a fisheries for the future which keeps communities in mind. The design and development of a conservation based fishery are unfolding day by day and aggressively under the minister of fisheries.

The government's ultimate objective is to have a sustainable fishery. This means fisheries that are economically viable and ecologically sound, fisheries that can support communities and provide fishermen with good incomes within sustainable limits.

• (1125)

To accomplish this the government has taken steps to reduce the number of people who depend on the fishery for their livelihoods. These steps include temporary income assistance, early retirement incentives, licence buy-backs and other measures to assist communities to adapt to the changing fishery.

We also need—and the government is working on this as well—to reduce harvesting capacity. As always the government is open to suggestions in terms of how to do that best in maintaining and supporting communities.

Why has the government taken these important steps? The answer is simple: so that those who remain in the fishery can make a decent living without overfishing, as has happened in the past, and without relying on government subsidies.

Conservation is the top priority in fisheries management for the Department of Fisheries and Oceans. Practising conservation and enforcing conservation are the only things standing between us and the loss of our fish stocks. We cannot allow the mistakes of the

past. We on this side of the House have learned from the mistakes of the past. We cannot allow mistakes of the past to be part of the fisheries of the future.

If people think a moratorium is painful, let us imagine living in a world without fish. That was clearly the road we were on until the government took the leadership to develop new policies and to take action to ensure there are fisheries for the future.

The issue is not as implied in the motion by the member opposite. The issue is not large scale fishing versus small scale fishing. That is not the issue at all. The issue is taking only as much fish as the resource can support and as much as a well managed environment can produce.

The fishery of the future needs a place for both the large scale and small scale fishery. Most integral to that are those communities which depend on fishing for their livelihood. These are the guiding principles the government follows.

The fishing industry has to be able to live within strict conservation guidelines without relying on government support. That means the industry has to be able to withstand the ups and downs of commerce, the price fluctuations, and the ebb and flow of demand and supply without subsidies. That means the industry has to change, which is why the government is talking about fewer licences, multi-species licensing and a professional industry.

I want to quote an editorial from the *Fishing News* by James Pugsley when he talked about the federal plan. He indicated that the federal plan, although not perfect, was the best bet at this time. He said the actions of the Minister of Fisheries and Oceans to move a sustainable fisheries model allowing only a conservative fishing effort that will not threaten stocks comes after two decades of warnings from the department's own fisheries. In the editorial he said that was the way to go. We believe in action.

**Mr. Gary Lunn (Saanich—Gulf Islands, Ref.):** Mr. Speaker, before dealing with the issues raised in the motion, I will comment on a few remarks made by my two hon. colleagues.

The Parliamentary Secretary to the Minister of Fisheries and Oceans stated that side of the House believed in action, that it needed to put out publications and spend money. He is absolutely right. That is the action the government has taken. Government members talk about conservation and continually about a sustainable fishery, but when the actions of the government—and I will give specific examples in the few minutes—are not coming through.

We have applauded the government on the conservation side with respect to the coho in British Columbia. When we really look at it, though, the government spends more money putting out publications to prop up the image of the Minister of Fisheries and Oceans than it does actually looking at that resource.

*Private Members' Business*

I acknowledge and commend the hon. member for Sackville—Eastern Shore who brought the motion forward. Maybe I do not entirely agree with his motion, but I do agree with what he is trying to achieve and for that I could support it.

• (1130)

Like the member from the other side I believe we need more than a symbolic week or gesture. Those were the words he used. He really means that he wants action. He is not just suggesting that we honour the fishermen, that we recognize them and make this a symbolic week. He recognizes the need for action.

The motion is “that, in the opinion of this House, the government should declare an international week of awareness about the benefits of small-scale fishing for the environment and for the sustainability of communities”. He is talking about small-scale fishing which is more important than his concern about a dedicated week. That is the issue.

I put this to the minister in committee last week. I told him that it had been brought to my attention by those in both sectors on all coasts that the voluntary retirement program is squeezing out the little guy. It is squeezing out the guy who cannot afford it. The only ones left are the big companies, the people with deep pockets who can afford to ride out the storm.

The government is in the process of reducing capacity. Its second attempt under the Mifflin plan did not work. It reduced the size of the fleet and then allowed people to buy multiple licences. Our capacity remained the same although there was a lower number of boats. These are very real concerns on both coasts.

The minister has brought forward a voluntary licence buy back. It will reduce the size of the fleet and hopefully the capacity. I support that. By making it strictly voluntary, the person in a small fishing community who is struggling, the individual boat owner, the guy who has a family operation and who employs three or four people will have no option but to take this voluntary buyout. He does not know how he is going to feed his family. They are struggling up in northern Vancouver Island.

I agree the fishery can be rebuilt. I believe there is a fishery out there. If we do things right we can have a fantastic fishery in three or four years. The only people who are going to be left to fish this resource are those with the deep pockets, Seafreez and all the big fish companies of this world that have big factory freezer vessels. They can afford to ride out the storm.

I put that to the minister. The minister flatly denied it in his response. He said “Second, on voluntary retirement you said flatly that you do not think it should be voluntary, that we should not help the persons who want to get out”. That is absolutely wrong. That is not what I am saying. We must have a system in which we can help

these people. Forcing them to retire their licences, forcing them to retire generations of family traditions and livelihood is not the way. We must be able to help these people ride out the storm as the people with the deep pockets can do on their own.

The government has to come up with a plan that will force a reduction in capacity equally among all sectors. That includes the big vessels, the gill netters, the trawlers, the seiners. It should be done proportionately and equally. The little guys, the trollers on the west coast of Vancouver Island did not get one fish allocated to them this year, yet the seine fleet was out there fishing. The little guys are being squeezed out.

It applies to the other sectors as well. The member across from me would probably agree that the sports sector needs its capacity reduced equally. These are all sectors within the fishing industry that need reductions applied in a fair and equitable manner so the small boat fleet does not take the hit alone.

The junior minister of fisheries and oceans said that the ultimate object is a sustainable fishery. I totally and wholeheartedly agree with him. I have worked with him on committee and privately. We have discussed this issue seriously. We have had some fruitful discussions. The problem is we have not seen any action by the minister and he knows it too. From my experience at least, if he were the minister of fisheries we would get a lot more action out of him than we would out of the current minister.

• (1135)

I have some specific examples. Only last week the Minister of Fisheries and Oceans again gave hundreds of tonnes of Canadian fish in Canadian waters to foreigners. He relaxed the Canadianization policy. This was done to Seafreez, a large company in Nova Scotia that said it could not keep its plant open unless it had an exemption to allow foreign vessels to go out and catch 40% of the remaining quota. This is in turbot.

No attempt was made to get Canadian vessels out on the water. Why was that not done? We know no attempt was made. I have spoken to fishermen throughout Newfoundland and Atlantic Canada. They are asking for access to this resource. The minister took the easy way out and allocated, under pressure from the big companies.

The member opposite knows the recommendation. He is a member of the committee and agreed to the east coast report. Recommendation two of the east coast report, also known as the Baker report, reads:

The committee recommends that Canada cease giving permission to Canadian companies to hire foreign vessels and foreign crews to catch fish in Canadian waters as long as Canadian fishermen and Canadian vessels are available to do the same.

Canadian fishermen are available. We need action and not action just by putting out publications. The action we are looking for is

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not spending \$5 million in British Columbia to prop up the minister's image which was done. We need action to make sure that all these cuts that reduce capacity are done in a fair and equitable manner among all sectors, the sports sector and all sectors within the commercial sector, within the sport lodges. We cannot single anyone out.

Although this policy does not single anyone out explicitly, the net effect is it is wiping out completely the small boat fleet on both coasts, the guy or woman who employs three or four people.

I applaud the member for Sackville—Eastern Shore for bringing this issue before the House. I do not believe that having a declared international week of awareness is necessary. We need action from the government, and not to keep hearing the walk and talk of conservation. We have seen it in a few areas but a lot more needs to be done. There are 21 fish companies that want access to this resource but they have been denied. They are not given access.

The voluntary licence program is destroying the small boat fleet. I would ask the junior minister of fisheries and oceans, which is how he likes to be referred to, to talk to the minister about restructuring the voluntary licence buy back so that it will be done in an equitable manner and that we will not destroy the small—

**The Deputy Speaker:** The hon. member for Burin—St. George's.

**Mr. Bill Matthews (Burin—St. George's, PC):** Mr. Speaker, I want to say a few words on the motion put forward by the member for Sackville—Eastern Shore and commend him for the resolution. I have no difficulty whatsoever in supporting the member's motion. The debate has become quite wide ranging between the Parliamentary Secretary to the Minister of Fisheries and Oceans and the fisheries critic for the Reform Party.

The inshore fishery, the small boat fishery, has always played a very important role in Atlantic Canada. It has always been a very important sector of the fishing industry. In Atlantic Canada, and I can speak most readily about Newfoundland and Labrador, the inshore fishery and the offshore fishery have coexisted. There is a great desire within the province of Newfoundland and Labrador for that to continue, for there to be a coexistence of the inshore small boat fishery and the offshore fishery.

• (1140)

Our offshore fishery is very limited these days because of the downturn in our groundfish stocks. Most of the trawlers of the major companies have been decommissioned. We are finding in Newfoundland and Labrador today that more small boat fishermen have to go further offshore to try to make a living. That ties into the member's comments when he said that right now there is a search

and rescue effort going on somewhere in the Atlantic region looking for some fishermen who have been lost.

Over the last number of years, the number of lives that have been lost on small boats in Atlantic Canada is staggering. That ties directly to a recommendation by the Standing Committee on Fisheries and Oceans. We called upon the Minister of Fisheries and Oceans and the Department of Fisheries and Oceans to review the vessel replacement program. The minister's response was that one was done a few years ago and he thought that was good enough.

Because of the downturn in the fish resources, small boat fishermen are venturing further offshore to try to make a living. Consequently they are going into more dangerous waters. They are going further from shore. We all know that weather changes very quickly in the Atlantic and many of them are getting caught on the water in boats that are too small to be that far from shore.

I say to the hon. member for Sackville—Eastern Shore that I have no problem whatsoever with declaring an international week of awareness about the benefits of small-scale fishing for the environment and for the sustainability of communities. Hundreds and hundreds of small communities in Atlantic Canada are in danger of extinction. The outmigration from those communities is staggering.

When I visit the riding of Burin—St. George's on a weekly basis, which I did again this weekend, and go to many of those communities, I do not see very many people who are less than 45 or 50 years of age. All our young people have left their communities and their province to seek employment elsewhere. It is mainly because of a downturn in the fishing industry. It is very, very difficult to go into those communities and see the few people who are left there, those who happen to have a government job, who teach, or the few who still fish. The major employer in each of those communities for the most part has disappeared because of the downturn in our fish stocks.

The small boat fishery is still a very important part of our fishery and should remain so. Having said that, when looking at the employment opportunities today in the fishery, there is no doubt that we have to use larger boats for the middle distance fleets and for further offshore to access some of our fish resources.

My friend from the Reform Party is a member of the Standing Committee on Fisheries and Oceans. He made a comment about the turbot issue and about Canso and about whether or not the minister of fisheries should have allowed a foreign vessel to catch that fish. The Minister of Fisheries and Oceans had a choice: to permit a foreign vessel to harvest that fish and take it to Canso for processing which created or saved 125 to 150 jobs; or to leave the fish in the water. That was the choice the minister of fisheries had.



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In my view if a Canadian vessel, a Canadian enterprise could have been found to harvest that fish, that would have been desirable. It is my understanding that the company could not find a Canadian vessel or a Canadian enterprise to do that. Consequently the minister was left with the choice either to allow a foreign vessel to harvest the fish and take it to Canso to protect those 125 jobs or to leave the fish in the water.

In my view, the minister of fisheries only had one choice, to allow the fish to be harvested. What good would it have been to leave the fish in the water? The fish could not be reallocated because they were allocated to the processing company in Canso.

I wanted to comment on that because we all favour Canadian fishermen and Canadian boats harvesting the fish. However that is my understanding of the situation.

**An hon. member:** Tell your friend Crosbie.

**Mr. Bill Matthews:** Crosbie?

**An hon. member:** Yes, John.

**Mr. Bill Matthews:** He has been gone so long that I have a hard job remembering his name. Why are we talking about John Crosbie? Why do we not go back to Roméo LeBlanc, Pierre DeBané and Brian Tobin, all of them?

• (1145)

The parliamentary secretary raised the issue of the foreign fishing and the driving out of the foreign fleets. I have to be careful what I say. I noticed the parliamentary secretary did not elaborate too much on the *Estai* affair either, I guess for good reasons that we will all know about before too long.

Then we re-evaluate Premier Tobin's involvement in the foreign fishing effort and what the costs will be to Canadians and the Canadian government.

Conservation has to be key, for there are still too many unanswered questions, too many unknowns, about the health of our fish stocks. There are too many unknowns about fish biomass, too many unknowns about the effect of different gear types on our fish stocks, too many unknowns about the impact of seals, too many unknowns about the effects of harvesting certain fish stocks on the food chain.

At a time when we need more financial support for research and scientific effort, this government has decreased the amount of funding for science and research in DFO to a limit that is unacceptable. If we are serious about understanding the fishery, about conservation, about a fishery of the future, about protecting our coastal communities, now is the time to beef up the research and science effort of DFO, not take away from it.

I say to the parliamentary secretary that yes, the government has made some good decisions. The government continues to make some bad decisions. But if we are serious about rebuilding our fish stocks, if we are serious about a regeneration, if we are serious about a fishery of the future, now is not the time to decrease the spending efforts of DFO in research and science. They should be increased so that we reduce the number of unknowns about the fishing industry, the unknowns about fish biomass and the unknowns about the food chain.

I say to the parliamentary secretary to go to the minister of fisheries, go to cabinet ministers and beg them to restore the funding for DFO science and research because we are at a critical time in our history where we really need to understand the ocean, the environment and we need to understand the various fish species and the biomass.

I want to conclude by saying to the fisheries critic for the New Democratic Party from Sackville—Eastern Shore that I will be supporting his motion.

**Mr. Paul Steckle (Huron—Bruce, Lib.):** Mr. Speaker, I am pleased this morning to speak to the motion put forward by the hon. member for Sackville—Eastern Shore. Having sat on the committee with this gentleman I must say he has been a valuable asset on the committee. I value the input he has put in from time to time.

This is an interesting topic but I will not be supporting it because it probably will not be a votable item. I think it is important that we have this debate and discuss the importance of fishers in Canada. I want to lend my support, at least in measure, to that part.

The motion speaks about the opinion of the House in terms of declaring an international week of awareness regarding the benefits of small scale fishing on the environment and for the sustainability of communities.

We have heard many times in the House that the first priority in managing fisheries must be conservation. We can all see the results of putting other priorities before conservation. The effects are evident in the state of the fish stocks on both coasts and in the negative impact the fishery closures can have on people who depend on this industry.

However worthwhile other priorities are, they cannot come before conservation. Without conservation there will be no fish resulting in no fishing industry, no jobs, community disruption and the loss of \$2.8 billion a year in seafood exports.

Putting conservation at the top of the list where it belongs changes this whole picture. We must now consider any proposal in light of how it affects conservation. For example, what do we want to see? Do we want to see more and more fishermen on the water competing with one another for an ever diminishing supply of fish, making less and less every year, relying on government subsidies

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and eventually exterminating the fish stocks? Or do we want government to implement a conservation based management regime that makes decisions based on how they will affect fish stocks in the long run? The right answer is obvious.

• (1150)

We need a sustainable fishery and a regime where a professional core of fishermen practices responsible fishing using conservation harvesting technologies. We need a sustainable fisheries that delivers a good living to those who work in it and an industry capable of weathering the ups and downs of fish stocks and markets without government subsidies.

Conservation must come first. By putting in place this conservation based management we can also create the conditions for a healthy fishing industry. It will not be the industry of the past. Conditions have changed as they have in all industries. We cannot continue using the fishery as a tool for social welfare and economic development. That is the practice that got us to where we are today. Change is necessary.

We know that leaving the old ways behind is causing pain for many Canadians on both coasts. The government has not ploughed blindly ahead oblivious to the human cost of this change. Instead it has moved to ease the pain and smooth the transition for Canada's fishing communities.

On June 19 the Minister of Fisheries and Oceans, the Minister of Human Resources Development and the minister responsible for ACOA announced a package of measures worth \$730 million to assist those affected by the crisis of the east coast fishery. At the same time the government announced a \$400 million restructuring initiative for the west coast salmon fishery.

The east coast measures included \$250 million for a voluntary groundfish licence retirement program, approximately \$180 million in final lump sum payments to clients of the Atlantic groundfish strategy, and \$135 million in adjustment measures to provide fishery workers with access to tools and resources to leave the fishery. It provided up to \$100 million for community and regional economic development and up to \$65 million for early retirement.

On the west coast the \$400 million package included \$200 million for fishery restructuring. This was designed to develop more selective fishing practices and balance fleet size with the salmon resource. It included \$100 million for early retirement and adjustment programs on behalf of displaced fishery workers and community development. The package also included \$100 million for measures to protect and restore salmon habitat. This package would provide funding for habitat initiatives, foster community based stewardship programs aimed at protecting habitat from further damage and extend community restoration and enhancement partnership programs.

It must also be recalled that in the 1998 budget the minister moved our baseline funding for the sea lamprey program from \$5.3 million to \$6 million. That was a very positive initiative for those of us in central Canada. For those who may not know, the sea lamprey has plagued the sports fishing industry for many years and because of the good will of government of the past and because of our association with the Americans we have been able to limit that species from becoming so dominant that it would completely destroy our sports fishing industry.

The minister saw fit to increase that number to \$6 million. It is my hope the minister on baseline funding will provide us even a further increase for that funding in future years so that we can come to rely on that and the sports fishing industry can go forward. It provides for the Government of Canada coffers, in GST alone, \$65 million or thereabouts and perhaps even more than that. It is important that we rely on government funding to keep this sport alive.

The government understands the need for change. We need to involve and assist those who are affected by this change. In the best Canadian tradition the government has moved to help Canada's fishing communities deal with the consequences of these changes. They are not always easy.

The government is also continuing to support the development of the aquaculture industry. This industry shows good strong growth and good prospects and is an important contributor to sustainable employment in rural and coastal communities. The government will announce the appointment of an aquaculture commissioner in the near future to facilitate further sustainable growth of the industry.

When it comes to helping Canada's rural communities, many of them fishing communities, the government is paying attention. Rural issues were a theme of the government's 1997 election platform. The government has undertaken a series of policy initiatives, including the creation of a national rural initiative. In the \$20 million Canada rural partnership program, \$5 million a year for the next four years was announced in the 1998 federal budget. This program provided funding to pilot projects developed by rural associations, organizations and residents to test new ideas in partnerships with government departments.

The Canadian rural partnership program also forms the framework for the Government of Canada's rural development strategy. The program is overseen by the minister of agriculture and is intended to ensure that federal programs, policies and activities provide a co-ordinated network of assistance to rural communities.

• (1155)

The Minister of Fisheries and Oceans strongly supports this initiative, particularly as it meets the needs of Canada's coastal communities. The program is being designed and implemented by

an interdepartmental working group but the ideas and energy behind the project come from rural Canadians.

In 1998-99, \$3.2 million will be used to fund a series of pilot projects that will build an existing rural network and support greater grassroots participation in community based development. These projects will test new ways of responding to rural issues such as the need for better access to investment funds and health care.

This goal is to fund projects that help rural communities to develop the tools they need to improve their quality of life and compete in the global economy.

Just last September the minister of agriculture was in Newfoundland to announce 12 Atlantic regional projects. These projects ranged from coastal geoscience to cultural tourism and are being undertaken with the help of close to \$500,000 from the Canadian rural partnership program.

Of the 12 Atlantic projects, 2 are slated for Newfoundland, 4 for Prince Edward Island, 5 for Nova Scotia and 1 for New Brunswick. These projects are concerned with finding ways to diversify the economy and generate economic growth.

The federal government has given rural communities a high priority and we can see that it is moving to help them to survive and prosper in the realities of today's world.

Coupled with the assistance of east and west coast fisheries already in place, we can see the government is doing what is needed to ensure the sustainability of Canada's fishing communities.

Once again I must say to my colleague I appreciate his effort in putting forward this motion. It was good for us to have had this debate. I think it has drawn an awareness to the importance of the fishery.

**Mr. Peter Stoffer (Sackville—Eastern Shore, NDP):** Mr. Speaker, I wish to thank everyone, even those on the government side, for speaking on the debate today. They keep talking about conservation. The fact is that for 450 years Canadians on the east coast, especially in Newfoundland and Labrador, knew conservation techniques long before this government ever realized it was an issue.

The member from Ontario mentioned the TAGS program and the post-adjustment programs. In reality what has happened is that inshore fishermen whose livelihoods have been there for close to 500 years are being given anywhere from \$3,000 to \$6,000 and told that's it, time to move away. All that has to happen is for anyone to go to Catalina, Newfoundland to see bordered up houses where the people have just abandoned them. Imagine if people in downtown Toronto, Etobicoke or in areas like that were told to abandon their homes. Here is \$3,000, move somewhere else. It is an absolute shame.

### *Private Members' Business*

The parliamentary secretary realizes what this motion does and the member for Burin—St. George's has echoed it exactly. Last year I moved a motion in committee that the finance department forego the cuts to DFO because we required the funding in DFO and move ahead in science and research and other development areas within DFO in our coastal and inland communities. Unfortunately the Liberal members on that committee did not vote that motion in. My understanding of their commitment to further funding for DFO is rather lacking in terms of that.

I would be remiss if I did not mention our inland communities of Manitoba, the Great Lakes, Saskatchewan, Alberta, Northwest Territories and Yukon, as fewer salmon are going up the Yukon river because of our dispute with the Alaskans.

I will be asking for unanimous consent to make this motion votable. I know very well that if I put a monetary value on this issue it would not have a hope in God's green acre of going anywhere. It would just be a symbolic gesture. This standing committee has issued six reports but we have had no action on them at this time. In fact, a few of them have been disregarded totally. It is a symbolic gesture to give hope to the inshore fishermen who only want to earn a livelihood so they can answer to their families and their communities.

The corporations are answerable to shareholders and need an ever increasing profit. A lot of inshore fishermen have been bought off and told to leave while the allocation of the resource has been given to larger corporations. It is really gut wrenching to go to those communities and see the heartbreak going on. All this was a symbolic gesture to honour and respect them.

With the indulgence of the House, I will be asking for unanimous consent to make this motion votable.

• (1200 )

I wish the government side would honour the motion in order to honour the men and women and the workers of the resource who risk their lives every day in order to put food on our tables.

I thank the members for Burin—St. George's, Saanich—Gulf Islands, Huron—Bruce and Malpeque for speaking to the motion today.

**The Deputy Speaker:** Does the hon. member for Sackville—Eastern Shore have the unanimous consent of the House to make his motion votable?

**Some hon. members:** Agreed.

**Some hon. members:** No.

**The Deputy Speaker:** The time provided for the consideration of Private Members' Business has now expired and the order is dropped from the order paper.

*Government Orders***GOVERNMENT ORDERS***[Translation]***EXTRADITION ACT**

The House proceeded to the consideration of Bill C-40, an act respecting extradition, to amend the Canada Evidence Act, the Criminal Code, the Immigration Act and the Mutual Legal Assistance in Criminal Matters Act and to amend and repeal other acts in consequence, as reported (with amendment) from the committee.

**Hon. Marcel Massé (for the Minister of Justice)** moved that the bill, as amended, be concurred in.

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

**Some hon. members:** Agreed.

(Motion agreed to)

*[English]*

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

**Some hon. members:** Agreed.

**Hon. Marcel Massé (for the Minister of Justice)** moved that the bill be read the third time and passed.

\* \* \*

**BUSINESS OF THE HOUSE**

**Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I rise on a point of order. I believe that if you were to seek it you would find unanimous consent for the following motion:

That the debate pursuant to Standing Order 52 that is ordered this day shall be taken up immediately after the completion of Government Orders; that, during consideration of the said debate, the Chair shall not receive any quorum calls, dilatory motions or requests to propose motions requiring unanimous consent; and that, when no further member rises to speak or after four hours of consideration, whichever is earlier, the debate shall terminate and the House shall adjourn to the next sitting day.

In other words around 10.30 p.m. I wish to indicate as well that it is understood among members that members could share 20 minute slots in the customary way. I would like to offer this motion to the House.

**The Deputy Speaker:** Does the hon. government House leader have unanimous consent of the House to propose the motion?

**Some hon. members:** Agreed.

**The Deputy Speaker:** The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

(Motion agreed to)

\* \* \*

**EXTRADITION ACT**

The House resumed consideration of the motion that Bill C-40, an act respecting extradition, to amend the Canada Evidence Act, the Criminal Code, the Immigration Act and the Mutual Legal Assistance in Criminal Matters Act and to amend and repeal other acts in consequence, be read the third time and passed.

**Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I am pleased to rise in the House today to speak to Bill C-40, the extradition bill which establishes a comprehensive and modern scheme for extradition to and from Canada.

As Canada's existing extradition legislation dates from the late 1800s, the bill brings welcome and necessary revision to the law, a law appropriate for the 21st century. The bill establishes a scheme for extradition to and from Canada. It will permit extradition on the basis of bilateral or multilateral treaty and where the state or entity seeking extradition is designated as an extradition partner in the schedule to the act. It will also allow the ministers of foreign affairs and international trade to enter into a specific agreement to permit extradition in a particular case.

One very important feature of the expanded bases for extradition is that it will give Canada the capacity to extradite to existing war crimes tribunals as well as to any future international criminal court.

• (1205)

Bill C-40 deals with a pressing problem in extradition, the onerous evidentiary requirements imposed on those states which seek extradition from Canada. Currently states must submit evidence sufficient to meet a Canadian legal standard and in a form which is consistent with our complex evidentiary rules.

For countries of a different legal tradition such as many European states, and even countries with a similar system, this makes the preparation of a request for extradition a very onerous task and in some cases an impossible one.

Bill C-40 addresses this problem in a balanced way which recognizes the need for an efficient extradition process as well as adequate safeguards for the person who is sought for extradition.

Under the new legislation the legal standard for extradition will be retained. A Canadian judge will still have to be satisfied that there is sufficient evidence before her or him such that if the conduct underlying the request for extradition had occurred in

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Canada it would have justified committal for trial here. Lawyers like to refer to this as the prima facie test.

What would be modified is the type of evidence that could be presented to the extradition judge. This approach addresses the current difficult requirements for first person affidavits devoid of hearsay, which is the main problem encountered by states requesting extradition from Canada. Experience tells us that it is already extremely difficult for states to meet the first person affidavit prima facie case standard in relation to certain types of modern crime, for example complicated frauds. With the increasing complexity of transborder and international crime it will likely be impossible in the future.

Under the current system some countries simply decide not to seek the extradition of fugitives because they cannot comply with our demands. Those fugitives therefore remain at large in our communities because of the legal impossibility of obtaining affidavits or the fact that it is practically impossible.

Under the new legislation the judge would admit into evidence documentation contained in a record of the case. This record of the case would be certified by appropriate authorities in the requesting state and accompanied by certain assurances in relation to issues such as the availability of the evidence, its sufficiency for prosecution purposes or its accuracy.

The notion of a record of the case is consistent with the recent Supreme Court of Canada decisions on hearsay in which the supreme court abandoned the strict formalism of the hearsay rule to adopt a more flexible standard based on necessity and circumstantial guarantee of trustworthiness. In some respects, therefore, the existing evidentiary requirements for a Canadian extradition hearing are more formalistic and onerous than those for a Canadian trial.

The "record of the case for all states" option is the best compromise between the fully fledged prima facie case with first person affidavits and not requiring any judicial assessment of the evidence as is presently the case in Australia and the United Kingdom, and in the latter case in respect of its European partners. With this option the legal test would not change. What would change is the form in which the evidence would be made available. This approach also offers greater certainty and equality in the treatment of the person sought for extradition, as well as better procedural safeguards.

First, as I mentioned, in submitting the record of the case in the case of a person sought for prosecution, the appropriate prosecuting authority will have to certify to Canada that the summarized evidence is available for trial and that it is in the case of our common law system, for example, sufficient to justify prosecution in that country.

• (1210)

Second, the person sought will receive enhanced disclosure as a summary of the entire case would be made as opposed to just affidavits on particular elements of it.

Third, the Minister of Justice may decline to issue an authority to proceed with the extradition hearing if the minister is not satisfied with the content of the record.

Finally, in accordance with the prima facie test the extradition judge will order committal of the person in custody to await surrender only if evidence would justify committal for trial in Canada if the offence was committed here.

We believe that with this very balanced approach to evidence Canada will be in a position to meet its international obligations and in a position to prevent this country from becoming a haven for those who would seek to escape justice.

Bill C-40 maintains a two step extradition scheme comprised of a judicial phase followed by an executive phase. In that framework the bill sets out a code of procedure applicable to the whole process.

The bill includes provisions on provisional arrest, bail, appeals and the extradition hearing itself. It also details the functions and powers of the extradition judge, the attorney general and the minister. Clarifying the procedure and the role of the authorities involved contributes to having a system that is efficient and fair.

Another important feature of the bill is that it sets out the mandatory and discretionary grounds for the refusal of surrender by the minister, such as a political offence, lack of jurisdiction, death penalty, humanitarian considerations, previous acquittal or previous conviction, and trial in absentia.

In all cases the minister will be required to refuse surrender where it would be unjust or oppressive or the prosecution or punishment is being pursued on a discriminatory basis, a matter on which I will elaborate further in a moment. These grounds of refusal provide an important safeguard for the person sought and they reflect modern extradition practice.

I note that the proposed legislation also seeks to harmonize the extradition and refugee processes as conflict may arise when someone subject to an extradition request makes a claim for refugee status. Thus Bill C-40 modifies the Extradition Act and the Immigration Act to avoid duplication of decision making and to limit delay in the extradition process. The legislation also provides a means for consultation between the Minister of Justice and the Minister of Citizenship and Immigration in such matters.

The standing committee heard from several witnesses including the ministers of justice, foreign affairs and international trade; from Amnesty International; from representatives of the Canadian Council for Refugees; and from the criminal lawyers association. The committee made some useful amendments to the bill, most of a

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technical nature. However one amendment of particular note relates to the reasons for the refusal of extradition.

When this matter was referred the committee was asked to give specific consideration to clause 44, which provides that the minister must deny extradition where she is satisfied that the request is made for the purpose of prosecuting or punishing the person whose extradition is requested on specific discriminatory grounds.

Initially the bill reflected the grounds which are found in the United Nations model treaty on extradition. After the discussion at committee those grounds have been expanded and clause 44(1)(b) refers to:

—by reason of their race, religion, nationality, ethnic origin, language, colour, political opinion, sex, sexual orientation, age, mental or physical disability or status or that the person's position may be prejudiced for any of these reasons.

• (1215)

The amended clause takes into account additional grounds of discrimination found in the Canadian Charter of Rights and Freedoms, the Canadian Human Rights Act and the Criminal Code.

I emphasize that as mentioned earlier, a very important aspect of Bill C-40 is that Canada will be in a position to extradite and provide evidentiary assistance to existing war crimes tribunals and a future international criminal court, such as the one the statute for which was adopted at Rome this summer.

Given the jurisdiction of such bodies over the most serious of crimes, it is imperative that Canada has in place instruments that permit us to lend full co-operation to the tribunals and the future court. Bill C-40 would give Canada that capacity.

Bill C-40 brings important and necessary change to Canada's extradition regime. At a time when transnational organized crime is an ever increasing menace, it is critically important that Canada has in place a modern and effective scheme for international co-operation in combating transnational crime. This proposed legislation on extradition is an important component of that scheme. It will help us to ensure that Canada is not a safe haven for those who seek to escape justice.

I look forward to a constructive debate on this important piece of legislation. I certainly urge, after due consideration, all members of the House to support it.

**Mr. John Reynolds (West Vancouver—Sunshine Coast, Ref.):** Mr. Speaker, it is a pleasure to speak to this bill. We have spent a fair bit of time on it in committee and also had the pleasure of moving a number of amendments. The one my colleague just talked about was moved by the Reform Party to make this a better bill.

Extradition is vital to the justice system. Canadians must not be allowed to escape trial by fleeing to other countries. Canada must not be a haven for persons wanted for criminal action in other countries. The process must be fair and expeditious.

Changes in the legislation that advance these goals are welcome. They include the broadening of grounds for extradition by simply requiring that the conduct be a serious crime in both countries, permitting the use of video and audio technology for hearings, linking the refugee and extradition processes to determine faster whether the refugee claim is legitimate or bogus.

With regard to war crimes, the changes are long overdue. The United Nations established a Rwanda genocide tribunal in 1994 and the Yugoslavia war crimes tribunal in 1993. The international criminal court is the new body to be created with an unclear mandate.

Canada, along with 119 other countries signed a treaty that will bring into force an international criminal court with the power to investigate, prosecute and indict and try persons for the most serious crimes of international concern, including genocide, crimes against humanity, war crimes and crimes of aggression.

It is clearly an international criminal court or tribunal with a definition of state or entity. Therefore extradition will be allowed. The treaty may be sound, although the United States has refused to sign. It should have been the subject of public hearings and a better debate in this parliament.

Much of the problem with the existing law is the layers of appeals: courts, to minister, to refugee board, back to the minister, and back to the courts. Delay is an advantage to the accused. They know witnesses will die or their memories will become less clear. This bill has done very little to speed up this process of delay by going back and forth.

That is why the supreme court insists under Askov that trials be held expeditiously. It suggested that six months was a reasonable standard, yet extradition proceedings routinely take many years. This bill does nothing to address the two main problems, charter appeals and ministerial discretion.

Charter appeals on the grounds of cruel and unusual punishment allow for multiple appeals. In the second reading debate, I read a number of them. There is a file six inches thick of the appeals that have taken too long. The charter appeals in the supreme court have taken too long. They do not do justice to those of us in Canada and those of us who were seeking to extradite.

• (1220)

There is the Rafay and Burns case in British Columbia. A murder was committed in 1994. The case will be heard by the supreme court in November in Ottawa. The B.C. Court of Appeal found the minister had to refuse extradition because they faced execution for

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bludgeoning Rafay's parents to death. It should not be a question in this country whether we send them back or not.

Pierino and Michael Divito, Mafia figures, are wanted in the U.S.A. for conspiracy to import 300 kilos of cocaine. It goes to court because of much harsher drug sentences handed out in the U.S. The lawyer vows it will go all the way to the Supreme Court. They do not want to be sentenced in the United States. They want to be sentenced here because for their drug crimes they might get five years in Canada and they would probably get life in the United States because they are organized crime figures. They are part of the Mafia. Here in Canada we will treat them nicely and tell them they can get out after one-sixth of their sentence is served, one-third under a new bill which has passed.

Salvatore Cazzetta, leader of the Rock Machine biker gang is wanted in the U.S. on drug trafficking charges. His extradition has been delayed for four years with arguments taken all the way to the supreme court.

Michael Gwynne, a fugitive serving a 120 year sentence, was apprehended in 1993. He argued his case for five years all the way to the supreme court.

This bill does nothing to stop those kinds of appeals I have just mentioned.

The bill preserves the discretion of the minister which is part of the delay problem and injects the minister into the judicial process. The minister should have no discretion to seek assurances on sentence. She is trying to impose standards which necessarily vary from one minister to the next and in another country. We would not accept such interference in our judicial system. Jeffrey Simpson wrote a very good column in the *Globe* called "Charter Madness" on this issue.

The role of the court should be simple. Determine whether the conduct complained of is a crime in Canada. Protect us against dictators like Suharto trying to extradite democracy supporters. Determine that the person sought is in fact the person accused. Is he Ivan the Terrible? Make sure there is a valid treaty. The severity of the punishment in another country should be irrelevant to this bill, but the government is not prepared to change that.

We had a rigorous examination of this bill before committee. Witnesses expressed concerns with many sections of the bill. One of the more direct assertions of the concerns with this bill came from the Criminal Trial Lawyers Association. During second reading debate the Reform Party and I pointed out our concern with ministerial involvement in the extradition process.

On the one hand Canada enters into a noble and long overdue process to deal with extraditable individuals, like members of genocidal regimes, and we enter into an agreement with 119 signatories to set up international criminal courts, like those for Rwanda and Yugoslavia, which suggests a judicial process. On the

other hand we allow the Minister of Justice to intercede and intervene in the process.

The Reform Party tried by way of amendments in committee to have clauses 3, 12, 15 and 16 changed to ensure an extraditable individual was actually extradited from Canada. We wanted "may be extradited" changed to "shall be extradited" to ensure the minister could not intercede. We were not successful. That remains our major overriding concern. We cannot support a bill that allows the minister discretion.

All the minister should be doing is receiving the extradition order and allowing the process to kick in. The minister should have no discretion. It would have been gratifying to have clause 38 of the bill simply read that the minister was to receive a copy of the order, period.

The Reform Party is not pleased with clauses 40, 41, 42 and 43 of Bill C-40. We would have preferred, as we said in committee and moved amendments in that regard, to have the minister removed from the process.

In principle, the bill remains the same and we cannot support this intent. It insinuates a political nuance on a bill when we should be trying to make a strictly judicial matter. Clauses 44, 45, 46, 47 and 48 are important safeguards in the bill, but they should not be exercised by the minister.

• (1225)

We were unsuccessful in committee in getting the changes we felt were required. However, we inserted some additional wording in clause 44 to ensure all safeguards possible were evident. We moved that the clause be amended to include "nationality, ethnic origin, language, colour, political opinion, sex, sexual orientation, age, mental or physical disability or status".

We put that amendment to the bill. It affects people's rights under the charter. We were amazed that in drafting the bill the government missed that. We got it with help from our research division and the criminal lawyers who helped us put some amendments to the bill.

Seven Reform amendments were accepted by the committee. It is wonderful we were on guard to do this. If we had not, this bill would probably be challenged in a number of areas in the Supreme Court of Canada, which would cost the Canadian taxpayer a lot of extra money. Most of the amendments we put were to deal with the charter and with where this bill would go. The bill was not drafted properly. By accepting the Reform amendments to this bill, that was admitted by the government people who drafted it.

We cannot support Bill C-40 as long as such clauses as clause 44(2) remain. What the punishment is in another country should be of no concern to us in Canada. It is the right of each country to say whether a crime is punishable by death. We should not be

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precluding extradition based on that. The Reform Party has grave concerns with clause 46 which has been called the Mandela clause.

We have had a good debate and a good committee on this bill. We won on seven of the amendments. The opposition is doing a good job for the people of Canada.

We will vote against this bill because we did not get all the things we wanted and to show protest in the area of separating the minister from the judicial section. We do not want to unduly delay voting on this bill so we can get a new extradition act in Canada. It is probably one of the longest bills on the record. It is one of two bills that we have been working with with for over 100 years. It is certainly time they were updated. We are very pleased to have made some amendments to this bill that will be good for all Canadians.

[Translation]

**Mr. Réal Ménard (Hochelaga—Maisonneuve, BQ):** Mr. Speaker, if the Standing Orders permit it, I would like to share my time with my colleague from Beauharnois-Salaberry, who also worked on this bill in committee.

During second reading we had the opportunity to indicate that we were in favour—

**The Acting Speaker (Mr. McClelland):** I am sorry to interrupt the hon. member, but I should point out that unanimous consent is required for the House to proceed in this fashion.

[English]

The hon. member for Hochelaga—Maisonneuve has requested unanimous consent to split his time to two 20-minute portions with no questions, no comments. Is there unanimous consent?

**Some hon. members:** Agreed.

[Translation]

**Mr. Réal Ménard:** Mr. Speaker, I thank my colleagues in the House for allowing us to proceed in this fashion.

We had the opportunity to indicate during second reading and in committee that we were in favour of the bill's intent and its underlying philosophy. This is a bill which will have two major impacts on the Extradition Act.

First, it will combine into a single piece of legislation the Fugitive Offenders Act and the Extradition Act, which was some 100 years old and had not been substantially reviewed in years.

Second, the procedures for evidence have been changed. In the future, the admission into evidence of elements that would not have been admissible under Canadian law will be allowed under agreements between countries or specific agreements on the individuals

concerned. For these reasons, we support a review of the Extradition Act.

We are reminded that the Extradition Act concerns people's mobility. It refers of course to the fact that people are increasingly mobile and there is more and more trade and movement between countries. That is why it is important to have the most up to date legislation possible.

• (1230)

One of the problems with the Extradition Act is that it did not take into account a new approach to international law, which did not go unnoticed by the hon. member for Chambly, who, as I said, is a distinguished jurist. The act did not allow Canada to turn an extradited person over to international tribunals.

In recent years, there has often been a consensus in this House to participate in various proceedings concerning international crime. The new version of the act will allow this.

There were obstacles preventing Canada from carrying out its international obligations to an international court or criminal tribunal. Obviously, as my colleagues know, Bill C-40 provides for a single system applying in all instances. But, as our colleagues who sit on the committee will remember, it was suggested in committee that there should be two separate systems of law.

I will let the hon. member for Beauharnois—Salaberry explain his position on this. I think that, while he may have found it attractive, this idea did not fly in government circles. The government fears it might be discriminatory, and the charter may be used to call on the government to explain why something that is allowable under an agreement with another country is not covered by the same rules when dealing with an international tribunal.

I took the stand that a single plan was desirable, but I must point out, to be accurate, that we had representations in this regard in committee.

I was saying this legislation is 100 years old. May you reach that age too, Mr. Speaker. We must review this law, because we obviously do not have the same means of communications we had 100 years ago. We must also consider the whole notion of criminality.

If there is one member in this House concerned about criminality, it is the member speaking. I thank my colleagues for their reserved, but real enthusiasm.

**Some hon. members:** Hear, hear.

**Mr. Réal Ménard:** Organized crime is an important matter. It is an unavoidable reality. As my colleague knows, the parallel economy fuelled by the activities of the underworld in certain communities has been estimated at some \$200 million.



I have to say that organized crime advances in stages. The first stage involves controlling an area. The second is control in order to sell drugs. The third, and this is the one lying in wait for Canada in the opinion of those in the know, is investment in legal and illegal activities.

This is why a number of analysts claim that there is no sector organized crime has not infiltrated. It exists in a society because there is complicity and links with all those in positions of authority such as VIPs and lawyers.

This brings us to Bill C-40, which will allow speedier extradition and which will, in some cases, of course, involve people charged with underworld activities.

This may come as news but, 100 years ago, there was no such thing as telemarketing fraud. Now there is. This is a very contemporary example of criminal activity.

One hundred years ago, there was no such thing as theft of information via computer. Obviously, it did not exist. Can you, even for one moment, imagine Father Labelle with a Macintosh? It would be a complete anachronism. Now, we have telemarketing fraud, theft via computers and, of course, the fraudulent use of the Internet.

These are all reasons for reviewing the Extradition Act. At the beginning of my speech, I reminded members that the intention was to combine two statutes: the Fugitive Offenders Act and the Extradition Act and its application.

• (1235)

We also worked very hard as a political party in committee. I again thank my colleague, the member for Beauharnois—Salaberry, for his very valuable co-operation and assistance. As members know, he is trained in international and constitutional law and is familiar with these issues.

In the true spirit of team work, we divided up the work. I moved an amendment to clause 44 of the bill and it is to this aspect of the bill that I wish to draw my colleagues' attention.

The minister may refuse to comply with a request for extradition from a state listed in schedule II to the act as one of Canada's extradition partners, if the minister has reason to believe that the individual concerned would be the victim of abuse or discrimination. Clause 44 lists a number of prohibited grounds of discrimination.

I found this list to be extremely restrictive. We were right. We were right in proposing an amendment such as this one. This morning, I was quite pleased to read a letter addressed to the Minister of Justice by none other than the high commissioner for refugees.

That distinguished person wrote that she shared our concerns. I hope this will convince the House that we did work really hard to

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improve the bill. In her letter, the United Nations high commissioner for refugees draws the attention of parliamentarians to clause 44.

The letter reads in part as follows:

The UNHCR is not trying to prevent prosecution against refugees who may have committed criminal offences—

This goes without saying and is understandable.

—but, rather, to ensure these people are not exposed to persecution because of their race, religion, nationality, or because they belong to a specific social group.

The high commissioner also wrote:

Clause 44 of Bill C-40 provides crucial but insufficient protection. It does not specify that four of the five grounds for persecution listed in the definition of refugee proposed in the 1951 convention are not included in clause 44 of the bill.

As a responsible opposition party, we had a duty to improve the bill. We made no bones about that and we proposed an amendment which got 90% support from the Liberals.

We all know how this happens. There are always some government members who commit the sin of pride in that they refuse to admit that the opposition is right. They may admit it in part, but not entirely. In any case, our amendment was supported by 90% of members and we feel we improved the bill.

A number of issues were also raised. I mentioned earlier that we received representations from witnesses who would have preferred two distinct legal systems. I know that the hon. member for Beauharnois—Salaberry will discuss this. Other representations were also made.

On a typical Thursday, our committee heard a large number of criminal lawyers who were all very knowledgeable. These people came to tell us about an issue that will interest the hon. member for Chambly, because, as I said, he is a distinguished jurist.

They told us that, under this bill, it will be possible to accept hearsay evidence. As some of you know, I myself have an interest in law. I was taught that, from a legal point of view, hearsay evidence is not considered to be very solid evidence. Under the bill, whenever a request for extradition is made, there will have to be a certified record of the case, in which all the evidence will be deemed to have been included, and the country's legal authorities will have to certify that legal record, which will be used for the purpose of a trial. However, it will now be possible to accept hearsay evidence without having to make a solemn declaration.

• (1240)

Some lawyers were worried about this, the criminal law specialists, who are generally fairly unconcerned about such details. They sought to understand why the minister was heading in that direction.

In the parliamentary committee, we had a number of questions for the senior public servants, and were told that, in the current

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situation, under the existing law, it is extremely difficult, with a bilateral framework and the treaties that have been signed, to recognize certain elements of proof within the strict confines of the letter of Canadian law.

That was one element that convinced me. We will see how things develop, but I will say right off that one of the important components of the bill is the significant change relating to eligible evidence, since it will now be possible to admit certain elements of hearsay evidence.

Not only will the bill provide extradition mechanisms that have more clout bilaterally, through agreements with the states listed in the schedule to the bill, but specific agreements will also be possible. That is a question we raised in committee, because we asked ourselves “What will happen if we want to extradite an individual from or to a state with which there is no treaty, one not in the schedule?” We were given the assurance that it would be possible to have specific agreements by mutual consent.

There are, as we know, two main processes in this bill that must be kept in mind. There is the entire legal system, because when all is said and done, the process is going to start when an extradition judge has assessed the contents of a file and made recommendations as to whether or not extradition is necessary.

Second, the Minister of Justice has considerable power. When all is said and done, she is the one to decide whether or not the person whose extradition is being called for should or should not be extradited.

Some hon. members on the committee, the Reform members in particular, were worried about this. They said “But this is impossible. The process should be entirely judicial. No one other than the extradition judges or the justices of the peace ought to decide, on assessment of the evidence, whether the extradition process should be put in motion. The judges should be the only ones to decide.”

In the Bloc Québécois we said that perhaps that was not wise, because, if we elect people and form governments and if there are members of Parliament, it is reasonable for the executive authority to be associated with the process and for the minister, in the end, to be able to refuse.

For example, what happens when a country known for its human rights violations wants to extradite someone and when the government knows that this person may well face terrible reprisals and that the reasons for the request are political only?

There have to be mechanisms somewhere in the bill to provide a counterbalance and there have to be guarantees that Canada will never be part of a process in which people who are extradited could ultimately face reprisals because of their political beliefs. That makes no sense.

We think there are guarantees in a bill such as this.

Political beliefs are sacrosanct. There is nothing more true. There is nothing more authentic in life than political beliefs.

Let me take a few seconds to invite my fellow Quebeckers to vote. I think members will agree—and I am sure the President of the Treasury Board will agree with my assessment—that it is important for people to exercise their right to vote today. Those who will represent us need a clear mandate. The polls are open until 8 p.m., unless otherwise indicated I close by saying that I have confidence, and that things should go well.

• (1245)

I would add that this bill also amends the Immigration Act. It will be possible, should anyone facing extradition also file an application for refugee status—these things are possible—where a decision is made under Bill C-40, and the individual is denied refugee status, the decision will be deemed to apply to the IRB, the Immigration and Refugee Board.

This then is a positive bill and the Bloc Québécois supports it. I know that my colleague will have more to say about this, but I would like to set the stage by saying that what we want as parliamentarians is for parliament to be involved in the decisions taken by the executive branch.

We were a little disappointed to see that, in the various extradition treaties—for instance, right now, Canada has bilateral agreements, reciprocal treaties, with 49 states—evidence existing in the other country may be allowed under Canadian law. We would like to see all extradition treaties, all bilateral treaties or, in cases in which an international tribunal is also involved, any criminal human rights tribunal, debated in the House.

We were rather surprised at the government’s stubborn, not to say cavalier, refusal to consider such a debate. I and my colleague, the member for Beauharnois—Salaberry, an eminent jurist whom the Privy Council would do well to consult more often, introduced an amendment proposing that all treaties to be signed by Canada and another country be debated here in the House. Members can imagine our surprise when Liberal members vetoed this proposal.

Can anyone tell me why they did this? What reason can there be for not involving parliament in the negotiation of treaties and for not sharing related information?

That was one flaw. It was a great disappointment and showed how limited the democratic reflex was in members opposite.

That concludes my remarks. My colleague, the member for Beauharnois—Salaberry, will step in with great eloquence.

**Mr. Daniel Turp (Beauharnois—Salaberry, BQ):** Mr. Speaker, I too wish to urge the voters in my riding of Beauharnois—Salaberry, which encompasses the two Quebec electoral districts of Beauharnois—Huntingdon and Salaberry—Soulanges, to exercise

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their right to vote. This is a great day for democracy in Quebec. It will no doubt be a great day for us. It is important that everyone exercise this right, as it is recognized as one of the most fundamental rights under our charters and major international conventions.

I therefore hope the Quebec premier's wish for record participation in this public consultation, which will decide what comes next in the history of Quebec and Canada, will come true. Like my colleague from Hochelaga—Maisonneuve and my other colleagues in this place, I am confident.

I would also like to thank the hon. member for Hochelaga—Maisonneuve for getting me involved in the work of the justice and human rights committee and allowing me to participate in committee proceedings on Bill C-40 I am profoundly interested in. The bill concerns extradition, extradition treaties entered into by Canada and multilateral conventions allowing criminals to be extradited for the purpose of administering both national and international criminal law.

• (1250)

This has been a calm debate. Parliamentarians from other parties, as well as the Parliamentary Secretary to the Minister of Justice and legal experts of some repute from the Department of Justice and the Department of Foreign Affairs, who were on occasion able to provide the members with some appropriate information.

I would like to express my respect and admiration for Yvan Roy, a senior counsel at Justice, whose most worthwhile commentaries provided us with answers to many of our questions.

Sometimes, however, no answers were forthcoming or there was no follow-up on our proposals, even when we felt they would improve the bill and ensure that it could not be amended subsequently as the result of legal challenges or an event such as the passing of a treaty of Rome creating an international criminal court, which should have moved the committee members to give preference, as my colleague from Hochelaga—Maisonneuve has suggested, to having two distinct approaches to extradition. That is my first comment on Bill C-40.

In our opinion, it would have been preferable to make the extradition system in keeping with multilateral or bilateral extradition treaties, to create a system specific to this area, and to differentiate it from cases not involving extradition per se, but rather the handing over of persons accused of international crimes to ad hoc tribunals such as the international criminal tribunals for the former Yugoslavia or for Rwanda.

Soon, I hope, after 60 states have ratified the treaty of Rome instituting an international criminal tribunal, that tribunal will have to be added to the list of tribunals to which individuals can be handed over when there is a desire to bring them to trial for international crimes.

It would have been desirable in my opinion, as it was in the opinion of a number of the lawyers and criminal lawyers who appeared before the committee, to establish a separate scheme. Despite the amendments sought by the Reformers, the government wanted to continue to permit ministerial discretion in this matter. Ministerial discretion should have been limited in the case of international criminal tribunals. Under the bill as it stands, the minister retains the same discretion as in the case of a foreign country requesting extradition.

In our opinion, the bill would have been improved had the government agreed to create two separate schemes. What concerns us is that, in the future, the government may have to return to parliament in order to set up a separate scheme, something that might have been prevented had the bill been amended as the Bloc Quebecois wished.

The second point I wish to raise regarding the bill concerns the treaties, their publication and their tabling. During the deliberations of the standing committee, we argued vigorously in favour of having extradition treaties—bilateral or multilateral—not only published, as the bill provides, but tabled in parliament.

This is all the more appropriate, in our opinion, because the bill that C-40 is intended to replace provided for the tabling of extradition treaties before both Houses of Parliament. This obligation is eliminated by C-40, thereby reducing the minimal transparency of the government in the area of international treaties.

• (1255)

Since the beginning of this parliament, every time they were given the opportunity, the members of the Bloc Quebecois—at least those who sit on the Standing Committee on Foreign Affairs and International Trade—have asked the government to be more transparent on this issue, by agreeing to table before parliament not only treaties like the ones dealing with extradition and social security, but all treaties.

The government remains reluctant to adopt an approach which, as it happens, is the one used today by the parliaments of other Commonwealth countries, such as Australia and New Zealand, and even the British parliament, all of which have agreed over the past few years to become more transparent by systematically tabling treaties before parliament.

The Bloc Quebecois is calling for this practice of tabling treaties before parliament to be reviewed and extended to all treaties. We would also like parliament to be involved in the conclusion of treaties and to approve such treaties before they are signed, so that the elected representatives of the people can have a say on the contents of treaties negotiated by the executive branch.

The reticence of the government and its Minister of Foreign Affairs in this matter is obvious; in debates on the implementation of international conventions like the convention on the elimination of antipersonnel mines or the comprehensive nuclear test ban

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treaty, they refused to promise that parliament would be consulted so it could approve such treaties before they are signed or ratified.

The Bloc Québécois brought this issue up again and got some small consolation when the committee chair agreed to write to the chair of the standing committee on foreign affairs and to the minister, to ask that a debate take place on this issue. That sort of opened the door, albeit too narrowly, since it is an issue that deserves a comprehensive review, to make Canada's foreign policy more democratic, as the government pledged to do, and to involve parliament in the signing of treaties, which increasingly affect the daily lives of the citizens.

My third point regarding this bill has to do with the death penalty, since the bill includes a provision, namely clause 44(2), which provides that the minister may refuse to make a surrender order if the person is punishable by death in the other country. This should have been compulsory, since one should be consistent with one's convictions.

If Canada does not believe in the death penalty and feels it is a practice equivalent to torture or to cruel, inhuman and degrading treatment, it should make it compulsory for the minister not to extradite an individual if that person may be punishable by death in the country requesting his or her extradition.

Discretion is granted to the minister in clause 44(2), but we would have liked to add, in clause 40(3), another reference to the death penalty, since this is a clause dealing with the minister's power to seek assurances from the state requesting the extradition of a person. Surprisingly, the committee and its members, with the exception of one government member, supported us and agreed that reference be made to capital punishment in clause 40.

Even though this amendment is not included, it must be noted that, in certain extradition treaties, including the one between Canada and the United States, the minister is required to seek such assurances. This treaty, which is something of a model extradition treaty for Canada, should have been fully reflected in paragraph 3 of clause 40.

The member for Hochelaga—Maisonneuve and myself cannot hide our disappointment that members voted against such an amendment, particularly as the Department of Justice officials and the parliamentary secretary seemed to have no objection to including such a reference to capital punishment in clause 40.

• (1300)

Fourth, I would point out, as did my colleague, the member for Hochelaga—Maisonneuve, that we were glad to have taken the initiative in extending the application of paragraph 44.(1)(b) of Bill C-40, which sets out the reasons for which the Minister of Justice may refuse to make a surrender order. The original such list in Bill

C-40 was based on the list in the UN's model treaty, which states are urged to examine when drawing up their own extradition treaties.

The list in this model treaty that was originally included in the bill was very incomplete, in our view. We tried to incorporate the grounds found in both the Universal Declaration of Human Rights and in the International Covenant on Civil and Political Rights, as well as the even more complete list of grounds in section 10 of Quebec's charter of rights and freedoms.

As a result of our initiative, the list was expanded to include language, colour and sexual orientation, with the government adding mental disability. The provision as it now stands is definitely more consistent with Canada's international obligations, and we are pleased that certain grounds have been added and that Quebec's charter served as an inspiration to federal law makers, which includes us until there is evidence to the contrary, in improving this clause.

These are constructive amendments brought forward by the Bloc Québécois to a bill that has the advantage of modernizing two long forgotten extradition laws, Canada having neglected to modernize its extradition legislation until now.

This bill would probably please a former supreme court justice, who recently retired, Mr. Justice La Forest, who wrote some great books on extradition law, which he wanted to make clearer and more simple. His wishes have been fulfilled to a certain extent in Bill C-40.

I will conclude by reminding members that Canada could use this bill, as well as the existing legislation, to request the extradition of a dictator who is now in the hands of the British justice system. As members know, I am referring to Augusto Pinochet, the former general, now a senator, a person who is still considered a dictator by many people, a person who is allegedly responsible for over 4,000 deaths and an even greater number of disappearances in Chile.

This bill, as well as the existing legislation, authorizes Canada to request the extradition of Mr. Pinochet to Canada, as was done recently by Spain, France, Switzerland and Belgium.

Like my colleagues—and I think they support me in this initiative—I believe we must insist even more strongly that the Minister of Justice follow the lead of her counterparts from European countries and request the extradition of General Pinochet from Great Britain. We must continue to put pressure on that country's government so that Mr. Pinochet cannot escape justice and can be brought before a national tribunal, whether it be in Spain, Belgium, France, Switzerland or even Canada, to answer for the crimes against humanity of which so many Chileans accuse him. Canada is in a position to do so.

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• (1305)

I have already asked three questions in the House on this issue. I have yet to get an answer either from the Minister of Justice or from the Minister of Foreign Affairs. An answer would be nice and before the British Minister of the Interior makes his decision, it would be useful if the Government of Canada, through the minister, were to follow up on a request made by a Canadian woman from Montreal, who was tortured, in 1973, as many others were, and suffered physical injuries that she has described in an affidavit that proves the extent of the crimes that were committed and that cannot go unpunished.

We should see that the system meets its goal, which is to ensure that no crime, whether at the international or at the national level, go unpunished.

**Mr. Gordon Earle (Halifax West, NDP):** Mr. Speaker, I am very proud to have the opportunity today to speak on Bill C-40, an act respecting extradition, to amend the Canada Evidence Act, the Criminal Code, the Immigration Act and the Mutual Legal Assistance in Criminal Matters Act and to amend and repeal other Acts in consequence.

[*English*]

First let me speak a bit about why we are here today even debating this bill. This legislation is before us today because Canada's current extradition policies are outdated, slow and complex.

Those are three characteristics that when we are dealing with justice issues we ought not to have. In fact, the situation should be just the opposite. Matters should be dealt with expeditiously, currently and in a simple, steadfast and straightforward way.

I am sure we all can think of many delays in the justice system where we see people are suffering grievances because, as we know, justice delayed is justice denied.

I am involved in a court matter I started around the spring of 1996. It is still lingering on. Here we are in December 1998. I am sure the matter will carry on well into the new year, perhaps even close to the millennium.

I am basically a man of patience. Fortunately I have the wherewithal to finance these legal proceedings. But I often think of the many people in our society who are not in as fortunate a position as I and what they must go through when they are undergoing legal proceedings that taken that long, when the time is dragging out and the matters go on indefinitely because of our justice system.

That is one of the reasons we are here today talking about the extradition policies. They have been and they are currently outdated, slow and complex.

The bill before the House combines the Fugitive Offenders Act and the existing Extradition Act to provide a single act to simplify the extradition process in Canada. Simplify is the key word.

The proposed legislation is intended to bring our extradition policies and procedures closer to those of other countries and to prevent Canada from becoming a safe haven for fugitives who want to avoid facing the justice system in countries where they commit crimes.

One of the major concerns with the current legislation is the difficulty for Canada to meet its international obligations to a international criminal court or tribunal such as the UN tribunal on international war crimes.

Canada cannot extradite a fugitive to such a body under the present legislation. We support being able to extradite individuals to face international courts like the Rwanda and Yugoslavia war crimes tribunals.

These tribunals and the concept of an international court with independent powers to prosecute war criminals have been years in the making and certainly need our support. An important feature of the bill is that it will allow extradition not just to states but to the United Nations war crimes tribunals and any future bodies of this nature, including the UN international criminal court. The bill will enable us to fulfil our international obligations to comply with the United Nations security council resolution establishing the international criminal tribunals for Rwanda and the former Yugoslavia.

• (1310)

According to these resolutions we have to provide assistance and surrender fugitives to the tribunals as so requested. As our law now stands, we could be in breach of our obligations as members of the United Nations if persons sought by either tribunal were located in Canada and we were not able to extradite.

The NDP also supports measures to modernize the act and to deal with high tech and organized crime. The current legislation does not deal with the newer high tech crime and is not flexible enough to accommodate changes arising from the globalization of criminal activity. Indeed we see a lot of that happening today. We know there is drug trade and organized crime taking place globally. It is not as if now things that happen in our community are isolated from the rest of the world. Quite often these crimes originate in another part of the world and come across to our borders.

There is increased mobility of individuals today. I saw a fine example of this increased mobility earlier. I was sitting in the opposition lobby and I looked up and there was the hon. government House leader standing there talking to some of our people. I put my head down, took another bite out of my meal and I looked up and there was the government House leader in the Chamber making a speech about an emergency debate tonight. In the blink of an eye he can be one place and then another place.

This is true for hon. members of this House and really right across our society. Globalization enables us to commute from one place to another very quickly. Therefore it is very important that our legislation and our laws be able to handle situations which

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involve this kind of increased mobility and flexibility of individuals across borders.

We in the NDP are also in favour of the enhanced human rights protections and safeguards for persons who are the subject of an extradition request. It is very important that we treat people who are going to come to our country, if they are subject to extradition, with the same degree of fairness and justice we accord to our own citizens. In Canada we have very good human rights legislation and I was happy to see that the bill was amended to include some of those human rights issues and to take those into consideration when dealing with extradition.

Section 44 of the act states the minister shall refuse to make a surrender order if the minister is satisfied that the request for extradition is made for the purpose of prosecuting or punishing the person by reason of their race, religion, nationality, ethnic origin, language, colour, political opinion, sex, sexual orientation, age, mental or physical disability or status or that the person's position may be prejudiced for any of these reasons.

In that section we have the same basic human rights covered that we have in our human rights legislation in Canada, in all provinces. We support this amendment. We feel it is very important to carry through that kind of consistency in terms of extradition matters.

At the same time, we are concerned that while there is considerable ministerial discretion in denying extradition, there are areas that are not as legally binding as we would like, as in the case of an extradition of an individual to a state that may impose the death penalty. This was mentioned by my hon. colleague from the Bloc. If we in Canada feel the death penalty is contrary to what we see as being humanistic treatment of fellow human beings, it is equally important to make sure the same principle carries through with respect to the people we are dealing with under possible extradition orders.

We would have some concerns about the discretionary power of the minister in that regard. We feel perhaps it would be better if it were mandatory. Nonetheless, it is a step forward to at least include that consideration.

• (1315)

The bill allows the Minister of Justice to grant an application for extradition if she has received assurances that the death penalty will not be considered. We would like to see stronger and more binding safeguards to prevent the imposition of the death penalty.

We have some concerns about the legislation. For example, the changes permitting the admissibility of evidence not normally accepted in Canada, such as hearsay evidence. This would weaken the burden of proof for foreign nations to extradite. We feel that

there has to be a high standard maintained, so we are a bit concerned about that.

The powers to exclude persons from extradition hearings in certain circumstances, the non-publication of evidence provisions and safeguards against the imposition of the death penalty, as I have mentioned, have not been made binding, and there is a possible loophole resulting from the double criminality provision.

However, even with those concerns we are supportive of this legislation. We feel it is a good step forward. It is a measure that attempts to prevent Canada from becoming a safe haven for fugitives. It enhances the human rights protections and safeguards of persons who are subject to an extradition order. As well, there are provisions for the extradition of persons to international tribunals and courts.

The act is modernized to deal with high tech and organized crime. There are provisions for the protection of young offenders and provisions for consultation between the ministers of justice and immigration in relation to refugees. This is a very important feature. Far too often within government the left hand does not know what the right hand is doing, or sometimes people take advantage of certain provisions under one department to avoid their responsibilities under another. This kind of co-operation and consultation between the ministers of justice and immigration will certainly expedite matters concerning extradition. It will make them more fair, just and appropriate.

With those remarks I will conclude. I would certainly urge members of the House to give support to this legislation, which is a good step forward.

[*Translation*]

**Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC):** Mr. Speaker, I am very pleased to take part in this debate.

[*English*]

It is always a pleasure to participate in debates in this place, particularly with respect to such an important piece of legislation as Bill C-40.

This bill, as previously mentioned, will amend the Canada Evidence Act, the Criminal Code, the Immigration Act and the Mutual Legal Assistance in Criminal Matters Act. It will also amend and repeal other acts as a consequence.

Again, I would like to highlight that it is my pleasure to participate in a debate on such a substantive piece of legislation sponsored by a government that has a well-earned reputation for a light legislative agenda. Moreover, the Minister of Justice and the solicitor general, both former and current, are well known for their great delay in responding to the call of Canadians to bring much needed law and order legislation.

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In more simple and less partisan tones, this legislation will essentially merge a 100 year old Extradition Act and the Fugitive Offenders Act into the new and modernized Extradition Act. I share the belief of the parliamentary secretary that the objectives of this bill are certainly positive, beneficial and laudable.

Several events justify the revision and the update of the Extradition Act. Expediency is an important aspect of this legislation, as previously mentioned by my colleague in the New Democratic Party, just as there is a need, I would suggest, for speeding the immigration process, which is also an area of vital concern to this country.

Not only is the current legislation over 100 years old, it does not deal with modern criminality like telemarketing fraud and the use of the Internet to commit offences outside of our jurisdiction. Sadly, criminal activity is keeping pace, if not surpassing, the rate of change in society and technocrime is all too present in our modern world.

The present act is not flexible enough to accommodate changes arising from the globalization of criminal activity such as the drug trade, organized crime and transborder crimes. As previously mentioned by other speakers, organized crime has reached a crisis level in this country. According to our own police and security officers there is a drastic need to intervene.

The Liberal government currently has the impression that Canada, particularly its ports, is open for business. There is an obvious need for legislation to stem the tide of crime.

• (1320)

The Extradition Act was last amended in 1991 by the former Progressive Conservative government. Bill C-31 considerably reduced delays in extradition cases. At that time groups within the law enforcement and security intelligence communities were already requesting a complete overhaul.

The former PC government also passed legislation known as the Mutual Legal Assistance in Criminal Matters Act, a bill which this House also seeks to amend under the legislation.

Our former government in its legislation, nonetheless, enabled Canada to co-operate more effectively with other countries in the investigation and prosecution of transnational and international crimes, such as acts of terrorism, drug smuggling and money laundering.

Sadly, the U.S. state department's most recent annual international report, the international narcotics control strategy report, listed Canada as currently being one of the more attractive locations to launder illegal cash. Under the Liberals our country falls into the same category as Brazil and the Cayman Islands when it comes to international crime.

There is certainly a need to talk less about fighting international crime or organized crime and a need for more action, something which I hope the new solicitor general will address in his annual ministerial statement on organized crime later this week. I know that all of us in opposition are anxiously awaiting that moment.

As previously mentioned, Bill C-40 proposes to merge the Extradition Act and the Fugitive Offenders Act. The new act would allow Canada to meet its international obligations since it would allow extradition to international criminal courts and tribunals, including war crime tribunals. It is apparent of late that traditional impressions of war crimes have expanded and changed and there is a need for a strong international response.

A person would be extradited under this act if the act was committed outside of Canada, but it would also be considered a crime within Canada, commonly known as double criminality. There are some constitutional experts and lawyers who view this as potentially problematic in this country when it comes to judicial interpretation.

There are requirements for some interpretation of evidence to become more flexible. This would also bring Canadian extradition procedures and practices more in line with other countries. Granted, there must always be safeguards when it comes to the consideration of certain types of evidence, particularly hearsay evidence that is not certified or in some way sworn testimony.

The government, however, hopes that the new legislation will prevent fugitives from considering Canada as a safe haven to avoid facing the judicial system of their own country or the country of origin, where the crime was committed.

The new act also retains the Progressive Conservative amendments of Bill C-31 which were there to maintain the efficient extradition process.

Canadians have continually expressed concerns about Canada's extradition laws. They want to prevent this country from becoming a safe haven that would harbour criminals, criminals who arrive to avoid prosecution within their own countries.

Over the past number of years several high profile cases, such as the Ng, Kindler, Maersk Dubai and Narita Airport bombing cases, have become well known within the country and as well have highlighted and caused Canadians and our extradition partners on the international level to express concerns. These cases have also demonstrated the need to reform and modernize our extradition laws.

I was pleased to add my name to many who objected this summer to the scheduled deportation of former Maersk Dubai crew members in the province of Nova Scotia. New Brunswick Conservative Senator Erminie Cohen played a key role in soliciting support for these brave men and for that we should all thank and praise her.

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Perhaps members who continually denigrate the upper chamber should take a page out of Senator Cohen's book and look beyond partisanship. She is one of many senators who work hard to raise issues which are sometimes given short shrift in the House of Commons.

One of the major concerns with the legislation is that Canada requires the countries requesting the extradition of a fugitive to submit their request according to a fairly narrow approach to what is acceptable evidence.

The rules of evidence are relaxed and hearsay evidence is relied upon heavily. Documents from foreign jurisdictions can be received for consideration at an extradition hearing. There is concern with respect to the certification of these documents and their acceptance *carte blanche* without the ability to cross-examine the subjects of the affidavits or documents.

• (1325)

Safeguards, however, would exist. There would be a great deal of discretion and emphasis placed on the minister to determine whether these documents are acceptable.

However, this creates some difficulty, especially for countries working within a civil law system where they rely on facts and accept a wider variety of forms of evidence which are permissible before the courts. There is a real potential for harm here and reprisals for wrongful convictions know no boundaries.

Other concerns include the difficulty for Canada to meet its international obligations with respect to international criminal courts or tribunals, as Canada cannot extradite a fugitive to such a body under the present regime. Over 100 years ago when extradition legislation was first adopted in Canada, many forms of telecommunications and other forms of communication did not exist, nor did airplanes, nor did the modern forms of transportation.

The current legislation is silent on newer crimes such as telemarketing fraud, theft of information by computer, the use of the Internet to commit an offence in another jurisdiction, and is not flexible enough to accommodate changes arising from the globalization of criminal activities. The increased levels of drug trading, organized crime and transborder crimes obviously come quickly to mind. However, this new legislation does move in that direction.

The increased mobility of individuals is a reality that did not exist but has to be kept in mind when anyone is drafting new legislation. It also highlights the need for effective extradition relations with our international partners. That has become crucial. The world is a smaller place, yet criminals have greater ability to access places where they can hide to escape justice. Following a comprehensive review and consultations with our many partners,

we know that the Extradition Act and the Fugitive Offenders Act require major changes to reflect today's procedures and practices.

The bill tabled by the Liberal government will provide a single act that will simplify the extradition process in this country. It will also simplify the process for our partners who wish to extradite a fugitive from Canada back to their country and, reciprocally, for Canada to bring fugitives back to our country. At the same time the bill will provide enhanced protection and safeguards for persons who are the subject of extradition requests, in essence raising the standard of protection.

The proposed legislation would make our extradition process more accessible to foreign states by bringing the extradition processes and practices closer to those of other countries. More important, it would prevent Canadians from being the subject of unfair requests for extradition.

One aspect of the legislation where there is neglect, and it is a common theme for this government, is the issue of funding. We have often seen in this term and in the previous one that the government has passed legislation without any comprehension of the costs that would be associated. The Liberal government has repeatedly talked tough on the issue of organized crime, yet we know from the auditor general's report that it slashed \$74 million from the RCMP's organized crime unit in the last fiscal year. It is an apparent contradiction. The words do not appear to be followed by the act.

The Liberal government can no longer deny that the implementation costs of Bill C-68 are skyrocketing. Some estimate that by the time this cumbersome legislation is operating the cost will be in the range of \$350 million. Some estimates have gone as high as \$500 million.

We are discussing a very important piece of legislation, sponsored by the Minister of Justice, yet there remains a shortfall of \$200 million for our national policing services. Since 1993 we know that CSIS has lost more than 20% of its overall employees. No matter how well intentioned this legislation or other pieces of legislation, the government has to recognize that law enforcement agencies need the resources to implement the law. I cannot for the life of me understand how the government expects its law enforcement agencies to do so otherwise.

There were a number of positive amendments proposed at the justice committee. I commend my colleagues for their participation at the committee. Some of the very common sense amendments to correct this legislation pointed out glaring examples of the need for review from a balanced perspective, a non-bias perspective, particularly when it comes to matters of justice.

The participation of criminal lawyers at the justice committee was very significant in the proposal of some of these changes. Some of the changes were implemented and brought forward by



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members of the opposition. I acknowledge the government's openness with respect to some of those amendments. Unfortunately, however, only some of the amendments were accepted.

• (1330)

My colleague in the Reform Party has highlighted much of their participation. In particular, there is one change that talked of the need to include a definition with respect to Bill C-40 in clause 44 which refers to:

—nationality, ethnic origin, language, colour, political opinion, sex, sexual orientation, age, mental or physical disability or status—

This amendment was very important. Obviously it keeps the definition very much in line with other pieces of legislation, most importantly the charter. It is important to note that the Reform did not propose this exact amendment. In fact the sexual orientation definition was not part of its proposed amendment.

With respect to the amendments the government was amenable to them. It demonstrates the importance of having an opposition do its job, do its homework, be prepared to participate and bring forward useful and meaningful amendments.

One such amendment that has received some attention already in this debate was the increased discretion of the minister with respect to this piece of legislation. It refers to the minister herself or himself, depending on the individual and their ability to assess the situation and determine the appropriateness of the extradition itself. A very significant and subtle balance must exist between the appropriate political authority of the minister in deciding surrender orders or extradition orders and the minister's role in processing these orders.

Proposed amendments were voted down at the committee level which I think would go a long way to meeting that balance. There would be judicial review at some point or perhaps a panel of individuals who would therefore examine the factual scenario to decide the appropriateness of the extraditing country's request.

A higher level of diligence is now placed upon the minister under this piece of legislation. There are significant consequences for a wrongful extradition. There are significant consequences for Canadians in reverse to have to leave this country.

All efforts must therefore be made by the minister to make the significant inquiries to ensure that the request is legitimate and that the documentation which is forwarded is in line with the entire act. I hope that is the intention of the justice department.

It is somewhat contradictory to have the Department of Justice on the one hand limiting the minister's authority with respect to suggested changes to the final appeals process under section 690 of the Criminal Code, when on the other hand in this piece of

legislation the department wants the minister to have expanded discretion in determining extradition and surrender orders.

There was another anomaly I wanted to mention which occurred at the justice committee. It was the participation of Kimberly Prost who served as senior counsel for the international assistance group, a key section of the justice department's department of extradition. As I understand it she had full participation in the drafting of at least parts of bill but she did not formally appear before the committee. Of course the government would know the reasons for that.

I am also concerned with the resulting charter implications. These implications were previously mentioned and highlighted by criminal lawyers who appeared before the committee. Particularly under Bill C-40 it is difficult to understand how we will apply the human rights standard adopted in the country under the Canadian Charter of Rights and Freedoms. Despite the flaws and despite the government's intransigence in accepting some of the opposition's amendments, the bill has significant weight and merit that are worthy of support.

Tabling of documents was another aspect that was mentioned and covered by previous speakers. Obviously this is no longer required under this piece of legislation as in other pieces of legislation. It is curious, however, and consistent with the government's approach of talking about transparency that when it comes to putting it into action there appears to be a different level of accountability.

As I previously mentioned, the bill will receive the support of the Conservative caucus. The bill is consistent with the prior Progressive Conservative government's activist approach to modernizing our extradition laws. Perhaps the Senate through its legal and constitutional affairs committee will be more even handed in considering amendments to Bill C-40.

• (1335)

In conclusion, on balance Bill C-40 has many positive measures that outweigh the drawbacks and it is legislation we feel is worth supporting.

**Mr. Derek Lee (Scarborough—Rouge River, Lib.):** Mr. Speaker, we are debating Bill C-40, the new Extradition Act. As colleagues have pointed out today, this is a substantial rewrite of a century old piece of legislation. It is a good piece of work in my view. It modernizes, streamlines, properly codifies, and takes account of the charter and the many other things we like to see in new legislation. I congratulate the Minister of Justice for bringing the legislation forward.

It was not a recent exercise that created the bill. It is my understanding that this re-write of the Extradition Act has been on

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the agenda and work list of the Department of Justice for a number of years now, even going back to 1992-93 when the existing act was modified to streamline appeal procedures.

Colleagues have more than adequately outlined the many attributes of the new legislation. I wanted to bring the attention of my colleagues to three sections in the statutes for one reason. As we create laws and as we pass them in the House, we design them on a drawing board, run them through a computer and do our very best to create a statute that will work well and be in the interest of Canadians. We must all take account of the possibility that what we take from the drawing board and put out on the street may contain some things that do not always work well on the street. That is inevitable in any new piece of legislation. There are three areas I thought I would pass comment on, all the while being strongly in support of the legislation.

The first area involves the potential effect of the waiver of extradition concept referred to in section 72 on the section 96 adaptation to accommodate the provisions of the Immigration Act. In section 96 that accommodation essentially backs off the Immigration Act and accedes to the higher priority attached to the Extradition Act so that there will not be dual pieces of litigation at the same time.

The section 96 provision assumes that there are two outcomes of an extradition exercise. One is a discharge of the individual and the second would be an order for surrender of the individual. That is fine. In the order for surrender there is an override provision which is important to note. Where the offence for which the person is being sought for extradition is one that has a term of imprisonment in Canada of more than 10 years, the person would be deemed under the Immigration Act and the refugee procedures to have been found not to be a refugee. Colleagues in the committee and in the House have accepted that concept.

Although the person is deemed not to be a refugee before an order of surrender is executed, the Minister of Justice will review each case to look out for concerns that are already reflected in the refugee procedures and to protect individuals from extradition to jurisdictions where they might be subjected to the same types of difficulties defined in the international convention on refugees.

• (1340)

In any event those two outcomes under section 96 do not appear to take into account the waiver provisions of section 72. The section 96 immigration procedures do not appear to accommodate a person deciding to waive extradition. They do not appear to deal with it. It is arguably an element of unclear practicality which may be resolved practically in the processes that will be there. If there is any difficulty, I am sure a judge somewhere will have an opportunity to assist the parties in interpreting the provisions.

I point out a second area to the House. In the decisions that will be made by the Minister of Justice both prescribed formal and informal consultations will take place among the Minister of Justice who presides over Extradition Act procedures, the Minister of Immigration and Citizenship, and the Minister of Foreign Affairs. In consulting with those ministers in terms of a particular individual and a particular extradition there is envisaged a consultation and a transmittal of information either about the extraditing country, the individual or organizations in the other country.

It is not clearly visible on the face of our statute that such important information from the point of view of the individual involved in the extradition is made known to the individual. I am reflecting my sense of this as one MP who is voting for the legislation. In all respects information used by the Minister of Justice that is received from foreign affairs or immigration should be disclosed to the individual.

That principle would have to be subject to the occasional instance where significant national security or other security issues would need to be protected. However it is important to note that point. I am confident those who administer the statute will not be hiding the information used by the Minister of Justice in making decisions about extradition or not, surrender or not, under this statute. I suggest somewhat tongue in cheek that in a middle of an extradition hearing a citizen or other person should not be saddled with the need to make a freedom of information act application.

The third area concerns the concept of specific agreement in the statute. In the past countries have extradited based on an existing extradition treaty or extradition agreement between the two states. The bill if passed would provide for a specific agreement which is a one-off extradition agreement between country *a* and Canada. The only provision in that agreement would be something to the effect that country *a* wishes to extradite Mr. X and Canada agrees to accept this as an agreement to extradite, provided there are contained in that agreement the relatively minimal elements already set out in the Extradition Act.

That agreement will not be treated like an extradition agreement or treaty. It will not be published in *The Canada Gazette*. It will not have been published in the treaty series. It will not have been tabled in the House of Commons. It will not have otherwise seen the light of day. It will have received the signatures of both countries and it will name an individual.

• (1345)

My concern was that over time I would not want the specific agreement to be used more greatly in numbers than the extradition treaties. I believe it should be seen as the exception to the rule. It appears to me from this statute that one could even enter into specific agreements to extradite a person while an extradition treaty existed. There does not appear to be any barrier to entering

into a specific agreement to extradite a person even though there is another extradition treaty in existence between the two countries.

Why would one want to avoid the extradition treaty? I am not sure but the existing agreements governing general circumstances often become a little cumbersome or outdated and it is possible that officials in both countries will decide it is easier to set up a specific agreement and avoid the existing treaty. They will use form B, fill it out, send it over, get it signed and fill in the blank with the person's name and that will be our specific agreement, our extradition instrument for this person. Over time I do not know how that will evolve. It would be my hope that we would not have a proliferation of specific agreements but would continue to negotiate appropriate treaties and other agreements.

Those are the three areas I wanted to bring to the attention of the House. I did not feel they were substantial enough matters to suggest amendments to the House. I believe that with officials who administer the act, the processes that would be put into play by the new provisions will adequately allow for a fair evolution in relation to those three areas and that the new statute will serve Canadians and Canada's partners in criminal justice administration well perhaps for another century as the previous act did.

**Mr. Chuck Cadman (Surrey North, Ref.):** Mr. Speaker, I am pleased to speak to Bill C-40, the Extradition Act.

This so-called modernization of our extradition laws is an attempt to make it tougher for accused criminals to use Canada as a refuge from justice systems of other countries and international court.

Our extradition laws have been around for approximately 120 years but we have been powerless to send fugitives to such adjudicators as the International War Crimes Tribunal in The Hague and the international criminal tribunal for Rwanda.

For a few years now we have provided the services of one of our judges, Madam Justice Louise Arbour of the Ontario Court of Appeal, as chief prosecutor. We have never been able to fulfil our obligations to help bring suspected war criminals to justice. I suppose we should not be surprised, as Canada's record is totally abysmal when it comes to war crimes prosecutions. It is an indication of this government's misplaced priorities when this place debated Bill C-42 in 1996 in order to change our laws to permit Madam Justice Arbour to legally work for war crimes tribunals yet it is only now that we are attempting to ensure that Canada can legally work toward the aims of those same tribunals.

It is most fortunate that we have Madam Justice Arbour over there. It appears she may have had something to do with rectifying this government's failure to have proper procedures in place. It was she who commented: "There was a terrible void in Canadian

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legislation. I think having a structure in place will avoid what otherwise would have been a terribly embarrassing situation for a country like Canada".

Only the government and its spin doctors have the nerve to promote and support international bodies such as war crimes tribunals but remain powerless to send fugitives before them.

● (1350)

We were restricted to extradition only to other countries, only when bilateral agreements were signed and only for specified and limited offences.

To be fair, other countries found themselves in a similar position but they enacted laws long before this. Once again this government is slow and out of sync with the rest of the world.

Even federal officials believe there are more than three hundred modern day war criminals in Canada. They believe we are a refuge for death squad members, torturers and officials from corrupt and murderous regimes from countries such as Somalia, Bosnia, Iraq, Afghanistan, Haiti, Ethiopia, Guatemala, Rwanda and El Salvador.

We have usually been quick off the mark to provide humanitarian aid to most of these strife ridden parts of the world, and that is certainly a good and admirable effort. But to permit Canada to become a haven for war criminals is a sad indictment against each and every one of us.

There is a provision in the bill which is welcome news. It is my understanding that where an extradition order is issued for a person who has filed a refugee claim, that person will be declared ineligible for refugee status and the extradition will proceed. In other words, the extradition order will override the refugee claim. What this does is prevent those facing extradition from filing bogus refugee claims which, as we all know, can take years to sort out due to many levels of appeal available to claimants.

This provision of Bill C-40 will make the extradition process more efficient and less prone to abuse. The extradition judge will consider the refugee claim in the context of the extradition order.

Of course the minister has the final say, but more on that later. Regrettably this provision applies only in cases where the offence for which extradition is requested is subject to at least 10 years in prison under Canadian law.

That is regrettable because we have enough problems dealing with our own criminal element. We should not be providing any more loopholes that allow those who come to Canada from elsewhere to abuse our system.

I will now move on to a few of the specific concerns I have with this legislation. I am concerned about the cost and the delays. Once

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again this government appears to have gone out of its way to create a make work project for the legal industry.

There will be ample opportunity for our lawyers to spend hours and hours presenting legal arguments. Our charter of rights and freedoms and the requirements for a judge to be satisfied that the alleged conduct meets the test that would justify a committal for trial in Canada will see to that. As we all know, it is the taxpayer who often ends up having to pay for many of these lawyers.

Our own war crimes trials have shown how difficult it is to establish sufficient evidence to hold a trial in Canada. They also show how inefficient our system becomes when dealing with foreign and historical evidence. This legislation does little to address these difficulties.

I am concerned about the parts of the legislation that permit the minister to interfere. Costs and delays are present here as well. Even after the extradition hearing and all its costs and delays and even after the judge decides to issue an order of committal to await surrender, the minister may decide to refuse to make the surrender order.

After the whole matter finally comes to some form of decision, the minister can refuse to permit extradition. Why would we spend thousands of dollars, perhaps hundreds of thousands, only to have the whole process wasted because the minister decides to pursue a political road?

Section 44 of the bill provides the minister with three reasons for refusal. The first is if the minister is satisfied surrender would be unjust or oppressive. I fail to see why the minister is left with this decision. Surely the judge at the extradition hearing could make this determination upon presentation of evidence. This is a case where we have the political and the executive process getting mixed up with what should be a judicial procedure.

Similarly with the second reason, the minister shall refuse to make a surrender order if the request for extradition is made for prosecuting or punishing by reason of race, religion nationality, ethnic origin, language, colour, political opinion, sex, sexual orientation, age, mental or physical disability or status or that the person's position may be prejudiced for any of those reasons.

The minister again becomes involved in what should be a judicial procedure. Canadian courts make decisions on these listed forms of discrimination in one way or another every day. Evidence is presented and our judges determine whether a case of discrimination and therefore unfairness is made out. Why do we have to take this power away from the judges and give it to the minister? Why is the political process interfering?

The third reason the minister can refuse to make a surrender order is if the minister is satisfied that the conduct for which the extradition has been requested is punishable by death under the

laws of the extradition partner. With this third reason the minister has some discretion, as the wording of the section states that the minister may refuse. For the first two reasons the wording is the minister shall refuse.

• (1355)

With respect, this third reason is nothing more than meddling in matters in which we should not be involved. All countries do not have the same laws. They do not have the same cultures and they do not have the same form of political process. We should not be trying to tell other countries that we will refuse to return their accused because we disagree with their method of punishment. Who are we to disagree with the laws as set out in foreign jurisdiction often through democratic means?

I will cite a couple of examples as to the problems of meddling in or refusing to accept the laws of other countries. Without providing names, there is a case presently before our courts where we are refusing to release two accused murderers to the United States. The particular state has the option of imposing the death penalty should these individuals be convicted. Our refusal really comes down to a disagreement over whether Canadian rules of justice which dictate there is to be no capital punishment are right as opposed to the laws of other jurisdictions which believe that capital punishment is an appropriate option as punishment for murder.

I make little comment on the issue of capital punishment here because I am limited in my time and that is a debate for another time. I also make little comment about the fact that the majority of Canadians also hold the view that most murders should be punishable by death. We all know the Liberals are responsible for the removal of capital punishment. They are now trying to dictate their views to all the countries of the world, and this is wrong.

In another case, which I will again not name as it is before the courts, we have discovered in our midst an individual in his late sixties who is facing over 100 years in jail because of a number of white collar crimes. He has already been convicted and sentenced. Under the provisions of Bill C-40 an extradition hearing may well determine that this individual should be committed for extradition. This will likely become a costly and extended procedure. But the minister still holds the ultimate power. Under section 44(1) of this legislation the minister may determine that a surrender order will be unjust or oppressive because we in Canada do not have such lengthy sentencing practices. Again, this is a case from the United States.

**The Speaker:** The member still has 11 minutes in his speech. I do not want to rush him toward the end. He will have the floor at the end of question period when he will not be so pressed. We will now proceed to Statements by Members.

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## STATEMENTS BY MEMBERS

[English]

### ALLELIX BIOPHARMACEUTICALS INC.

**Mr. Gurbax Singh Malhi (Bramalea—Gore—Malton—Springdale, Lib.):** Mr. Speaker, I am pleased to recognize the key role played by a local firm in my riding in a world famous study of aging with veteran astronaut John Glenn during his recent space shuttle mission.

In a joint venture with the Canadian Space Agency, Allelix Biopharmaceuticals Inc., located in my riding of Bramalea—Gore—Malton—Springdale, was directly involved in one of the mission's three osteoporosis experiments.

So it is with great pleasure that I rise today to congratulate both Allelix and the Canadian Space Agency for jointly working on this valuable project.

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### CONSTABLE LAURIE WHITE

**Mr. Mike Scott (Skeena, Ref.):** Mr. Speaker, today on her 29th birthday RCMP Constable Laurie White lies in a hospital bed in Vancouver.

On Friday afternoon Constable White, along with fellow officers from her detachment, attempted to serve a search warrant on a suspected sex offender in Kitimat, British Columbia. As they approached the suspect's residence he shot Constable White, badly injuring her. She was medivaced to Vancouver where surgeons worked for hours trying to save her badly injured leg, but sadly the damage was so great they were unable to do so.

When young men and women decide to make policing their vocation they know they may some day face serious injury or even worse in the performance of their duty. But that does not relieve the sting or the shock over the events of last Friday.

We are grateful every day that these police officers are there serving and protecting the public, putting their own safety at risk. We are shocked and truly saddened when we learn of an officer down in the line of duty.

We are proud of Constable White and I ask the House and all Canadians in extending our best wishes for her speedy recovery on this, her birthday.

**Some hon. members:** Hear, hear.

\* \* \*

### NATIONAL HOME FIRE SAFETY WEEK

**Mr. Lynn Myers (Waterloo—Wellington, Lib.):** Mr. Speaker, National Home Fire Safety Week runs from November 24 to 30.

This week, sponsored by the Canada Safety Council, emphasizes the importance of smoke alarms in all Canadian Homes.

• (1400)

Most fatal fires start at night when the household is asleep. Since the fumes of a fire can send one into an even deeper sleep, it is extremely important to verify regularly that all smoke alarms are in working order.

Canadians are starting to learn that smoke alarms save lives. Most Canadian households now have at least one of these life saving units. It is important then, throughout the year and specifically during this week, that all Canadians take the opportunity to educate themselves about this very important matter. I urge everyone in Canada to remember the theme sentence for this week: "Are you sure your fire alarm works?"

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### DIABETES AWARENESS MONTH

**Mrs. Karen Redman (Kitchener Centre, Lib.):** Mr. Speaker, today marks the last day of Diabetes Awareness Month. Every eight minutes a Canadian is diagnosed with this disease.

It is a major cause of premature death, blindness, kidney disease and stroke. Diabetes is a leading cause of premature heart disease in women. Twice as many women will die from diabetes as from breast cancer.

Diabetes increases with age and affects more than 10% of Canadians over the age of 65.

In Kitchener and the surrounding area it is estimated that 5% of the population has diabetes.

This disease can hit anyone. It touches my own family.

I extend my best wishes and thanks to the Kitchener-Waterloo association in reaching its target of \$30,000.

There is a renewed momentum and urgency in diabetic research that a cure will be found. Breakthroughs are being made.

With the efforts of the Canadian Diabetes Association and all Canadians we will find a cure for Megan Fitzpatrick and the 1.1 million diabetics in Canada.

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### THE LATE CASEY SMITH

**Mr. Ted McWhinney (Vancouver Quadra, Lib.):** Mr. Speaker, Casey Smith, the beloved coach of the University of British Columbia Thunderbirds football team, died of cancer last Wednesday, November 25, at the age of 39.

Following in the footsteps of his father, Frank Smith, who coached the UBC Thunderbirds to Vanier Cups in 1982 and 1986, Casey Smith played several years for the UBC Thunderbirds before himself becoming head coach.

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Casey Smith had a passion for sports which he shared generously with other people. His courage in the last months of his life was an inspiration to his players. He will be dearly missed.

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**THE UNIVERSITY OF SASKATCHEWAN HUSKIES**

**Mr. Roy Bailey (Souris—Moose Mountain, Ref.):** Mr. Speaker, the University of Saskatchewan Huskies can now be properly crowned the Canadian football team of the nineties.

The Huskies captured their third Vanier Cup national title in the SkyDome last Saturday when they defeated the talented team from Concordia University.

The Huskies have dominated Canadian university football for many years. Professional coaching, team loyalty and, above all, the Saskatchewan tradition of never yielding to adverse conditions distinguish them.

We congratulate Canadian university football in Canada. The tradition continues to grow and Canadians from coast to coast appreciate the dedication and the sportsmanship displayed by these young men.

Again, congratulations to the University of Saskatchewan Huskies, the football team of the nineties.

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**THE LATE FATHER DAVID JOHN CORKERY**

**Ms. Marlene Catterall (Ottawa West—Nepean, Lib.):** Mr. Speaker, the entire Catholic community in the Ottawa-Carleton region is in mourning today at the death of Father David John Corkery.

While he has been honoured for his significant contributions to the church, to many of us, for most of our adult lives, he was simply Father Corkery.

Those who served mass at his altar when he was first ordained remember that he could never be rushed, because for him each celebration of the mass was an important expression of his faith.

Throughout his life among us he was truly a saintly, humble and gentle man. We say farewell to him with a deep sense of personal loss and extend to his family, friends and parishioners our deepest sympathy.

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[*Translation*]

**FINANCIAL CRISIS IN AGRICULTURAL INDUSTRY**

**Mr. Paul DeVillers (Simcoe North, Lib.):** Mr. Speaker, many Canadian farmers are now facing a serious financial crisis. Not only the Prairie grain producers but also the pork producers, particularly those in my riding, are being hit particularly hard.

What is happening now reminds me of the farm crisis in Ontario in the early 1980s.

I can understand the anguish farmers experience because of these difficulties. A farm crisis puts Canadian family farms in jeopardy, and has a considerable negative impact on the entire agri-food industry.

• (1405)

[*English*]

This crisis prompts us to examine not only long term solutions to the problems facing farmers, but also, and more important, to work with the agricultural community toward a short term solution to deal with this crisis.

I reiterate that my Liberal colleagues and I support an appropriate and speedy response to farmers' needs.

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**ABORIGINAL AFFAIRS**

**Mr. Leon E. Benoit (Lakeland, Ref.):** Mr. Speaker, this weekend the United Nations Human Rights Conference was held in Edmonton, while across town an aboriginal summit was held by a new grassroots aboriginal group, Aboriginals for Accountability.

While Canada's justice minister paid lip service to human rights at the high profile event, grassroots aboriginal Canadians were listing basic human rights that are being ignored by their leadership, by the Department of Indian Affairs and Northern Development and by this government.

The rights being denied them include: freedom of speech, freedom from persecution for political views and freedom from persecution based on race. This is coming from their leadership as well as from non-aboriginals.

They also talked about scandalous living conditions, poor health care and jobs being awarded to the band leaderships' friends and families.

This government has virtually ignored these problems for years. Things are getting worse. Clearly, this government's words are much, much more than its actions.

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**CANADIAN FARMERS**

**Mrs. Rose-Marie Ur (Lambton—Kent—Middlesex, Lib.):** Mr. Speaker, pork producers are selling hogs for about half the cost of production, with a huge oversupply in the marketplace, with weak demand and foreign subsidies further distorting the market.

It is a complex problem with no easy answers. Indeed, during hearings at the agriculture committee, five presenters will have five different solutions.

As many farmers in my riding have told me, they want an equitable arrangement, which is fair across the country, that does not just bailout bad business practices but fully recognizes the devastating price drop. Our safety net system is designed to address the normal fluctuations in market income. It cannot address a market crisis of this dimension.

We urge the Minister of Agriculture and Agri-Food, with his provincial colleagues and the producers, to help the industry through this current crisis while being sensitive to the Canadian taxpayer.

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### BRAIN INJURIES

**Mr. Gordon Earle (Halifax West, NDP):** Mr. Speaker, the tragedy of brain injuries affects over 1,200 Nova Scotians every year. The direct impact of these tragedies ranges from severe physical debilitation to cognitive trauma such as memory loss and impaired judgment, as well as tragic behavioural and psychological effects, including depression and dramatic personality change. Of those affected by brain injury, 12% will never be able to be alone or look after themselves. One in five will never be able to return to a job.

This government has a duty and a responsibility to do everything in its power to ensure that it does not compound the trauma. The government must closely examine aspects of its health policies, pension provisions, including the CPP, and justice issues relating to the impact of people struggling to deal with these injuries.

I am pleased to conclude by commending the ongoing efforts of the Brain Injury Association of Nova Scotia.

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[Translation]

### INFO MEDIC WATCH PLAQUE

**Mrs. Pierrette Venne (Saint-Bruno—Saint-Hubert, BQ):** Mr. Speaker, there is a great deal of ingenuity at work in my riding of Saint-Bruno—Saint-Hubert.

Louise Dodier, a woman in my riding, has invented a product she calls "Info Medic Watch". It is an alternative solution for those who need to wear an emergency alert bracelet to indicate that they have a drug allergy or a condition requiring particular precautions, such as epilepsy or diabetes.

Info Medic is a gold or silver plaque which attaches solidly to a watch bracelet. The individual's medical information is engraved on the back. More than 80 Canadian jewellers offer this Quebec invention for sale.

My congratulations, and best wishes for continuing success, to Mrs. Dodier.

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[English]

### FIREARMS ACT

**Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC):** Mr. Speaker, tomorrow the regulations under the Liberal government's ill-conceived Firearms Act will begin to take effect in this country.

Despite the lack of evidence that this government's law will reduce crime-related activity, despite the spiralling costs to establish a new bureaucracy and despite the Supreme Court of Canada challenge by four provinces and two territories, the Liberal government proceeds at full throttle. Even worse, the Liberals have insidiously spent taxpayers' dollars to surreptitiously promote the Firearms Act as a crime reduction measure when it should be better labelled "the false hope act".

The opportunity exists for the government to step back from this costly boondoggle. As well intentioned as the legislation might be, the focus should be on real crime prevention and crime fighting initiatives, focusing on the root causes of crime, improving Canadian police investigative computer systems, implementing a DNA data bank registry and allocating more resources to front line policing. Let us put the priorities straight and stop this costly measure now.

\* \* \*

• (1410)

[Translation]

### CANADIAN HEMOPHILIA SOCIETY

**Mr. Réginald Bélair (Timmins—James Bay, Lib.):** Mr. Speaker, November was hemophilia month.

Hemophilia is a blood clotting problem and affects approximately one male in 5,000. A third of the new cases of hemophilia occur in families with no history of the disease.

The Canadian Hemophilia Society provides support and services to Canadians with this disease and to their caregivers. It also informs the public and professionals about it and encourages support through pairing in the hemophiliac community.

In 1998-99, Health Canada gave the Canadian Hemophilia Society \$50,000 to help develop services for the future. The society is also very active nationally, where it promotes a safe blood supply in Canada.

I would ask you to join me in congratulating the Canadian Hemophilia Society on its tireless work on behalf of those suffering from this disorder.

*Oral Questions***PARLIAMENTARY INTERNS' FOOD DRIVE**

**Mr. Jean-Paul Marchand (Québec East, BQ):** Mr. Speaker, some 120,000 people in the Ottawa area have incomes below the poverty line and some 35,000 of them obtain food aid monthly. Nearly half the people receiving food aid are children.

To provide help to these people over the holidays, the parliamentary interns have decided to organize a food drive. Between November 30 and December 11, boxes for non-perishable items will be placed in the cafeterias of the Centre, East and West blocks and the Wellington and Confederation buildings.

The parliamentary interns will also be visiting office staff to remind them of their drive and to collect food and money for the Outaouais and Ottawa-Carleton food banks.

Many families are counting on our generosity.

\* \* \*

[English]

**FINANCIAL INSTITUTIONS**

**Mr. Gary Pillitteri (Niagara Falls, Lib.):** Mr. Speaker, as one of the 54 MPs and senators who signed the recent report of the national Liberal caucus task force, "A Balance of Interests", I find it appalling now to be the focus of intimidating correspondence sent by people in managerial positions within the banks.

They allege that by my doing so, as a member of the Standing Committee on Finance, I am now in a conflict of interest and should resign.

I do not want to justify my actions in any way. I would, however, say that I, like my colleagues, signed the report because, in our view, it reflected quite accurately the views of men and women, ordinary Canadians, the main shareholders of the banks and of Canada.

That does not mean in any way that we are not open to other suggestions or will not listen to other arguments that will be made in the best interests of all Canadians.

\* \* \*

**NETHERLANDS MILLS**

**Mr. Dick Harris (Prince George—Bulkley Valley, Ref.):** Mr. Speaker, most Canadian workers believe that the EI fund they pay into is there to help them through work interruption, slowdowns or wage cutbacks.

However, we will not convince the employees of Netherlands Mills in Prince George of that. These workers have just seen their wage top-up program arbitrarily cancelled by this government, despite a promise that would continue until March 1999.

Some Christmas present from this Liberal government.

Now not only are the Liberals about to scoop the \$7 billion in extra surplus in the EI fund, they are also renegeing on a promise made to the sawmill workers at Netherlands Mills in Prince George.

While these mill workers will be going short this Christmas, we can bet there is not going to be any shortage of turkeys at the Liberal Christmas party this year.

\* \* \*

**YUKON AIR TRAFFIC CONTROL**

**Ms. Louise Hardy (Yukon, NDP):** Mr. Speaker, when Navigation Canada was privatized the minister promised there would be no reduction in services.

However, Yukon's only air traffic control tower will be closed down because of this privatization. This will throw all of the employees out of work, as well leave travellers and air traffic workers vulnerable to accidents.

In one way or another, this Liberal government has reduced basic services to the north, such as flood watch warnings. The weather control station is no longer with us. The stay in school initiative has been discontinued and now the air traffic control tower will be closed down.

I would like to let the government know that we want it back.

\* \* \*

**CHINESE CULTURAL CENTRE OF VANCOUVER**

**Ms. Sophia Leung (Vancouver Kingsway, Lib.):** Mr. Speaker, on Friday I was very pleased to attend the 25th anniversary of the Chinese Cultural Centre of Vancouver. This organization has worked successfully for 25 years in Vancouver to build bridges of understanding and intercultural exchange in B.C.

● (1415)

I was honoured to present the organization with a grant of \$250,000 to construct a presentation theatre as part of its new \$3.7 million cultural facility. The money was granted as part of the Canada-B.C. infrastructure works program which funded over 400 projects valued at \$675 million and created more than 9,000 jobs.

I congratulate the Chinese Culture Centre for its work in celebrating Canadian diversity.

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**ORAL QUESTION PERIOD**

[English]

**HEALTH**

**Mr. Preston Manning (Leader of the Opposition, Ref.):** Mr. Speaker, nurses at 41 hospitals in British Columbia have threatened to go on strike and hundreds of surgeries have had to be resched-



*Oral Questions*

uled. The nurses' union says the province needs at least 1,400 nurses to keep up with health care demands, and the province says they can only afford 600 because of federal cuts to health care transfers.

Is it not true that under the government's health policies health care is now in trouble in every province in Canada?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, the Prime Minister has made clear that health care will be the subject of our next major reinvestment as indeed it is.

The matters to which the member refers are between the province and its nursing unions. What the province of British Columbia chooses to do in relation to its priorities in relation to its nursing unions is a matter for the province to determine.

**Mr. Preston Manning (Leader of the Opposition, Ref.):** Mr. Speaker, nearly 200,000 Canadians are on waiting lists and now with this threatened nurses strike in B.C. thousands more must wait.

The government seems to think that sick people and Canadians are fooled by the argument that if \$7 billion is taken out of the transfers and \$2 billion put back somehow the health care users are ahead. This is a shell game that the public simply does not accept any more.

Is it not true that the government's real health care legacy is hospital closures, waiting lists, strikes and now a shortage of both doctors and nurses?

**Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.):** Mr. Speaker, at the same time that we had to make cuts in all programs we had to recognize that the tax points increased. With our prudent fiscal policies we were able to have much lower interest rates which gave the provinces much more room to manoeuvre. We have increased transfers by \$1.5 billion in order that health care could be protected.

Members will find when they examine it that the provinces have cut their contribution to health care more than the federal government—

**The Speaker:** The hon. Leader of the Opposition.

**Mr. Preston Manning (Leader of the Opposition, Ref.):** Mr. Speaker, this is a shell game. In 1993 when the government was elected the federal government contributed 16% to covering B.C.'s health care costs. Today its contribution is down to 10%. Hospital waiting lists are at record levels and they are to increase in British Columbia.

My question is to anyone over there that can answer it. Does the government not see the connection between its health care policies and deteriorating health care in all the provinces of Canada?

**Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.):** Mr. Speaker, we will take our share of the

blame for any cuts in health, but let us be very clear. Our cuts in transfers in that area were 1.5%. That is a very small cut when we look at the overall expenditures on the entire health care system, which is about \$80 billion a year.

Yes, we will take our share of the blame at a time when we had to exercise fiscal restraint because of the terrible mess we were left, but we will not take the blame for all the cuts.

• (1420)

**Miss Deborah Grey (Edmonton North, Ref.):** Mr. Speaker, B.C. has increased its spending in health care for seven years running. It is trying to make up for the mess that the federal government has put us in.

What has the Prime Minister done about these costs? We have seen an admission now that it will accept some of the blame for health care costs. Transfers to B.C. have gone from 16% down to 10%.

Once upon a time in fairy tale land the Liberals promised never to pay less than 50% of the health care costs for British Columbia and every other province.

Why has the Prime Minister insulted all British Columbians, the provincial government, the nurses and every patient who is waiting?

**Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.):** Mr. Speaker, Canadians share our government's concern for the state of health care in the country and that is why, in spite of very difficult circumstances, we insisted on increasing the cash component of the CHST.

We put in place the CHST in order to protect the principles of the Canada Health Act. We are a party that has firmly stood against any erosion of the principles of the Canada Health Act and you are the party that has wanted to go about and—

**The Speaker:** I remind hon. members to address their remarks to the Chair.

**Miss Deborah Grey (Edmonton North, Ref.):** Mr. Speaker, the erosion is 50% down to 10%. That is the erosion the government is responsible for.

We have Liberal health care havoc. Thousands of hospital beds have been closed under the government. Thousands of hepatitis C victims have been abandoned. There are nearly 200,000 people in waiting lines. These are the people who do not get headlines.

That is what happens when the Prime Minister guts \$7 billion in health cuts. It was the Prime Minister who got us into this health care mess. How is he to get us out of it and when?

**Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.):** Mr. Speaker, I just want to talk a little about some of our commitments to health care.

*Oral Questions*

Since we took office and in spite of our difficult fiscal circumstances we have contributed to the Canada health services research fund \$65 million over five years; the health transition fund, \$150 million over three years; the Canada health information system, \$50 million over three years; the Canada breast cancer mission, \$35 million; the aboriginal health initiative, \$45 million; and the private health dental insurance initiatives, about \$200 million over two years.

\* \* \*

[Translation]

**ICE BREAKING POLICY**

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, on the ice breaking issue, two weeks ago, the minister said he had accepted the fee schedule proposed by the coast guard.

Since then, he has been confronted on a daily basis with the inconsistencies and inequities of this schedule. Finally, last week, he said no decision had been made and a new schedule was under consideration.

In light of the fact that the new rates are to take effect within three weeks and that the minister is obviously not ready, would it not be safer and wiser to announce a moratorium, so that he can complete his homework?

**Hon. David Anderson (Minister of Fisheries and Oceans, Lib.):** Mr. Speaker, perhaps the hon. member did not hear clearly, but my position has not changed in any way.

I have said from the start that there was a rate schedule in place and that we would be reviewing it after receiving feedback from the industry. The industry has made counterproposals, and we are looking at them.

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, not only did I listen, but I also took the time to read what the minister said because it is not always clear when he speaks.

What does *Hansard* of November 17 say? It says:

They proposed a rate scale. We accepted it. This is exactly what happened.

Those are his words.

Could the minister make it clear to us whether the truth is what he said on November 17, what he is saying today or what he will say next week? When will we know what he is saying, if he even knows himself?

**Hon. David Anderson (Minister of Fisheries and Oceans, Lib.):** Mr. Speaker, I said today the exact same thing I have been saying for weeks. We are considering counterproposals from the industry. I can assure you that even the industry has not suggested a moratorium on rates.

• (1425)

**Mrs. Suzanne Tremblay (Rimouski—Mitis, BQ):** Mr. Speaker, with regard to the ice breaking issue, it has been six months since the minister released his new rate scale. Now, two weeks before the adjournment of the House and three weeks before the implementation of these rates, the minister is now telling us he is looking at another proposed fee schedule.

Is the minister resorting to the ploy used by the government whenever it has some nasty trick in mind, that is to announce something unacceptable once the session has ended, to avoid being questioned about it?

**Hon. David Anderson (Minister of Fisheries and Oceans, Lib.):** Mr. Speaker, the premise of the hon. member's question includes the same error as the premise of the other Bloc Québécois member who spoke about this.

Our position has not changed. We had a proposed rate scale from an industry committee. We are now looking at a counterproposal made two weeks ago. We are reviewing it and, as soon as a decision is made, we will announce that decision.

**Mrs. Suzanne Tremblay (Rimouski—Mitis, BQ):** Mr. Speaker, there are limits to playing with words. Let me quote *Hansard*, on November 17, 1998:

They proposed a rate scale. We accepted it.

Since "we" means the minister himself, did he accept it, yes or no?

**Hon. David Anderson (Minister of Fisheries and Oceans, Lib.):** Mr. Speaker, this is precisely what I just said. We accepted the proposed rate scale. Afterwards, we received a counterproposal from the industry and we are taking it seriously. We are reviewing that counterproposal. I even reviewed the criticism made by the Bloc Québécois members.

What are we supposed to do? Ignore the industry and the politicians representing the region affected? No. Upon receiving a counterproposal, we looked at it. As soon as our review is completed, we will announce the government's decision.

\* \* \*

[English]

**CANADIAN CULTURE**

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, last spring the trade minister claimed that he was prepared to fight for cultural protections in the MAI. Today that same trade minister is pressuring Canada's heritage minister to water down the magazines bill.

Which minister speaks for the government, the heritage minister who espouses cultural protection or the trade minister who advocates more concessions to appease American interests?

*Oral Questions*

**Hon. Sheila Copps (Minister of Canadian Heritage, Lib.):** Mr. Speaker, when it comes to protecting Canadian culture and ensuring Canadian voices will be heard into the next generation the Minister for International Trade and I speak with one voice.

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, those sure are brave words for a government that sold out the RCMP to Disney Corporation.

Now the trade minister wants to negotiate the magazines bill directly with the Americans. So much for Canadian sovereignty. No wonder Canadians have been participating in large numbers in the citizens inquiry into the MAI. No wonder Canadians do not trust the government to protect Canadian culture.

Will the government assure Canadians of real cultural protection and not another cave-in to American interests?

**Hon. Sergio Marchi (Minister for International Trade, Lib.):** Mr. Speaker, the NDP just confirmed my worst fear, that it basically cannot read or that it cannot read beyond the headlines.

If the leader had actually read the article she would have found that I support the possibility of constructive amendments, as does the minister of heritage, as long as they do not change the bill. I said in the article that the American ambassador has to recognize that we fully complied with the WTO decision. He has to recognize that it is our sovereign right to promote and protect our culture.

\* \* \*

• (1430)

**AGRICULTURE**

**Mr. Rick Borotsik (Brandon—Souris, PC):** Mr. Speaker, this past week I was in western Canada listening to farmers share their experiences during this very difficult period in their lives in the farm income crisis. In some cases they said to me that they want a government to listen. They want a government to put into place the necessary programs to make them able to go back to the land next spring.

The minister of agriculture still does not have in principle an agreement from his cabinet colleagues. When will the Government of Canada find the political will to support our agriculture industry before it is too late?

**Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.):** Mr. Speaker, this government in the past has shown and continues to show our political will to support the agricultural industry in this country, not only at the farm level but also through the whole agri-food chain. It will continue to do that.

Maybe the hon. member was talking to farmers, but I can tell him I have been talking to a lot more than farmers, the farm

leaders, and my provincial colleagues and I will continue to do so. I will work with them to put in place an effective assistance.

**Mr. Rick Borotsik (Brandon—Souris, PC):** Mr. Speaker, this government has been aware that the crisis situation in farming communities has been there for more than a year. The problem with this government is it waits until there is a crisis situation before it acts. It does not try to prevent the crisis. It is reactive as opposed to proactive. It is like the government did with the helicopter deal, like it did with the department of fisheries, and like it did with the Canada pension plan.

I ask the minister of agriculture, why does the government always wait too long and do too little when there is a problem now in the agricultural industry?

**Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.):** Mr. Speaker, I could give a number of reasons the government is taking a look at this as serious as it is. Number one is because it is serious. Another is there is a difference in the way the government looks at things on this side and the way the Progressive Conservative Party looks at it. The PC party wanted to get rid of the ministry of agriculture and take \$600 million out. If the Tories thought this was happening and knew all about this a year ago, how come a year ago they were still saying they wanted to get rid of the ministry and the support to agriculture?

\* \* \*

**TRADE**

**Mr. Charlie Penson (Peace River, Ref.):** Mr. Speaker, today the Minister of Foreign Affairs has gone to Washington cap in hand to try to quell another agriculture blockade. The problem is the heritage minister has poisoned any goodwill with the Americans with her protectionist split-run legislation.

Who let the heritage minister loose and how is this going to help Canadian farmers?

**Hon. Sheila Copps (Minister of Canadian Heritage, Lib.):** Mr. Speaker, the fact is that four of the five political parties of the House support the position of the government. There is only one party here in the Parliament of Canada that is speaking for the Americans and that is the Reform Party.

**Mr. Charlie Penson (Peace River, Ref.):** Mr. Speaker, why are we jeopardizing important trade relations with the Americans for a bill that not even the minister's backbench supports?

When will the Prime Minister rein in the heritage minister and her cultural cops and look after the interests of our farmers? Should that not be our top priority?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, we are working together to protect Canadian culture. It is a shame

*Oral Questions*

that the Reform Party does not have that same commitment. Its commitment to Canadian culture is so weak it undermines anything it says about Canadian agriculture which is not only important to our economy but to the basic principles of Canada.

The Reform Party is undermining what Canada stands for by those kinds of silly questions.

\* \* \*

[Translation]

**ICE BREAKING POLICY**

**Mr. Gérard Asselin (Charlevoix, BQ):** Mr. Speaker, the ferry between Baie-Sainte-Catherine and Tadoussac is a vital and unique link between two parts of the riding of Charlevoix.

Can the minister tell us whether this ferry will be exempt from icebreaking fees and treated the same as the Quebec City-Lévis ferry, given its very numerous daily crossings and the fact that it is the only road link across the Saguenay in my riding?

**Hon. David Anderson (Minister of Fisheries and Oceans, Lib.):** Mr. Speaker, I listen with interest to the hon. member's arguments, which are much more to the point and effective than the protestations of the two members who have already spoken.

Under the present proposal, ferries run by the province and not covered by the terms of union, depending on the body of water in question, will have to pay, such as the Marine Atlantic ferries running between North Sydney and Port-aux-Basques.

**Mr. Gérard Asselin (Charlevoix, BQ):** Mr. Speaker, the Saint-Joseph-de-la-Rive—Île-aux-Coudres ferry in the riding of Charlevoix is the only existing road link for islanders.

Is the minister planning to exempt this ferry from ice breaking fees?

• (1435)

**Hon. David Anderson (Minister of Fisheries and Oceans, Lib.):** Mr. Speaker, again, I thank the hon. member for his question, which is very much to the point.

The industry itself has not suggested a moratorium. Instead, it has come up with a proposal to pay part of the coast guard service provided to the commercial sector. That is the counter-proposal we are now examining.

\* \* \*

[English]

**TRADE**

**Mr. Inky Mark (Dauphin—Swan River, Ref.):** Mr. Speaker, as we witness today, there is a family feud shaping up between the trade minister and the heritage minister. The trade minister believes we should sit down and talk to the United States, but the

heritage minister has launched a trade war with her split-run advertising bill.

My question is for the Prime Minister. Which member of the family does the Prime Minister support? The trade minister or the heritage minister?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, we are working together as a team on behalf of all Canadians, unlike the Reform Party that does not believe in Canadian culture and that shows a grave question about whether it really believes in Canada.

**Mr. Inky Mark (Dauphin—Swan River, Ref.):** Mr. Speaker, it is our understanding that the U.S. trade representative may retaliate against the heritage minister's split-run advertising bill as early as this week.

How can we expect the Americans to call off a trade war against Canadian farmers when the heritage minister is annoying the Americans on the split-run bill?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, this bill is a bill introduced on behalf of the government which includes both the heritage and the trade ministers.

I really want to ask the hon. member why the Reform Party is acting like such a bunch of wimps when it comes to protecting the interests of Canada, whether it is culture or agriculture.

\* \* \*

[Translation]

**ICE BREAKING POLICY**

**Mr. Stéphane Bergeron (Verchères—Les-Patriotes, BQ):** Mr. Speaker, the matter of commercial ice breaking is not a problem just for the ferries. It is also a serious problem for the entire economic activity of the St. Lawrence ports.

My question is for the Minister of Fisheries. By having the St. Lawrence port users pay 80% of commercial ice breaking costs, while they generate only 33% of them, is the Minister of Fisheries not creating a considerable disadvantage which is likely to compromise their competitive edge and consequently the very survival of some of the St. Lawrence ports?

**Hon. David Anderson (Minister of Fisheries and Oceans, Lib.):** Mr. Speaker, the original committee proposal was for the industry to pay 17.5% of the costs incurred by the coast guard to operate their icebreakers.

The committee submitted a counterproposal indicating that the industry is willing to pay half the costs. Industry representatives have never refused to pay part of the costs associated with the operation of icebreakers on the St. Lawrence River.

**Mr. Stéphane Bergeron (Verchères—Les-Patriotes, BQ):** Mr. Speaker, since this whole matter seems to have been improvised

from beginning to end, will the minister accept having his next fee proposal examined by a parliamentary committee mandated to examine all the consequences before it is implemented?

**Hon. David Anderson (Minister of Fisheries and Oceans, Lib.):** Mr. Speaker, if a House committee wants to examine this, I would be quite agreeable to asking it to do so.

Do not forget, however, that this fee schedule has not been reviewed for three years. There have been proposals and counter-proposals. That is common knowledge, and the industry itself has never indicated that it wanted a moratorium. It knew it was necessary to pay at least part of the government's ice breaking costs.

\* \* \*

[English]

## JUSTICE

**Mr. Garry Breitkreuz (Yorkton—Melville, Ref.):** Mr. Speaker, the justice department should not be in the business of telling the police how to do their job, but that is what a justice official did on Friday. The public affairs director of the Canadian Firearms Centre said "Police will have the choice to interpret the new gun law loosely or tightly".

Why is the justice department telling the police how to interpret the Criminal Code?

• (1440)

**Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, I think the hon. member fundamentally misunderstands the nature of the Criminal Code and jurisdiction over criminal law in this country.

In fact, right now law enforcement agencies and crown prosecutors have discretion in terms of how they go about enforcing sections of the Criminal Code. The police may choose, especially in relation to minor offences, to formally caution or warn as opposed to lay formal charges. There is nothing new about that.

**Mr. Garry Breitkreuz (Yorkton—Melville, Ref.):** Mr. Speaker, the minister's ill-conceived gun law is part of the Criminal Code of Canada. It is not the same as getting a speeding ticket.

The justice department is breaking the Criminal Code by counselling the police to not fully comply with the law passed by this parliament which includes all of the Criminal Code. Yet that is what the justice minister's official did.

Why is the justice department telling the police how to enforce the Criminal Code?

## Oral Questions

**Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, we are not telling the police or crown prosecutors how to administer the criminal law of this land.

As I have already pointed out, discretion lies with the police, with crown prosecutors. They may choose to lay a formal charge. They may choose to caution or to warn in certain circumstances.

I find it passing strange that the hon. member and his party who are so opposed to gun control in this country would now argue for strict enforcement of those very provisions they are opposed to.

\* \* \*

[Translation]

## BILL C-55

**Mr. Benoît Sauvageau (Repentigny, BQ):** Mr. Speaker, the Minister for International Trade said on the weekend that the government was ready to water down its policy on Canadian advertising in foreign magazines, thereby contradicting not only the Minister of Canadian Heritage, but his own officials.

However, the office of the Minister of Canadian Heritage reported that the government would not be watering down Bill C-55.

What lobby is the Minister for International Trade caving in to to be in such contradiction with his own government?

[English]

**Hon. Sergio Marchi (Minister for International Trade, Lib.):** Mr. Speaker, there is no caving in anywhere. If the hon. gentleman took the time to read the article, he would find quotes from me talking about the minister of heritage who last week publicly said that if there are meaningful amendments while preserving the very essence of the bill, that she is open to hearing them from the committee. I said that if it is not too late to talk about those amendments, then why would we not want to talk to our best client and our best partner and in essence our best friend as well. It is completely within the same ambit of the government agenda.

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## EMPLOYMENT

**Mr. Murray Calder (Dufferin—Peel—Wellington—Grey, Lib.):** Mr. Speaker, my question is for the Minister of Human Resources Development.

Stats Canada last week released a report on employment in Canada from 1989 to 1997. We all know that unemployment still needs to be lowered. What is the minister doing to help Canadians find good jobs?

*Oral Questions*

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, since this government came to power in 1993, over 1.4 million more Canadians are working and unemployment has gone down from 11.4% to 8.1%, a drop of more than 3%. More needs to be done and we feel we are going in the right direction.

This government has a number of programs to help create jobs. Even our employment insurance system was redesigned to include measures to help people get back to work. There are 245,000 Canadians who have gone back to work, thanks to the active measures—

**The Speaker:** The hon. member for Skeena.

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**ABORIGINAL AFFAIRS**

**Mr. Mike Scott (Skeena, Ref.):** Mr. Speaker, today the B.C. legislature will begin debating the Nisga'a treaty, but the public will not be included in the debate just like they have never been allowed in the room during negotiations.

Since nearly 70% of British Columbians say they have not been properly consulted and want a province-wide referendum on this treaty, will the minister of Indian affairs accede to their wishes and commit here and now to a province-wide referendum on the Nisga'a treaty?

**Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.):** Mr. Speaker, the Nisga'a treaty is a historic undertaking among the Nisga'a, the province of British Columbia and the federal Government of Canada.

• (1445)

Negotiations have been going on for well over 20 years. I have travelled to the hon. member's riding and talked to citizens in that part of British Columbia. They feel they have been included. My view is that they want the treaty completed.

**Mr. Mike Scott (Skeena, Ref.):** Mr. Speaker, the people of British Columbia definitely do not feel included in this process, much as the minister protests to the contrary.

The people of British Columbia say they have not been included and over 70% say they want a say in a referendum on this precedent setting deal.

Does the minister not agree that saddling British Columbians with a treaty that does not enjoy broad public support is the worst disservice she could possibly do for all British Columbians, including the Nisga'a people?

**Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.):** Mr. Speaker, if we look at the contents of this treaty, we find that there are so many aspects that are positive for the Nisga'a, for the people of British Columbia and for Canada.

As I have said time and again, this is an historic undertaking. It has taken 20 years for us to come to this point.

This treaty will be debated fully in the House. I look forward to hearing from the hon. member as he joins in that debate.

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**CANADA POST**

**Mr. Peter Stoffer (Sackville—Eastern Shore, NDP):** Mr. Speaker, this government through Canada Post has closed down thousands of postal outlets and then allowed small business to retail postage stamps.

Now not only will Canada Post commission a restructuring of stamp sales but it will also allow the big banks such as CIBC to sell stamps.

Why is the government allowing Canada Post to force thousands of small businesses into foreclosure, increase the already excessive profits of the big banks and further disrupt postal service in Canada?

**Hon. Alfonso Gagliano (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, since this government took office in 1993 we have never closed a post office.

We have the best postal operation in the world. We are working with all the franchise operators to make sure they continue to give the best service they can.

I am sure when the member learns all the details of the package he will agree with me.

**Mr. Peter Stoffer (Sackville—Eastern Shore, NDP):** Mr. Speaker, the minister knows full well that the moratorium put in place by him is over tomorrow.

I would like to give the minister the opportunity to speak directly to the people of those thousands of small businesses and tell them he will tell Canada Post to put an end to this devastating policy once and for all.

**Hon. Alfonso Gagliano (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, in the past two months Canada Post has met with over 600 franchises to discuss and listen to see what can be done. It is coming up with a package that will ensure all the postal operators who operate franchises within their stores with the commission fee will have no losses.

The member and others are predicting the end of the world. When this package is fully implemented they will see that the franchises will make more money.

\* \* \*

[Translation]

**POVERTY**

**Mr. André Harvey (Chicoutimi, PC):** Mr. Speaker, my question is for the President of Treasury Board.

*Oral Questions*

Poverty is a daily problem in cities throughout the country as new soup kitchens and shelters for the homeless spring up. This is only the tip of the iceberg. Unfortunately, the federal government has no program to provide financial assistance to these organizations that help the most disadvantaged members of society.

Will the President of Treasury Board promise to do everything possible to create such a program, in order to help these organizations that are dealing with the poverty of their fellow citizens on a daily basis?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, as a government, we are obviously extremely concerned about poverty in Canada and, in recent years, we have identified poverty, particularly child poverty, as one of our highest social priorities.

We have invested \$1.7 billion in the national child benefit in order to help families give their children the best possible start in life.

We have implemented the Canadian opportunity strategy, as well as the family income supplement, to help families in need.

**Mr. André Harvey (Chicoutimi, PC):** Mr. Speaker, I see that the government does not know where to start in the fight against poverty.

Specific measures are required, as well as a major tax reform.

Would the minister not be interested in helping create a special joint committee of the House of Commons and the Senate to identify the real problems of poverty and their solutions?

• (1450)

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, for the past two and a half years, we have had a negotiation table with the provinces that is working very well. There is the ministerial council on social union which the Government of Quebec did us the admittedly somewhat belated honour of joining last summer.

Co-operation between the two levels of government is better than it has been for years. The provincial ministers responsible for social services and myself are co-operating very closely and productively to combat poverty throughout the country.

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[English]

**THE ENVIRONMENT**

**Mr. Sarkis Assadourian (Brampton Centre, Lib.):** Mr. Speaker, my question is for the Minister of Environment.

We know environmental challenges require the commitment of all Canadians in each community across the country. What is

Environment Canada doing to build partnerships with communities and to increase the capacity and the impact of grassroots environmental initiatives? How will these initiatives impact our environment?

**Hon. Christine Stewart (Minister of the Environment, Lib.):** Mr. Speaker, Canadians from coast to coast to coast have a great concern about the environment in which they live. They expect the federal government to take responsibility to protect them, their health and their environment.

It is also the responsibility of every Canadian to take action to protect the environment. Because of this I have initiated millennium eco-communities whereby every member of parliament can instigate within their constituencies the development of a core group of citizens who will set goals and achieve results on clean air, clean water, climate change and nature.

\* \* \*

**JUSTICE**

**Mr. Eric Lowther (Calgary Centre, Ref.):** Mr. Speaker, last week I asked the newly appointed solicitor general what possible explanation he could have for pardoning 700 sex offenders who went on to have other sexual offences on new victims. His answer was that 700 was a relatively small number. Tragic. What a callous answer to these victims.

He has had a weekend to think about it. When will he stop pardoning known sex offenders and allow Canadian parents to protect their children?

**Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.):** Mr. Speaker, public safety is my mandate.

Federal and provincial ministers met in Regina and came up with a comprehensive report. This report is supported all across the country. For example, recommendation No. 7 in the report indicates that even if a sex offenders receives a pardon there is a flag. When the police review the file they will know that individual has committed a sex crime.

\* \* \*

[Translation]

**RESEARCH AND DEVELOPMENT**

**Mrs. Francine Lalonde (Mercier, BQ):** Mr. Speaker, my question is for the Minister of Industry.

David Caplan, the president of Pratt & Whitney Canada, says that the reduction in federal investments in research and development is responsible for the 18% drop, over a three year period, of the added value in Canada's aerospace industry.

When will the Minister of Industry have the courage to say unequivocally that investments in Technology Partnerships Canada

*Oral Questions*

must be increased by at least \$100 million to maintain productive employment in Quebec and in the Montreal region—

**The Speaker:** The hon. Minister of Industry.

**Hon. John Manley (Minister of Industry, Lib.):** Mr. Speaker, I was quoted in the newspapers as saying that, in my opinion, to increase funding in the TPC is a good investment for the federal government. It is so important for the Montreal region that we will continue to invest in key sectors of that region, including the aerospace industry, but also the biotechnology, pharmaceutical and telecommunications industries. These are the winning sectors in the greater Montreal area.

\* \* \*

[English]

**ABORIGINAL AFFAIRS**

**Ms. Bev Desjarlais (Churchill, NDP):** Mr. Speaker, my question is to the Minister of Indian Affairs and Northern Development.

Transportation infrastructure is vital to economic development on first nations. The Government of Manitoba has told the chief of the Mosakahiken First Nation that road connections from Moose Lake and Cormorant are a federal responsibility because 80% of the population is first nation.

If this government is serious about promoting economic development to end first nations destitution will it commit necessary funds for road building in partnership with provincial and first nations governments?

• (1455)

**Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.):** Mr. Speaker, without question one of the biggest challenges we all face is moving toward self-sufficient, economically viable first nations communities.

As a result of our work with “Gathering Strength” we have been able to identify that there are increasing numbers of partnerships not only with provinces but with third party interests that will help us deal with the issue of economic development. It is a challenge for all of us. If we marshal all the resources, I am convinced we can support first nations as they move toward self-sufficiency.

\* \* \*

**TRANSPORT**

**Mr. Bill Casey (Cumberland—Colchester, PC):** Mr. Speaker, my question is for the Minister of Transport. Price Waterhouse and the director general of civil aviation have both identified a shortage of aviation inspectors as a serious threat to aviation safety in the future. The director general of civil aviation predicts a negative impact on long term aviation safety. Price Waterhouse confirms transport does indeed face a long term problem. This is not part of

union negotiations or anything. These are two very credible independent sources. Both are critical of the number of inspectors available.

What steps is the minister putting in place to correct this potential safety situation?

**Hon. David M. Collenette (Minister of Transport, Lib.):** Mr. Speaker, first of all, I assure the hon. member that Transport Canada has never downsized the number of air inspectors. In fact, there has been an increase of 179 over the last 5 years.

It is important to understand that this study was commissioned by the Department of Transport, and is available under access to information, because the department was concerned about the implications for safety with respect to a lot of the changes going on in the last few years.

As a result we put in place a program to reclassify people and to recruit people for air inspection. ICAO has just completed a study of our air inspection and preliminary reports say the system is—

**The Speaker:** The hon. member for Renfrew—Nipissing—Pembroke.

\* \* \*

**FOREIGN AFFAIRS**

**Mr. Hec Clouthier (Renfrew—Nipissing—Pembroke, Lib.):** Mr. Speaker, over the weekend significant progress was made in Paris on a situation regarding the Congo. Could the Secretary of State for Latin America and Africa clearly elucidate to the House and explain to us the general direction of the government with that very important matter?

[Translation]

**Hon. David Kilgour (Secretary of State (Latin America and Africa), Lib.):** Mr. Speaker, Canada is pleased by the commitment made in Paris by the countries concerned to comply with the ceasefire agreement.

We are very concerned about allegations of an alliance between the former FAR and Interahamwe, which are responsible for the 1994 genocide, and the Kabila government.

Canada hopes that all the parties to the conflict will continue the talks and will immediately comply with a ceasefire.

\* \* \*

[English]

**TRANSPORT**

**Mr. Roy Bailey (Souris—Moose Mountain, Ref.):** Mr. Speaker, my question is to the Minister of Transport. The Canadian airline industry is growing but the number of safety inspectors is decreasing. That is according to the group which the minister has



just said they commissioned to do the study. There are now 80 inspection jobs vacant and every month they lose 5 qualified inspectors while hiring only 1 more. This makes a net loss of 4 every month.

The minister has known about this situation for months. Independent reports say the industry is on the verge of a crisis. What steps is the minister taking now—

**The Speaker:** The hon. Minister of Transport.

**Hon. David M. Collette (Minister of Transport, Lib.):** Mr. Speaker, I just addressed that point. We have been active in recruitment, reclassification and improving our training. It was Canada that said to ICAO we would like it as the international aviation authority to audit our safety procedures. It has been doing this in the last couple of months. The interim report we have received is very positive and will be made public in the new year.

\* \* \*

[Translation]

#### SPEXEL

**Mr. Daniel Turp (Beauharnois—Salaberry, BQ):** Mr. Speaker, my question is for the Minister of Foreign Affairs.

The minister had the opportunity to review the letter dated November 6 in which Spexel, a company based in Beauharnois, demonstrated it was unfairly excluded from bidding on the contract for the supply of security paper for Canadian passports.

Will the minister now give Spexel the assurance it will be allowed to submit a bid and will no longer be subjected to this uncalled for exclusion from government contracting?

[English]

**Mr. Julian Reed (Parliamentary Secretary to Minister of Foreign Affairs, Lib.):** Mr. Speaker, if the hon. member would be kind enough to equip me with the details of the problem at hand I would be pleased to answer him.

\* \* \*

● (1500)

#### HEALTH

**Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP):** Mr. Speaker, last week parliament received a copy of the health minister's performance report.

Lo and behold the name of his branch that is under so much fire these days has disappeared. The health protection branch has gone

#### Routine Proceedings

and is replaced with something called management of risk to health. HPB is out; MRH is in.

Why has the government abandoned the whole notion of health protection, adopted the language of multinational drug corporations and shifted its focus to risk management?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, if the member noticed she would be aware that we have undertaken a top to bottom review of the health protection branch.

There have been problems in the branch over the years. They go back many years. We have come to grips with those, put forward different models and different approaches for public comment. Public meetings have been held across the country.

We are in the process of examining various ways in which the health protection branch can more effectively discharge its responsibilities to ensure the safety of the public.

\* \* \*

#### PRESENCE IN GALLERY

**The Speaker:** I draw the attention of hon. members to the presence in the gallery of a member of the United States Senate, Senator Baucus.

**Some hon. members:** Hear, hear.

#### ROUTINE PROCEEDINGS

[Translation]

#### ORDER IN COUNCIL APPOINTMENTS

**Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I am very pleased to table in the House today, in both official languages, a number of Order in Council appointments which were made recently by the government.

Pursuant to the provisions of Standing Order 110(1), these are deemed referred to the appropriate standing committees, a list of which is attached.

\* \* \*

#### GOVERNMENT RESPONSE TO PETITIONS

**Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, pursuant to Standing Order 36(8), I have the honour to table, in both official languages, the government's response to 11 petitions.

*Routine Proceedings*

[English]

**INSURANCE COMPANIES ACT**

**Hon. Jim Peterson (for the Minister of Finance)** moved for leave to introduce Bill C-59, an act to amend the Insurance Companies Act.

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

\* \* \*

● (1505)

**CRIMINAL CODE**

**Mr. Randy White (Langley—Abbotsford, Ref.)** moved for leave to introduce Bill C-459, an act to amend the Criminal Code (consecutive sentencing).

He said: Mr. Speaker, today I introduce through this private member's bill a deterrent to inmates escaping from prison, being unlawfully at large or escaping from lawful custody. I am determined to change the law so these individuals will serve their time consecutively. In other words they would do additional time to their current sentence for their actions.

My motivation for this move is the unprecedented number of escapes from prison and those unlawfully at large, in particular the UALs in my community. Somebody must put his foot down to send a clear message to Corrections Service Canada and the law courts that real deterrents are necessary to ensure public safety.

We should be putting deterrents in place for prison escapes to assist our police forces which deserve the maximum of amount of support we can give them in the process of protecting the public. If the Liberal government will not provide deterrents, I will and we can be certain that the bill will be followed through to successful conclusion.

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

\* \* \*

**STANDING ORDERS**

**Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I move that the Standing Orders be amended by adding a number of items regarding private members' hour.

I believe the House leadership of all parties has a copy of the draft standing orders. Could the Chair deem them to have been read? Then of course I would ask that the Chair seek unanimous consent to adopt them without debate.

**The Acting Speaker (Mr. McClelland):** The House has heard the motion as presented by the hon. government House leader. Does the government House leader have unanimous consent of the House to move the motion?

**Some hon. members:** Agreed.

**The Acting Speaker (Mr. McClelland):** Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

(Motion agreed to)

\* \* \*

**PETITIONS**

## MARRIAGE

**Mr. Roy Bailey (Souris—Moose Mountain, Ref.):** Mr. Speaker, pursuant to Standing Order 36, I am very pleased to present a series of pages from the southwest corner of my constituency.

This means that hundreds have come in. The petitioners spell out very clearly that they believe, as do the majority of Canadians, and understand the concept of marriage as only a voluntary union of a single male and a single female.

## NUCLEAR WEAPONS

**Mr. Bill Blaikie (Winnipeg—Transcona, NDP):** Mr. Speaker, I have two sets of petitions to present. The first has to do with the abolition of nuclear weapons.

The Canadians who signed this petition note that there continue to exist over 35,000 nuclear weapons on the earth. They note the continuing existence of nuclear weapons poses a threat to the survival of human civilization and the global environment. They agree with the secretary general of the UN who said that the most safe, sure and swift way to deal with the threat of nuclear arms is to do away with them in every regard.

They call on parliament to support the immediate initiation and conclusion by the year 2000 of an international convention that would set out a binding timetable for the abolition of all nuclear weapons.

## MULTILATERAL AGREEMENT ON INVESTMENT

**Mr. Bill Blaikie (Winnipeg—Transcona, NDP):** Mr. Speaker, as I have done repeatedly over many months in parliament, I have petitions to present that have to do with the multilateral agreement on investment.

The talks recently collapsed in Paris. Nevertheless the petitioners call on the government not to seek another venue for the MAI negotiations but rather to reject the current framework of MAI negotiations and to seek an entirely different agreement by which the world might achieve a rules based global trading regime which protects workers, the environment and the ability of governments to act in the public interest.

• (1510)

#### TAXATION

**Mrs. Karen Redman (Kitchener Centre, Lib.):** Mr. Speaker, I rise today to present three petitions on behalf of my constituents of Kitchener Centre.

The first petition was organized by Christ Lutheran Church in Kitchener, Ontario. The petitioners request that the Government of Canada allow tuition fees to accredited, private elementary and secondary institutions to be tax deductible in the same way as is permitted for colleges, universities and trade schools.

#### SEAL HUNT

**Mrs. Karen Redman (Kitchener Centre, Lib.):** Mr. Speaker, I also have two petitions regarding the Canadian seal hunt which I would like to present today.

The first is sponsored by Canadians for Animals Rights and the Environment. They are petitioning the government to amend the marine mammal regulation of the Fisheries Act so as to prohibit the commercial slaughter of seals and discontinue its subsidies of seal products and the Canadian Sealers Association.

The second petition was prepared by Canadians Against the Commercial Seal Hunt. They request that the Government of Canada enact legislation to stop the commercial seal hunt in Canada.

#### HUMAN RIGHTS

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, I am please to present a petition in this year celebrating the 50th anniversary of the UN declaration of universal human rights.

The petitioners would like to bring to the attention of the House that human rights violations continue in many countries around the world including countries such as Indonesia. They also point out that Canada continues to be internationally respected for its defence of international human rights.

The petitioners therefore call upon the government to continue its efforts to speak out against countries that tolerate violations of our human rights and to do whatever is possible to bring to justice those responsible for such abuses.

#### GENETICALLY ENGINEERED FOOD

**Ms. Judy Wasylcia-Leis (Winnipeg North Centre, NDP):** Mr. Speaker, I am very pleased to present a petition on behalf of dozens of Canadians who have taken the time to present their views in conjunction with the global day of action against genetically engineered foods and crops.

The petitioners express concern and call upon the government to take note of the possible negative impact of genetically altered foods and note that the absence of proven deleterious consequences

#### Government Orders

on health and the environment must not be used to justify the production of potentially calamitous and untested substances.

They express concern about the government's actions with respect to codex alimentarius and its failure to take a strong position in this regard. They call upon the government to ban genetically engineered foods and crops, the human genome diversity project terminator gene, and the exploitation of the knowledge of indigenous people for private profit.

#### MARRIAGE

**Mr. Peter Stoffer (Sackville—Eastern Shore, NDP):** Mr. Speaker, I rise in the House to present two petitions pursuant to Standing Order 36.

One is on Bill C-255, an act to amend the marriages prohibited degrees act and the Interpretation Act.

#### SEX OFFENDERS

**Mr. Peter Stoffer (Sackville—Eastern Shore, NDP):** Mr. Speaker, the second one is from my riding in Lower Sackville and other parts of Nova Scotia. There are 66 names on this petition to date. We hope to get thousands more.

They call upon parliament to enact legislation which would provide and strengthen protection to children from convicted child sex offenders on which the member for Pictou—Antigonish—Guysborough has a private member's bill.

As well, I received my two girls' report cards today and they are fantastic.

**The Acting Speaker (Mr. McClelland):** And that was probably a petition.

\* \* \*

[*Translation*]

#### QUESTIONS ON THE ORDER PAPER

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

**The Acting Speaker (Mr. McClelland):** Is that agreed?

**Some hon. members:** Agreed.

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## GOVERNMENT ORDERS

[*English*]

#### EXTRADITION ACT

The House resumed consideration of the motion that Bill C-40, an act respecting extradition, to amend the Canada Evidence Act,

*Government Orders*

the Criminal Code, the Immigration Act and the Mutual Legal Assistance in Criminal Matters Act and to amend and repeal other acts in consequence, be read the third time and passed.

**Mr. Chuck Cadman (Surrey North, Ref.):** Mr. Speaker, I was speaking of a man who was facing over 100 years in jail because of a number of white collar crimes.

Under section 44(1) of the legislation the minister may determine that a surrender order will be unjust or oppressive because we in Canada do not have such lengthy sentencing practices. This is a case from the United States. It does not involve capital punishment, but it does involve the potential for a minister to practise imposing political opinion on foreign jurisdictions, and again this is wrong.

• (1515)

If we as a country have a disagreement with the methods of punishment of other countries, then perhaps we should not enter into agreements with them on the extradition process. We should not agree to extradite and then dictate to them how we wish them to punish their criminals. We certainly would not like to see the shoe on the other foot. We would not like to see other countries order us to punish our criminals in a certain manner prior to their release on extradition back to Canada. In fact we would probably not put up with it. We should not attempt to impose those same restrictions on other countries.

I have a few more comments about the minister having the executive power to refuse to make a surrender order. There has been much talk about this legislation modernizing the extradition process. There had been many complaints about our present system being too slow and too complex.

Bill C-40 is intended to make the process more efficient and effective. However, we still have the problem of the sections under the reasons for refusal which start at page 17 of the bill, the involvement of the minister to in effect veto the actions of our courts.

We have already seen the present minister recognize her inefficiency and ineffectiveness with our own section 690 Criminal Code applications. It sometimes takes years for her to decide whether an injustice has occurred within our own judicial process. She is looking for some way to offload her responsibilities.

We have already seen how the minister can make an extradition surrender order only to have that decision appealed to our superior court. It will have taken years merely to ultimately decide whether or not to return two alleged murderers to the United States. Our bureaucratic system is doing little to bring closure to the families of the victims of that crime. It is doing very little to put that matter to rest within that particular community.

The legislation leaves much to be desired. It leaves far too much discretion or power with the minister. We have seen prime examples of the minister being unable to properly deal with decisions

under our section 690 applications in our present extradition process. The legislation will not change that difficulty.

The government has made up its mind that it is better to appear to do something rather than to actually do it right. As a member of the official opposition all I can do is point out weaknesses and hope that at some point the government will listen and start to do what is right for Canadians rather than continue to act solely for political reasons.

**The Acting Speaker (Mr. McClelland):** Is the House ready for the question?

**Some hon. members:** Question.

**The Acting Speaker (Mr. McClelland):** Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

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

**Some hon. members:** Yea.

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

**Some hon. members:** Nay.

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

*And more than five members having risen:*

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

*And the bells having rung:*

**The Acting Speaker (Mr. McClelland):** The vote is deferred until tomorrow at the end of Government Orders.

\* \* \*

• (1520)

**ROYAL CANADIAN MINT ACT**

The House proceeded to the consideration of Bill C-41, an act to amend the Royal Canadian Mint Act and the Currency Act, as reported (with amendment) from the committee.

**Hon. Anne McLellan (for the Minister of Public Works and Government Services, Lib.)** moved that the bill, as amended, be concurred in.

**The Acting Speaker (Mr. McClelland):** Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

*Government Orders*

**Some hon. members:** No.

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

**Some hon. members:** Yea.

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

**Some hon. members:** Nay.

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

**An hon. member:** On division.

(Motion agreed to)

**The Acting Speaker (Mr. McClelland):** When shall the bill be read the third time? By leave, now?

**Some hon. members:** Agreed.

**Hon. Anne McLellan (for the Minister of Public Works and Government Services, Lib.):** moved that the bill be read the third time and passed.

**Ms. Carolyn Parrish (Parliamentary Secretary to Minister of Public Works and Government Services, Lib.):** Mr. Speaker, I am pleased to speak to Bill C-41, an act to amend the Royal Canadian Mint Act and the Currency Act.

It was over 10 years ago that the legislation governing the mint was amended to allow it to become a fully commercial crown corporation. Bill C-41 is designed to improve the mint's operations and to improve its potential in markets that have changed considerably since 1987.

I do not intend to go into great detail about the content of the bill. However, I would like to briefly reiterate to the House the basic purpose of the bill which is threefold: to streamline the approval process for issuing coins and coin designs; to provide flexibility in the governance structure of the mint; and to increase the powers of the mint within its existing accountability structure which will allow it to achieve its vision of global leadership in minting. The passage of this legislation is crucial to the mint's future.

One thing that struck me during previous debate and subsequent further examination at the committee stage is how intense the competition is within the international coin market. This global business, that accounts for 70% of the mint's revenue, also works to reduce the overall cost to Canadians for the circulation of their own coinage. Last year alone the mint produced one billion coins for 16 different countries. By the end of this year that total will rise to an amazing 2.5 billion coins.

We are, through the provisions of Bill C-41, proposing that the mint be given the powers of a natural person to provide it with sufficient flexibility to meet its long term strategic direction and achieve its vision of global leadership in minting. The powers of a natural person will allow the mint to support its public policy role of producing domestic coinage and operating at a profit.

The mint will continue to be able to exercise all of the same specific powers that exist in current legislation while enabling it to acquire more general powers in support of its mandate. However, it is still subject to the existing accountability framework found in the Financial Administrative Act. It would still involve review by the Treasury Board and the approval of the Minister of Finance and the governor in council. In addition, the auditor general will continue to conduct an annual audit of the Royal Canadian Mint as well as a special examination every five years.

With the powers of a natural person, the mint will be more proactive and able to react more quickly to new business opportunities. These powers will provide the mint with the flexibility to enter into alternate business structures, such as alliances, partnerships, and subsidiaries. With these powers the mint will be in a more advantageous position in relation to all challengers within an extremely competitive international market.

● (1525 )

The mint currently operates extremely well in a highly competitive and rapidly changing environment. These new powers will give the mint the increased flexibility it needs to be market sensitive, seize new business opportunities and be a more profitable enterprise for the benefit of all Canadian taxpayers.

Another key provision of the act is to increase the mint's borrowing authority which will allow the mint to foresee financial needs and the ability to respond quickly to any market opportunity that is commercially attractive and advantageous. This increase was seen by independent third party experts as prudent and realistic in keeping with current market conditions and practices.

The mint borrows for short and long term purposes. Long term borrowing is required for investment in capital and technology. Short term borrowing allows the mint to finance more competitive bids and expand its markets. It is important to note that the mint's borrowing limits will still be subject to approval by the Minister of Finance and the governor in council.

These powers will put the mint on the same legislative footing as other successful commercial crown corporations. Just as important, it will place the mint on an equal footing with its main competitors, other government mints, such as those of the United Kingdom, Austria and Germany.

This legislation will therefore improve the mint's competitive edge immeasurably and will ensure the Royal Canadian Mint achieves its vision of global leadership in minting. However, as

*Government Orders*

stated previously throughout debate on this bill, the mint will still be subject to the same rigorous accountability framework that exists now.

Members will note that the bill has been amended at committee in order to maintain the role of parliament regarding the addition of new circulation coins and the deletion of existing circulation coins.

Bill C-41 does allow the mint to make changes in the characteristics of circulation coins by regulation rather than by time-consuming debate in the House. This allows the government to react quickly to changes in production costs and availability of metals while ensuring there is full opportunity for consultation and participation by Canadians at the occasion of adding new coins or deleting old coins from circulation. In fact, the amendment acts to improve the bill even more.

In closing, I would like to also note that Canadians should be proud of the true success story of the Royal Canadian Mint. Our mint is one of the finest in the world. Canadian coins are world renowned for their high quality and beautiful artistry.

I would like to take this opportunity to pay tribute to the mint. It is a truly world class competitor operating on solid business principles in an increasingly competitive market. In recognition of this, I would submit that passage of this bill would be our way of providing the Royal Canadian Mint with the best means of achieving its goals. Canadians should expect nothing less.

**Mr. Werner Schmidt (Kelowna, Ref.):** Mr. Speaker, it is an honour and a privilege to rise in the debate on Bill C-41.

As the hon. parliamentary secretary has indicated, it is a bill to make some major changes in the mint. I find myself somewhat less supportive of the bill than is the hon. parliamentary secretary.

I would like to assure her, all members opposite, as well as the chief administrator of the mint, the master of the mint, that I in no way wish to cast any aspersions on how the mint is being operated. The master of the mint is doing a very competent and fine job. If I were wearing a hat I would take it off to her because the work she is doing is excellent. She is a very good manager. She is aggressive, alert and knows what to do. She is capable and competent in the work she has been charged to do. She has also been very successful in turning the mint around so that today it is a profitable venture. I just wanted to recognize that and support the work she is doing. I certainly agree with the hon. parliamentary secretary that the mint is in good hands.

The matters I want to come to grips with have nothing to do with the operation or focus of the mint as it presently exists. My purpose this afternoon is to focus on those things that have to do with government and public policy which are implicit in the amendments proposed by the government. It is very important to recognize exactly what it is that underlies the amendments that are currently being proposed in Bill C-41.

• (1530)

I want to focus on the issues from three particular points of view. First, I focus my analysis of the bill on the role of the government in providing programs and services for the people; second, the role of government to determine the conditions under which the economy operates; third, the mechanism of crown corporations and their place in light of the role of the government and how it presents itself.

It is very critical and necessary for us to remember that the mint is a crown corporation, as is the Business Development Bank, as is Canada Post, as is Canada Mortgage and Housing Corporation and a whole host of other crown corporations. The mint is in the same kind of category.

The first perspective is the role of government in providing services and programs for the people. First the caveat. Those listening might say what in the world does that have to do with Bill C-41. As I progress through my remarks it will become very clear that not only do the principles apply but they should apply not only in the case of the mint but to all other crown corporations. We want to be sure we recognize that is issue. We need to go one step further and assert that the principles existing here should apply to not only crown corporations but to the provision of government services and programs to meet the needs of the people of Canada.

What is the role of government in terms of determining the conditions under which the economy operates? The number one principle I would like to announce clearly is that of freedom. The Government of Canada needs to provide for the people of Canada, and for businesses generally, freedom. What is the freedom we want them to have? We want them to have the freedom of expression, to express and to hold views that are consistent with their particular sets of values and beliefs. We want them to apply their talents, their abilities, their competence, their innovations, all those kinds of things in a way that best suits their needs and developments and in a way that they can reap the most money and benefit from the application of those skills.

Mr. Speaker, you are one of those entrepreneurs. You know exactly how this kind of thing works. You express yourself in a most powerful way in your particular business, the one you are involved in now, the businesses you have been involved in before and the businesses you will be involved in the future. It is not only yourself, Mr. Speaker. There are other people on both sides of the House who also want the freedom to express their creativity and the things they do in the best way possible to garner a profit and at the same time provide a service and fulfill a need in the public.

There is another kind of freedom we want. We want it in business. We want it in the individual lives of people. That is the freedom to believe what we want to believe.

This morning it was my privilege and honour to be at the Sri Chinmoy peace celebration at the Chateau Laurier. Sri Chinmoy

has gone around the world in the interests of peace. We had representatives from New Zealand, Zimbabwe, South Africa and many nations of the world at the Chateau Laurier this morning. They were there with one purpose in mind, to declare Canada and to celebrate Canada as the first nation in North America to be a Sri Chinmoy peace nation. It is wonderful to be a part of that. I was there to witness this event. The idea that we can be free to express whatever we believe in a positive way is necessary and essential for us to do what is right.

● (1535)

We have talked a little about entrepreneurship and the ability to apply one's capital in the way one wants not only for one's own benefit but to build the economy and build the country.

There is more than that to this business, the matter of ownership. There comes with ownership a certain pride. People who own property somehow feel a little better toward maintaining that property and keeping it looking good and things of that sort.

The first principle the government needs to provide is the concept of freedom. Next we need security and stability. Members saw in question period questions raised about how people sometimes find their personal security, their personal life being attacked and their comfort being attacked.

We want protection and safety of person. We want to make sure that is there and that it is maintained that way. We also want security of property. So often we find that people want to damage property.

We need to be sure that our society and our government provide an environment so that the property we have maintained is safe, so that we can go home and we do not have to worry that somebody will damage our property while we are at home looking after our children or doing some of the other things we like to do with our loved ones, our children, play games and things of this sort. We want our property looked after when we are away from home.

Here I think is the very fundamental issue where we come to this business of ownership, expertise and enterprise. We need conditions established by the government to create laws that encourage entrepreneurship. To create a bunch of crown corporations does not stimulate entrepreneurship. Our laws that establish crown corporations do not encourage entrepreneurship. I will get into this in detail when it comes to the mint.

We need to do that in a variety of areas. We need fair competition. There are all kinds of indications today about being sure it is fair, that there is not abuse of dominant position.

In Canada we have the Competition Bureau and the director currently involved with probably one of the most difficult decisions he will have to make a recommendation about to the government.

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That has to do with the merger of the big banks. We want to make sure the laws the government creates are such that competition is fair.

The hon. member opposite suggests the Competition Bureau has no power, it cannot do anything. If that is the case, the government has made another mistake, creating a Competition Bureau which is apparently supposed to have some power. The hon. member says it has no real power. Therefore the government should then create a law that gives the Competition Bureau some power. I suppose the hon. member will say do that then. That is exactly what we are talking about here.

**Mr. John Solomon:** I support the Competition Bureau's having some power to do something. Right now it does not have any power really.

**Mr. Werner Schmidt:** We have it straight. Is that not interesting? We find two people in different parties actually agreeing. I think that is wonderful. It is about time members opposite recognize that where common sense operates there is agreement. The difficult part of it is that there does not seem to be much common sense on the other side of the House.

**Mr. John Solomon:** I agree with that.

**Mr. Werner Schmidt:** There we go, two agreements in one afternoon, in one speech. That is absolutely tremendous. I commend the member because he is learning quickly.

The third area we need to be sure about, in which the government creates security, is the conditions under which we can conduct our business, namely the availability of capital.

We have had all kinds of talk here within the last four or five years about access to capital, particularly for small business.

If there is not availability of capital, it is very difficult if not impossible to do business, to get involved in a business, to develop a business, to grow a business. The availability of capital is the next issue the government needs to make sure is there.

● (1540)

There needs to be as well a provision for fair and just labour laws that work. The operative word here is work, labour laws that work, that do not create strikes, that create an environment in which both labour and management can work together, where the organization can achieve its goals and where labour and management can work together as a team to get this to work. We need good, solid, fair and just labour laws to make that happen.

We need more than that. We need reasonable government regulations as well, not regulations that become overburdening so that businesses spend more time figuring out how to fill in all the forms than doing business.

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There has to be confidentiality and protection of intellectual property. In this new age of knowledge based industry that is particularly significant. Individuals need their intellectual property protected.

We need to deal with the protection of privacy. The privacy of persons, business and government needs to be protected. I am sure members are aware of what happened in July. A company that was to shred documents did not shred them but instead sold them at a profit. There were some very serious documents and some very significant breaches of privacy and violations of privacy provisions in that operation that did not meet the objective for which it was set up to work. Our laws are there but there was a failure somewhere with someone not doing what was necessary to monitor and ensure the laws were observed. Not only good laws and good regulations but the enforcement of those laws has to take place.

Jobs need to be available. In order to provide jobs we know now from a variety of cases that the first issue here has to do with reduced taxes. We have the Canadian Federation of Independent Business, large businesses and we have had individuals who create jobs say the number one stimulus for creating jobs is lower taxes. If we increase taxes, we reduce jobs. There is substantial evidence that is the case.

The Canadian taxation structure has been rising. The taxes we pay have been rising. There is excise taxes, GST, provincial taxes, income taxes, property taxes and on and on it goes.

There is another issue. People will say we need good safety nets. The best possible safety net is to have good, well paying jobs for people. That is the safety net that really works. With whatever safety nets we have for those people who are unfortunate enough to need them we have to make sure the benefits of the safety nets are not greater than the benefits that come from profitable employment.

If people are gainfully employed and make less on their gainful employment than they would from the benefits of a social program, that is a disincentive to seek gainful employment.

I believe the government is responsible to make sure the conditions within which businesses operate are supportive of entrepreneurship for gainful employment, creating jobs and things of this sort.

We need to move on to what I consider the shallowness of government thinking in the preparation and presentation of this bill. We heard the hon. parliamentary secretary say the mint was incorporated about 10 years ago. In the last 10 years there has been no review of the legislation, so we had better look at it. That has to be one of the most profound reasons for doing anything that I have ever heard.

We have legislation. It is working. The hon. parliamentary secretary recognized the master of the mint is doing a very fine job and I agree the job is well done. The mint is doing its work. It is making money. We have to review to make sure we know what it operates under. It is operating well. That is the reason, though, for presenting this legislation. We have not done it for 10 years so we had better do something.

We need to increase the borrowing power of the mint. It currently has the right to borrow up to \$50 million. The legislation proposes that be increased to \$75 million. Why? To take advantage of any possible business opportunities that might come about.

• (1545 )

I was absolutely flabbergasted in committee when I watched members opposite listen to the argument that was presented. Guess what it was? The presentation indicated that during the last 10 year period an opportunity came along for the Canadian mint to buy a mint in another country. But it could not buy the mint in the other country because it would have had to borrow more than \$50 million.

At no point was there any question about whether the Canadian mint was in the business of acquiring mints in other countries. That might be a useful discussion.

Why does the Canadian mint need to buy a mint in another country? That fundamental question was not addressed.

Let me look at another aspect of the analysis. This has to do with the number of directors on the board. The proposed bill suggests that the number of directors on the board be flexible, ranging from 9 to 11. The current legislation provides for 11 directors. Why the change to 9 to 11? It is to create some flexibility and to save costs.

If the real reason is to save costs, then I think we should fix it at 9. Why go to 11? If it is good sometimes to have 9 and sometimes to have 11, why would we not go with 9, especially if the reason is to save money?

**Mr. John Solomon:** Is this worth debating? It is a pretty mundane point.

**Mr. Werner Schmidt:** Yes, I think it is significant. This is the point. It is not just dollars and cents. The issue also becomes one of the possible manipulation of decisions that would be made by the board. If it looks like an issue that has to be dealt with and they find that they are not winning it with 9 directors, they can quickly appoint two more who they know will be in favour of their position.

**Mr. John Solomon:** Is that surprising?

**Mr. Werner Schmidt:** It does not surprise me at all.

What I am trying to point out, not only to the hon. member but to members opposite, is that is not in-depth thinking. This is superficial, manipulative, opportunistic thinking which allows individuals to take advantage of a particular opportunity to suit their advantage



and to suit what they want to do. It is not in the interests of the Canadian public. That is the point I am trying to make. That is why it is worthwhile debating this particular point, mundane or otherwise.

I now want to move to the fourth area which has to do with the role of crown corporations generally. This is probably one of the most significant issues for us to come to grips with which has not been dealt with in the House for quite some time.

I would encourage the parliamentary secretary to read this document. This document concerns the crown's financial institutions. It was published by the Senate Standing Committee on Banking, Trade and Commerce.

That particular committee did some very in-depth thinking about corporate structures and crown corporations in particular. The report addresses the need for cost effective ways of delivering business oriented government programs to the public. To achieve these ends government must ensure that policy goals are clear, that the mandates of the agencies and employees to deliver its programs are clear, that they do not waste public resources through needless duplication of efforts within government and that the government and the private sector act in a complementary fashion whenever possible, with government doing what it does best while encouraging the private sector to do what it does best. Those are four fundamental principles that we need to observe.

• (1550)

It is significant that the committee came to an overall conclusion after it heard from all the witnesses and reviewed all the studies. It concluded that there is an important role for the federal government to play when the private sector fails to meet the needs of worthy business ventures. In other words, government must respond when gaps exist in the system. To this end the government needs to employ a number of strategies to fill these gaps. However, when these strategies lead to unnecessary overlap and duplication among different government agencies or to competition with the private sector the resulting inefficiency hurts everyone.

That is a pretty powerful statement and it fits right into the debate we are having this afternoon on Bill C-41.

During the last five or six years the government has been telling crown corporations that they must become self-reliant. In this case self-reliance does not mean they would manage their affairs efficiently. It goes well beyond that. It says not only must they be efficient, not only must they achieve the golden purposes of the organizations for which they were set up, they must also make a profit so they can return a dividend to the shareholder, which is the government.

This is abundantly clear upon reading the purpose and function of Canada Post, the Canada Mortgage and Housing Corporation,

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the Canadian mint and the Business Development Bank of Canada, to mention only four. It is abundantly clear that one of the motivating factors is that to be self-reliant means to make a profit.

**An hon. member:** Self-reliant does not really mean you are going to make a profit. It means you are self-reliant.

**Mr. Werner Schmidt:** Mr. Speaker, the hon. member suggests that to be self-reliant does not mean to make a profit. That is absolutely correct, but that is not the way it has been interpreted by the Minister of Finance, the Prime Minister, the Minister of Public Works and Government Services or the Minister of Industry. Each of these ministers has interpreted self-reliance to mean "make money and pay the dividend to the Government of Canada". That is what they are supposed to do.

A crown corporation is a very unique creation. It is neither government, nor is it private. It is sort of a hybrid between those two. We need to look at some of the confusion that has resulted because of this situation. The crown corporations have confused their roles, goals, philosophy, management style and focus. Let us look at each of these in a little detail.

Concerning the roles and goals of crown corporations, they must ask themselves the following questions. Are we customer or client oriented, or are we politically oriented? Where is our primary focus: on the client or customer, or on our political master? What is our goal? This is the second area about which they are confused. Is our goal to fill a gap that is not being provided by the private sector, or is it to advance our profit prospects and compete directly with the private sector by expanding into businesses that are more lucrative? I have examples of each.

Concerning the philosophy of crown corporations, they must ask whether they believe they should serve the public, their customers and clients, to the best of their ability, or whether they should primarily look after the political interests of their shareholder, the government.

Concerning management style, they must ask whether their style is to be that of a consistent, compassionate team player in which employee and employer share in the pursuit of mutually beneficial corporate goals, or whether they are to be the strong arm of the government and say "This way or no way and, come hell or high water, like it or not, you are either going to do it my way or you are not going to do it at all".

This was particularly evident in the most recent action by Canada Post to its postal franchisees. It started on April 1 by telling them this is what they were going to get. They did not like it. They found it to be troublesome. Canada Post delayed it until October 1. It said that it would hold a lot of consultation. It could not meet that goal, so it said that it would wait until December 1, which is tomorrow.

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• (1555)

We still do not know what it is going to do. It went through the various consultations. I have talked to franchisees from across the country, from one end to the other, and every one of them said this was a one-way consultation: "This is the program. This is how you have to present it. This is how it is going to affect you", with no particular change, unless there is a change happening today which we will hear about tomorrow.

That is not exactly in the interests of itself.

**An hon. member:** You're doing a hell of a job.

**Mr. Werner Schmidt:** I'm so glad. At least I am impressing somebody. The hon. parliamentary secretary should really be listening.

**An hon. member:** They are all sleeping.

**Mr. Werner Schmidt:** Mr. Speaker, they sleep all the time. That is why they have not analysed this in any depth. They still do not know what this bill is about.

**An hon. member:** I was referring to Liberal senators.

**Mr. Werner Schmidt:** I am really pleased, Mr. Speaker, that the minister for trade has finally woken up and listened to what is going on on this side of the House. It is about time.

**Mr. Howard Hilstrom:** Mr. Speaker, with all the conversation going on beside the member speaking, I am having trouble following what is being said and I would like to participate.

**The Acting Speaker (Mr. McClelland):** The hon. member for Selkirk—Interlake is invited to participate, as is anyone.

**Mr. Werner Schmidt:** Mr. Speaker, I thank the hon. member for bringing some decorum back to the House.

The point we need to recognize is that there are some questions above those about goals, philosophy, focus and management style. There are other questions which need to be addressed.

Does the crown corporation complement or does it compete with the private sector?

Particularly significant in light of this question is the recent broadening of the scope of crown corporations to make them self-reliant. The only way to do that has been for crown corporations to go after profitable businesses in the private sector.

Let me give one good example, the Business Development Bank of Canada. It recently published an ad in the *Globe and Mail* which presents to the people of Canada a guaranteed GIC backed by securities on the Japanese stock market. The bank says that if the GIC is kept to maturity, seven years, the purchaser's capital will be guaranteed. Regardless of what happens to the market, there is a

guarantee that the capital will be returned. In the meantime, the interest paid on the GIC will be directly related to the performance of the Japanese stock market.

What has the Business Development Bank of Canada got to do with this kind of thing? It is not a deposit taking institution. It was created to help small business people and, in particular, to develop the knowledge based sector.

Looking at the record of what the Business Development Bank has done in terms of supplying capital to small business and comparing that to what the chartered banks have done, we discover that in proportion to the amount of money it is lending out the Business Development Bank falls short. The chartered banks are actually doing a better job than the Business Development Bank.

It is a crown corporation. What is it doing? It is not meeting the objective for which it was originally set up. It is doing something else. It is getting into an area that is currently being served by other organizations in the private sector.

We need to ask a second question. Does the crown corporation move away from the high risk or low profit areas and enter into more profitable areas? I can talk about a couple of issues.

• (1600)

I want to refer particularly to the credit unions and the Farm Credit Corporation. When the credit unions appeared before the committee they said "Because the Farm Credit Corporation is under so much pressure to meet its own bottom line as an institution, it is going after that kind of business in the very markets in which we have always been doing that. That is a real difficulty for us. It is not that we will not sit down and work with them on this. However it is one thing to talk about partnering and another thing to get down to the nitty-gritty of what partnering means and what role each partner is to play".

The credit unions, private organizations, are in direct competition with the Farm Credit Corporation, a crown corporation. They are essentially doing the same thing. FCC is now moving into an area that is not as risky and is not doing what it was originally set up to do.

There are all kinds of examples like that. We obviously do not have the time to get into that at this point. We need to carefully think through what the role of crown corporations really is.

I want to focus particularly on the final part of this paper. Two persons provided expert advice and this is to the credit of the parliamentary secretary.

Professor Trebilcock of the University of Toronto told the committee which deals directly with the question before us:

It is not sufficient in most policy contexts, including the one with which you are concerned, to identify simply a case for government intervention and then leap from

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the premise that some form of government intervention is required to the view that the form of the intervention should be through a crown owned enterprise. Governments have a vast array of policy instruments at their disposal. In every case, we must ask: Is this the appropriate choice of instrument to realize this particular policy objective?

In our 1982 study, we were particularly interested in this institutional boundary issue. Rather than using crown corporations, why does the government not increase its use of tax regulation or subsidization of private sector firms so as to align the conduct of these private sector enterprises with government public policy objectives? To put the question more bluntly: Is there ever a case for a crown corporation in any context? Conversely, could one not imagine governments achieving their policy objectives through appropriate choice of tax, subsidy or regulatory instruments directed at the private sector?

Then he went one step further. He said:

Whether there is a gap which should be filled, (and then what policy instrument is best adapted to filling it) to my mind should turn on serious evidence of market failure, e.g. monopoly, public goods/externalities, information failure, asking in every case (a) whether the government can do better than the private sector in resolving the demonstrated market failure and (b) what policy instrument is likely to do this at least cost and with fewest negative spillovers for other policy objectives. For example, is there insufficient competition among private sector financial institutions for SME business? Can a government agency better assess the prospects of a high technology enterprise than the private sector? Are there positive social or economic spillovers (externalities) from high technology activities that private sector agents cannot fully capture, leading to socially suboptimal levels of private investments in such activities? Can a government agency reduce the fixed transactions costs faced by private lenders in making small business loans?

Those are key questions from a key scholar in this particular area.

Then comes a practical application from Peter Kemball of Acorn Partners who said: "It is a very basic, philosophical problem, if you will, grounded in economics, and I just happen to have concluded, having watched things over the years, that while there are some very good things that have happened as a result of these organizations"—crown corporations—"those things could come about in other ways".

• (1605)

He went on to say: "In fact, that is what the hon. Minister of Finance was saying in relation to a different environment. We do not need the public sector to make those things happen in a general policy sense. In the specific sense, yes, it is quite true that a particular deal may not have come together in the absence of such an organization. However, by and large, it is a policy failure. We do not have our overall rules right. That is why we now have these organizations".

The committee recommended that certain public policies such as some aspects of the tax system, public programs such as the Small Business Loans Act and public institutions such as crown financial institutions be reviewed with an eye to changes which could be

made to encourage the development of new initiatives in capital markets.

In conclusion, the important thing here is to recognize that the mint is a crown corporation and that there has not been an in-depth analysis of the need to change the act. There has not been a demonstrated need to increase the \$50 million to \$75 million in borrowing power. Why? Because at the moment it only has a \$14 million loan outstanding, \$9 million of which is long term and \$5 million of which is short term borrowing.

Sure, it has an opening to borrow to quite a degree and it does need to borrow from time to time to meet its cashflow requirements. I agree with that and support it. However, that does not mean it can now borrow \$25 million more, except for one thing, the mint is now moving directly into competition with institutions, organizations, private sector businesses like Westaim. Because of that, it has added an addition to the mint in Winnipeg at a cost of \$30 million. Lo and behold, if we take the \$14 million it has now and add the other \$30 million to it, we are up to the ceiling. Now it needs \$25 million more for cashflow.

I can understand that but this means that the mint has left its primary focus, that of minting coins, and gone into the manufacture and plating of coins which cuts directly into the business of a private enterprise in Fort Saskatchewan. Constituents object to that.

We expand the power. We have not even talked about how the mint's power has been expanded. By allowing it to have the powers of a natural person it is able to form subsidiaries and buy other businesses. It can do virtually anything it wants. That is fundamentally in error and not consistent with the purpose and role of a crown corporation which is to fill a gap that the private sector is not filling and to serve needs that are not being served in other ways.

That is why I am objecting. It has nothing to do with the administration of the mint or its functioning today.

[*Translation*]

**Mr. Ghislain Lebel (Chambly, BQ):** Mr. Speaker, on this beautiful November 30, I am pleased to speak on financial matters here in this House.

Before I do, however, I would like to remind my fellow residents of Chambly to vote today, because for them and for all Quebecers, today is a very important day. According to the polls, the people of Quebec are anxious to get out and vote, they want to participate in this democratic act.

I invite them to do so before *La petite vie* starts, because, on a day like today, that television program holds as much interest for

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Quebeckers as the election itself does. I therefore encourage them to get out and vote before *La petite vie* comes on. Then they can just relax and watch their favorite show.

Bill C-41, which we are discussing today, responds to certain imperatives with which we agree. For example, the Royal Canadian Mint, or "the Mint" as it is called in the bill, is setting itself up as a business. According to its president, Mrs. Lépine, the Mint has an excellent world reputation and mints coinage not just for the Canadian government but also for other countries, on contract.

• (1610)

Examples were given of several countries that lacked the technical facilities and support to issue their own currency. They contract this out to the Government of Canada, or in other words the Royal Canadian Mint, which prints their bank notes and mints their coinage.

As the Parliamentary Secretary to the Minister of Public Works has already said, Canada can be justifiably proud of the coins it produces, which are incidentally among the finest in the world. I took the same tours as the parliamentary secretary, and we could see that we had reason to be proud of our royal mint when outside Canada. The increase in borrowing power from \$50 million to \$75 million, which upset the former speaker, I consider necessary.

It is necessary because Canada, which produces coins under contract for foreign countries, must be competitive. Ms. Lépine told us in committee that a firm that strikes coins, in England I think, was recently up for sale. The Royal Canadian Mint was not able to bid on it and acquire it, because it lacked not only the legal capability but also the financial means to do so. While the first condition was not present, the second could have been arranged, in other words, with the capital necessary, acquiring this firm would apparently have been a very good deal. The Germans, our competitors in this sort of business, bought the firm in question and they will likely benefit and profit amply from doing so.

There are reasons for supporting Bill C-41. Unfortunately, however, when we begin considering it, it is often the things not in it that are the problem. It is often what this bill does not include or change that causes a problem.

Section 3.1(2) in the Royal Canadian Mint Act gives the mint the power to redeem shares it issued a number of years previously, that is 4,000 shares at \$10,000 each, in favour of a single shareholder, the Government of Canada, providing \$40 million in capital stock. Bill C-41 makes no mention of this.

Section 3.2 of the current legislation, which is not amended by Bill C-41, provides:

The Mint shall, at the request of the Minister after consultation with the Board, redeem such number of shares issued to the Minister in accordance with this Act as the Minister may direct.

Subsection (2) concerns the redemption price. It provides:

The price to be paid for each share redeemed by the Mint pursuant to subsection (1) is the issue price of the share.

Therefore, in 1969, when the 4,000 shares were issued at \$10,000 each, the price was frozen at that level. That is understandable, as Ms. Lépine, the President of the Royal Canadian Mint, told us. The government was the only shareholder, and all the members of the board were government representatives. So there was little or no chance that the value of the shares would change. If it did, the government would benefit one way or another.

Under Bill C-41, the Royal Canadian Mint receives corporate status and the power to buy back its own shares.

• (1615)

My friend, the member for Hochelaga—Maisonneuve, has been taking law courses in his spare time this fall. He already has a university degree and is qualified, but he wanted to brush up and upgrade his skills. I am sure his brilliant academic performance will make it possible for him to graduate magna cum laude. For his benefit, as a friend, and that of the members opposite, particularly the member for Winnipeg, who is absorbed in his reading right now, I would like to say that, in corporate law, purchase and redemption are two completely different things.

Redemption takes place without the holder's consent. This means that the Royal Canadian Mint could come to the minister and say "We have accumulated a surplus and decided to use it to redeem some of our shares. Here is \$40 million in exchange for the 4,000 shares issued at \$10,000 each in 1969". This is called redemption. The shareholder, that is the government or the minister in this instance, does not have to agree.

This is how purchase differs from redemption. In one case, there is an agreement. We are talking about a transaction by mutual agreement. Agreement or consensus is what makes the difference between purchase and redemption.

Section 3.2, which is not amended by Bill C-41, provides that shares be redeemed at their issue price. At the same time the legislation gives the Royal Canadian Mint what it has long been asking for: the powers, privileges and legal capacity of a natural person, including the power to acquire interests in one or more corporations anywhere in Canada or abroad.

If the Royal Canadian Mint makes good investments and acquisitions, its shares will increase in value. In 1969, it issued 4,000 shares at \$10,000 each. If it acquires companies, distributors, gold refiners or other interests in the industry, these shares will increase in value. I notice that the hon. member across the way, my friend who represents the riding where the military base of Petawawa is located, whose name escapes me, is nodding in

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approval. He knows I am right in making that statement, and I thank him for that.

The danger is that, some day, the royal mint may decide to privatize its operations. For two, three, four, five or ten years, the Royal Canadian Mint could make acquisitions, mergers and transactions to make sure its shares are worth good money. We may not always have ministers as honest as the ones we now have, including the current Minister of Public Works who manages all that and who is responsible for everything. Canadians could get taken by being told "We bought back our shares at \$10,000 per share, even though their actual value is higher, and we sold them back for \$10,000 each. We did not incur any loss". However, there might have been a gain.

This is the type of operation we have to anticipate when we discuss a measure as important as Bill C-41.

Members must not say that this sort of things cannot happen. I have with me the report released by the auditor general in October 1997. Chapter 20 of that document dealt specifically with the privatization of Canada Communication Group, or the government printing bureau, as it used to be called.

● (1620)

In his findings, the auditor general is far from praising the current government and the Minister of Public Works of the time, not the current minister. A transaction was probably presented to cabinet as a good operation, as a positive measure that would eventually be successful.

Some figures were submitted but, unfortunately, they were not absolutely up to date. According to the auditor general, the projections were for a three-year period but were not particularly useful because the printing bureau, that is Canada Communication Group, had invested in new technologies and, after allowance for depreciation over the first three years, anticipated benefits suffered. According to the auditor general, if a five-year period had been used, the figures would have been very different.

The presses were sold and the eventual buyer was given a five-year option to purchase all government contracts under \$100,000. Say, for instance, that the auditor general's report has to be printed. This would cost under \$100,000 so the Saint-Joseph group, which bought the presses, is called, and it does it without a call for tenders for \$100,000. Right now, 95% of printing contracts awarded by the Government of Canada are for less than \$100,000. So the Saint-Joseph group, which acquired the Canada Communication Group, enjoys an advantage that not all its competitors have.

I share the concern of the Reform Party member over this kind of attitude. The Auditor General of Canada also castigates the people who decided to sell the Canada Communication Group.

Between the tendering of submissions in November 1995 and the actual sale in March 1996, the bidder comes out \$454,000 ahead. Were all the other bidders aware of this? It seems not. The highest bidder saw his price drop by \$454,000.

If we do the same calculations, looking at these things, we notice that there is also a small error of \$150,000, for a total of \$604,000. That is over the half-million dollars that favours the Saint-Joseph group. The auditor general goes on for pages in his report criticizing this transaction. He does not condemn it, because it is the first major privatization this government undertook. But we can see that he is in the process of spilling the beans about a number of privatizations.

What concerns me at the moment is the day the mint is privatized, because we know that, when a business is in difficulty, it becomes a public business. When it turns a profit, the government sells it to its friends. The public at large absorbs the deficit, and the benefits are shared by a gang of friends, who, oddly enough, are rarely members of the opposition. They are more often friends of those on the right side.

● (1625)

This sort of criticism has to stop. Provisions must be established to prevent this sort of criticism from recurring, to move this sort of thing far from the minds of politicians and legislators.

This is why I say that, had the government truly acted in good faith, it should have amended subsection 3.2(2) in Bill C-41 making the stock redemption price the fair market value of stocks at the time of redemption.

If the price fluctuates, if it goes up as we hope, the government will benefit. If it goes down, as the government is already the sole shareholder, it will make up the difference.

Although there is no talk right now of privatizing the Royal Canadian Mint, it is not unthinkable that such a proposal might be made in the not-so-distant future. If privatization is what Canadians and their government want, it should be carried out with the greatest possible appearance of transparency. We are moving away from that.

It would be even more difficult because the bill allows the Royal Canadian Mint to buy companies, goods, buildings, all sorts of things, but does not give the Auditor General of Canada the authority to audit companies owned by the Royal Canadian Mint.

There is another weak point that has not been raised yet. One day, I began to wonder about this. There was a post office in my riding that unfortunately was located in the middle of a shopping centre parking lot. The shopping centre owners had had their eye on the post office for ages. "If ever that comes up for sale," they said,

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“we would certainly like to hear about it. We would be interested in buying it”. I do not know who started the rumour, but that same morning I received two calls at my office, from the two owners of the shopping mall, who told me that they heard the post office might be up for sale. I was surprised, because I had not heard the rumour myself.

I phoned Canada Post and was told that it was indeed a rumour whose origin was unknown. I was also told that, should Canada Post decide to hand over the post office, presumably to a charity, even parliamentarians and the government would not have a say in it. The only time the government has a say is when Canada Post submits its annual financial statement and tells the government “We generated x million dollars in profits for you, or we are asking for x million dollars because we incurred a deficit”. This is the only time the government can get involved and show its authority or lack thereof.

The government has no say in the day to day management of the corporation, or in the control of its assets and liabilities. This is increasingly the case with crown corporations and this is what we must control. Such a situation should not even exist. Unfortunately, because of some principle, the government comes up with bills like this one. We know we are in a minority and we have no illusions, but, according to the principles of sound management, we should have a say.

I see my friend, the hon. member for Charlevoix. He is a prosperous man who manages his business successfully. He is definitely not the type to keep his figures at the bottom of a drawer; he will always be accountable to his wife, to his children and to himself.

• (1630)

A good manager must first and foremost be accountable to himself and then release the information to Canadians, particularly when that manager is a government that claims to be responsible.

The fact that we cannot buy back shares at their fair market value and the fact that the Auditor General of Canada does not have the authority to audit the subsidiaries of those companies owned by the Royal Canadian Mint were major concerns for us.

I am less worried about competition. My friend from the Reform Party referred to a company in western Canada—he gave the name but I have forgotten it—which has the expertise and the technical facilities to make coins. Yet, the mint competes with this company, which pays taxes to Ottawa. So this company’s taxes are being used to support its competition and force it out of the market.

If this is true, I agree with the hon. member that there is something abnormal about this. I have heard people from the mint describe this particular company as “overworked and not able to keep up with demand. Recently, we had a requisition for 10-cent

coins that we had to contract outside the country because the company referred to by the hon. member could not provide us with the coins when we needed them”.

The Royal Canadian Mint ought not to be competing with private business, but our companies need to be competitive. If dimes are needed for December 1, or loonies for January 1, there is no use having them for March 1. Deadlines must be met. As everyone knows, where money is concerned, deadlines are very important. Just think of the old saying: time is money.

I would like to say a few words about the crown corporations, which are not answerable to Parliament, the auditor general, or indeed anyone, except for having to produce an annual report. Some of them are even entitled not to have the auditor general look at their figures, their statistics and their accounting ledgers.

Let us discuss the Canada Mortgage and Housing Corporation. It was created under the National Housing Act right after the last war. The economy was growing and would give rise to the families of the baby boomers. Our parents moved from rural Canada or Quebec to the cities to help rebuild the economy. They wanted to be part of a booming economy. They headed to cities like Montreal and Quebec City.

So the National Housing Act was created to help these people, who otherwise would not have met the banks’ or mortgage lenders’ criteria. For example, in order to acquire property or a house, they had to come up with 25% of the total price in cash as a downpayment. At that time, people did not have that kind of money. So, the National Housing Act created the Canada Mortgage and Housing Corporation, which could authorize and guarantee loans with a much smaller downpayment. At the time it was 10% of the total value of the property, and it was recently brought down to 5%.

• (1635)

If we ask for money, for a loan from a company and it cannot afford the 25% downpayment, we are told “Your loan is going to be approved and guaranteed by the Canada Mortgage and Housing Corporation. If you do not pay, that is not a problem, we will get our money back from the CMHC. We will take your house away and give it to the CMHC and we will get all our money back. The CMHC will deal with your house”.

This is not free. The Canada Mortgage and Housing Corporation charges \$235 to look at the file. A few weeks ago, the CMHC decided, because of the competition and since this is a time when there are no house buyers, to reduce its fee for a while and to bring it from \$235 down to \$185, which is a \$50 reduction.

People are being told “We are charging you \$235 to assess your situation, to appraise the house you want to buy, and then we will let you know if we are going to lend you money”. But there are other costs involved. There is a scale of fees. There is a fee of 1% if

you borrow less than \$50,000; 1.5% if you borrow between \$50,000 and \$100,000; and 2% if you borrow between \$100,000 and \$150,000. That fee can reach 3.5%. The borrower, that is the buyer of the house, not a rich person to begin with since he does not have the required 25% for his mortgage equity, really gets dinged when he gets a loan.

For example, if the CMHC lends him \$100,000, he is told "We will lend you \$103,000, but we will withhold \$3,000 on that amount to pay for your mortgage insurance". We are now finding out, and this happens more and more frequently to the point where it is almost an established rule, that the Canada Mortgage Housing Corporation does not appraise the property for which it guarantees the loans. The CMHC will often loan \$100,000 for a house and then discover, when it takes it back, that it is worth \$45,000. This is true and it is a common occurrence.

The CMHC says "It is not a big deal. We charged \$2,000, \$2,500 or \$2,800 to the borrower. With all these accumulated amounts, it is not a problem if we lose money, because we collected enough to pay the mortgagee and absorb a loss of \$50,000, \$60,000 or, in some cases, \$70,000". So, we are talking about 30%, 40% or 50%.

I think that this shows poor management on the part of the Canada Mortgage and Housing Corporation. When a person backs something, he should know what exactly it is he is backing and what it will cost if things go wrong. But no. The Canada Mortgage and Housing Corporation has more money than it knows what to do with. It takes the attitude that, if the borrower does not have the money, someone else will.

But if the Canada Mortgage and Housing Corporation were doing its job, if it were assessing all buildings, or 50% of buildings, and not just the 5% it is assessing right now in Quebec, perhaps, instead of charging borrowers between 2% and 3.5%, it would reduce this to 0.5% or a maximum of 1%. The Canada Mortgage and Housing Corporation would truly play the role it was originally intended to play.

But, instead, it still comes under the authority of the Minister of Public Works. A lax approach is taken, not to mention that people who feel that the Canada Mortgage and Housing Corporation is looking out for them and assume that it is in the government's interest to protect them are often misled. People say "I offer \$100,000 for a property. If I am being had and it is not really worth that amount, the Canada Mortgage and Housing Corporation will let me know and turn down my application. It will see that I am paying too much." But this is not the case. The Canada Mortgage and Housing Corporation does not do an assessment.

It is all very fine and well to trust a minister with one's hopes and dreams, but some caution is required.

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• (1640)

Ministers come and go, and not all of them are the same, which is a comforting thought. But when it comes to big money, they tend to sound alike. I noticed that. Their constituency is often the same, irrespective of what party is in office or who is managing government funds.

I will conclude on this note, but I would appreciate it if, the next time he tables a purely technical, housekeeping bill like Bill C-41 before us, the Minister of Public Works would go one step further and consider the impact such a bill really has on all the legislation governing or dealing with any government activity.

The Bloc Québécois nevertheless recognizes how important it is for the Royal Canadian Mint to be able to compete and to grow. The Bloc Québécois will therefore support, albeit very reluctantly, the bill at third reading.

[English]

**Mr. John Solomon (Regina—Lumsden—Lake Centre, NDP):** Mr. Speaker, it is a pleasure to stand in the House this afternoon to put forward the viewpoint of the New Democratic Party on Bill C-41, an act to amend the Royal Canadian MINT Act and the Currency Act.

I want to make a few comments about our position, what we think has happened and might happen in the future. I want to put forward some opinions I received from various Canadians across the country on the topic of money, currency, and in particular that part of the currency we refer to as toonies and loonies.

The bill will amend the Royal Canadian MINT Act to update the terminology for coins in order to reflect the market surge rather than the metals of which the coins are composed. The amendments simplify the process for issuing coins by giving additional powers to the mint and to the Minister of Public Works and Government Services.

The mint is given the capacity of a natural person and the power to incorporate subsidiaries and to acquire and dispose of interests in other entities. I will make some comments about that in due course. Other amendments are of an administrative nature. I want to make one reference in particular. It is not administrative but it may be viewed as administrative by the government.

Some of my colleagues in opposition have pointed out that the mint's capability of increasing its capital from \$50 million to \$75 million is an important development because the mint will be basically borrowing extra cash to expand its operations.

We support most of the sections of the bill. It is important to update the powers of the mint as time goes on and to make sure it is in line with the powers of other crown corporations. We are happy with a particular change that occurred between second and third reading when the bill was at committee.

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The member for Winnipeg—Transcona spoke on the second reading of the bill. He indicated he was concerned that the coins circulated in Canada would continue to be circulated but any new issue of circulated coins would be on a 15 day notice. I see the committee has changed that to sustain the power of parliament to decide whether or not a new denomination of coin would be created.

I acknowledge the efforts of the member for Winnipeg—Transcona. I think that is an important democratic function and an important responsibility of the House of Commons and of parliament rather than letting regulation determine whether or not these things will happen. We have had additional time to consider them rather than just 15 days before they become law. The bill provides for this provision. I am pleased to see the amendment. But every Canadian will be affected by additions or deletions of coins. We must ensure their needs and concerns are properly heard.

• (1645)

We have seen the introduction of the loony under the former Conservative government. It was widely believed at that time and has been actually proven accurate that the Mulroney government made pocket change of the one dollar bill. People were quite upset with that move until of course the Liberals got elected. They did one better than the Tories who were so roundly rejected by the taxpayers in 1993. They created pocket change out of the two dollar bill. So now what that means is that taxpayers have to earn a lot more money to buy the same goods and services they purchased earlier and the Liberal government is responsible for that effort.

The mint will drum up additional business outside the country. Before I get into that issue I want to make reference to the fact the Reform Party was quite concerned about a couple of issues, about the need for fair competition. Of course everyone is embracing and supporting fair competition.

The hon. member from the Reform Party made reference to the fact that the Competition Bureau ensures there is competition. The Competition Bureau is actually called, in the circles I travel in, not the Competition Bureau but the lack of competition bureau.

Time after time, whether it is drug pricing issues or gasoline pricing issues, the Competition Bureau has failed Canadians in terms of protecting the interests of consumers and ensuring there is fair competition. In fact, it has done the opposite, according to the thousands of people I have spoken to.

This legislation was brought in by the Conservatives. The Liberals endorse it wholeheartedly. The anti-combines legislation, which existed prior to Mr. Mulroney's getting elected in 1984, provided power to the Competition Bureau to investigate price fixing, to investigate predatory pricing without needing a letter

from one president of a company to another saying let us fix prices. It had the ability to go into a particular business and investigate without notice whether allegations of price fixing or predatory pricing were true.

I join with my colleagues in the Reform Party by saying I agree with their comment with respect to having fair competition. I believe the only way we can do that is to have a competition bureau that has some teeth and has some capability to look into some of these very serious allegations.

I come from Saskatchewan. We have, depending on the year, approximately 25 crown corporations. What I find incredible with the federal government is that there is no committee responsible for holding crown corporations accountable for their actions.

In Saskatchewan I had the honour to chair the standing committee on crown corporations in the legislature. That committee had the power to call every year all the crown corporation presidents and their management individually before the committee as well as the ministers responsible. We could go for as long as we wanted, not two hours on each corporation, to investigate and question the officials and the ministers in charge of those corporations on matters before the public or matters they were dealing with in terms of their own crown responsibilities.

Saskatchewan is the only jurisdiction I am aware of in the Commonwealth that has a standing committee on crown corporations. That is why in Saskatchewan we have very significant crown corporations providing very significant services to the people of Saskatchewan in a very reasonably priced way, in an accountable way and in a transparent way.

What I would like to see the government do with respect to the Royal Canadian Mint and other crown corporations is establish a standing committee on crown corporations so that we as parliamentarians can have the presidents and their top staff and the ministers responsible come before the committee to answer questions which are important and relevant to the business they are in.

• (1650)

What this does is provide, as a public committee meeting, an opportunity to make sure the crown corporations' objectives and missions are being adhered to, that they are transparent and doing the service to the public they were created to do. I think that is what we need in the House of Commons.

I am sure my colleagues in the Reform Party support this. We have a lot of support in the province of Saskatchewan for such a committee. I think the Royal Canadian Mint, a crown corporation, would not only continue to operate in a well organized way but its productivity, efficiency and profitability would be enhanced. I think that is a very important suggestion.



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The annual reports would be on the table. We could ask any questions pertaining to those annual reports. We could ask any questions pertaining to the business of that crown corporation except for matters before the courts or matters pertaining to human resources for individuals. Those are logical things we do not want to talk about in public.

It is a similar recommendation such as I made to make the Board of Internal Economy a public board. In Saskatchewan the board of internal economy is a public board. The press and members can come. They cannot ask questions but they can see how the board operates rather than doing it in secret as we do in the House of Commons. It is a matter of accountability. It is a matter of being more accountable to the taxpayers and a matter of making sure everything is transparent in the business they do.

I also want to note the concerns of small business with respect to this bill. I am a small business person. Although I believe crown corporations play an important role in our economy, I support generally the initiatives of government to use crown corporations as economic instruments to deliver a program or service that is necessary. Collectively deliver it as opposed to individually if that is the mandate of the government.

The mint is located in Winnipeg where the minister responsible for small business comes from. I believe it is in his constituency. I used to live in his constituency many years ago when I was a young student. I know where the mint is located. It is a very good crown corporation. It provides a very good service. It employs a large number of individuals and pays them relatively well. I think that is something we have to continue to do.

With respect to the concerns of small businesses, they tell me they want to have in this bill enough notice as well as an opportunity to consult if any changes are made. I know the member for Saint Boniface, the minister in charge of small business, is very much aware of that. I know that in the minister's consultations with small business he has been told the same, in particular as it applies to the operation of the mint in his district.

We are very worried about this. I know that when the loonie and the toonie were introduced we had a number of small business people voice their concerns because of the short notice and the fact they were not consulted in advance and could not prepare their vending machines. Vending machines are becoming fairly important these days. We can get coffee from them, soda pop, food, sandwiches, all kinds of snacks. They are used in places without cafeterias. I think it is a very important thing to do.

Business people are telling me that when new coins are struck they should be consulted in advance so they can prepare their machines because it takes in some areas up to \$300 to convert one

machine for a new coinage denomination. Some companies have instituted some sort of cash box adapters, patented them and they are selling for around \$10 each. Those are things that are a little more reasonable. But still they need time to convert those vending machines.

I would also like to make one quick reference with respect to what Reformers talked about. They talked about the need for fair competition which I agree with. I recommended the creation of a standing committee on crown corporations which they probably agree with. They made some reference to privatization. There is a good way to do privatization and there is a bad way to do privatization. What scares the living daylights out of me and my colleagues and the people of Saskatchewan is when the Reform Party starts promoting privatization.

• (1655)

We had a Reform style government in Saskatchewan from 1982 to 1991. That was a Tory government which was a combination of Liberals, Tories and Reformers. Many are now members of the Reform Party in Saskatchewan called the Saskatchewan Party led by the former Reform House leader Elwin Hermanson. He has the same caucus members who ran the province in 1982 to 1991. They attended the Saskatchewan party convention.

I want to talk about privatization in Saskatchewan as it refers to the mint bill. We have experienced firsthand the Reform style of government in Saskatchewan. It came to power in 1982. We had the lowest tax rates in the country. We had free dental care for children 18 and under. We had the lowest cost prescription drug plan in the world. We had the lowest unemployment rate in the country. We had no debt as a province. After nine years of a Reform style privatization government, with 1 million people we have \$15 billion in debt as a result of its privatization initiatives.

When Reformers talk about privatization the people of Saskatchewan look at them and just shake their head and say will they ever learn. Having listened to today's debates, my hon. colleagues in the Reform Party have not learned a thing, not one lesson from privatizing and bankrupting the province of Saskatchewan. Now they want to bring that experience to the House of Commons and bankrupt Canada as a result of some of their initiatives.

Canadians will look very closely and think twice before they support that kind of party with respect to its privatizations.

I will give an example of privatization in Saskatchewan. The government privatized a Saskatchewan potash corporation worth over \$2 billion. It kept the debt for the taxpayers. It gave away the assets to the shareholders. As a result of that we have lost revenues of about \$100 million a year to the treasury to help out programs like health care and education. We have half a billion dollars in

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extra debt as a result of that privatization which the taxpayers are now paying off for the next 40 or 50 years.

We had a reduction in employees in the corporation, an increase in the profits, but all the profits are now leaving the provinces to other parts of the world, which is just fine. The other interesting thing is that when we ran the potash corporation as a crown corporation the salary of the president was \$150,000 a year Canadian. The privatized corporation is now paying \$2 million U.S. to a president of the potash corporation who is from the U.S. Guess who the vice-presidents are? They are from the U.S. and they are all getting millions of dollars in U.S. payments and working in Canada for a Canadian crown corporation. That is the legacy of the Reform style government of Grant Devine in the 1980s in Saskatchewan.

That is the bad way to do privatization. Maybe there is a good way to do it. If a crown corporation is struggling and is not particularly providing any service to Canadians or any kind of programs to Canadian we should look at privatizing that to make sure we have a better service or a better program if that is what the government decides.

At this point we can more or less support Bill C-41. The Reform Party will not support this bill. Privatization is one thing. The Reform member for Elk Island has been pumping a company that is competing with this crown corporation. He has been supporting this company. That is fair. But when the Reform Party is creating policy it always fails to sell its policy in the light of day. In the backrooms or in the dark, if not telling anybody both sides of the issue, they are not reasonably bad ideas from time to time. When we expose the ideas or recommendations of Reformers to the light of day we see that they are pushing other motives. I do not know what relationship anybody has to the company from the Reform riding of Elk Island, but it is another reason people should be aware of in terms of why Reformers would oppose the bill. This is a newspaper story, but the member wants to hear more about how wonderful Reform style government did in privatization in Saskatchewan respecting the Royal Canadian Mint Act.

• (1700)

**An hon. member:** Tell us about the NDP style government in British Columbia.

**Mr. John Solomon:** The NDP style government in Saskatchewan and the hon. member from the Reform are doing a fairly good job. They have taken the \$15 billion debt of the Reform Party from 1982 to 1991 and have turned it around. They have made it very clear that they will continue to be responsible and accountable for their actions, unlike the Reform style government of Grant Devine.

**An hon. member:** Tell us how they have destroyed the economy of British Columbia.

**Mr. John Solomon:** A member of the Reform Party is asking about British Columbia. I would like to know his recommendations on how to manage a provincial economy when the population is increasing over a 10 year period by 85,000 or 90,000 people a year and no additional revenues are committed to infrastructure or to health programs. He would not know about that because he probably cannot count to 85,000 or 90,000. If he did, he would realize that when the population grows by a million over a 10 year period there have to be additional programs, supports and initiatives by government in infrastructure or transportation.

**An hon. member:** We have every socialist in the country feeding off the province.

**Mr. John Solomon:** The member from the Reform Party does not know what socialism is because if he did he would not say what he just said.

However, that aside, I am pleased to see the amendments undertaken by the government to retain the power of parliament in this bill. As a result we will be supporting the bill when it comes to a vote.

**Mr. Howard Hilstrom (Selkirk—Interlake, Ref.):** Mr. Speaker, I will reply to the member for Regina—Lumsden—Lake Centre.

With regard to Reform's economic policy I suggest to the member that in the 1997 election the NDP put out its policy as to the economic conditions in Canada and what its solution was. Reform put out our policies. I see us sitting here with about 60 members after the election and them with maybe 20. The people judged the economic policies of the Reform Party to be far superior to that of the NDP.

The hon. member refers to the Reform being associated with the Progressive Conservative Party of Saskatchewan. My relatives are all from Saskatchewan. He knows very well, if he had done any research and looked at Reform Party policies on the economy and at what Grant Devine did in Saskatchewan, that there is no comparison. He is lying right here and right now when he talks like that.

**The Deputy Speaker:** The hon. member knows that kind of language is inappropriate. I know he will want to withdraw those words at once.

**Mr. Howard Hilstrom:** Mr. Speaker, it slipped out by accident and I apologize for that. It is not appropriate language for here.

In any event I would like the hon. member for Regina—Lumsden—Lake Centre to expand on his knowledge of comparison between the Grant Devine Conservative government and the honest economic policies of the Reform Party.

**Mr. John Solomon:** Mr. Speaker, I thank the hon. member for Selkirk—Interlake for his question. I am surprised why the member would not understand the history or the implications of what

happened between 1982 and 1991 in Saskatchewan under the Devine-Reform-Liberal coalition. I know he would not be aware of it because as an RCMP officer at that time he was all over the country except in Saskatchewan.

**An hon. member:** What coalition was there?

• (1705)

**Mr. John Solomon:** The coalition was with Elwin Hermanson, Grant Devine and Grant Schmidt who are all members of the Saskatchewan Party now. They are Reformers and supporters of the Grant Devine regime and were cabinet ministers.

I know this is a sore point with the Reform Party. We have had about 22 elected Reform, Tory, Liberal and officials from that Devine government, that coalition, who were charged for breach of trust and other very terrible things about which the former RCMP officer from Selkirk—Interlake would know more than I. I was just an MLA at that time and not part of the police force. It was his colleagues who investigated these people.

I do not know the number, but I think about 15 of them were found guilty. The Saskatchewan Party is a new party in Saskatchewan made up of Reformers. Elwin Hermanson, the former Reform house leader, is the leader of the Saskatchewan Party and has all these Grant Devine folks in there, those who were not in jail.

They attended a big convention the other day of about 150 people. By the way, on Saturday one of the provincial ridings in my federal district, Regina—Qu'Appelle Valley, had a nomination convention. We had just under 300 at a nomination convention for one provincial riding with only two people seeking nomination. We can tell how powerful the Reform Party of Saskatchewan is in Saskatchewan.

The Reform Party and the party in Saskatchewan of Grant Devine are basically the same. They put forward the same policies, the magic policies of less taxes, more services and more jobs. That is what they promise. Grant Devine did that and the Reform Party did that. Grant Devine was elected, however, and we ended up with fewer jobs, incredulous increases in taxes and very few people working. I believe that was part of the problem.

The Reform Party just embraced this Grant Devine policy. I should not be warning it not to continue doing that. I should encourage it to keep pumping that policy because if it does that it will never get elected. I am very concerned that Reform members do not remember their history. Somebody once said that if we forget the lessons of history we are doomed to repeat them.

I am not a teacher by background, but I think it is really important to remind them of their history. Their history in Saskatchewan is really bad, corrupt and terrible. It has been shown across the province that all the things they have undertaken resulted in fewer people working, higher unemployment rates and higher

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taxes for people, which resulted in money leaving the province and huge debts left for taxpayers.

We in the west are very worried about that. Yes, the member's arithmetic is right. There were more Reform members elected in the last election than there were New Democrat members, but that is the way it goes. We in this party respect democracy. Being from Saskatchewan, the member would know that there is an old saying that when you throw a rock in the dark and a dog yelps you have hit a dog.

**Mr. Rick Borotsik (Brandon—Souris, PC):** Mr. Speaker, I appreciate the comments of the hon. member from the NDP, but I did not hear a lot of relevance with respect to Bill C-41 on the Royal Canadian Mint.

The member alluded to and analysed the Saskatchewan government and how it has been very productive in the province of Saskatchewan. Since we are off on a tangent right now, would the member analyse the two provincial governments, the one of Bob Rae and perhaps the one of Glen Clark?

I understand they were both NDP governments that perhaps had problems with the issues of taxes and job loss and perhaps has a problem right now with a loss of confidence in the voters of those two particular provinces, particularly Bob Rae who unfortunately or fortunately for a lot of us no longer seems to be in the political sphere. Would the hon. member please analyse those two governments?

**Mr. John Solomon:** Mr. Speaker, I appreciate the question from the member for Brandon—Souris. He always has some great questions and I think this is a pretty good one.

I can only speak about things that I am familiar with. For example, I know that the NDP government in Saskatchewan did not send anybody to jail, whereas the Reform-Tory coalition sent 18 to jail. That is one example. I guess it is not very good.

The Bob Rae government did not send anybody to jail from its caucus. The Reform-Tory coalition in Saskatchewan sent about 17 or 18 to jail. I may be off by about one or two but it is approximate.

• (1710)

As for the NDP government in British Columbia, none of its officials are in jail, at least yet. The Tories and the Reform in Saskatchewan sent 17 or 18 Tory and Reform MLAs to jail. I guess I can only compare what I know. To me that seems to be somewhat balanced.

I know the NDP in Ontario had a bit of a rough ride. The member for Brandon—Souris would appreciate this immensely because he is the member of a party that had a rough ride in 1993 in Canada. They went from government to two members. He can relate to the anxiousness and the anxiety of the NDP in Ontario.

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If we look at the polls the NDP is doing very well across the country. We are leading the polls in Saskatchewan. We are leading the polls in Nova Scotia. We are leading the polls in Manitoba. That is three provinces. We have a government in Yukon. In British Columbia we have two more years to go, and I am very confident the NDP in that province will rebound.

**Mr. Ken Epp (Elk Island, Ref.):** Mr. Speaker, I really do not have a question but I do have a comment.

This is the House of Commons. It is a place with elected officials. One of the things that really bothers me about this presentation is the implication and innuendo that the member used. It reduces the respect that this place can generate.

For example, I had a number of people from the NDP support me in both the elections in which I ran, including the candidate for the NDP. I do not think he would want me to say that because of the presence of an NDP member on my executive I should automatically be considered a really bad guy. That is my comment. I think the hon. member is out to lunch.

**Mr. John Solomon:** Mr. Speaker, I think the member for Elk Island misinterpreted my comments. I did not make any reference to him personally by name. I did not make any reference to his executive. If it has NDP members on it, it has to be a darn good executive in my view.

In debate we have to look at the facts. In Saskatchewan we had a Reform-Tory-Liberal coalition in government that was corrupt, ended up in jail, and they happened to be Reformers.

**Mr. Gilles Bernier (Tobique—Mactaquac, PC):** Mr. Speaker, I am pleased once again to be able to speak to Bill C-41, an act to amend the Royal Canadian Mint Act and the Currency Act. I just want to get back to what we are here for, and it is not criticizing each other.

When the minister responsible for the mint first introduced the bill on May 7, I was careful to go through it with a fine toothed comb. I saw many important changes being proposed, but I also identified two items which caused me grave concern.

In the time since I have had a great number of meetings and have done a fair bit of work on the bill so that I am satisfied now that most of my concerns have been dealt with. As a result, I am pleased to say we will be supporting Bill C-41 at third reading.

Today I would like to talk about the process we have gone through to get to this point, readdress my original concern and discuss why I now believe it is important for members to support the bill.

When Bill C-41 was first introduced it contained two provisions that prevented me from immediately endorsing the bill without

further study. The first of the changes contained in clause 3 would have stripped parliament of the authority to introduce new coins into circulation or to delete old coins from circulation. It proposed putting that authority into the hands of cabinet and streamlining the decision process.

I have always jealously guarded the authority of the Chamber. Members of the House are the people's representatives.

• (1715)

It is right that having been vested with this authority we should have an important part in the decision making process of government. Unless there is a clear and compelling reason for any power held by members of parliament to be moved elsewhere, I oppose any effort to diminish the authority of the Commons.

This is not an academic discussion. It is very likely that at some point in the near future members of parliament will be asked to consider whether they wish to replace the \$5 bill with a \$5 coin. It is also quite conceivable that they will have to decide if having a penny in circulation serves any useful purpose or if it should be retired. As it stands now, if the government wishes to take an existing coin out of circulation, or bring in a new coin, it must introduce legislation for consideration by parliament.

As with all bills such as the one before us today, there must be a full public debate with committee hearings and ultimately a public vote before such a change can take place. This bill proposes turning this decision over to cabinet. It would require the minister to give 15 sitting days notice before cabinet makes the decision. However, it would have been powerless to stop any decision the public found undesirable and that is what I oppose. Government works best when it bases its decisions under the full scrutiny of the public eye. It is not pretty at times, but it works.

For example, take the decision to replace the \$1 bill with the \$1 coin back in 1987. I remember that there was great discussion over the efficacy of having the loonie. On one side of the discussion we had the vending machine lobby and the bus companies which promoted the convenience of having a \$1 coin. On the other side was a diverse group of people who were concerned about replacing the dollar for reasons that ranged from nostalgia to concern that pant pockets would have to be reinforced because coins were too heavy. Regardless of what our individual feelings were on that issue, it was right for us to have that debate in the House, the most public of forums. It is right that we should have a debate here if there are to be similar changes to Canada's currency in the future. Understandably, the fact that Bill C-41 would take this decision away from parliament troubles me a lot.

I was fortunate enough to have a briefing on the bill in June by officials from the Royal Canadian Mint, including the master of the mint, Danielle Wetherup. When I asked Mrs. Wetherup why the

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government would consider removing from members of parliament the power to approve a change in the country's coinage she was able to give me some history behind this portion of the bill.

Apparently, when parliament was dealing with what was then Bill C-82, the act to replace the \$2 note with a \$2 coin, the master of the mint received some negative feedback from members of parliament on the process involved in approving the new coin. At that time it was in late June. The days were very hot. The government had a very busy agenda. The committee room where the government operations committee was reviewing the bill was not air conditioned.

In the heat of the moment, if members will pardon the pun, and faced with a large number of bills to approve in the final days before the House recessed for the summer, some members of parliament observed that Bill C-82 was not the most important piece of legislation before them. They wondered out loud if there was not an easier way to deal with what seemed to them to be a straightforward change.

Understandably, mint officials made a note of this. When it came time to update the Royal Canadian Mint Act, as is done every 20 years or so, they decided to propose changes to simplify the approval process for changes in coinage in response to suggestions by members of parliament at that time. The result was clause 3, as it appeared in the original printing of Bill C-41. However, members will note that clause 3 has changed.

For reasons that I have already explained, it was unacceptable to me that the decision to change Canada's coinage should have been taken from parliamentarians. Therefore, on behalf of my party I drafted an amendment to leave that decision where it belonged, in the hands of the peoples' representatives.

• (1720)

I shared my idea with Mrs. Wetherup, the master of the mint, on two occasions, during our first real briefing with members of parliament and during the hearings of the natural resources and government operations committee into Bill C-41. Throughout the committee meeting she rightly stated that the final decision as to whether the government would support the amendment rested with the minister. She indicated during our first meeting that since the original idea for clause 3 had come from members of parliament the mint would not oppose leaving the decision making process the way it was if, on reflection, members of parliament believed it should remain that way.

I also spoke to the minister's office and to the critics from other parties about my amendment. I argued the importance of my amendment and said that members of parliament must continue to have an important role in the government decision making process. Apparently they must have found my arguments to be persuasive. When I presented my amendment in committee last Tuesday, it

received the unanimous support of the members of parliament present. I acknowledge and thank all members of the committee and the minister for their considered, non-partisan support of my amendment.

Clause 7 is another provision of Bill C-41 that concerned me. It proposes increasing the borrowing authority of the mint from its present \$50 million to \$75 million. This proposed change troubled me because of a new venture the mint is undertaking in building a new facility in Winnipeg to manufacture coin blanks.

Clause 7 worried me principally because I thought the mint would use this newly acquired borrowing power to finance this poorly thought out venture and put a successful Canadian company out of business. I did not realize at that time that the mint financed this \$30 million venture in March and that the building which will house the coin plating facility is nearly completed. It is clear at this point that Bill C-41 has no bearing on the mint's decision to build this new facility. Therefore, I must separate my opposition to this scheme from my position on the bill and evaluate clause 7 on its own merits.

Do not mistake my support of this bill as an endorsement of the mint's decision to get into the manufacturing of coin blanks. I oppose that decision for two reasons. First, the facility will put the Royal Canadian Mint into direct competition with a successful Canadian supplier of coin blanks, Westaim of Alberta. Westaim has supplied the mint with coin blanks for 35 years. It employs 110 people at its plant in Fort Saskatchewan and the entry of the mint into this industry will jeopardize this Westaim division and its 110 employees.

Second, this is a risky venture for the mint to undertake. Because it has borrowed the money on taxpayers' credit, it is also risky for Canadians. There is currently a 30% to 40% oversupply in the world's coin blanks market. If the entry of the mint into this market does not drive Westaim out of business and put its 110 employees on the unemployment line, it could go spectacularly down in flames and take millions of taxpayers' dollars along with it. Industry experts agree that the market for coin blanks will experience a slight blip in demand as the new European currency starts, but it will then continue its steady decline as electronic transactions become more popular and the need for coinage and paper money decreases.

As if poor markets were not enough, the costs of getting the mint into the coin plating business are enormous. The \$30 million dollars borrowed by the mint in March is just to build the Winnipeg plant. Start-up costs are substantial for a new competitor in a mature to declining market. The Royal Canadian Mint will have to compete against established, experienced, well-entrenched competitors which have had decades to build their expertise and economies of scale.

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For example, consider employee costs. The process of manufacturing coin blanks requires highly skilled workers. There are only two ways to obtain employees such as this. The first way is to spend an extraordinary amount of time and money to train these people. The other option is to hire them away from competitors by offering them more money. Either way, employee costs are going to be higher than those of competitors, and in a commoditized, price sensitive industry this is bad news.

• (1725)

Not only will the mint have to contend with its high cost structure, but like any brand new business it will make many mistakes.

Thus, I fear for the Royal Canadian Mint, I fear for the employees of Westaim and I fear for the taxpayers who are, so far, on the hook for \$30 million.

However, I realize now after considerable debate and consultation on Bill C-41 that these are two separate fights. Although I will continue to search for a resolution to the mint's entry into the coin blanks industry, I can happily say that we have won the fight on Bill C-41. Now that the committee has fixed the problem with the bill, it has removed the final obstacles to my party's support.

In closing, I would like to again thank the members of the Standing Committee on Natural Resources and Government Operations as well as the minister for helping to get my amendment approved.

I would like to thank Danielle Wetherup and the other officials of the mint who were kind enough to meet with me on a number of occasions, both privately and publicly, to review this bill and to discuss my concerns in detail.

Although, as I have mentioned, I do not agree with everything the mint is doing, I do agree with the changes to the Royal Canadian Mint Act and Currency Act as proposed in this bill.

I have no hesitation in supporting this bill and I would urge other members to do the same.

**Mr. Werner Schmidt (Kelowna, Ref.):** Mr. Speaker, I would like to congratulate the hon. member who just entered the debate. I thought his analysis of the function of the mint was very interesting and very good.

However, could he address the question of whether he finds his support of the bill, generally, not to be inconsistent with his criticism of what the mint is doing?

Would he agree that clause 2 of the bill, which amends section 4 of the Royal Canadian Mint Act, expands rather dramatically the power of the mint? It allows precisely what he just said in his speech. He disagrees with what the mint is doing, mainly getting

into the coin plating business. This bill allows that to happen and gives the powers to the mint to do precisely that.

While he may disagree with the mint doing that, the legislation being proposed permits the mint to do precisely what he says he does not want it to do.

That is exactly the point and why I object to that clause. The hon. member, on the one hand, says he disagrees with that; on the other hand, he supports the amendment. Could he clarify the apparent contradiction here?

**Mr. Gilles Bernier:** Mr. Speaker, I want to thank the hon. member of the Reform Party for his question. It is a very good question.

I have been in business for over 20 years. I said from the start that government should not be in business. The mandate of government is to manage taxpayers' dollars, and I have not yet seen this government do that.

When there is a bill in front of the House, members do not have to agree with everything in the bill. They can work hard along with their party colleagues to try to make amendments and to change some provisions that would make the bill acceptable. That is what I did.

There are some flaws in the bill. However, being 43 years old, I believe in a life of compromise. That was the way I was brought up. My dad always told me that if someone wants to get a little in life they have to be able to give a little. I strongly believe that.

It is true that there are still some flaws in the bill. However, just because there are a few flaws here and a few flaws there, whether we vote for it or vote against it, the bill is going to pass anyway.

I fought to get the amendment I wanted and I won the amendment. The amendment is good for members of parliament because it keeps the power here in the House of Commons and it is good for Canadians in general.

**Ms. Carolyn Parrish (Parliamentary Secretary to Minister of Public Works and Government Services, Lib.):** Mr. Speaker, I have a comment to make. I would like to congratulate the member opposite. It is not often that someone gets to make their mark in this place. The member has made his mark today as well as at committee. I think he has done a very reasonable job.

• (1730)

As the member just explained, there are parts in the bill he does not like, but he got in there and negotiated rather than just being negative. I really appreciated it and I would like to express the appreciation of the minister on his co-operation. Congratulations.

**Mr. Gilles Bernier:** Mr. Speaker, I just wanted to comment on what the hon. parliamentary secretary said. I am very flattered. It is not often that this happens in this place.

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I believe that regardless of which political party we are from, we were sent here by Canadians to represent Canadians. I am here to represent the people of Tobique—Mactaquac in New Brunswick. In my portfolio of public works and government operations, I am here to represent all Canadians, whether it has to do with Canada Post or the Royal Canadian Mint. It is one of the biggest departments in Canada. It includes Canada Mortgage and Housing Corporation and a lot of others.

Whether one is a Reformer, an NDP, a Bloc, a Conservative or a Liberal, we have to work together in the House to make things happen for Canadians. That is what Canadians deserve and that is what we have to do for them. I hope by the time the next election comes around people will see the work that I do and they will elect more Conservatives.

**Mr. Rob Anders (Calgary West, Ref.):** Mr. Speaker, I have been listening to all of this debate today. It shows how insidious Ottawa is that people can come forward with a bill that competes with the private sector, uses taxpayers to do it, and people in the House will stand and support it and help to shut down private businesses.

This is not the only time this has happened. Canada Post uses its dollars, the dollars that hon. members and other taxpayers will spend in terms of regular mail, to cross-subsidize and compete against people in the courier industry and against people in the private sector who deal with e-mail when Canada Post delves into that for the first time.

Once again we have the situation of the mint using taxpayer dollars to edge out private competitors. That is the type of wrong-headed philosophy that has got us into the debt that we have. As well it has been responsible for limiting and curtailing business possibilities and entrepreneurship.

I do not know how people can reasonably stand and be in favour of edging out private business.

**Mr. Gilles Bernier:** Mr. Speaker, again the hon. member from the Reform Party has a good question but he is way off base. He does not know what he is talking about.

The reason I am saying that is the Royal Canadian Mint is building a plant in Winnipeg for a price tag of some \$30 million. The mint is not using taxpayers' money. It has borrowing authority. It borrows from banks. A person who wants to buy a car does not come to the government, that person will go to the bank. That is what the Royal Canadian Mint did.

The mint is asking parliament to increase its borrowing authority from \$50 million to \$75 million. The plant it is building in Winnipeg was started last March, before presentation of this bill. The mint went to wherever it went and borrowed the money. It is not taxpayers' money. There is a cliché in that. If the Royal

Canadian Mint makes money, Canada wins. If the Royal Canadian Mint, which is a crown corporation, loses money, the government is liable and the taxpayers are going to pick up the tab. The money used to build that plant in Winnipeg is not taxpayers' money, it is money that the corporation borrowed from an outside source.

**Mr. Rob Anders:** Mr. Speaker, it is a crown corporation. Whether it borrows that money or however it comes by it, that is eventually a public debt.

• (1735)

This country has a number of other crown corporations. For somebody to stand here today and say that crown corporations do not somehow involve public money, that is not the definition I understand crown corporations by. Ultimately if they have problems, it is the taxpayer that is left holding the bag.

**Mr. Gilles Bernier:** Mr. Speaker, I said that we are debating Bill C-41, an act to amend the Royal Canadian Mint Act and the Currency Act. I am not talking about other corporations. I am talking about the Royal Canadian Mint which is a crown corporation.

That corporation itself does not get money from the government. The mint has borrowing authority from the government to go outside and borrow the money it needs. I do not know where the hon. member from the Reform Party is coming from when he says it is the taxpayers' money. It is not taxpayers' money. It is borrowing money from a bank. It is the bank that owns the Royal Canadian Mint until the loan is paid. What is wrong with that? It is a business deal.

**Mr. Ken Epp (Elk Island, Ref.):** Mr. Speaker, I am again honoured to stand in my place here in the House of Commons to represent my understanding of what is good for Canadians and to represent also the needs and aspirations of a number of people in my riding. That certainly does apply in the case of Bill C-41.

I cannot help but begin my speech by saying that the member from the NDP who spoke sure did drift a long way from the intent of what the bill is about. I was very disappointed that he allowed himself to be reduced to getting into a whole bunch of innuendoes that does not fit this place. It is disrespectful of what the House of Commons represents as well as what we as individual members are to do here.

I want to talk about the various implications of the bill. I am sure most members are well aware that as with almost any bill there are some good parts and some bad parts. I would like to use the first few minutes of my time to talk a bit about the process in terms of how bills are brought in and how these decisions are made.

It is very important for the government, whichever party it is that is governing at the time, to listen very carefully to people who have

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problems with a bill or motion. Usually it is government bills. The government should pay close attention when we have some legitimate concerns.

I would like to congratulate the hon. member for Tobique—Macataquac. He is indeed an honourable member of the committee. It has been good to work with him, although I will admit that I was there as a substitute and I am not a regular member of that committee. The member, by compromising, did win one point.

I want to throw out the question: Is that really what we ought to be doing? Should we really be selling out on five items in order to gain one? That is what we are reduced to. It does not matter whether the members are on the opposition side or whether they are backbenchers on the Liberal side. The instructions that come to the committee are from the minister, the deputy minister or whoever it is in the department. We detected that in this bill as we have seen it so often before.

Yes, this amendment was put forward and yes the hon. member talked to other members about it and he was able to persuade them. But the member himself said that he would like to thank the minister for being open to his amendment. One person, I know, we balance this. The minister is ultimately responsible for the operation of the department. That is true. There is a lot of obligation on his part. But in this particular instance we also need to recognize that there are some concerns beyond just this one that got horse traded into existence. I wish there would have been a greater openness.

• (1740)

I hesitate to do this so soon before the joyous season of Christmas, but I have to admit that I sometimes despair of the process used in this place. I really wish we had a much more open and more democratic way of doing these things.

Speaking about this bill, the first issue I am going to talk about is the one that causes me a great amount of concern. The mint is a crown corporation, but this bill gives to the mint new rights and powers which exceed what it had in the previous act. It might be illustrative to read the amendment which we know is going to be passed. Once the government decides that it is going to do something, that an amendment is no good and another one is okay, we know the Liberals will pass it based on previous experience and knowing how they operate.

The bill says that in carrying out its objects “the mint has the rights, powers and privileges and the capacity of a natural person and may in particular” and then there are several things listed. One of the things the mint may do in particular is it may procure the incorporation, dissolution or amalgamation of subsidiaries and acquire or dispose of any shares in them.

The mint as a mother corporation may have a whole bunch of subsidiary corporations. To me, that is fraught with danger. When

there are subsidiaries and subsidiaries and so on, it removes accountability further from the minister and hence from this place and hence from the people.

The bill will permit the mint to acquire and dispose of any interest in any entity by any means. When somebody says “I am going to give you the right to do anything that you want by any means you choose” I have a bit of a problem with that.

Of course, the preamble says it must use this power in order to promote the well-being of the mint in order to carry out the objects of its incorporation. The mint may buy a corporation or it may set one up by any means it wants. Perhaps it would pay \$29 a share for a little subsidiary corporation that it wants to own. Then it can dispose of it by any means that it wishes. All one has to do is use one’s imagination on how this could happen.

The very subtle thing here is it would permit the mint, using the backing of the government as its financial base, to procure anyone who dares to compete with it and then to dispose of them by basically shutting down the business. That is scary. We need to be careful about that.

The next thing listed that the mint might do also has all of these all-inclusive terms. The mint can generally do all things that are incidental or conducive to the exercise of its powers and the bill talks about the coins of the currency of Canada, the coins of the currency of countries other than Canada, gold, silver and other metals, and also metal plaques, tokens and other objects made or partially made of metal. Generally the mint can do all things that are incidental.

If I were to allow my imagination to run freely, and I do not do this often, I usually have a disciplined mind, but if I were to just let it run a little freely, one of the things the mint has to do is to move its product from place to place. I can see that it might want to have a subsidiary trucking company or perhaps it might want to buy a railroad or two. I am exaggerating of course, but this bill would allow the mint to do that if it so chose. It is something we really need to guard against in giving a crown corporation this kind of power. There has to be a continued line of accountability and approval related directly to what is good for the people.

• (1745)

There is a section that has to do with non-circulation coins. We know there are a number of coins produced every year, coins for medals and coins for commemoration. I imagine we will be inundated with coins at the millennium. I have read a few articles on that topic. In 1867 the country was born and in 1967 we had coin for each province to commemorate. It was a series of quarters. I imagine this can happen again.

Medals and non-circulation coins and collectors coins may be determined both in characteristics and denomination by governor



in council, which means the minister can authorize it. It can be announced and that will be the end of it.

When it comes to circulation coins, happily the amendment from my colleague from the Conservative Party did gain approval and certainly with our support as well. There is a danger when circulation coins are brought in or removed that the people could be ignored in the decision. One thing does concern us, the amount of public debate and accountability when characteristics of coins are changed. As the coin business goes this also is very important to Canadians. There are literally thousands of people use coin operated equipment. When a coin is changed in design or structure, that has implications to machines that accept coins as payment.

There is a cost saving measure now to steel plate coins with nickel on top of them so they would be nickel plated steel. When that happens the density of the coin changes. Any mechanism in the machines to detect whether this is a genuine quarter or just a slug will be affected. I have talked to the administrative people in the mint. They are fine people. They are friendly. I found them very easy to talk to and I am sure they would make sure that when they changed the composition of coins or the shape of coins they would pay attention to this. But there is nothing here that requires them to do. It just says they can do whatever they want to in order to pursue their own objectives, presumably to make money for the mint.

Our penny has changed in the last couple of years. It went from a 12 sided coin to a fully round coin. Of course we do not use pennies except in Swift Current, Saskatchewan. I do not know if they still do.

In places around here you can pay one dollar for 10 minutes in parking meters. Swift Current had 12 minutes of parking for a penny. I could not resist the temptation, though I was just going into the post office and back out, I plugged in five pennies because it felt so good to get an hour of parking for five pennies. That was several years to.

● (1750)

Municipalities that have parking meters need those meters adjusted if the coin composition changes, if the shape changes or if the weight changes in order that the parking meter will accept the appropriate coin.

I think it is a ripoff at Ottawa's airport right now where it wants us to put our credit card in and then dings us for a dollar every 10 minutes. To me that is a huge ripoff because we only go there to pick someone up. To rip people off that high is not acceptable.

That is a diversion almost as far away as my NDP member so I had better get back on to the list of things I am concerned about.

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Included in this act are a definition and a few little changes on what constitutes legal tender. Everyone once in a while we hear someone who is fed up with a big bill they got so they pack up five big pails of pennies and pay the bill with pennies. The person to whom they are paying it really does not have to receive it because legal tender is limited, as it always has been. Usually they accept it and the guy gets his day in the sun and his picture in the paper.

However, the limits are also given. For example, Mr. Speaker, if you owed me \$40 you could pay that with \$2 coins but you could not pay it with \$1 coins. Those limitations are given here. Using \$2 coins is limited to \$40 and using \$1 coins it is limited to \$25. Using 10 cent pieces, quarters and 50 cent pieces is limited to \$10. Using nickels is limited to \$5 and using pennies is limited to 25 cents. The person can actually demand currency other than pennies for any debt owed which is greater than 25 cents. I expect that sometime soon we will have a move to remove the penny since I think its usefulness in this inflated era is reduced in value and I am not sure we should maintain it. Perhaps it should become a giant collector's item. I would certainly favour that.

I want to say something now about the mint and its production of its own blanks. This does impinge on the Westaim Corporation which operates in my riding. I have spoken on this topic before and it is a continued distress for me. I have talked to both sides. I have talked to people from Westaim and I think they are very fine people just like the people in the mint.

There are certainly two sides to this debate but there is one side I think really needs to be emphasized. Even though one can argue it is not borrowing from the consolidated fund nor is it taking money directly from the taxpayer, it is a government guaranteed loan. This legislation states that it may borrow now instead of a maximum of \$50 million up to \$75 million and may get it from either the consolidated revenue fund or from any other source.

Of course for the building of the plant in Winnipeg it did use other sources. It borrowed \$31 million through the sale of regular financial instruments and received a very good rate. Why not? If I as an investor wanted to put some money somewhere I know the mint is a really safe place to put it. I am willing to accept a lower rate of interest. The mint gains by that and by being backed up by the government and the investor is a beneficiary because that investor knows the mint is not going to go broke unless the whole country goes broke. I suppose that is always a possibility but it is much more remote than for other corporations.

The coin plating plant is competing with private enterprise, competing with the job that 100 people in my riding have been doing successfully for 30 years, with the backing of the Canadian dollar, including the taxpayer dollars that have been collected from Westaim and its employees.

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• (1755)

They are forced as taxpayers to back up their very competition that is driving business elsewhere. I find this very distressing. It is a faulty principle. The government is getting out of business. It has privatized with NavCan. It has privatized a whole bunch airports. We even have portions of the military forces being run by private groups on contracts. In this instance it is going in the opposite direction. It is wrong headed. It is wrong for the government to be in competition.

**Mr. Philip Mayfield (Cariboo—Chilcotin, Ref.):** Mr. Speaker, I compliment my colleague from Elk Island for his thoughtful and disciplined look at this bill and the explanation he has given.

A number of thoughts came to my mind that I would like to raise for his consideration. He mentioned NavCanada coming out of Transport Canada. In that instance we see private pilots who will begin to pay \$60 per year for their airplanes to use the navigation system. But they are not getting anything back for that. They are still paying the same amount of taxes on aircraft fuel.

Another instance is the post office. We have seen how that crown corporation has gone into the courier business in direct competition with other couriers. It has the advantage of being the only corporation that distributes first class mail. It has the resources of the government to compete.

There is a general thrust of the federal government taking more and more discretionary and using that power to open up a competitive force against private business. My colleague mentioned the discretion of the minister in this legislation to make decisions without reference to parliament. The other side to that kind of discretionary action is it diminishes the powers of the parliament which is directly responsible to the people.

This lack of discretion and this opening up of the competitive front against private industry is something that truly concerns me. It seems to work against the best interests of not only corporate Canada but individuals who are attempting to make a living and support their families and their children.

I would like the member to comment on this whole thrust of the government's increasingly taking more and more discretionary power and by the same token reducing the authority, responsibility and accountability of parliament to the Canadian people.

**Mr. Ken Epp:** Mr. Speaker, there is a balance to be reached here. I am not one to say the government should not do anything. I spoke against it building this coin plating plant because there is a very fine plant in business. It has a very long history of producing excellent coin blanks not only for Canadian use but across the country. I do not see any need for the government to get into that business.

There are things that government should be doing. As a people there are things we can do collectively through our government more efficiently than having everything privatized. For example, the post office as a crown corporation is an entity that can do a good job for the Canadian people. In some instances the individual outlets of the post office have been privatized. They are put out to tender.

• (1800)

I have heard both sides of the story. Some people say that it is great they can go to Shoppers Drug Mart at 10 p.m. and can get postal services, something they could never get before. Yet there are other people who say they cannot get the service they used to have because the people sometimes are not trained, their regular post office people have gone away and somebody else from cosmetics is filling in and they do not know the answers. There are some problems.

As parliamentarians and as a government we have an obligation to account to the people of Canada how we are administering their tax dollars and how the corporations that are run on their behalf are operated. It is not totally one side or the other.

I would not want to see everything in the country privatized, but I certainly have objection to the government using income from taxpayers and from corporations to run in direct competition with the people who have paid the taxes in the first place.

I remember many years ago there was a move in Saskatchewan where I grew up. There was a guy who had a good business—he supported his family with it—running a bus from Battleford up to Meadow Lake. He made a run a day and he always had enough passengers and freight that he could fill up his bus. He made the run and everybody was happy. He made a living on it.

Lo and behold the Government of Saskatchewan, the NDP government that likes to run everything on behalf of the people, bought the business. It gave fine service as far as I know. The service was not diminished but it lost money ever after that. Every year it posted a loss on that run and put this guy out of his job. That was a wrong decision.

**Mr. Werner Schmidt (Kelowna, Ref.):** Mr. Speaker, I was pleased with the hon. member's comments, particularly the rational way in which he analysed the bill.

How would he apply the general principle that government should do those things and only those things that the people cannot do as well or better themselves? This is a fundamental principle. The government should do things. I agree with the hon. member that there are things the government can do which the people cannot do for themselves or cannot do as well for themselves. Could he elaborate on that a little more?

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Some of the crown corporations become an end unto themselves. They serve their own ends. They are no longer filling a gap or doing that which the people cannot do as well. They are taking jobs away from people.

It is this principle we have to look at, particularly with regard to proposed clause 2 of the Royal Canadian Mint Act which expands those powers to where the act says the mint can buy anything, do anything, and so on.

**Mr. Ken Epp:** Mr. Speaker, this is a real challenge because it is a balancing decision.

A couple of general principles could be applied. One I would use is that if there has been or is already a private firm or competition among private businesses, the government should stay out of it. If it is already being done and done well, the government should simply stay out of it as a matter of principle. That is a principle of government. It is in place but the Liberal government is ignoring it.

It is supposed to be a principle of governing that it does not compete with private enterprise. On the other hand we have those situations where the government can do best. I think of an example which relates back to my youth a long time ago. I remember when I grew up in Saskatchewan that my dad was the chairman of the Bode telephone company.

Members have probably heard of Alberta Government Telephones and B.C. Government Telephones. Now they are evolving into the different names and we have Telus. Before Saskatchewan Government Telephones ever came along there were literally thousands of individual telephone companies spread around all the provinces. My dad was the chairman of the local one and there were five subscribers. It was a big company. We had five people on the line and two longs and a short was us.

• (1805)

My grandfather was with a different company, the Peel telephone company. If we wanted to phone my grandfather we had to dial one long, which was the operator. She would hear this as sat in her little office in Swift Current. Everyone has seen Lily Tomlin do this. Well there she was in Swift Current pulling the cord out and connecting our line to Peel. Then she would dial grandpa's number. He would answer, or grandmother would answer, and we would be able to talk to them.

That was very inefficient and going nowhere. What happened in each province at least out west is that all these little individual companies got together and formed an organization that would allow the whole province to do it together. It was done under the auspices of the government. It was a fine co-operative effort on behalf of the people. At that stage it was a totally legitimate way of doing things.

That is probably no longer the case. With communications being what they are, it is probably better to let free enterprise and competition rule.

**Mr. Rob Anders (Calgary West, Ref.):** Mr. Speaker, I had to get in my two cents worth on this issue. I had to listen all day to members justify how a crown corporation should have access to consolidated revenue funds. This is my duty day so I had to get up to give my piece.

There are three reasons I have problems with the bill as it stands. Under the bill \$75 million in taxpayer dollars will be used for a guaranteed loan through the consolidated revenue fund or any other source. That is how it is worded. At the end of the day that means taxpayer dollars are being used to prop this up. If it were to go belly up, the taxpayers would be left holding the bag.

What is so insidious and evil about these types of things is that it is actually taxpayer money, money people pay out of their own wallets, that is being used against them. I have often maintained that it is actually better to burn a million dollars than it is to give it to the government. This is a small insidious case but nonetheless it is a classic example of what happens in this place.

People pay their good hard earned money into this place and it is used against them. The people who are employed by a company like Westaim will see government dollars being used to try to shove them out of the marketplace. That is what is evil about it. There is a private sector company performing the task of producing blank coins and the government is going ahead and putting it out of business, shoving it out of the way.

If this were just one example it might fly and people would not pay it any heed or any attention. People like me would not get up to speak. Unfortunately this is just one among many examples. There is the Royal Canadian Mint. Canada Post is trying to shove out people with e-mail. Canada Post is trying to shove out private sector competitors for parcel delivery. Canada Post is trying to shove out courier competitors. Canada Post is shutting down Overnight Express in Calgary. It was delivering mail in the T2P area code downtown for a fraction of what Canada Post does it for and guaranteeing mail delivery overnight. Canada Post shut it down because it has a monopoly.

There is another example in training programs. Henderson Business College was operating in the city of Calgary. For decades it provided good training for those who were looking to improve their typing skills and their abilities in various business related areas. The government subsidies came in and the universities and colleges that had access to all the public funds in the city of Calgary, in the province of Alberta, were edging out private sector businesses. It kept going ahead and developing curricula and programs. It ate away at private sector businesses and eventually shut them down. Henderson Business College shrunk. It shut down.

*Government Orders*

It used to have two offices. It went down to one. Then it went out of business. That was because of the insidious type of thing we have where the government uses people's money to put them out of business. It uses their own taxpayer dollars to put them out of business.

• (1810)

I remember this only too well in the city of Calgary when Petro-Canada was nationalized and Petrofina was brought together with some other companies. The government went ahead and used government dollars to establish the tallest oil and gas building in the city of Calgary just so that the prime minister of the day, Pierre Elliot Trudeau, could remark with pride that Petro-Canada towered above its private sector competitors that did not have access to the type of dollars and the endless taxpayer pocket to which the Liberal government, the Liberal administration of the day, had access.

That is the type of problem I have with the bill, with guaranteed loans and with shoving out private sector businesses. It hurts private sector businesses with their own hard earned taxpayer dollars.

Another aspect is that the government is trying to establish an arm's length relationship. It is doing it time and time again, whether it is with Revenue Canada or a whole host of other things. It does not like the idea of ministerial accountability. It does not like the idea of parliamentary supremacy in being able to question the government on some of these things. It continually goes ahead and moves them further down the line.

Liberals like to put them at a further and further distance from themselves so that when problems arise and the opposition points them out and puts forward amendments they can say "Don't worry. Trust us". Years down the road once it has established an arm's length relationship we see problems that we said would happen. Then the government says it is not its problem any more, that it is an agency or something beyond a crown corporation. We cannot touch the government any more. The minister is not accountable.

There are three good reasons to oppose the bill. The first is taxpayer money being used as a loan guarantee. The second is public dollars, taxpayer dollars, business dollars, being used to shut down private enterprise to be able foist the public sector on them. The third is the whole idea of lessening accountability and creating a greater distance with arm's length relationships and cutting down on ministerial accountability.

**Ms. Carolyn Parrish (Parliamentary Secretary to Minister of Public Works and Government Services, Lib.):** Mr. Speaker, in the last hour I feel like I have sat through the good, the bad and the ugly. The good is over there and the bad and the ugly are over here.

I do not understand if the corporation is being defended so severely and is being put out of business why—and perhaps the member can answer this—it can only produce about 20% of what the mint needs. In actual fact the mint has to go outside Canada to buy plated blanks to do the job. If we are shutting them out of business, perhaps the member could explain to me why the corporation cannot supply 100% of the blanks we need at this time.

**Mr. Rob Anders:** Mr. Speaker, as I understand it, Westaim could produce all the blanks the government needs but right now that contract only takes up about one-third of its capacity. The parliamentary secretary should not try to use the capacity of Westaim as an excuse for trying to shut it down and put it out of business. That has nothing to do with it.

**Mr. Werner Schmidt (Kelowna, Ref.):** Mr. Speaker, I thank my colleague for entering into the debate in the direction that he went. I thought his arguments were rather lucid and very concise on the three points. I thought they were excellent.

I would like him to explain a bit further how he accounts for the potential shift in terms of administration in the mint today. I think he would agree that the mint administration today is exemplary. It has turned the mint around. It is now a profitable organization. It has good personnel relationships. It has a good operating plant. It is doing the job correctly.

With that kind of consistency and quality of management all the way we would not have to be too concerned about the policy, but the bill shifts the policy and gives all kinds of power to anyone.

The question becomes what sort of person will take over the management of the mint which is operating very successfully today. I have nothing but respect for the mint master, but the question is what happens if the mint master moves aside.

• (1815)

I wonder if the member could talk about that a little.

I would also like him to address the question of what happens if something goes awry and some of the things we have mentioned here today actually take place. How does one reverse legislation once it has gone to a point where this becomes a pattern, almost a culture that develops within a crown corporation? How does one change that culture once it is in place?

**Mr. Rob Anders:** Mr. Speaker, that is part of the problem here. The government always thinks that more government is the answer and the solution. Too often we find that it is actually government that is the problem. It thinks that by expanding it and making it bigger somehow it is going to make the problem go away. Often we find that more government involvement makes the problem bigger rather than smaller.

*Government Orders*

My colleague raises a very good point. What if a very competent mint master moves aside and somebody else comes into play?

The government and the taxpayers then stand up and proudly beat their chest and say that this is an entirely profitable venture, for who better to loan money to than the mint, the one making the money. I guess there is not a much better loan than that. One cannot have more security on one's assets than from the people who actually produce the money themselves.

However, that is based on the current mint master. If that person moves along and somebody else who is not as competent takes over that administration then the taxpayers are the ones who are left holding the bag for any problems or mishaps.

It wants to go ahead and create this system that will shove out and hurt a private sector competitor. I remember the talks we had over hepatitis C and tainted blood and whether the government should be able to, in a sense, operate in monopolies like this. When the government does things like that, ultimately the culpability, the responsibility, falls entirely on it.

Private sector competitors have the ability to operate in the marketplace but if there are problems with the marketplace it is not entirely the government's fault, for there are other players in the field. However, if it is the only player in the field then it is the government that is entirely culpable and responsible for what goes wrong.

I do not think the government wants that responsibility but today in this bill it is going to grab for it.

**Mr. Ken Epp (Elk Island, Ref.):** Mr. Speaker, I have one more little comment that has to do with the actual competition.

What would happen if the mint were to produce all its own coinage out of the Winnipeg plant? We hear that it took only 20% of its supply from Westaim and 85% from elsewhere. That is because of the bidding process, NAFTA and other suppliers. There have been a few occasions where I understand the timeline given was insufficient for Westaim to deliver on a timeline that was not usual. It had a real fast order and Westaim said it needed a little longer to fulfil it so it went elsewhere. That is fair but that has happened very seldom.

The problem is that by building this plant in Winnipeg, Westaim thinks it can supply all its needs with this plant that has only one-third the capacity of the present Westaim plant in Fort Saskatchewan. The arithmetic just does not add up. The fact is it is competing.

The other thing that really bothers me is that the minister said we would not be competing. The documents from the mint itself said it expects to make \$3 million in revenue not from Canadian sales but from sales to foreign countries buying these blanks.

The concept of not competing is very inconsistently communicated. I think it is going to happen and it is wrong.

The other thing we need to recognize is that many foreign countries actually like to deal with governments and it gives them a tremendously unfair advantage.

• (1820 )

**Mr. Rob Anders:** Mr. Speaker, this type of insidiousness, this type of evil of shoving out private sector money with public sector money expands beyond our borders. Not only will it go ahead and pick up market shares and help to frustrate a private business in Canada that provides jobs in ridings for some of my colleagues and fellow Canadians, it will eat into private sector jobs overseas. It is not just about beating down the private sector businesses in this country. It is about beating down private sector businesses around the world.

The parliamentary secretary is shaking her head with glee. The Liberals have no problem competing with private sector businesses and beating them about in the marketplace with the very dollars they pay into the tax coffers of the government in overly generous surpluses, overpayments in employment insurance, the Canada pension plan and a host of other programs. The Liberals are only too happy to take these dollars from private sector industries and use them against them to cut them out of their marketplace and market share whether here or abroad. Shame on them.

**Ms. Carolyn Parrish (Parliamentary Secretary to Minister of Public Works and Government Services, Lib.):** Mr. Speaker, the other member talked about having one or two companies out there doing a really good job of something and the federal government should not get involved.

I would like to hear how the member would expect the mint that produces coins to survive if those companies doing a really good job of making the raw materials decided to raise the prices, triple or quadruple what they are now. What controls would we have over that? It sounded like a fairyland over there.

**Mr. Rob Anders:** Mr. Speaker, the one thing the Liberals do not understand is competition. It is called open bidding. If they are willing to generate \$3 million in revenue from foreign sales, they can just as easily go ahead and purchase through foreign sales the products they need.

[*Translation*]

**The Acting Speaker (Mr. McClelland):** Is the House ready for the question?

**Some hon. members:** Question.

**The Acting Speaker (Mr. McClelland):** Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

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**Some hon. members:** No.

**The Acting Speaker (Mr. McClelland):** All those in favour will please say yea.

**Some hon. members:** Yea.

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

**Some hon. members:** Nay.

**The Acting Speaker (Mr. McClelland):** In my opinion the nays have it.

*And more than five members having risen:*

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

*And the bells having rung:*

**The Acting Speaker (Mr. McClelland):** The recorded division on this motion stands deferred until Tuesday, December 1, 1998, at the end of government orders.

[English]

## SUSPENSION OF SITTING

**Mr. Peter Adams:** Mr. Speaker, I suggest the House be suspended until 6.30 p.m.

**The Acting Speaker (Mr. McClelland):** Is that agreed?

**Some hon. members:** Agreed.

(The sitting of the House was suspended at 6.24 p.m.)

• (1830)

## SITTING RESUMED

The House resumed at 6.30 p.m.

**The Speaker:** Order, please. Pursuant to order made earlier this day, the House will now proceed to the consideration of a motion to adjourn the House for the purpose of discussing a specific and important matter requiring urgent consideration, namely the agriculture industry.

## EMERGENCY DEBATE

[English]

## AGRICULTURE

**Mr. Gerald Keddy (South Shore, PC):** Mr. Speaker, I move:  
That this House do now adjourn.

**The Speaker:** Before I call on the hon. member for South Shore, so that we all know what is transpiring, the length of speeches is 20

minutes. You may split the speeches in any way you want. Any speaker may split his or her allotted time. There will be four hours of debate.

**Mr. Gerald Keddy:** Mr. Speaker, it is an honour and a privilege to rise in this House this evening and speak on the emergency debate on agriculture. Mr. Speaker, I would like to thank you for granting that debate last Friday.

I would like to split my time with our agriculture critic, the hon. member for Brandon—Souris.

I am certain everyone in this House is aware that there is an agriculture crisis in Canada. That crisis is very real and it is with us today. It has been with us for the last couple of years in the agriculture community and we expect it will be here tomorrow. It will take some resolve on the part of this government. It is going to take some resolve on the part of the minister of agriculture and some resolve on the part of the finance minister to find the means to attack this problem.

Several international factors have combined to threaten many parts of Canada's agriculture industry. The huge support payments of the European Community and the U.S. government's support to farmers combined with the Asian financial crisis have had a devastating effect on the Canadian agriculture community and the rural way of life across Canada.

In 1997 net farm income fell 55% nationally. In 1998 farm cash receipts in western Canada are down drastically. There is a crisis in the hog industry that is affecting every major hog producing province, provinces like Quebec, Manitoba and Ontario. To add to this problem, the agriculture industry in Nova Scotia is reeling from two years of drought that have coincided with significant cuts to government support programs.

Many in the agriculture industry feel that farm safety nets will not be strong enough to protect Canadian farmers from further drops in farm income.

Some statistics are worth repeating. I am sure before the evening is over, we will repeat this one several times. However, I will say it one more time because I want to stress the importance of this. In 1997 net farm income fell 55%. That is half the net farm income gone. It is impossible. It is a concept that most of us in small business have a very difficult time and a very difficult job to grasp. In 1998 farm cash receipts in western Canada are down again and there are concerns that the farm safety nets will not hold.

Canada ranked second last in the Organization for Economic Co-operation and Development for government assistance to farmers. Canada's producer subsidy equivalent is 2%. The United States is 16% and the European Union is 49%.

Our farmers do not have to take a back seat to anyone in the world. They can compete on a fair basis with any farmers anywhere in the world. However, when farmers and producers in the United

States are getting a 16% subsidy and farmers and producers in the European Union are getting a 49% subsidy, it makes it very difficult for our farmers to compete on an even footing.

• (1835)

It is not sensible for anyone in this House to think the European Union will drop its subsidies in the short term or that the United States will drop its subsidies in the short term. The only sensible train of thought taken from that would be to support our farmers with the same type of subsidy in the same type of support the Americans are giving to their farmers and the same type of support the Europeans are giving to their farmers.

The Asian crisis has had a significant and dramatic effect on farm incomes. To combat the Asian crisis the United States recently announced an additional \$6 billion in support bringing its total in excess of \$14.5 billion U.S., which is \$22.2 billion Canadian, for 1998 alone.

It goes on and on. Somehow we have to come to grips with the fact that the farm situation in Canada is in a meltdown. Thousands of farmers are facing bankruptcy and the NISA accounts simply do not have enough money to protect them. It is incumbent upon the Parliament of Canada to find some solution to this problem.

The Asian crisis has aggravated this problem. At the same time the European Union has aggressively pushed production over the last two years, despite falling wheat prices. The European Union is providing direct support for grain at \$175 per acre of wheat grown. The EU is intervening to support the floor price of grain with intervention support prices of \$205 Canadian per tonne. The EU export subsidies are \$55 Canadian per tonne for wheat, \$119 Canadian per tonne for barley and \$137 Canadian per tonne for malt. A European farmer will not receive less than \$5.58 per bushel. Our farmers are receiving somewhere in the range of 40 cents.

We have to recognize this as a major problem and a major affront to the Canadian economy. We have to come up with some type of support program to protect our farmers and to help them in situations like this.

Canada's prime farm safety net, the net income stabilization account, was developed by a Progressive Conservative government as a rainy day account whereby farmers in good years could put away up to 2% of their profits per year, which is not a huge amount of money, and have that amount matched by the federal and provincial governments. The income in the account could be drawn upon during poor years. Farmers have started to withdraw money from their NISA accounts. For a six-month period in 1998 withdrawals increased by 70%. There is currently \$2.5 billion in the NISA account.

Other safety net measures include crop insurance and companion programs like advanced payments for crops. The federal govern-

ment contributes \$600 million and the provinces \$400 million to the total safety net structure. That is not enough. It is inadequate.

Since 1993 federal and provincial government farm support has decreased by more than 60%. Farmers are looking for a long term commitment from the federal government for support in good times and bad. Economists have estimated that Canadian wheat farmers are receiving less than 40 cents a bushel in direct support from the Canadian government. How can we compete against countries that give \$2.60 and countries that give up to \$5.69? It cannot happen.

I would like to draw upon a few facts which will be on record for the House and for members of the other parties who I hope will be supporting the debate tonight.

The Progressive Conservative Party has had a very positive record for assisting Canadian agriculture during hard times. Between 1984-85 and 1988-89 crop and income insurance totalled \$21.7 billion. We established a special Canadian grains program to offset the effects of low grain prices caused by the trade war between the European Union and the U.S. and \$2 billion was paid out over two years. Between 1988 and 1993 \$800 million was paid to Canadian farmers to offset losses from drought through the Canadian drought assistance program.

• (1840)

The PC party has stated that the federal surplus should be utilized in the following manner: one-third for debt reduction; one-third for tax relief; and one-third for government spending. The current farm income crisis makes it necessary to increase spending in this area.

Farmers need a long term commitment on farm safety nets. Currently the minister of agriculture is only negotiating a one-year extension with his provincial counterparts. Farmers need assurance of the government's ongoing commitment to a national farm safety net program. Farmers need a national program that is consistent from east to west and which is available to all producers. The assistance programs must be delivered equitably and fairly.

In the short time I have left, I would like to make a plea to the members of the Reform Party that they support this emergency debate and that they understand the crisis. Many of the members are from western Canada. They also understand that in the past we spoke as a party with a strong united voice for the producers of western Canada.

**Mr. Rick Borotsik (Brandon—Souris, PC):** Mr. Speaker, I too would like to thank the Speaker of the House of Commons for allowing this emergency debate to take place this evening. I would like to thank my colleague from South Shore for putting forward the motion in my absence.

My colleagues recognize and I am sure the minister of agriculture and members of the government recognize that I spent last week talking and more importantly listening to producers across

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western Canada. Quite frankly, I have heard too many tales of horror over the last week to recount to this House but suffice to say, this issue is a crisis. It is an emergency. An emergency debate is very necessary in order to put the issue on the table.

On November 4 when the minister of agriculture met with the provincial ministers and agriculture leaders to discuss farm income support, he said that it was a discussion meeting, not a decision meeting. This past Thursday the minister was also supposed to meet with the cabinet's social and economic committee to finalize his proposal to combat the farm income crisis. Still there is no proposal. As of Friday the minister still did not have an agreement in principle on the apparent \$2 billion bailout package as reported by CBC last Wednesday.

This week the minister is supposed to meet with cabinet yet again to try to convince his colleagues why they should support agriculture. Yet another meeting in the growing list of excuses is being used to put off making a decision on the farm income crisis. The government was even trying to make last minute attempts to put off tonight's debate. Yet another excuse for the government to put off serious discussions and deliberations.

The minister had an opportunity to show leadership on July 16 this year when he met with his provincial and territorial counterparts in Niagara-on-the-Lake to discuss the agricultural safety net program but refused to offer anything more than was under the current system.

Aside from that particular meeting this past summer, the minister has been aware of this issue since he was appointed by the Prime Minister to lead his department last year. This is an issue that should not be new to the minister or to anyone else in this House.

The minister has had access to departmental information on the farm income situation for over a year. The minister has resources, yet the Government of Canada chose and chooses to do nothing.

• (1845)

It appears to be the policy of the Liberal government to wait until things are in crisis before it attempts to fix the problem, like it did with the helicopter contracts, the department of fisheries and the Canada pension plan, to name a few.

We would not be in this situation if the political will were there. It would appear it is not. As was mentioned earlier, do our competitors have political will?

It took the Americans a very short period of time to put another \$6 billion into the pockets of their producers. The U.K. recently announced a \$250 million program. I quote the minister of agriculture for Great Britain, Mr. Brown: "I know the industry has been going through a bad patch but I am confident it has a prosperous future. To get there it needs our support now and that is what I am providing".

This was from the minister of agriculture in the U.K., our competitor in the world marketplace and certainly one which has the political will to put its money where it has to be spent, to the producers.

As we witnessed in October, our neighbours to the south announced a \$6 billion package which, on top of the \$8.25 billion package in the U.S. federal agriculture income reform act, makes \$14 billion into American farmer pockets.

I will be perfectly clear. I am not, nor is the Progressive Conservative Party, suggesting that we match the United States in income support. It would be futile. We cannot compete with the U.S. or the European Union on the same cash level. It would also be futile to think Canada can convince the U.S. or the EU over the next week to reduce their producer support to Canadian levels. They simply would not. But something has to be done.

That is why a short term immediate cash injection is needed to prevent future destruction to the fundamentals of this Canadian industry. With the short term cash injection for this year we must also develop long term solutions. We must try to protect our industry with a two pronged approach, the short term cash injection for this year combined with a long term whole farm program that will not be countervailable by the U.S. in the next round of trade talks.

If we only provide a short term approach we will only have long term problems for our agricultural industry.

I would be remiss if I did not point out that I find it quite ironic that the agriculture minister repeatedly said that he would never resort to an ad hoc program yet that is exactly what we are dealing with right now in cabinet. I do not, nor does any member of the PC party, believe that ad hoc programs are what producers need but unfortunately the government has given the industry no other options after gutting the safety net program. We would not be in this position if the government had the foresight to replace a long term program when it eliminated the GRIP in 1995.

In 1995 the government decided to take short term gain for long term pain. Other provinces did not. Alberta has a FIDIP program, a revenue program, and Ontario has a market revenue insurance program which is similar to GRIP in style but was massaged so it dealt with any countervail problems.

When commodity prices were doing well and everything seemed great on the farm, why would people think they should put emphasis on farm safety programs? The problem with that kind of thinking is that more often than not good times do not last forever. Now we are in that situation. If we had strong federal leadership for the industry we would not be in this situation.

Progressive Conservative provincial governments are making efforts to bridge the gap in the current safety net crisis. On Friday the Alberta government pledged to increase interest free loans for producers to \$50,000 from \$15,000 for hog producers. Manitoba has offered share in support of a national program, and hot off the



press, in Manitoba the agriculture minister, Mr. Harry Enns, has just indicated that he has asked the Manitoba Agricultural Credit Corporation to work with producers on case by case basis where appropriate to defer scheduled payments so that they can keep agriculture on the farm. P.E.I. also recently announced income support for its hog industry.

The time for meetings is over. The time for action is now. Producers are selling at a loss. According to StatsCan net farm incomes dropped 55% nationally between 1996 and 1997.

• (1850)

It was projected to drop another 35% in 1997-98. Next year it is only expected to be worse. This industry is expected to lose \$170 million next year, the first negative income figure since the Great Depression.

Farmers cannot wait. They need our support and they need it now. We know there is a problem, now let us get on with it.

I remind the minister of agriculture of his own words on February 9, 1993 in this House: "I want to address this to the taxpayers who wonder why governments spend billions of dollars on agriculture. The taxpayer, like all of us in these recessionary times, finds it difficult to rationalize big expenses. Why do we continue to support agriculture? The answer is because it is worth our support. The cost for farm support is not cheap but Canadians should ask themselves where they want their food to come from. I believe they want it to come from Canada". I agree with those comments. Let us do something.

I would like to be of assistance in this debate. I would like to make sure the minister of agriculture knows he has our support in the Progressive Conservative Party. I implore him to go to his cabinet colleagues to make sure this program is put into place before the end of the year, sooner than later, so my producers can come back to the land in the spring.

**Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.):** Mr. Speaker, I will split my time with my parliamentary secretary.

There is no question we are all aware and many more Canadians are aware this week and in the last number of days of the tremendous anxiety in the farm community in Canada today, particularly among those farmers who are involved in the hog and grain sectors.

I have spent my lifetime in the agriculture and agri-food industry. I know the situation that too many Canadian farmers are in today. I can tell the House in all sincerity that I have never worked harder on any issue than I have on this and will continue to do so. I appreciate the support of my colleagues in cabinet, my

counterparts in the provinces, farmers themselves, the farm organizations, my colleagues on this side of the House and all members on this issue.

We need to come up with a program, some support and the most effective solution that we can to meet the needs of the agricultural community and the country as a whole.

I also thank all my colleagues in the House for continuing to bring this issue to the attention of all Canadians. Agriculture producers are hardworking people. They represent one of the pillars of our economy.

However, at times I think many Canadians who live in urban areas forget just how important the agricultural industry is. I thank the previous speaker for reading again into the House some comments I made along that line some years ago.

A motion like this can be very helpful in informing the public about the serious situation our farmers presently face. I am certainly well aware of the struggle of some producers and how serious that struggle is right now. I have certainly met with a lot of farmers, as I said, farm organizations, provincial colleagues and I could go on. I have been talking with them across the country from coast to coast a great deal over the last number of days and weeks.

I know how desperate too many producers are. They fear for their future and for their ability to provide for their families.

Beyond my concern about their personal circumstances, I am also very concerned about what this current situation will do to an industry that has been very robust, one that has taken calculated risks and has made a significant contribution to the economic growth of Canada in the past several years.

• (1855)

Let us not forget this industry is responsible for more than 8% of the gross domestic product. It has made a tremendous contribution to the restoration of the country's public finances. Our farmers have been very willing to take risks. We have all been the better for that. They jumped into the export markets feet first. That helped to fuel the growth of our national economy.

It concerns me that if producers feel they cannot count on us in their time need they will be less willing to take those risks in the future. Let me assure members that would have a negative impact on all of us. The federal and provincial governments have provided tools to help farmers manage the risks they have taken. We want those tools to be used.

At the same time I know in talking to farmers and provincial governments that these existing tools will not be enough to meet the needs of certain producers especially in the difficult times and circumstances right now. I am very concerned that we offer the necessary support to those producers over the short term so that

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efficient and productive farmers are not sacrificed because of global market conditions that are no fault of their own.

I know there are a number of members opposite who are pounding away on the need to do something immediately. I can tell members we are working as quickly as possible to do that. As everyone is aware, I have discussed this very thoroughly with my colleagues in cabinet. They understand the severity of the situation and are currently helping me to determine how best to act.

We have taken action to make sure farmers are able to use the tools already in place while we are mapping out the best course of action ahead. We put in place a process for interim withdrawal provisions so producers could call on their NISA accounts before the end of the tax year. We took measures to make sure producers are well aware of the advance payments for crops program to help deal with their cashflow issue at the present time.

Meanwhile I met with farm organizations and provincial representatives. We agreed to work together to look at short term options and accelerate the longer term review being carried out by the safety net advisory committee. Since then I have received the report of that committee. I have raised it with members of cabinet. We are continuing to put together the information we need to come up with a program that is effective and equitable and that does not undermine the investments we have already made.

I have also talked to input suppliers such as the Canadian Fertilizer Institute which I met with a little over a week ago. Last Friday I met with the Royal Bank. I will be meeting with other financial institutions to make sure they understand the situation our farmers are facing. I am taking every opportunity to encourage everyone who deals with farmers to act with compassion and to work with producers to manage the payment schedules in the best way possible during these tough times.

Tomorrow I plan to speak to representatives of the U.S. agricultural industry in Washington to try to convince them of the need to call a halt to the subsidy war that is again revving up. It is clear to me and I know to members on the opposite side that getting into another bidding war with the Europeans and the Americans like the one we had in the 1980s will only hurt everyone.

That is why even in the midst of the current income problems we need to continue working to formulate a strong position to go into the next round of the world trade negotiations. In the meantime I will be seeking the collaboration of provinces, the sector and my cabinet colleagues. With the support of the members opposite, I am putting all my energy into coming up with viable actions to help alleviate the burden on Canadian producers.

My caucus colleagues are sparing no efforts pointing out to me the necessity of addressing this issue. This government wants to do

the best we can for our farmers. We are also aware of the need to best what we can do best for all Canadians. Supporting an industry as significant as agriculture is what is good for Canadians. There is absolutely no doubt in my mind. It is now a matter to determine what we can afford to do and how we can shape our assistance to make sure it helps those most in need. There is also a need to talk to the provincial ministers to work out some of the details. I am counting on the provinces to do their part. The bottom line is that the Canadian agriculture industry deserves the support of all of us in these difficult times.

• (1900)

I consider it an honour to represent Canadian farmers and I take that responsibility very seriously. I can pledge to this House and to the farmers across this country that I will do everything in my power to make sure farmers get the support they need.

**Mr. Joe McGuire (Parliamentary Secretary to Minister of Agriculture and Agri-Food, Lib.):** Mr. Speaker, it is a pleasure for me to take part in this debate tonight.

I think before we go any further we should put on the record what the fifth party and the official opposition said just a few short months ago about the future they saw for agriculture in this country. I am going to quote directly from the platform of the Progressive Conservative Party, the fifth party.

I quote directly from the platform. It states "In cases such as agriculture and transportation—"

**Some hon. members:** Oh, oh.

**The Deputy Speaker:** Order, please. It is very difficult for the Chair to hear the hon. member. Obviously his remarks have provoked something of an uproar, but I am unable to tell. I would appreciate it if we could have a little order so that the Chair is able to hear the debate. The Chair is very interested in this debate too.

**Mr. Joe McGuire:** Mr. Speaker, I think I have touched a very sore spot. I am quoting from their very own platform of 1997. I want to put on the record just what is in that platform.

It states:

In cases such as agriculture and transportation, there is significant overlap between the provinces and the federal governments, with substantial duplication of services as a result. In the case of the environment, there are four federal departments responsible for elements of our environment. By merging the Departments of Agriculture and Agri-Food, Environment, Natural Resources and Fisheries and Oceans into a Department of Sustainable Development, we can ensure proper priority is placed on the inter-generational responsibilities we all bear for the preservation of our environment, while at the same time finding the savings we need to meet our other main objectives.

In that regard they were going to cut the department of agriculture, which was going to be a savings of \$608 million.

They go on to say:

We intend to reform this Department with a view to aligning its objectives more closely with those of the large and well-funded provincial ministries of agriculture.

I am not sure what the provincial ministers are saying about this today.

They go on to say:

Consistent with the trend in recent multilateral trade negotiations, we will be moving to reduce and eventually eliminate farm subsidy programs.

They were going to eliminate them all.

They continue:

Consistent with our commitment to freer markets, we will also accelerate the five year phase out in dairy subsidies.

The relationship between this Department and the private sector will also be changed. For example, we will broaden the scope for the transfer of research and development activities to the private sector. In exchange, we will be looking to increase cost-recovery for food inspection and regulatory oversight.

I know this is very difficult for them to accept after the initial speech in which they were asking the government to come out with both long term and short term subsidies to help farmers, which we are taking very seriously.

I will summarize what they would have done if they were sitting on this side of the House. Number one, the Department of Agriculture and Agri-Food would have disappeared. The budget would have been cut by \$608 million or 40%.

• (1905 )

Research and development activities would have been transferred to the private sector. Cost recovery for food inspection and regulatory oversight would have been increased. The dairy subsidy would have been phased out in three years, not five, without any compensation to dairy farmers, and farm subsidy programs would have been reduced and eliminated.

This platform is very similar to the Reform platform. They were going to put agriculture under a department for sustainable development. They did not foresee in the foreseeable future that farming might take a tumble.

Our government and our minister are working toward both a long term and a short term solution to the problems farmers are experiencing today.

The system, as a whole, is a good system. However, the minister has also clearly said that he recognizes the current downturn might prove too deep and too difficult for some producers to manage using what is currently in place.

Some farmers may not have enough in their NISA accounts to see them through 1999. That may be because they are new to the business or because they have had a couple of bad years due to circumstances outside their control. For whatever reason, they have

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not been able to save enough in their NISA accounts. We want to be able to assist those farmers.

We also want to design a program that will not undermine the system we have. In other words, we want to make sure that we design something which encourages farmers to use NISA in the way it was intended, but also provide a system to those most in need.

The National Safety Net Advisory Committee has examined disaster programs that are in place in British Columbia, Alberta and Prince Edward Island. It has recommended that a program based on the design of these programs, but with some modifications, be implemented at the national level.

The committee wants the program to be income-based and generally available to ensure it meets our trade obligations and cannot be successfully challenged. Such a whole farm approach is essential for this program to be effective and to succeed. I say that because some hon. members may either be nostalgic for the days of huge Tory-style payouts or may be confusing the committee's recommendations with such an approach.

The program viewed by the safety net committee would be a so-called green program, one that treats all farms fairly and does not discriminate against any commodity. That will be welcome news to farmers across the country.

The Minister of Agriculture and Agri-Food has said that he and his provincial counterparts are looking at this design very carefully. Such a proposal is in line with the results of a meeting held with the Minister of Agriculture and Agri-Food and his provincial counterparts in Niagara-on-the-Lake in July of this year.

I began my speech by asking where the solutions to the farm income situation were going to come from. They are not going to come from the PC platform or the Reform Party platform.

NISA and its companion funds provide a partial answer. I am confident that the ongoing work of the Minister of Agriculture and Agri-Food and the cabinet, in partnership with farmers and provincial governments, will give us the other parts.

**Mr. Preston Manning (Leader of the Opposition, Ref.):** Mr. Speaker, I rise to participate in this emergency debate on the income crisis in agriculture, which is of concern not only to our farm people, but to all of us in this House.

I will be splitting my time with the official opposition agriculture critic, the member for Selkirk—Interlake.

Surely the issue here is not whether there is an income crisis in agriculture. This fact was clearly established during the supply day

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debate on November 3 in this House when the official opposition urged the government to move immediately to defend the interests of Canadian farmers from unfair subsidies and unfair treatment by foreign countries which have changed the problem of stagnant farm incomes to a full blown farm income crisis.

Tonight, therefore, I would like to focus on two questions. First, why is it taking the government so long to act? Second, will the government provide a real solution or simply a band-aid?

Over a year ago Statistics Canada and Agriculture Canada predicted that realized net farm income would fall by 46% Canada-wide. The government did not react at that time to that prediction in a substantive way. Earlier this year Agriculture Canada predicted another 30% drop in net farm income, but there was still no substantive long range or short range reaction from the government. May I suggest that this has become part of a pattern with this government. It is slow to act, period.

- (1910)

For example, for years it was known that the cod fish stocks off the Atlantic coast and now the salmon fish stocks off the west coast have been declining in absolute terms. The government expresses alarm. The government does studies. The government wrings its hands. But the government never acts until there is a full blown crisis and even then it usually acts with band-aids.

The House, therefore, calls upon the government to act with speed on the agriculture income crisis, but also asks why the government always has to wait until an emergency is upon it to do something substantive.

The question is, will the government provide band-aids or real long term solutions? The government may talk about emergency aid of \$450 million this year and another \$450 million next year, as has been rumoured in the press. The government may put forward a non-contributory, non-commodity specific plan which would make up part of the shortfall if farmers' gross margins fall below some percentage of a five year average, as has been suggested; essentially a revenue insurance program without the premiums. But our concern is that Canadian agriculture needs more than band-aid solutions. It needs real, long term solutions.

As the official opposition repeatedly pointed out in debate on the supply day motion earlier this month, these long term solutions involve two elements. First, a more aggressive strategy to reduce, through political pressure and international trade negotiations, the subsidies paid to American and European farmers. This country has done its part to lower agricultural subsidies and it expects and should insist that its trading partners do likewise.

We suggest a two-stage strategy: a special effort to resolve our trade differences with the Americans first through NAFTA and then a co-operative joint effort on behalf of Canada and the United

States to attack European subsidies, which are really at the root of this problem.

Second, and this is the main point I want to make—it is the reason I am in this debate—what the agricultural sector needs is what every Canadian needs, what every family needs, what every sector needs, particularly those sectors experiencing reduced incomes, and that is broad based, substantive tax relief.

What has been the fiscal policy of Liberal and Tory governments in this country for over 30 years? If it moves, tax it. If it continues to move, tax it more. And if it stops moving, subsidize it.

I have in my hand a table from Statistics Canada titled "Income Tax Paid by Canadian Farmers 1993-96". It shows a total paid over those four years of \$4.2 billion, about \$1 billion per year, \$2.75 billion of which went to the federal government.

I would like to see this done by the agriculture department. It should be part of its presentation to finance and cabinet. There should be a calculation of all the taxes paid by individuals, families and companies in the agriculture sector on inputs from sales taxes on consumer goods and equipment to taxes on fuel and fertilizer. For example, we know that in 1997 alone Canadian farmers spent \$2.037 billion on fertilizer. Of that total, 15% was taxed. That is \$306 million in taxes on one input item, in one year alone, that the government took from farmers.

My point is that this government plays a shell game with taxes and subsidies. It takes with one hand and it gives with the other. But the taking is always greater than the giving.

If the government had followed the advice of the official opposition and farmers across this country and substantially reduced taxes on this sector over the last five years, I would suggest that the balances in the net income stabilization accounts would have been much higher, the savings of farmers would have been much higher and farmers would have been in a much better position to withstand the downturn in commodity prices than they are today.

- (1915)

What is the position of the official opposition on the emergency aid package which the government intends to bring forward? It is hard to say because nothing was brought forward tonight. We want to study the details when they are brought forward and cost them out.

Basically our position is this: if the finance minister will clearly declare that the forthcoming budget will contain broad based tax relief for all Canadians, including the agricultural sector, then the official opposition would be prepared to support a temporary aid package as part of that long term solution. We would also insist that temporary aid be presented as compensation for demonstrable

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injury done to our producers by foreign subsidies so that it is seen as an anti-subsidy measure.

On the other hand, if all the government has to offer is a band-aid without offering these long term solutions, we will declare that band-aid insufficient and continue to fight for the long term solutions upon which the future prosperity of Canadian agriculture truly rests.

**Mr. Howard Hilstrom (Selkirk—Interlake, Ref.):** Mr. Speaker, I certainly will participate in the debate tonight. This issue is of utmost importance to many people in my riding and across the country.

The debate tonight has already been held in the House in that Reform had a supply day motion where the whole farm income issue was debated. In essence we are going over again the very thing that Reform initiated a couple of weeks ago.

At the agriculture committee once again a Reform motion required the committee to hold hearings and come up with a report along with recommendations to the minister. That will be delivered on December 7 for the benefit of the agriculture minister.

While the debate is important in that we want to talk about it as much as possible and get all the facts out, the fact is that the Conservatives under their new leader, Mr. Joe Clark, are once again three steps behind the issue.

As noted by the hon. member for Calgary Southwest, the current Liberal government knew at least a year ago that this crisis was on our doorstep. It continued to ignore farmers until pictures of dead pigs and bankrupt farmers on the nightly news forced it to think of something. Without the Reform Party's action in committee and in the House of Commons, I wonder if this issue would be as far down the road as it is today. This crisis is real. It is national in scope and will not be over soon. This fallen income was forecast by Statistics Canada and Agriculture Canada some time ago.

Why did the Liberals fail to take action? The question has been asked before but it must be asked again. If a drop in income this severe was forecast for any other major industry such as the auto sector, would the government have failed to act or not reacted as it could have?

Our producers must have more than just a temporary band-aid. They need a long term solution. In arriving at this solution the Minister of Agriculture and Agri-Food and the Minister responsible for the Canadian Wheat Board did not attend the Saskatchewan Wheat Pool meetings two weeks ago. There were farmers there, primarily producers who had stories to tell about the income crisis facing Saskatchewan. After the tough questions at the United Grain Growers annual meeting I suppose the minister was a bit hesitant

to attend another farmer rally. However I believe that the junior minister for agriculture from the government did attend.

How can the government claim to understand the problem or develop real solutions to the problems if it does not even take the time to listen to producers in addition to industry representatives? How can the government claim to care about farmers when even rural ministers cannot drag themselves out of Ottawa?

I would like to talk about a farm rally that happened in Neilburg, Saskatchewan. All politicians and all the general public were invited to attend the rally to talk about the income crisis. There were no federal Liberals there. There were no federal NDP there. There were no federal Conservatives at this open public meeting.

• (1920)

Over 500 concerned producers organized a meeting and invited everyone. They were not only talking about income but a serious drought that hit a larger portion of Alberta and Saskatchewan. These are real people who are facing the destruction of their livelihoods. The minister of agriculture from Saskatchewan took time to attend. Once again federal representation, with the exception of two members of the Reform Party, was totally missing.

Reform attended both the Saskatchewan Wheat Pool meetings and the Neilburg rally in order to get direct input from the farmers concerned. It is because Reform has been listening to farmers that we have been pressuring the government to take action since the opening of parliament.

Unfortunately the government has not been listening, which is why we are in the middle of an emergency debate. Why did the Liberals delay the hearings of the agriculture committee by a month? Why has the government done little to implement Reform's November 3 supply day motion.

Farmers need more than handouts. At these meetings farmers told me over and over again that they needed help today. They cannot keep coming back to the government every few years. Government must create the conditions that will allow them to survive and prosper without a federal cheque.

On this list are also marketing problems that are endemic across western Canada in the way we market wheat and barley. Many grain companies and farmers have innovative ideas about how to market grains and are restricted from doing so because of the Canadian Wheat Board. It is a sad to read the papers every day of farmers being fined tens of thousands of dollars in lots of cases and some even going to jail for marketing their own grain.

This feedback has been the basis of Reform's plan to get us out of the emergency we are in. However, it must be part of a larger package. The broader package must address two key root causes of the current farm income crisis: international causes and domestic causes.

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International action is required. We must have free and fair trade abroad. This means our government must take strong action to reduce foreign subsidies. For example, the European Union subsidies on wheat production are 773% above Canadian subsidies while the U.S. wheat subsidies are 480% above Canadian subsidies. Our farmers cannot wait until the end of the next WTO talks to have these subsidies fall.

We see who is going to Europe to talk about these subsidies. A large number of senators are going over to Europe at a cost \$107,750. These unelected people will come back and have very little, if anything, to say. They certainly will not have any impact on Europeans. The agriculture minister and trade minister should be going there. At least they are elected. If their actions do nothing to help farmers, they can be thrown out in the next election.

Many people have suggested that we enter bilateral negotiations with the U.S. to develop North American opposition to the high EU subsidies. Unfortunately the Liberals have made no attempt to initiate these types of negotiations. Our government must ensure that our trading partners live up to agreements that have already been signed. The European Union is still stopping our beef and our canola exports into those countries. Trade tribunals have ruled against the Europeans in this regard but they continue to take that action and our government seems unable to do anything about it.

On September 16 the governor of South Dakota began stopping Canadian agriculture exports. South Dakota had given the trade minister a two week warning and yet the border remained closed until the first week of October. The government claimed that this dispute was due to election hype, but this was not true because we see the trade disputes continuing. North Dakota farmers have indicated that they will once again blockade the border on December 6. Where is the action to make sure that this does not happen?

Farmers who are facing some of the lowest commodity prices in recent years cannot afford to have their income problems compounded by an incompetent trade minister.

• (1925 )

I will talk for a few minutes about the domestic action that is required. A short term disaster assistance plan has to be related to actual harm created by the trade subsidies of other countries. Farmers not only need lower subsidies abroad. They must have lower taxes at home.

The hon. member for Calgary Southwest outlined three specific areas in which the government could reduce its burden on producers. These were to suspend the user fees of the Department of Agriculture of \$138 million per year, suspend federal 4 cent per litre excise tax on farm fuel, and suspend taxes on farm input such

as fertilizer. Federal taxes account for about 15% of the retail cost of fertilizers.

By suspending its tax grab in these areas it would give farmers about \$500 million. The rumours of how much aid will be put forward by the federal government are right in that neighbourhood. We would not have this problem if only tax reform was put forward by the government. The government is contemplating giving farmers emergency aid while at the same time taking more than \$500 million directly out of their pockets. This does not seem to make sense to a reasonable person.

Reform's plan could be implemented today. Other proposals will take time to implement and some of our producers will be lost in the wait. Unlike ad hoc payments, Reform's plan for targeted reduction on the cost of government will have lasting effects on the viability of agriculture. Our plan will allow producers to compete in the global agriculture environment without interference from the federal government.

Reform's plan to reduce the cost of government will not only immediately benefit agricultural producers. It will also immediately benefit the industries that support our producers. Our plan will have an immediate benefit to the economy of the entire Canadian agriculture and agrifood sector.

Above all, I absolutely insist and demand that the government not institute any program which the Americans will feel has to be countervailed due to interpretations of the World Trade Organization rules and NAFTA. If the government takes that kind of action the hurt in the agriculture area, particularly in the area of hogs and cattle, will be at least 1,000 times more than what it is today.

In encouraging the government to look at this crisis I also caution it not to do anything that will destroy what is left of the economy in western Canada.

[*Translation*]

**Ms. H el ene Alarie (Louis-H ebert, BQ):** Mr. Speaker, I feel a great deal of responsibility and emotion in rising to speak in this emergency debate on the income crisis in agriculture.

This crisis resembles the one in the early 1980s, when the government was providing three times as much income security as it does currently. At that time, the figure was \$3.5 billion, while now it is only \$727 million. Something needs to be done urgently, therefore.

There is urgency because farm incomes have dropped 20% to 40%, and for certain types of operation, up to 70%. There is urgency because, to give one example, the sales price of pork is half what it costs to produce it. So what is there left for the producers?

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In November 1997, hogs were selling at \$168 per hundred-weight, while last Friday it was \$67 per hundredweight. Grain prices are going the same way.

We are therefore calling for an emergency plan to assist farmers, who have seen their average price go down by 70% this year.

Over and above the market price, there are the rules of international trade to consider, as well as the support the European Union has given to export subsidies, not to mention direct support given to farmers. The U.S.A. has made a direct injection of \$6 billion to producers. This breaks down into \$2.6 billion in disaster relief and the rest is connected to low market prices. And that is not the end of it.

● (1930)

At a meeting in Montreal as part of the upcoming WTO negotiations, both the Americans and the Europeans expressed a desire to continue supporting their farmers. We must act now with all urgency and fairness for the 1998 production and in the future, depending on the state of the crisis.

What are the effects of this crisis? There are direct effects and there are secondary effects. The direct effects are the abandonment of farms, the agricultural crisis, which very often leads to a family crisis, the move of people from the country to the city and human tragedy on the scale of the suffering experienced on the farm.

Farm producers see a long way ahead. They have a sense of continuity. Theirs is a vocation, a way of life. Agricultural products are not like preserves, set aside until the prices rise.

Then there are the adverse effects. The two most important ones are the direct attack on rural life and the loss of expertise. The attack on rural life is straightforward. When the countryside is emptied, the community loses its structure. As to the loss of expertise, there are actual cases where people realize that restructuring the agricultural community leads to a loss of knowledge that it took years to acquire and that is hard to replace.

We heard an example of adverse effect last week, when the representatives of the Canadian canola association appeared before the agriculture committee and stated that a number of farmers wanted to produce canola because prices were good.

What are the disadvantages? First, there is a drop in productivity, because some producers will not be familiar with this method—this is to be expected from those just starting out—because this does not work everywhere, and rotation may be less successful if not done properly.

A second disadvantage is that, if supply increases, prices go down. So what was a good crop becomes an average crop because

the market is flooded. There is also an increase in disease because of greater crop concentration. Nobody is a winner.

The solution is several hundreds of millions of dollars in direct assistance based on farmers' needs. This is what we are calling "operation bail-out". There are other things that can be done, however.

Speaking of other things, I think of the Canadian Pork Council's food bank idea. This does not get a lot of attention, but it should, because there are food shortages, for instance in Central America after Hurricane Mitch, in Russia, with an economic crisis threatening to spill over into adjoining countries, and in North Korea, which is in the throes of a famine. But all these countries, whatever their religion and customs, eat pork.

What led up to the crisis we are now experiencing? It came about not because of overproduction, but because of a lack of money among some of our clients, notably Asia and Russia. We must therefore not panic and cut back on production, or we will no longer be competitive.

Why stockpile when part of the world does not have enough to eat? Canada should get going and create a food bank. The United States took this step this year, contributing 50,000 tonnes of pork, and we could follow suit, with 10,000 tonnes of pork.

This is therefore not a chronic supply and demand problem because, if our clients had the money, demand would still be going up.

Finally, I would like to speak about Quebec's problem, which is different from that of the other provinces. The Quebec pork industry generates close to \$4 billion in economic spinoffs annually and creates some 30,000 direct and indirect jobs, particularly in the regions. All hogs sold are slaughtered, and therefore undergo primary processing, in Quebec, rather than flooding abattoirs in the United States.

● (1935)

Producers participate in the farm income stabilization insurance program, which makes up the difference between the cost of production and market prices. For instance, if the present cost of production is \$140 per 100 kilos and the market price is \$67, the difference between \$67 and \$140 will be paid by the farm income stabilization insurance program.

In good years, when the price of pork is \$225, obviously nobody receives any compensation payments from this program. It is a bank for when times are bad. Obviously, we did not expect times to be as bad as they are right now.

In this program, one third of the costs are paid by the producers themselves and the money the federal government puts into the net

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income stabilization account in other provinces goes directly, in our case, into the farm income stabilization insurance program. This is a major difference with the practice in other provinces.

The Government of Quebec has just put \$30 million into the farm income stabilization insurance program to shore up the income of pork producers. It therefore expects to receive its fair share in the present crisis and to have that share cover the 1998 losses and any other losses as long as the crisis continues.

Quebec's farming sector is now undergoing a crisis of confidence. We were unfortunate, not to say unlucky, in the outcome of the scrapie crisis, and feel we did not receive our fair share of the compensation due us. I also resent some recent intrusions by the Minister of Agriculture and Agri-Food in our jurisdiction.

I am thinking of the meeting held here in Ottawa, when a meeting was being held in Montreal with the same leaders as part of the WTO negotiations. The same thing is going to happen again this week during the meeting of the Union des producteurs agricoles, and tomorrow, for the visit in Washington, the fourth and fifth parties have been invited, but not the third. This leaves us bitter, worried and anxious, and this is the place to say so.

The meeting of the Union des producteurs agricoles, which consists of all representatives of farmers in Quebec, and is therefore the only organization representing them, has as its theme next week "Growing the future together". How can we think about the future, when our farmers are unable to make a living in the present?

In conclusion, whatever the federal government's new plan is, it should take into account the Government of Quebec's initiative, and the particular nature of Quebec's farm safety net income program. The Bloc Québécois will be opposed to the soon-to-be-announced emergency plan if it penalizes Quebec's producers, particularly our hog producers, in any way.

Our political party will also be opposed if the federal government favours one region over another in the kind of assistance it plans to provide. By this I mean that, by providing greater assistance for live hog producers than for producers of processed pork, the federal government would be favouring Ontario, which exports live hogs, over Quebec, which exports processed pork.

Whatever the outcome in Quebec today, the Bloc Québécois will be very vigilant. A speedy response to this crisis is necessary.

In order to take into account the special character of Quebec and the fact that the government has already taken specific action to assist affected hog producers, various solutions could be considered, one of which might simply be to compensate the Government of Quebec for the assistance it decides to give hog producers.

[English]

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, I am very pleased to have the opportunity to participate in the debate this evening and to share my time with my colleague, the member for Regina—Lumsden—Lake Centre. He was the first member of the House to begin calling for an emergency debate on the crisis faced by our farm families and our farm communities.

• (1940 )

Our caucus ever since has been calling for swift action by the government. It is very regrettable that we do not yet see signs that the federal Liberal government recognizes the severity of this crisis nor the urgency that is required to move swiftly to address the tragedy that is unfolding. Let us be clear that the magnitude of this crisis is surpassed in this century only by the Great Depression of the dirty thirties.

We have been trying to get the government to recognize that it must act before more lives are devastated, before more lifelong investments are jeopardized and more livelihoods destroyed. Regrettably farmers and their families are still waiting for that swift action.

Low international commodity prices for agriculture products, particularly grain and hogs, and the tailspin in Asian markets have put the livelihoods of tens of thousands of Canadian farmers at risk. Nowhere is it clearer than on our farms today that globalization rules crafted to meet the demands of the mega corporations to make mega profits will never serve ordinary hardworking farm families. We must ensure that increased globalization is accompanied by increased safeguards at the international level.

However, proposals to rein in speculators in money and commodities and to bring humanity to international economies cannot be put in place overnight. A Tobin tax on international speculation will not help our farmers today. Promises of more rational international economic management will not provide relief tomorrow. As I said in the House last week, we cannot feed pigs with promises and we cannot grow grain in such uncertain ground.

Canadian farmers face a crisis now. It is not good enough for Liberals to do as little as possible as late as possible. Nor is it helpful for the Reform Party in its usual Pavlovian fashion to pretend that lower taxes offer a solution to this crisis because they do not. And to howl long and loud about international subsidies will not solve the crisis either.

These farm families need urgent assistance and they need it now. They need quick and decisive action. Neither the government nor the official opposition seems to understand that. Or if they do, they



apparently are not willing to respond with the urgent measures that are so desperately needed.

Make no mistake. This is a crisis. In 1998 farm income in Saskatchewan will decline by nearly one-half a billion dollars. That is over a 70% decline in income. In Manitoba it will decline by more than a quarter of a billion dollars, \$300 million. In Prince Edward Island incomes will be 33% lower than the 1993-97 average.

Since 1995 wheat prices at the farm gate have dropped 40%. Hog prices have dropped 60% from 1997 levels. In my home province of Nova Scotia almost \$50 million will be required to make up for lost revenues. The lost farm income in Manitoba and Saskatchewan alone is equal to all of the losses in this January's ice storm.

What is the cost of waiting? What is the cost of the Liberal approach of waiting until the last minute to pay as little as possible to our farm families in distress?

First, it means fewer family farms and more agribusiness. If trends continue, there will be 7,500 fewer farms in Manitoba in less than 10 years. Fewer family farms spells disaster for the small businesses that depend on the strong local farm economy. And fewer farm families means greater strains on our rural infrastructure, more school and hospital closures, reduced services and destruction of a way of life.

Second, the Liberal delay means that thousands of farms that can be viable if they are helped to weather this storm will not be around when the snow melts. They will not be able to afford the seed, the feed or the fertilizers they need to survive into next year.

Inside and outside this House the member for Palliser and other NDP members have been warning the minister since last March of the mounting farm crisis. In October, New Democrats proposed an emergency program to match recently announced U.S. assistance. In response to our questions, the minister simply boasted that Americans envy our farm support programs and that his government was studying the problem.

• (1945 )

The Americans did more than study. They acted at the first sign of trouble. Meanwhile our agriculture minister has not yet convinced his colleagues of the urgency of the crisis. It is shameful and a national disgrace that a government that boasts a \$10.5 billion surplus has neither the humanity nor the competence to address this crisis.

Since the United States implemented its program of relief, what have we had from this federal Liberal government? Sixty more days of inaction. Sixty more days of bankruptcy. Sixty more days of foreclosures. Sixty more days of stress and crippling uncertainty for our farm families.

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In Saskatchewan alone requests for farm debt mediation and consultation services have increased 76%. Meanwhile Reformers advocate tax cuts for fertilizer and farm implements as the remedy. Talk about an eyedropper in an ocean. A few hundred dollars in tax relief from reduced sales taxes is not going to make up for the \$60 lost in each and every hog produced or compensate for more than a 70% reduction in farm income.

Reform talks about unfair subsidies. Our farmers are in this crisis partly because the Liberal government blindly and foolishly followed Reform proposals to cut \$600 million in farm support. In fact, the Liberals driven by Reform mean-spiritedness cut nearly \$2 billion in support. They went further than the Reform Party advocated in the way of cuts, which is why we are in this mess today.

While Europeans and Americans were carefully and steadily reducing subsidies in line with the WTO guidelines by 25% over five years, Canada chose to reduce subsidies by over 60% for crops. Cancelling the Crow benefit alone meant an annual loss of \$700 million to prairie farmers.

Reform's leader said he was not convinced of the need for an emergency income program. He should open his eyes and unplug his ears. Listen to farmers across this country who see their livelihood threatened by an international crisis not of their own making and a government that has slashed agricultural support far beyond that of our competitors and far beyond WTO requirements.

People's lives are at stake. They need assistance, not Reform members shaking their fists at international subsidies.

What should the government do to restore hope to Canadian farmers? Let me outline a four point plan that must be implemented immediately.

First, a program of emergency income assistance, at least \$700 million, that matches the aid provided to U.S. farmers. Second, in conjunction with the banks, a moratorium on farm foreclosures. Third, improved debt management provisions for farm families and the businesses that depend on them. Finally, we must ensure that food is not destroyed, not ploughed under, not slaughtered and left to rot in this crisis. This is food that could be used to feed hungry people in crisis at home and abroad. We should make sure that we take this humanitarian approach.

This has to be a national program to meet the needs of all Canada's farmers. The national government must take the leadership and the lion's share of the responsibility, leaving room to be sure for supplementary programming from the provinces.

In closing, I want to say that agriculture is one of the most hopeful and visionary of all occupations. More than an occupation, it is a calling.

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Each year a new spring gives renewed optimism for the future. Better weather, better crops, better prices. We must ensure that this coming spring is one of hope. If we fail, it will be instead a spring of despair. We can make it a spring of hope, but we must act quickly and we must act now.

• (1950)

**Mr. John Solomon (Regina—Lumsden—Lake Centre, NDP):**  
Mr. Speaker, I am very pleased to participate in the debate this evening.

I was the member of parliament who on October 5 called for an emergency debate on the looming farm crisis. My colleague the member for Palliser had been raising this issue in the House of Commons for weeks prior to that. We see the looming crisis now upon us and I want to share a few reasons for that.

We have seen in Saskatchewan the net farm income to farmers decline by 70% in 1998 over 1997. We have seen the price of hogs basically collapse in the last four or five months. They are decreased in value in terms of selling price by 60%, although at the supermarket the price of pork is still the same. There must be some kind of a gouging in the middle. Maybe the government could look at that. Certainly the consumers are not getting any benefit of this crash in the price of hogs, nor are the farmers. I am sure it is some of the larger corporations that subsidize and donate to the Liberal and Reform parties.

We have had a number of signals from Saskatchewan and other parts of western Canada.

Donette Elder is a farmer at Fillmore who operates a farm distress hotline. She told me that in her 15 years involved in this operation, it has never been as busy as it has been this year. The Saskatchewan government has a group which handles stress calls from farmers as well. The numbers are way up. There is a farm debt mediation services and farm consultation services organization in Saskatchewan that deals with farmers who are in financial distress with respect to their land. They deal with farmers before it gets to the foreclosure situation. Their business unfortunately is up 72% over last year. To date, 371 farmers have asked for mediation services with respect to their financial condition which is an increase of 155 farms over last year.

I have been in my constituency and other parts of the country. I have been in Tugaska and Lumsden and Craik and Nokomis and Brownlee. I met with hundreds of farmers. I never got to Neilberg for the big rally. It is a little distance from my constituency. I was in Ottawa at that time. I know that Saskatchewan minister of agriculture Eric Upshall was there and represented the NDP very well.

Farmers from Tugaska and other places are telling me that they are in big trouble. Craik is a very small town, actually a village,

with a number of larger farms around the community. There were 22 producers who could not pay their chemical bill as of November 1 from the last crop year. Should an alarm bell not go off in terms of what is happening? This is some of the finest farmland in Saskatchewan with very high production and very high yield.

We have seen the fertilizer costs go up 57% from 1992 to 1997. We have seen farm chemicals increase 63% over that same period. We have seen \$130 million extra in cost recovery, for example the privatization of the meat inspection facilities, that have gone on the farmers' backs. We have seen the biggest problem that farms and in particular grain producers and wheat producers are facing which is the loss of the Crow benefit.

I went to the Council of Europe in Strasbourg, France. I happen to have a community in my riding called Strasbourg. I went to Strasbourg, France in 1995 to speak at the Council of Europe. I went there as a delegate from this parliament. I had an opportunity to meet with the 38 European countries that are members of the Council of Europe. They meet quarterly and discuss issues such as agriculture.

I met with the agriculture committee in 1995 I asked all the MPs from the 38 European and eastern European countries what they were doing to address the farm subsidy issue in their countries. I told them that the Liberal Government of Canada was eliminating the Crow benefit, which was a subsidy, because of the WTO requirements. I said "We have eliminated our Crow benefit which is about a \$700 million benefit a year to our grain producers which is guaranteed in legislation. We are eliminating that in order to have good competition. What are you going to do about it?"

They said "We have five years under WTO to address the subsidy issue, not to solve it but to address it. If you think after five years we are going to sacrifice our farmers for the U.S.A., you are crazy. We will never do that". Three years later after we have gutted the Crow benefit, the European Community and the U.S.A. are providing not the same but higher subsidies than three years ago. Meanwhile we have abandoned our farmers.

• (1955)

We can only draw one of two conclusions from this. Did the Liberal government get suckered on this negotiation and deliberately betray Canada's farmers, or did it deliberately do it, knowing that it did not really care to support farmers in our country? I sense it was both. The Liberals do not really like farmers in western Canada because farmers do not seem to vote for every Liberal candidate who runs. That is negligence on behalf of the government. I would ask the government to consider that.

The final word I got was from a gentleman by the name of John Germs. He is the president of the Saskatchewan pork producers. He

wrote to me saying hog farmers in Saskatchewan and other parts of the country are suicidal because of the loss on their hog farms. That is a very serious issue.

We should have long term solutions and short term solutions. I am proposing five items for short term solutions.

We need to provide some disaster relief for farmers as soon as possible. Some say \$700 million. The NDP says \$700 million is a start. It is a good number for grain and pork producers.

We should accelerate or advance the date for the final payments on wheat and barley to provide cash to farmers in a quicker way.

If NISA is used, and I am not advocating that it be used, but if it is used it should be provided to farmers as quickly as possible without the red tape that is required to get it. They should only be allowed to use the tax free portion so they do not have to pay taxes held on their NISA accounts.

The Government of Canada should deal with the input costs I have referred to. We have a lot of farmers who do not have a lot of bank debt in comparison to the farm crisis in the 1980s but they do have more credit with suppliers such as fertilizer companies, chemical companies, grain companies and machinery companies.

The government would do well to take my advice to pursue the issue of gasoline and diesel fuel price fixing in Saskatchewan. The farmers are being hammered on that input cost alone and it should do something with it.

I think the agriculture minister has already said this, that the government will deal with the financial institutions and work in a co-operative and collective way to ensure that our farmers are not taken advantage of by the institutions.

There are two long term solutions. We should address the issue of the subsidies that the EU provides its farmers and the U.S. provides its farmers. If they do not comply within a period of time, let us say 12 months, then maybe we should be looking at reinstating some kind of competitive agricultural program to support our farmers.

There is another issue I want to raise in terms of long term. When the Crow benefit was depleted, the deregulation of railroads occurred at the same time. Farmers' transportation costs doubled and in some cases tripled as a result of the deregulation and the Crow benefit being taken away.

We have a serious situation with respect to the agriculture economy. We have very solid recommendations from the NDP to the Government of Canada to follow these issues to the end and make sure that our farmers do have some sort of protection.

The Reform Party has touched on a couple of issues I want to respond to. Many people tell me that the Reform Party has lost touch with the bread and butter issues that first sent it to Ottawa. In

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the House of Commons on November 3 I asked the Leader of the Opposition whether under the circumstances with respect to the farm income crisis he would support an emergency disaster program, a relief program for farmers. He stood in this House and said he would not support any kind of cash supports for farmers in terms of the emergency.

The Reform member for Selkirk—Interlake, the agriculture critic went to the Saskatchewan Wheat Pool meeting a week ago last Friday where I spoke as well. Farmers pleaded to both of us to support an emergency program. The Reform agriculture critic said no that they were going to have tax cuts and if they ever make any income it is taxable and they will do all sorts of positive things.

To set the record straight, the Reform Party is not a friend of the farmers. On the contrary, I think it is a friend of the chemical and oil companies because the Leader of the Opposition worked for the oil companies for many years. They fund his party and they decide what policies the Reform Party will undertake and support in the House.

• (2000)

People in this country are telling me more and more that the Reform MPs are letting ideology get in the way of common sense. Farmer after farmer, business person after business person, housewife after housewife, every person I speak to in Saskatchewan tells me the Reform Party has lost touch. That is a very serious condition, in particular when we are trying to defend and support an agricultural sector that is under attack not only by the European Community and the U.S. but by the Reform Party inside our own country.

**Mr. John Harvard (Charleswood St. James—Assiniboia, Lib.):** Mr. Speaker, I will be sharing my time with the distinguished member for Hastings—Frontenac—Lennox and Addington.

Earlier this evening I listened with interest to the remarks of the hon. Minister of Agriculture and Agri-Food. His 25 years of experience as a farmer show that he truly understands the extent of the problem some Canadian farmers are currently experiencing. Like Canadian farmers, I am very pleased and reassured to see the minister is on top of the situation and that he is acting on it. He is doing everything in his power, everything he can, to tackle this issue. He has kept everyone in the House well informed of the situation. He has had ongoing discussions with industry, the financial community, the provinces, his cabinet colleagues and the members of the House to encourage all of us to work with him in putting forward concrete solutions to this very real problem.

We all agree that the agriculture and agri-food sector is crucial to the Canadian economy. It is one of Canada's top five industries and

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it is Canada's third largest employer. None of us can afford to let it go down the drain. We all agree that what Canadian farmers need right now is some type of assistance to help them deal with the situation on a short term basis. They need a program to keep their businesses going in a very severe unprecedented downturn.

That is where the whole discussion about a combination of programs comes into place. The minister and cabinet are working to develop the right mix, the right combination of programs, including the use of the present system of safety nets and the creation of a national disaster program.

We all agree our plan of action must not only deal with the short term, which this government is doing under the direction of the Minister of Agriculture and Agri-Food, but we must also focus on longer term effective solutions. As markets around the world gain strength, and we know they will, Canadian farmers must be in a position to capitalize on that economic renewal.

Our record performance of the last four or five years will come back. It will come back because we have a highly competitive industry and even in the face of the current market downturns we are doing what we need to do to get ready for the future. The perfect example of that is the ongoing consultation with the Canadian industry to put together a strong negotiating position for the upcoming round of negotiations at the World Trade Organization.

As chairman of the Standing Committee on Agriculture and Agri-Food, I can say that organizations within the industry from one end of the country to the other appreciate that we have invited them to give us their input on the kind of negotiating position we should strike for the beginning of the WTO negotiations a little more than a year from now.

These negotiations represent an important opportunity for Canada to maintain and extend its competitive advantage. The talks represent a unique chance to continue what we started over four years ago when we signed on to the WTO agreement at the end of the Uruguay round. That round brought some semblance of order, some rules to world trade in food and agricultural products.

• (2005)

However, the current farm income troubles have a lot to do with poor world market conditions, conditions that have been worsened by the protectionist mood in some parts of the U.S. and by the EU's continued use of subsidies.

Canadian farmers are justifiably worried about what might be around the corner. I want to reassure them that this government is doing everything in its power to dissuade the EU and the United States from falling into another trade subsidy war. We are absolutely committed to continue working on this front.

Members heard the minister say he will continue to talk on a bilateral basis with leaders of the United States and Europe. We also intend to fully use the next WTO round to put an end to the big powers' trade distorting tactics.

Subsidies especially hurt smaller and medium size countries like Canada. They are a detriment to a strong and healthy global agricultural economy. Canada will be pushing hard in these negotiations for a multilateral commitment to phase out agricultural export subsidies once and for all. Such subsidies were banned for industrial products in the mid-1950s.

Surely after half a century it is time to rid the agricultural sector of this most aggressive and unfair form of government support. Producers in one country should not have to compete against the treasury of another.

Whether wheat growers in Saskatchewan, Argentina or in the United States, farmers are a vital and valued part of society. No matter who we are or where we are from, we all have the same goals of strong agricultural economies, prosperous rural communities and a decent standard of living for those who work the land.

Over the next year the Minister of Agriculture and Agri-Food will continue to consult with industry groups to craft a solid, unified negotiating position that takes into account the full spectrum of interest within our diverse agriculture and agri-food sector.

This round of talks is one further essential tool in our long term strategy for the sector. As members know, these sorts of negotiations take time. They are very much our long term approach.

This government has heard the industry's call for a disaster program to deal with the immediate very serious income shortfalls and we intend to take short term action as well as action over the longer term.

I conclude on one extremely important point the Minister of Agriculture and Agri-Food has made over and over again since the farm income ordeal began.

Our long term and short term strategies must first and foremost be complementary. One cannot hurt the other. One cannot take precedence over the other. Our solution to this extraordinary situation must be what we call WTO green.

Canada cannot afford to open the door to any further countervailing actions from its competitors. That is why the government, including the Minister of Agriculture and Agri-Food and the Minister for International Trade, is working very hard to ensure that whatever we do will be ultimately helpful and will not hurt our producers or taxpayers by generating retaliatory trade actions.

I remind members the hog industry is one that has lost a lot of money to countervailing actions in the past and none of us wants to see that again.

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That is why the government is taking the necessary time to design the very best possible program, a program that meets the needs of farmers and all Canadians and programs that are WTO green so that the money ends up in the pockets of farmers.

**Mr. Larry McCormick (Hastings—Frontenac—Lennox and Addington, Lib.):** Mr. Speaker, I appreciate the opportunity to speak on the emergency debate on farm income.

I am very glad that our Standing Committee on Agriculture and Agri-Food has been listening to witnesses from almost all commodity groups across the country for several weeks.

• (2010 )

Because this crisis is very real we want to work with all involved to assist our farmers.

The Minister of Agriculture and Agri-Food has spoken with passion and conviction about the serious situation in farm income. I know his commitment to deal with this problem is sincere and his response reflects the nature of the challenge.

Demand for key agricultural products in Asia and Russia has been drastically reduced as the buying power of consumers has shrunk. The link between the global financial crisis and farm income in Canada is not a matter for debate.

Combine this with the simultaneous cyclical price downturns in grains, hogs and cattle and pockets of poor production in some areas and we get a situation in which many producers are seeing a pretty significant reduction in income this year, in fact a drastic reduction.

There may be some members who would argue the answer to these problems is insulation from the global economy, but that reflects their simplistic view of the world rather than compassion for those affected by this crisis. Offering complaints cannot be equated with offering solutions and what people need are workable solutions.

Talk of removing Canada from global markets, international trade and the need to export makes great rhetoric but will not make one iota of difference to the financial security of men and women working on Canadian farms. Neither will bland complaints about not getting everything we want or when we want it from trade negotiations.

Let us do our farmers justice by eliminating the rhetoric and instead working together to offer practical responses to a complicated problem.

The responsibility of governing demands that we offer the pragmatic and not the dramatic. As this government has done in the past, we will continue to work with farmers and provincial

governments to put programs in place that are equitable and available to all in need, no matter what province they live in.

We will also work with these same partners to develop a strong, united and compelling position for international trade negotiations. In bringing forth long term and short term responses to this serious situation, we are committed to both collaboration and co-operation.

Canadian farmers have a right to expect such an approach to this problem. There is no room for theatrics or one-upmanship given the nature and the magnitude of the problem.

Our most recent farm income figures, and let me underline that these figures were developed with the provinces, show that at the national level overall net farm income is down 4% from the average over the last five years and down 20% from 1997.

Of course that aggregate number hides the problems we know exist. Some parts of the country are suffering worse than others and depending on the commodity, some producers are practically unaffected while others are hurting very severely.

We know there are serious problems in the hog and grain sectors. The majority of hog producers are in Quebec, Ontario and Manitoba and yet Atlantic Canada has significant hog production and so these areas have been affected.

The majority of grain farmers are in Saskatchewan, Manitoba and Alberta. There are grain farmers in parts of Ontario. There are wheat farmers in my riding. Meanwhile we must not forget that we have other producers who experienced serious droughts and even outbreaks of disease such as scrapie. This is the full context of the farm income situation and we must recognize all the forces at work. Doing this will help to bring sense to the numbers.

Looking at these problems regionally we see that in Prince Edward Island, Saskatchewan and Manitoba the situation is particularly serious. Realized net farm income is forecast to be down 40% this year in P.E.I. and Manitoba while in Saskatchewan farm income could fall almost 70% relative to the previous five year average. Unfortunately our current forecast also predicts that those who are having trouble this year are not likely to see improvements next year.

I know there are a great many people in communities from coast to coast facing hardship and who are looking to the Government of Canada for relief and assistance. There are other pressing issues that demand the attention of the federal government. It is not one or the other. We must find a way to do the best we can for all these people.

• (2015 )

The farm income situation is not one that the government will retreat from any more than it will retreat in the face of any other challenge. We want to fix this problem as quickly as possible in

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order to bring some sense of calm back to the sector that has become increasingly desperate in recent days.

Moving forward, not backward, requires partnership between the levels of government. That principle was established in previous events. As with the ice storm earlier this year, the federal government will pay its share. The provinces can count on that.

In designing our immediate response to the farm income situation, we will shoulder our load. Clearly provincial governments in affected areas will also have a load to bear, and that is unavoidable. The challenge is to design a response that divides the load and best serves the public interest. Again this is a sincere and pragmatic approach and reflects the responsibility of government.

There is never a place for adversarial relationships between federal and provincial governments. In the current situation this is especially true. The Minister of Agriculture and Agri-Food has made it clear that he wants to work with the provinces in addressing this situation. Farm organizations and both levels of government are now working on solutions that address conditions in the affected regions to meet the needs of those most affected.

The minister has also emphasized the need for open communications and a transparent process to let people know what is happening. Solutions will come from this hard work. Effective programs will be produced by this approach. Will it be flashy? No. Will it be a total cure? I think not. There are no quick, easy or total solutions.

Workable and meaningful solutions do not have to be flashy or miraculous in order to make a difference. Making a difference is part of governing. The Government of Canada is committed to making a difference in the farm income situation.

**Mr. Garry Breitkreuz (Yorkton—Melville, Ref.):** Mr. Speaker, I have a one hour speech but you are not going to give me an hour. I prepared a lot of my speech in advance because I knew this debate was coming. I will lay aside my speech, if I do not have this hour, and I will be sharing my time.

I am not here to score cheap political points as some of the other political parties. I was to describe the farming situation. Instead this evening I will read to the House, describe to the House and give the House some of the comments farmers have made directly to me.

I will start with a letter from Bill Lozinski that I received last week. I am hoping the government will listen because the people I will tell the House about today are real people and they need to be heard. This is what Mr. Lozinski had to say:

Dear Mr. Breitkreuz,

I do not feel guilty or ashamed to be paid fairly for what I produce. The unfairness in today's agriculture situation is unbelievable.

One bushel of wheat will produce approximately 125 loaves of bread which amounts to \$250 (give or take a dollar or two)—

That is if they are bought in a grocery store. He went on to say that farmers get \$2.50 of that amount. Out of the \$250 that it cost people to buy the bread, he says farmers get \$2.50. He continued:

—and it costs us \$75-\$100 an acre to produce it. (fuel, fertilizer, chemical and seed). I'm not even mentioning the cost of machinery.

Let me stop here for a minute. I used his calculations. Does the House know that from one acre a farmer can produce 3,750 loaves of bread? That is how much these farmers are producing and he said that they are not getting anything for it. Yet the people of Canada are benefiting. Let me continue with his letter:

When farmers have money, the economy thrives. I once read that one dollar in a farmer's hand is multiplied 15 times because it is put into the economy in so many different ways.

We are not a burden on the taxpayers. We subsidize every person who buys groceries. The cheap food policy is killing rural Canada. When the price of food goes up in the store, farmers never see an increase in commodity prices. In fact, it's going backward. We are making a lot less.

(The price of a bushel of wheat in 1929 was \$2.65 a bushel).

• (2020 )

We can compare that to around \$2.50 or \$3.00 today. Things have not changed but everyone knows what has happened to costs. Let me get back to his letter. It is very interesting. It went on to state:

My brother-in-law lived in Switzerland for the last three years. Their grocery bill was about 50% of their gross income. A pound of hamburger was \$15. A half a loaf of bread was \$3.50. A turkey was \$85. (Not even a good one, according to my sister-in-law). Their farmers receive an outstanding price for their commodities. I'm sure you have heard the stories of \$12 for a bushel of wheat. Well, the truth is they make a lot more. Their farms are small and they have a lot of them. They are more numerous than most farm families here.

I cannot read all of his letter so I will go to the end of it:

A strong and diverse rural economy is in everyone's best interest. It is not a question of can we afford \$50 an acre to offset the low commodity prices. We cannot afford not to.

That is the point. At \$50 an acre we cannot afford not to have that. He continued:

Thank you, Mr. Breitkreuz, for your efforts. You can't even imagine how important this issue is today and will become in the future. Affordable food is the single most important thing in all our lives. Let's make sure it doesn't become the thing that kills us in the long run.

Let us listen to what he has to say. I especially address that to the people in the cities who are listening today.

I have spent a lot of time and effort finding out what farmers in my riding have to say in this regard. I have received over 1,000

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replies in the last week alone on this issue. In the last few hours I have attempted to summarize what these people have to say.

Is there a farm crisis? Ninety-two per cent of the people who contacted my office, a mix of farmers and non-farmers, say that there is a crisis. About 70% of the people who have been contacting my office are farmers. Eighty-seven per cent of those who contacted my office said that it was affecting them directly.

Another question they responded to was what is causing this. Quite a large percentage said that what was hurting them was that input costs were too high. The second thing they emphasized in regard to what is really hurting them is the grain prices that are too low. Those two factors were the key factors causing this crisis.

How is this manifested? They cannot pay their bills. They are forced to get off farm jobs, which is creating a lot of stress for them. Businesses are complaining that farmers are not spending money in the communities around the farms and incomes have dropped substantially. That is what I am hearing from the people in my riding as I try to summarize all the responses in this regard.

Another thing I have been asking a lot of the people is whether NISA and crop insurance is good enough. This shocked me. Ninety per cent of the people who responded to my office said NISA and crop insurance were not enough to address this problem. I hope the government is listening, because it is not Reform or me who is saying this. This is what the farmers are telling me.

What are the solutions? Where are we to go on this? Approximately 50% of the people are saying they need some emergency help right now. A good percentage are saying they need help in transportation. Another thing they emphasize is that they need tax reductions. Almost half of them are saying they need some form of tax reduction.

I was quite surprised at the next one. There are very few who say they need to be able to borrow more money. They do not see that as an answer. There is also quite a large percentage that says user fees must be stopped because they are killing them. I guess everyone knows there is about \$138 million in that.

If there is to be some emergency aid, one of the things I asked them was how they would like it to be distributed. I think this is important so I hope the government is listening. Over 50%, the vast majority, feel that it should be a per acre or livestock production specific. They feel that would be the fairest way for the government to address this issue.

• (2025 )

NISA did not score very high. Less than 5% said that if we improve NISA it will somehow help. About 10% of the people said that we needed a guaranteed price for our grain. By and large they

felt that a per acre payout of some kind or some livestock specific production was needed.

I have also gone ahead and summarized a lot of comments. Members have to realize that when one gets a 1,000 letters and responses coming into a riding on this issue it is very difficult to have everybody's opinion tabled in the House of Commons. I will quickly summarize them.

Most farmers said that NISA was useless. The ones who have money in it are wondering why they should be forced to take their money out during these tough times as they are using it for their retirement. The other farmers who are really struggling have said they have either withdrawn all their funds already or have very little money in their accounts and it will not make any difference in keeping their farm operation alive.

Farmers have said that NISA needs to be improved. Contributions could be increased from the federal government and the penalties would not be so high for those who withdraw their funds at the wrong times of the year.

Another group of comments come from business people. They are concerned about a farm aid package. Business people feel that it is tough for them as well. They say times are tough. Businesses are not getting any handouts from government, so why should farmers get these handouts when times are tough? These business people also say that if the farm economy fails so will their business. From that point subsidies are seen as not being so bad.

Most farmers see the solution to a farm aid package on a per acre in production basis. Farmers want to be sure however the money does not go to landlords but goes to the person who is renting the land and using it to produce a crop. As for the production set aside, farmers think there would have to be some type of formula developed for each livestock producer and that it would have to be tied to their cost of production.

In conclusion, some farmers are talking about the absurd prices for inputs: fertilizers, seed and chemicals. They say there needs to be some type of a cap on these costs. A tax reduction would help eliminate some of these but producers respond by saying that chemical companies will not lower their prices. They will increase their profit margin.

I have another 50 minutes in my speech. I will conclude by saying I hope the government will talk to me. I have been talking to farmers one on one. I have received over 1,000 responses. I would ask the government to please be open. I would like to work co-operatively with it in addressing the issue.

**Mr. Jake E. Hoepfner (Portage—Lisgar, Ref.):** Mr. Speaker, I will add the 50 minutes to my hour. Then maybe we will get through this issue. It is a pleasure to say a few words but it is also a sad moment for me.

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There is a crisis on the farm scene. Nobody doubts that. There is a bigger crisis in the Liberal front benches. I do not see any of them over there. That is where the crisis is. I am almost blind but I noticed it somehow.

I will read a couple of quotes. Since I was elected in 1993 we have worked on the agriculture committee. We pointed out to the government that we need a whole farm income support program. This is a question that was put by the member for Haldimand—Norfolk to the agriculture minister on February 9, 1994.

In the red book we promised a system of whole farm support that would help Canadian farmers who were in distress. This was in 1994. The agriculture minister replied:

I appreciate the question. Under the previous government in conjunction with provincial governments a process is under way to review and revamp Canadian farm income safety nets.

That has never been accomplished. Why not? In 1994 everybody knew that the Europeans had huge subsidies. The Europeans would not allow their farmers to get into a financial problem. They would support them. We had to be prepared to have some safety net programs in place.

How huge is this crisis in farming?

• (2030 )

I was quite appreciative of the member for Yorkton—Melville when he started comparing prices. I know there are a lot of supply management people in this House who have been supporting that type of system. These are prices for their products. From a devilled egg that costs \$1.60, they get 10 cents at the farm gate. From a whole quiche which costs \$12.50, which has three eggs, 2 ounces of cheese and 16 ounces of milk, the farmer gets 92 cents. From a 6 ounce grilled breast of chicken, costing \$8.20, the farmer gets 29 cents. This is in the supply management sector. When we go back to the wheat and the hogs, as the member for Yorkton—Melville pointed out, it is disaster.

I saw a letter from a farmer who said “If you can imagine, in 1981 I received \$4 a bushel net initial for No. 3 hard spring wheat. Today I receive \$1.80 for that same type of wheat”. It is not even one-half of what this farmer received in 1981.

We know what has happened to the price of fertilizer. We know what has happened to the price of equipment. We have a pretty good idea of what the cost/price squeeze is.

How are these farmers supposed to deal with this? Farmers have been looking far and wide to see if they can get better prices. It is astounding that the special crops industry has not done too badly. The canola prices this year are such that if it was not for that income I think 100% of the farms would be in crisis. At least they have some value from the special crops industry with which they can supplement their income.

In the 1992 crop year in Saskatchewan grain was damaged by frost. It looked like everything would be turned into feed. Saskatchewan farmers looked across the border and found a market where they realized they could pretty well double the price for their feed wheat. What did the grain companies and the wheat board do? They dumped 1.5 million bushels into that market and ruined it.

In 1993-94, when Manitoba had the fusarium problem, what happened? Farmers who found a market for that product were not allowed to sell to that market. It was demanded that they get an export licence from the wheat board and they were charged as much as \$40 to \$50 a tonne more for that grain than they got in the final return.

Farmers who did not abide the law and marketed it on their own wound up with huge penalties, fines and even jail terms. Is it democracy when farmers are in a financial bind and they know there is a market a dozen or two dozen miles away that they can access but are not allowed to? If they do, then they are put away.

One of the farmers drove all the way from Saskatchewan to the Manitoba border crossing to object and to protest. He got worse than the APEC protesters in Vancouver. He was not allowed to go back without paying a fine. He was fined \$1,500 and was told to turn his car in. Andy McMechan, as we know, had some barley which no one could market for him. It was a specialty barley. He wound up in prison.

Farmers will find a remedy. I had at least half a dozen farmers phone me last week. They said “I don’t need any money. If you can get me a guarantee that I can market my own grain, don’t bother with any payments. We will make it. We will find a market and we will survive this crisis”.

• (2035 )

How do we deal with this? On the one hand we have markets that have developed themselves because of crisis issues, but other markets are not allowed to be developed to the point where they pay properly. That more or less puts pressure on farmers to go to markets with decent prices so they can survive, make their farms viable and have more over-production.

The hog producers in Manitoba, Saskatchewan and Alberta did not want to get into these huge hog operations because they knew it would cost a small fortune to build the barns, but they had no way out. The feed grains were such a price that they could not afford to keep their farms viable. So with provincial encouragement they expanded and diversified. Today they are losing \$50 to \$60 a hog.

I ordered bacon and eggs for breakfast this morning and I figured I would get a plate full of bacon because pork is cheap. They could do away with the potatoes and give me the bacon. They could have taken that bacon off a live pig and it would not have lost a squeal. That is the amount of bacon I got. It was worthless. How do we deal



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with a situation like that? it is funny, but it is true. I did not have to swallow too hard to put those two thin little slices of bacon away with one swallow. Then I had the two eggs left with a bit of toast.

Guess what that toast costs at that restaurant? A bushel of wheat yields about 120 loaves of bread, which amounts to about two cents a loaf. If a loaf has 24 slices and I had two slices, there would be one-twelfth of a cent of wheat in that toast. How can the price of the breakfast be \$5? I know the potatoes do not cost that. I am astounded. Farmers are supposed to survive and they are not supposed to be subsidized.

Mr. Hehn appeared before the standing committee. I asked him why we were not getting better prices for our wheat. He said they were pricing it at Thunder Bay. I asked him what if they priced it in Manitoba and he said that this was the price. The price of a bushel of wheat was initially \$1.57 at the elevator. The buy-back price was \$3.93 at Morris, not at Thunder Bay.

It does not make sense. Farmers cannot survive. Subsidies are part of the problem, but politics and the marketing system are probably more to blame than the Europeans and the Americans thrown together in one washtub.

**Mr. Paul Steckle (Huron—Bruce, Lib.):** Mr. Speaker, I will be sharing my time with the hon. member for Lambton—Kent—Middlesex.

I am pleased to have the opportunity to address the motion currently before the House.

Each day in this place we as parliamentarians collectively undertake to explore and debate numerous subjects of a widely varying degree of weight and sensitivity. This issue is perhaps one of the most consequential topics examined by this parliament. I do not wish to come off as sounding melodramatic, but each and every one of us likes to eat each and every day. It is for that very reason that we must decisively act now.

Tonight we are participating in an emergency debate. It is an emergency because Canadian farmers cannot wait six months for further action.

• (2040 )

It is no understatement to say that Canadian agriculture today finds itself at a crossroads. The current crisis, if left unchecked, will without a doubt spell certain disaster or perhaps even a virtual collapse in market share for the small and medium sized members of this founding national industry.

I would venture to say that there should not be a single member of this House who is not cognizant of the massive financial challenges regularly faced by the farming communities across this land.

Drought, frost, disease, high overhead costs and fierce competition are all factors dealt with on a regular and recurring basis by our primary producers.

However, the impression should not be given that these challenges have not been without benefit. As a lifelong farmer myself, I can honestly say that, due in part to these daily complications, the Canadian agricultural industry has evolved into one of the most competitive and efficient of its kind in the world.

With that being said, when one adds new and complex problems such as low and dramatic vacillations in commodity prices upon the already heavily laden shoulders of our farmers, is it any wonder that we are now faced with a crisis.

I represent one of the largest agricultural producing constituencies east of the Manitoba border. In my home county, Huron county in southwestern Ontario, we have nearly half a million hogs, a number that exceeds the human population of Huron by a factor of 7.

With this in mind, people can understand that the current drop in the price of pork has devastated this commodity group. For those who might not be aware, only a few short months ago a pork farmer would receive somewhere in the neighbourhood of \$2 per kilogram for his product. That same producer today would be fortunate to receive 60 cents.

The problem posed by this is that the input costs remain. It has been estimated that the average pork producer will take a loss of \$60 for every fat hog sold at today's prices. I understand it is even higher than that.

Over the last number of days I have listened and corresponded with untold numbers of pork farmers in my riding of Huron—Bruce. We have been told that if we do not act immediately and if help does not come right away, their doors will be closed by Christmas. They have no choices available. They cannot afford to keep their pigs and they cannot afford to sell them.

This is a sad reality, but worse is the statistical probability that this slump will expand into other sectors. Cash crops, beef, sheep and lamb are all at risk.

I think members would agree that failure is simply not an option for us. Surely adequately feeding our population should be paramount in the minds of any responsible legislator. In addition, we must also be aware that agriculture now enjoys the status of big business in Canada. In fact, in addition to employing thousands last year, it contributed approximately \$20 billion to our national economic output.

The world population is expected to exceed seven billion by the year 2000, a fact that means global production of sustenance must increase exponentially. If given the chance, Canada can assume a leadership role in this endeavour.

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The potential is endless only if we maintain a stable economic foothold in the markets. Our agriculture industry has already grown in leaps and bounds during the course of the 20th century, a trend that I strongly feel should be encouraged to continue.

Sadly, as we progress toward the next millennium, the days and the ways of the small family farm face the very real prospect of being moved out to pasture. We are approaching the proverbial fork in the road.

With the rapidly developing and expanding global economy, we can no longer blindly pump public money into controversial and bureaucratic ad hoc programs.

Farmers need a hand up, not a handout. Strategic investment into key areas of growth is essential. Failure to do so promises to be the final nail in the coffin, that of the family farm.

Members must understand that the family farm has been the backbone of the agriculture sector for over a century; a backbone that if broken will seriously cripple our nation's ability to ensure certain quality controls, availability and security.

• (2045 )

If something is not done immediately, I see Canada's farming industry then approaching the same slippery slope that our American neighbours fell victim to. Today U.S. corporate giants such as Tyson, Perdu Poultry and Archer, Daniels Midland have the ability to use their dominance and control over the food supply to hold the American consumer hostage. We simply cannot permit that situation to occur here.

We need look no further than our largest trading partner and neighbour to the south to see the potential danger lurking around the corner. In the United States farming is corporate territory controlled exclusively by market fluctuations, shareholders and large multinationals, a reality that should be unsettling to say the least.

There are those among us who believe that bigger is always better. To those people I would simply say that bigger can be good but it does not always mean more efficient. In actuality when a corporation reaches transnational status it usually means power, not necessarily accountability or effectiveness.

One only has to read the mission statement of corporations such as ADM, Monsanto or ConAgra to see that their primary objective is increasing the accumulation of wealth for their shareholders rather than advancing the business of farming for any greater purpose.

To that end I would draw attention to the fact that in the United States poultry industry 38 firms now have 240 processing plants that are responsible for almost 98% of all U.S. chicken. In reality there are only 38 chicken farmers in all of the United States.

In my riding of Huron—Bruce I have 150 operations. In fact, the U.S. chicken farmer is little more than a labourer who receives a meagre 3 cents to 4 cents per pound to grow broilers, a number that would certainly not be acceptable by our own chicken farmers.

It is also important to mention that this figure has remained virtually stagnant and unchanged since the mid-1980s. Stability is one thing, however the unfortunate reality is that the cost incurred by the American farmer has not remained static. Mortgages, taxes and land costs are on the rise. As a result their farmers are subjected to the whims of the corporate masters while being forced to take all the financial risks associated with managing a farming operation of this type. Even with their high risk factor they have no chance of increasing their own profitability, unlike our supply management sectors in Canada.

As unsavoury as this type of arrangement sounds, it is not isolated to the American poultry industry. To the contrary, it is the norm and not the exception in almost every facet of American agriculture. In sheep slaughter the largest four national producers control nearly 70% of all production. IBP, ConAgra, Cargill and Beef America command dominance over a whopping 78% of the entire American beef sector. In the U.S. 20 feed lots market over 50% of the fed beef. In turkey the four U.S. giants, Rocco Turkeys, Hormel, Carolina Turkeys and ConAgra, account for 35% of the business, and these numbers go on and on.

As a rural Canadian it frightens me to think we might be moving in the same direction but that is the reality of the situation currently before us. In a nutshell, if we fail to act immediately our small and medium size producers are doomed. With them out of the way their larger competition will simply move in and take over. Rural Canada then becomes a little more than a branch of corporate America.

I would simply ask all our colleagues to be aware of the gravity of the situation. Talk is cheap and the price of pork even cheaper. In a world of high input costs, unpredictable growing conditions, El Nino, taxes, the Asian flu and the like, the margin of profit for farmers is shrinking fast.

The real question is should we be asking ourself today where do we see Canadian agriculture in the next century. We have a reputation for quality. It could be said that even with the new high tech integration and massive demands on our time Canadian farmers are considered by the world to be among the best and the brightest. Our commitment to excellence is strong but help is needed if we are to continue to be outstanding in our field.

**Mrs. Rose-Marie Ur (Lambton—Kent—Middlesex, Lib.):** Mr. Speaker, this is an important debate tonight and I congratulate the member for South Shore for proposing it.

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As members will know, headlines and news broadcasts every day and night highlight the farm income crisis. The family farm is under siege. Any sensible approach to helping with this crisis would involve examining the reasons behind the crisis because no farmer wants a subsidy and taxpayers from coast to coast to coast generally oppose multimillion dollar bailouts that would serve no useful purpose other than to neutralize the daily headlines calling for a quick fix.

This problem is international in nature and thus we must look at the big picture. To me a grain farmer in Saskatchewan is just as important as a hog farmer in Lambton—Kent—Middlesex in Ontario. I am confident the Minister of Agriculture and Agri-Food in co-operation with his provincial colleagues and with producers groups will arrive at an equitable solution that is fair both to the industry and to the Canadian taxpayer.

• (2050)

As I mentioned in the House this afternoon, pork producers, for example, are selling hogs for about half the cost of production. There is now a huge oversupply in the marketplace. With the 15% expansion in production in the past two years, with the weak demand and foreign subsidies further distorting the market, the farm income crisis is a complex problem with no easy answers.

There is a discussion on a combination of programs, including the use of the present system, the safety net. We have certainly heard very clearly from the farmers their desire for a national disaster program. In very severe situations this will kick in and give some support to the farmers when the current safety net system may not be sufficient. Grain and pork prices are at or are near historic lows. Farm income is also depressed for many producers of other commodities as well. While the effect is not apparent in provincial estimates of total farm income for provinces with diversified agriculture such as Ontario, the damage is every bit as severe for affected farmers in Ontario as any other province.

The Middlesex county portion of my riding produces more agriculture commodities than that of Nova Scotia, New Brunswick and Prince Edward Island. It is big business. My riding alone produces nearly half a million hogs per year. The pork industry supports \$4.51 billion worth of economic activity in Ontario alone.

The proposed national disaster program should work well for many Ontario pork producers if it can be implemented quickly. At 56 cents a kilogram hog farmers are losing between \$55 and \$60 for every pig they send to market. A farmer with a 300 sow operation is now losing \$1,000 a day. To find prices that low we have to dust off the history books as far as 1972, but even that is not a real comparison due to inflation. In 1972 a pickup cost \$5,000. Today it can cost \$25,000.

Several years ago agriculture economists predicted the Asian market would be an excellent place for Ontario pork. Saskatchewan even subsidized farmers to switch over to hogs. Not only did Ontario and Canadian farmers expand, so did the Americans. In the third week of October 1998 Ontario farmers shipped 104,000 head, the largest number of hogs ever sold during one week. In the United States weekly hog sales were also breaking records. Low demand is now resulting in low prices and oversupply. Meanwhile grocery store profits are up 20% for Loblaws, 21% for Empire and 38% for Oshawa Group. Someone is still making money but it sure is not the farmer.

I have also heard from farmers whose NISA accounts are drained, as well as their RRSPs.

I have heard from constituents on the other side of the issue who state that the pork industry expanded and some are still expanding, building bigger barns, now with a product for which there is no market, so why bail them out.

I received an e-mail today from a cash crop farmer in my riding: "I am puzzled. The North American pork industry is big, efficient and has been profitable. There is a speed bump in the market and there is this great cry for help from taxpayers. I support our agricultural community wholeheartedly but sometimes we in the farming business need to reassess our position. When corn prices are low and there are a lot of acres being planted in the U.S., farmers take a look and then they decide perhaps they should get their bean drills out and plant a few more acres of beans. Is the Government of Canada going to support the hog farmer enough, because they will need more than just this rescue package to make them world competitive?"

The situation is far different, however, for grains and oilseeds where the basic market problem involved huge U.S. and European subsidies which are likely to depress prices for longer durations.

A program such as the proposed disaster relief by the Canadian Federation of Agriculture would provide support at 70% of a three year average. It would only provide short term help for grain producers. GRIP uses a 15 year average.

• (2055)

Former grain stabilization programs which provided support at 100% in the prairie provinces and 90% in the rest of Canada were thrown out in 1991 because the five year averaging period was too short when grain prices are depressed for several successive years by foreign subsidy awards. It is a difficult situation to be sure with no easy answers. However, I am confident that the minister and his officials will provide a sensible approach to this issue.

We must also look beyond our borders. As members know, it took 45 years before agriculture became a formal part of the WTO agreement. But even with a foot in the door, much remains to be done. Many high tariff barriers remain in place. The procedures for enforcing agreements are very loose and backsliding is common.

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The GATT has been revamped and the membership is now bigger and growing. Our country, as an efficient and profitable exporter, as an immense interest in the reform of agricultural trade barriers. It is also equally true that countries which protect their inefficient agriculture producers have an intense interest in maintaining trade barriers. The United States and the European Union in particular typically defend subsidies when the truth is that they hurt their own producers as much as they hurt ours.

If we understand the reasons for this contradiction, we would be well on the way to resolving many of the quandaries of international trade. We must address and develop a set of actions that will lead to more liberal trading arrangements for agriculture in the years ahead. Only then can we avoid the warped market we see today.

We need to find answers because they will form the building blocks in the construction of new rules for global trade in agriculture and a more prosperous future for all the farmers we represent.

In 1941 the Atlantic charter, which became the rationale for GATT, stated its aim was to ensure that after the war all countries "great or small, victor or vanquished, would enjoy access on equal terms to the trade into the raw materials of the world".

Today that seems to be still a very big goal. Canadian farmers, like all farmers, understand they have a responsibility to feed the world and guarantee a secure future in food supplies. As we do that we have a responsibility to support our farmers through this difficult process, not to abandon the process.

The challenge for Canada and other countries over the next 52 years is quite simply how are we to feed a world of 10 billion people, the estimated population by the year 2050. What it means is we have to produce double the amount of food we do now. Even in the next 25 to 30 years the world will need to produce 300 million tonnes more of wheat, 260 tonnes more of corn and 16 million tonnes more of fish.

Farmers understand this is attainable if they are paid a reasonable and fair price for their efforts. The people who eat the food must understand that as well.

Trade liberalization is the key to an efficient and affordable world food trading system. Unfair subsidies from the United States and the EU are trade distorting. We must all be committed to the reduction of trade subsidies, and the rest of the world, if it wants to be fed, will sooner or later need to come to grips with that.

Stepping on to the world stage, mixing it up with competitors such as the United States, Europe and Japan is a very rough environment and Canada has been succeeding. We are now experiencing a bump in the road with some prices hitting levels not seen since the Great Depression. Many would say this is a unique

downturn under special circumstances that requires a national collective effort.

**Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP):** Mr. Speaker, I want to say a few words about the farm crisis we are facing which is particularly difficult in my home province of Saskatchewan where it has been hitting harder than in any other province in the country.

Farm income in Saskatchewan is down by 70% or 80%. The net farm income for grain farmers, I understand, is down by about \$300 and some million. There is really a very severe crisis in the province of Saskatchewan and something has to be done about it in both the short run and in the long run. That is why this debate is very important this evening.

Over the last couple of months I have had a lot of farmers speak to me in my riding. My riding is roughly half of the city of Regina and half outside the city of Regina. I think we have something like 1,500 farm families in the riding.

• (2100 )

We received a lot of calls and letters from these people saying that they were in dire straits. Much of what is happening is not the fault of the farmer. Two things have occurred that put the farmer in a very difficult position today. The main thing is the trade and subsidy war that is going on in Europe and the United States.

To give an idea of what I mean, the American farmer is subsidized five times higher than the Canadian farmer. Just this fall the U.S. Congress passed a bill that subsidized farmers in the United States by an additional \$6 billion. The total American subsidy for farmers is \$22 billion or five times higher than what the subsidies are in this country.

In the European Union wheat farmers are subsidized by a total of \$205 per tonne. That is the subsidy in Europe. Against these odds it is no wonder that the price of grain without the subsidy is very low. Indeed it is below the cost of production. For that reason a lot of farmers are suffering.

There is a fellow in my riding from Balcarres named Lloyd Pletz. He has said publicly in the media "I am finished in the spring. I have no way to hang on". He told a story in a press conference on October 16 organized by me and the member for Palliser. He talked about the farmers in his neighbourhood who were going bankrupt and were broke. They would have to sell their farms and get out of farming come next spring if there is no help on the way. He also talked about farm stress and difficulties in families.

There was another woman named Mrs. Elder who operates a farm distress line. She said "My phone has never been ringing as

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much as it has been ringing this fall with people calling in. There are marriage breakdowns, financial difficulties, stress in the family, sicknesses and so on”.

We have a real crisis that is not of our own making as Canadian people. The question is what do we do about it. There are three things we have to do. One we are already doing. In the short run we need an emergency payout to farmers. I am talking primarily about cereal producers, grain producers and wheat producers but also about hog producers.

That issue is a bit different. Hog prices have fallen drastically mainly because of what has happened in Asia and the loss of that market because of collapse of the Asian currency and the Asian economy. The market is not there. Hopefully that will recover. There are signs that it might be recovering a bit in that part of the world.

We need an emergency payout to farmers to make sure they survive and can plant a crop next spring. We can afford that as a country. We cannot afford not to do it as a country.

The Minister of Finance a few weeks ago announced that in the first six months of this year our surplus was running at \$10.5 billion. The Minister of Finance should signal very quickly that several hundred million of that will be paid out by springtime to farmers in emergency aid. That will not only keep farmers on the land, which is important, but it will also provide jobs in the Canadian economy and a spin-off for people in the small towns and cities across the country.

Emergency aid of several hundreds of millions of dollars is needed to keep farmers on the land. We are running a surplus of some \$10 billion at this time. Maybe it will be \$15 billion, \$20 billion or \$25 billion by the end of the year. We do not know. Surely to goodness we can provide \$700 million or \$800 million to farmers between now and spring seeding time.

That is my basic plea this evening. We should do that and announce it before Christmas so farmers will know, their bankers will know and the credit unions which finance farm loans will know well ahead of time that a payment is coming. Then farmers will be able to afford to plant their crops in the spring. That is extremely important.

Another thing we need is a long term farm policy, a long term program that is put in place to handle a crisis like this one. I know this is being discussed in the agriculture committee and in other forums around the country. It should be a program based on the cost of production, so that if the cost of production falls radically and drastically as we have seen now there will be an automatic kick-in where the farmer then is supported up to the basic cost of production.

• (2105 )

That is what we need in terms of a long term farm program so that there is something there. It would be a bit like the unemployment insurance program used to be for workers, something that was there in a time of crisis, in a time when the man or the woman lost his or her job so that there was something there. We need that too when it comes to agriculture in terms of the long run.

I also want to mention this evening the whole area of the trade wars. I know the government has spoken out on this matter. I know the foreign minister and the minister of agriculture are on their way to Washington tonight and tomorrow. I think we have to take a very aggressive role in the international community, in Washington, at the WTO, in GATT, in Europe and in the Council of Europe in speaking out against these subsidies that are killing the farmers of this country. We have to do that and I know our government is doing that.

Parliament should express itself very clearly from all parties in the House. The ministers should do that as often as they possibly can on behalf of our farmers. That is extremely important.

What is happening today is not the fault of our farmers. It is the fault of the treasuries of Europe and the treasury of Washington that are subsidizing their farmers to such a large degree that our farmers are going down. It is a crisis, unless one has been on the prairies, that might be difficult to visualize. It is the worse crisis facing farmers in my province since the Great Depression of the 1930s. That is without any exaggeration.

This has a tremendous spin-off in terms of the whole economy, the small towns and cities across the country. When farmers are going to lose their jobs or are worse off they do not spend money and everyone is worse off.

Why do we not unite in the House and send a very clear signal to the Minister of Finance and to the Treasury Board that part of the expected surplus this year should be spent before spring on an emergency payment to farmers?

**Some hon. members:** Hear, hear.

**Hon. Lorne Nystrom:** I hear the members of the Liberal Party saying “Hear, hear”. I am glad to hear that. If we could somehow come to an agreement in the House through a unanimous vote of one sort or another we would send a signal to the minister and to cabinet that would be very worth while. Perhaps that is what we should talk about after this debate is over in terms of an all party agreement. It might be useful to pursue that. I am just thinking of it as I am on my feet.

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This is where ideologies are set aside. We have our differences with different parties in the House, but this is a crisis all Canadians must get together to help resolve. We did it in the Saguenay. We did it in the Red River. We did it over the ice storm. I think we should do it now.

**Mr. Peter Stoffer (Sackville—Eastern Shore, NDP):** Mr. Speaker, it is a great privilege to speak in the House this evening on a crisis, it saddens me to say, of truly biblical proportions when we think about what is happening to our farmers in western Canada, central Canada and the maritimes.

My critic role in parliament is on fisheries and oceans. Probably some people may be asking why I would be discussing the farm crisis. I can tell people firsthand of the crisis that happened to the people of Newfoundland, Nova Scotia and the rest of the Atlantic provinces. That is happening to people in western Canada. That is happening to people in central Canada. That is exactly what is happening to farmers.

Farmers are the finest people in all of Canada when it comes to agricultural work. We are not just talking about people who work the land. We are talking about people who actually risk their lives every day because farming is one of the toughest occupations out there. They deserve our help and they need our help now.

In my 10 minutes I will read a letter from the minister of agriculture and food of Saskatchewan. This is a letter he has written to everyone in the House of Commons. Although he cannot be here to read it himself, I would like to read it for him because it states exactly what the problem is:

- (2110)

Dear House of Commons:

It is with regret that I have to write this letter to inform you about the serious situation facing Saskatchewan farmers.

I first want to point out that Saskatchewan farmers are among the most productive in the world. They are prepared to compete in world markets on a fair basis. However, current world markets are anything but fair. The United States and the European Union continue to provide massive subsidies on their production and exports. This has been a major factor in driving grain prices down over the last year.

The level of subsidies in the U.S. and EU can be illustrated by looking at information from the Organization for Economic and Co-operative Development (OECD). For wheat, the subsidy, as measured by a producer subsidy equivalent measure, was 10 per cent in Canada, 32 per cent in the U.S. and 36 per cent in the EU. This means a Saskatchewan farmer growing wheat has to compete against farmers getting 3.2 to 3.6 times as much assistance.

The impact of low prices is being felt in the agriculture sector and throughout the provincial economy. Farm incomes for 1998 are projected to drop \$407 million from

the five-year average. In 1999, they are projected to be \$766 million below the five-year average. Clearly, our agriculture sector cannot be expected to handle this type of situation on its own.

There are two issues that need to be dealt with. One is the need for a long-term strategy to deal with multi-year disasters. Saskatchewan asked at the 1998 summer annual meeting of federal-provincial ministers for this to be addressed as we jointly negotiate a new five-year framework agreement to begin in the year 2000. The second and more pressing issue is the need for a short-term solution to the cash flow problem Saskatchewan producers are facing today.

I am seeking support for a disaster program to protect our farmers against the dramatic income drop. The program must be federally funded in the same way that the U.S. and EU fund their farm programs. Only the federal government has the fiscal ability to fund such a program. Saskatchewan is prepared to help our agriculture sector as much as possible. We do this by contributing 40 per cent of the costs to such programs as crop insurance and the Net Income Stabilization Account (NISA) program. We already fund agricultural programs at a much higher level relative to our tax base than any other government in Canada. In fact, it is over four times higher (on a per capita basis) than the federal government and the average support provided by all provinces. Saskatchewan clearly does not have the additional fiscal capacity to fund this type of disaster program.

The current farm income situation is a federal responsibility: the income problem is primarily a result of the use of subsidies by other countries and international trade is a federal responsibility; subsidization of our industry's competitors is primarily being provided by the national governments in both the EU and U.S.; only the federal government has the treasury that can deal with this type of problem; and the federal government chose to completely eliminate export subsidies in Canada prior to receiving the same commitments from other countries when it eliminated the Crow benefit. This federal decision has taken \$320 million annually out of the pockets of Saskatchewan producers.

These large problems are clearly beyond the scope of an individual province. Saskatchewan cannot go to those farmers who have lost almost 70 per cent of their net income this year and to the 40 per cent of Saskatchewan people whose livelihoods are indirectly supported by agriculture in this province—and ask them for more tax dollars to fix a problem created by our federal government.

**This cannot be done. He continues:**

I agreed with federal government decisions to utilize Canadian taxpayers' dollars to help out the east coast fisheries through targeted transition funding; I agreed when they provided disaster relief to Manitoba during the flood; and I agreed when they assisted Ontario and Quebec after the ice storm. My hope now is that they can see their way clear to assist prairie producers during this period of severe financial hardship, a hardship caused through no fault of their own.

The federal government must take action to press the EU and U.S. to eliminate the use of trade distorting subsidies. They must be willing to protect industry during this income shortfall if the U.S. and EU subsidies continue. I need your help to ensure Canada puts as much pressure as possible on the EU and U.S. to reduce their production and trade distorting subsidies.

I do have confidence in the future of our industry. But it needs help to address periods of low incomes. I ask for your support in getting a short-term, disaster relief program in place before spring seeding in 1999.

This letter was signed by Saskatchewan Minister of Agriculture and Food Eric Upshall. What we are talking about are the finest farmers in the entire world. In fact, I would like to say that this crisis relates exactly to the fishing industry on the east coast.

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• (2115)

In conclusion, farmers are going through the most devastating time of their lives in the hog producing industry. What have these farmers done? Some of them have actually given thousands of pounds of pork away to their local food banks. We are talking about not only the best farmers in the world, but the finest people in the world as well.

**Mr. John Maloney (Erie—Lincoln, Lib.):** Mr. Speaker, I will be sharing my time this evening with my colleague from Etobicoke—Lakeshore. Later in the evening the House will also be hearing from my colleague from Scarborough East. It is important to note that these two members come from the largest urban centres in Canada and they are as concerned and as anxious about the plight of our farmers as members from rural areas.

The Ontario pork industry is suffering through a severe period of below cost of production pricing. The outlook for the next 6 to 10 months appears most unfavourable.

Many of our nation's pork producers are under financial stress. Some are facing bankruptcy and financial ruin. Last week I met with over 70 representatives of the pork industry from the Haldimand and Niagara regions. I would like to tell this parliament and the people of Canada about the crisis they are facing.

As of last week the price was 62 cents per kilogram. The five year price average is \$1.65 per kilogram. Hogs are sold on a dressed weight basis of approximately 84 kilograms. The break-even cost, including feed plus variable and fixed costs, is about \$1.50 per kilogram. At 62 cents per kilogram, feed costs for hogs are not being met, yet farmers are obliged to look after the welfare of the hogs plus cover the other variable and fixed costs. Simple mathematics tells the tale.

In the Niagara and Haldimand regions where my riding of Erie—Lincoln is located, pork producers produce upward of 38,000 hogs annually, plus weaner pigs and sows. This production translates into over \$4 million directly into the economy of the region. The added value of further processing, transportation, assembly, jobs, et cetera, pushes the economic benefit well beyond the \$4 million mark. This is an industry that my riding can ill afford to lose.

In Ontario pork producers pump \$668 million directly into the economic activity of their local communities. Agriculture accounts for 13% of the gross domestic product of Ontario. The Ontario pork industry in total accounts for 43,000 jobs and \$4.5 billion in the economic activity of our province. One out of every seven jobs in the agricultural sector is provided by the pork industry. As the House can see, the pork sector plays a very significant role in the economic activity of the province of Ontario.

The current depressed prices are taking a whopping \$64,000 per week from my region of the economy and an incredible \$8 million out of the Ontario economy each week. This not only affects the producers, it also affects the feed suppliers, equipment dealers, utility companies, et cetera.

What brought about the severe price drop? The answer is direct. Oversupply of hogs in the North American market. A rapid vast expansion in the United States and within Canada has pushed hog numbers beyond the capacity to consume, both domestically and in foreign countries.

Growth in Ontario has been somewhat modest, coming at the request of processors and government urging producers to tap into the Asian export markets. These markets have not developed as rapidly as hoped, largely due to the economic crisis in the Asia-Pacific region, an unexpected phenomenon that has occurred through no fault of the pork producers. Fortunately, the quality of pork produced in Ontario is still in demand, but not at the export levels hoped for.

Ontario pork producers are competitive. They have the skills, the genetics, the infrastructure and the land base to continue producing a high quality product recognized the world over. However, they cannot compete against subsidies outside of Ontario, be they in other provinces or the United States.

Pork producers in Ontario have little or no government assistance. The NISA program to which producers and governments contribute only have sufficient funds to cover two to three weeks of losses for the average producer. This is totally inadequate under the current circumstances.

During my meeting with representatives of the pork industry at my Smithville constituency office I was asked to make several requests of the federal government.

At the federal level producers across Canada are represented by the Canada Pork Council. They have asked that federal members of parliament talk with members of cabinet, especially non-rural members, to urge swift acceptance and passage of an all farm disaster relief program in order to get funds into the agricultural community by January 1999. This I have done.

• (2120)

Pork producers are used to and operate within a cyclic market. The present situation, however, is not a normal cycle in the pork industry. The crisis has caught everyone by surprise and is well beyond the disaster stage. It is now a catastrophe.

I believe that this government can and should assist pork producers in this period of unprecedented need. I also urge Canadians everywhere to do their part by including more pork in their diet. It is a truism that every little bit helps.

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I have focused on the pork industry; however, this is not the only industry affected. Let me speak about the overall crisis.

For the many Canadians who may be listening to this important debate tonight I want to point out that many connections link rural and urban Canadians and all of us will be affected by the current problems in the agricultural sector.

Canadian farmers produce affordable and healthful food for our tables, along with many non-edible products such as ethanol motor fuel that contribute to a clean, sustainable environment.

Now that this combination of factors, including grain stock surpluses and financial political instability in Asia, Latin America and Russia, have decreased demand for our commodities and pushed prices to their lowest level in 20 years, today some farmers are experiencing a potentially disastrous cash crisis.

The Canadian agriculture and agri-food industry is the third largest employer in Canada. In addition to farmers, there are suppliers, processors, transporters, grocers and restaurant workers. The agriculture and agri-food industry generates about \$95 billion in domestic retail and food service sales annually. Grains and oilseeds are among our leading agricultural exports. In 1996, the value of Canada's agricultural food exports was a record \$19.9 billion, with half of the exports going to the United States.

The prairies, the bread basket of Canada, have been particularly hard hit by the low prices. Grain producers, especially those in Manitoba and Saskatchewan, are affected—and let us not forget Ontario—as are cattle producers and the hog farmers who I mentioned earlier.

On a national level, farm income is expected to be down 20% from 1997. Farmers in Manitoba are expected to see their incomes drop by 40% compared to the five year average. In Saskatchewan incomes are expected to be almost 70% below the five year average. With problems expected to continue through 1999, the situation requires a short term targeted response, but also demands long term solutions. It is a national problem requiring a national response.

At the request of the Minister of Agriculture and Agri-Food, industry leaders and provincial and federal representatives met in Ottawa on November 4 to look at farm income forecasts and discuss options to address the income crisis.

The Government of Canada is very concerned about the farm financial situation and realizes the sense of urgency and importance. It is indeed very urgent and very important. This is why farm income is currently one of the priorities being considered by cabinet today. I thank the minister and his staff for keeping us apprised of the developments.

I know that the minister has had ongoing discussions with industry and provincial counterparts about the problems Canadian producers are facing. I am confident that this work will continue with all stakeholders to put solutions into place, hopefully very soon.

I hope the minister understands the importance of giving farmers some indication before Christmas, if at all possible, not on whether there will or will not be additional support for farmers, but what the particulars are of this much needed all farm disaster relief program.

When such a program is announced, I urge all of my colleagues in this House to ensure that it receives the support it deserves. I urge this government to hold out a hand to a deserving group in need in Canada, our farmers.

**Ms. Jean Augustine (Etobicoke—Lakeshore, Lib.):** Mr. Speaker, I am pleased to participate in this debate on farm income.

This past weekend my constituents in the riding of Etobicoke—Lakeshore watched with great interest the various news reports on the serious situation facing farmers across the country.

Yes, we are an urban riding. Etobicoke—Lakeshore has no agricultural sector in its economic base. Economic activities in Etobicoke—Lakeshore are concentrated in the service and manufacturing sectors. Nonetheless, the issue at hand affects us all as Canadians.

Etobicoke—Lakeshore relies heavily on the agriculture base of the Canadian economy to provide it with fresh fruit, produce and other products. In light of this reality, I offer the support of the people of Etobicoke—Lakeshore to all of the farmers in Canada during this crisis.

Farming is one of those activities that is the mainstay for many communities. Indeed, without farming in various regions of the country many communities would cease to exist economically.

• (2125 )

Etobicoke—Lakeshore cares about the livelihood of these communities. The problems they face concern us all. Communities across Canada are all a part of this economic system and when one part is affected it could lead to disruption throughout the entire system.

There is a food terminal in Etobicoke—Lakeshore that distributes food from all over the country to various local businesses so they, in turn, can supply all Etobians. I can only imagine the impact of this crisis on that operation at present.

I am encouraged by the spoken words, the passion and the conviction of the Minister of Agriculture and Agri-Food. His conviction as he faces this serious situation in farm income has buoyed my sentiments and stirred in me the fact that he is joining together with all partners to bring about a resolution. I know his



commitment. I listened and my constituents listened. We know he will respond and that his response will be the assistance that farmers need.

A senior in my constituency asked why they are facing this problem. I will give a few answers, as I understand them.

Demand for key agricultural products in Asia and Russia has been drastically reduced as the buying power of consumers has shrunk. The global financial crisis in farm income here in Canada cannot be de-linked. Combine this with simultaneous cyclical price downturns in grain, hogs, cattle and pockets of poor production in some areas and we get a situation in which many producers are seeing a pretty significant reduction in income this year.

Some members of this House would argue that the answer to these problems is insulation from the global economy, but that reflects a simplistic view of the world rather than compassion for those affected by this crisis. Offering complaints cannot be equated with offering solutions, and people need workable solutions.

Talk of removing Canada from global markets, from international trade or from the need to export makes great rhetoric, but it will not make one iota of difference to the financial security of men and women working on Canadian farms, and neither will bland complaints about not getting everything we want, when we want it, from trade negotiations.

Let us do our farmers justice by limiting the rhetoric and instead working together to offer practical responses to a complicated problem. The responsibility of governing demands that we offer the pragmatic, not the dramatic.

As this government has done in the past, we will continue to work with farmers and provincial governments to put programs in place that are equitable and available to all in need, no matter what province they live in. We will work with those same partners to develop a strong, united and compelling position for international trade negotiations.

In bringing forth long term and short term responses to this serious situation we are committed to both collaboration and co-operation. We have our minister's word and I know our minister's word is meaningful.

Canadian farmers have a right to expect such an approach to this problem. There is no room for theatrics or one-upmanship given the nature and the magnitude of the problem. We need all members from all sides of the House to work together.

In studying this issue I discovered some facts. Our most recent farm income figures—and let me underline that these were developed with the provinces—show that at the national level overall net farm income is down 4% from the average of the last five years

and down 20% from 1997. For a city girl, this is really terrible news.

Of course, that aggregate number hides the problems we know exist. Some parts of the country are suffering worse than others. Depending on the commodity, some producers are practically unaffected while others are hurting really badly.

• (2130 )

We know that there are very serious problems in the hog and grains sectors. My colleagues who come from those sectors speak to me about it. The majority of hog producers are in Quebec, Ontario and Manitoba, but Prince Edward Island has significant hog production and has also been affected. The majority of grain farmers are in Saskatchewan, Manitoba and Alberta. There are also grain farmers in Ontario.

Meanwhile we must not forget that other producers have experienced serious drought and even outbreaks of disease, such as scrapie. This is the full context of the farm income situation and we must recognize all the forces at work. Doing this will help us to bring sense to the numbers.

Looking at these problems regionally, we see that in Prince Edward Island, Saskatchewan and Manitoba the situation is particularly serious. In fact, realized net farm income is forecast to be down 40% this year in P.E.I. and Manitoba, while in Saskatchewan farm income could fall almost 70% relative to the previous five year average. Unfortunately, current forecasts also predict that those who are having trouble this year are not likely to see improvements next year.

I know that there are a great many people in communities coast to coast who are facing hardship and are looking to the Government of Canada for relief and assistance. And there are other pressing issues that demand the attention of the federal government.

Politics is the art of making decisions. It is not running one against the other. We must find a way to do the best we can for all these people. The farm income situation is not one that the government is going to retreat from, any more than it will retreat in the face of any challenge. We want to fix this problem as quickly as possible in order to bring some sense of calm back to a sector that has become increasingly desperate in recent days.

Moving forward, not backward, requires partnership between all levels of government. This is what we must do. There is never a place for adversarial relationships between federal and provincial governments. In this situation the Minister of Agriculture and Agri-Food has made it clear that he wants to work with all in addressing the situation.

Together with farm organizations and all levels of government, we need to bring about a solution. Solutions will come from hard work and from working together and forming those partnerships. Effective programs will be produced by this approach.

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Will it be flashy? No. Will it be a total cure? I think we must be humble. There are no quick, easy or total solutions. Workable and meaningful solutions do not have to be flashy or miraculous in order to make a difference. Making a difference is part of governing.

The Government of Canada is committed to making a difference in the farm income situation. All members on all sides of the House should join together in finding short term and long term solutions for our farmers.

**Mr. John Herron (Fundy—Royal, PC):** Mr. Speaker, it is an honour to have the opportunity to participate in this evening's debate.

I want to congratulate my colleague the member for South Shore for moving this motion. I also want to congratulate my hon. colleague the member for Brandon—Souris, who is our agricultural critic, for the fine job he has done in terms of raising this issue and trying to express to Canadians the dire need that Canadian farmers are in.

What we are talking about in this debate is an issue of a pan-Canadian nature. This is not an issue where we are having a fluctuation or a downturn in the market. What we are seeing with respect to the income crisis which the farmers are enduring right now is a market collapse. This is a crisis.

In this House quite often we use words that may not actually fit the situation. However the situation our farmers are enduring from coast to coast, whether it be on the prairies or in my area of Atlantic Canada with respect to pork and hog production, is a crisis.

• (2135 )

I will speak this evening about the pork industry. It has been devastated through the crisis we are enduring with respect to the commodity pricing. Farmers are in danger of losing their business. Just recently Charles Keats stated that he may lose his farm that has been in his family for six generations. He expects to lose at least \$200,000 this year alone. That is the money he spends to operate his facility.

I worked in an industry where we had to market commodities. I understand that when \$130 is needed to break even and the product is selling for \$82, it does not take very long for it to have a very negative effect on the business.

This is not a negative effect on their business. This situation actually challenges their very existence.

Hog farming in the province of New Brunswick is a significant industry. There are 80 major farmers in the province who produce over 200,000 hogs per annum which means \$25 million for the provincial domestic economy.

This affects the people in my riding of Fundy—Royal. Nearly half the farmers who exist in the province of New Brunswick are within a 30-mile radius of the town of Havelock which is in the heart of my riding. This does not just affect the individuals who work in the farming industry. There are individuals in my riding and a nearby riding and the riding of Moncton who work for Hub Meat Packers. Seven hundred people earn their living from that facility.

I was talking a few minutes ago with my colleague, the member for Pictou—Antigonish—Guysborough. I spoke about a few statistics which are paramount to this industry in terms of what is happening and that farmers are not getting the prices they used to get. Let us put some of this in perspective.

The price that farmers obtain for their hogs today is the same price that the hog farming industry obtained in 1944. The price of feed has not gone down. It is not at 1944 prices. Other commodities which farmers need to operate their business are not at 1944 prices.

I may have made a mistake in talking about statistics. What is at hand is that families from coast to coast are losing their livelihood. They are losing their ability to provide for their families, to pay for their homes and their car loans. They are giving up hope of having the opportunity to help their children who wish to go on to university or pursue some other discipline.

We are looking at a complete meltdown. It is the responsibility of the federal government in co-operation with its provincial cousins to ensure that the agriculture industry and Canadian farming goes on. This is a crisis. The income farmers are receiving is only 55% of what they received in 1997.

I want to talk about two particular programs which the Progressive Conservative government implemented between the years of 1984 and 1993. Those two programs are the net income stabilization plan, known as NISA, and the gross revenue insurance plan, known as GRIP.

I would hope that this crisis has demonstrated to my hon. colleagues on the other side of the House that we really do need to get a grip. I do not mean to be facetious. The government chose in terms of its program rationalization to keep NISA, which would affect the stabilization of pricing, and it did away with GRIP. GRIP was an assurance program so when there was a catastrophic change in terms of marketing, the federal government would be able to provide a bridge for the industry from one step to another. The government has chosen to abandon that program.

• (2140 )

I will give due credit to the government of the day. There seems to be a consensus with my hon. colleagues in the Liberal Party that there is indeed a crisis and I applaud them for recognizing that. I can say that the farmers have been well aware of it for all too long.

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The Liberal cabinet is on the verge of making some form of announcement to have an intervention. This announcement has to be a bankable one. When farmers go to the individuals to whom they owe money for feed, when they go to their banking institutions, the banks will understand that they can provide a bridge for the farmer to ensure the viability of their activity continues to go on.

Only a few hours ago I had the privilege to speak to a number of farmers who reside in my riding. I spoke to Mr. Bill Hart from Norton who told me that it is a very negative situation when he wakes up each day knowing that he is going to lose \$1,000. Mr. Hart is not an affluent individual who trades in commodities left, right and centre. One thousand dollars is a very personal hit on him and his family.

I also had a conversation with Mr. Stephen Moffett who is one of the largest hog producers in Atlantic Canada. Mr. Moffett mentioned what we have touched upon which is the fact that the cuts that have been made to agriculture reflect what we have seen for that of rural Canada. The first hit the government of the day takes seems to hit that of rural Canada.

The Progressive Conservative Party is very proud to say that our new national leader, the Right Hon. Joe Clark, chose to make his first public impact as leader on this issue. The Canadian public should be very grateful for the leadership he has exhibited on this issue.

I am splitting my time with the member for Kings—Hants. In conclusion therefore, we have talked a lot about the commodity pricing that is affecting individuals whether they be in the prairie provinces, on the Atlantic coast or in the province of Quebec. The statistics get lost but what it means is complete devastation for an industry.

**Mr. Scott Brison (Kings—Hants, PC):** Mr. Speaker, I commend the hon. member for Fundy—Royal for his words this evening.

I represent the riding of Kings—Hants. In that riding is the Annapolis Valley, an area known for its agriculture nationally and internationally. Nova Scotia has had two consecutive years of the worst droughts in over 50 years. Annapolis Valley has suffered dramatically based on weather conditions.

This is one issue that has affected our industry in our province dramatically. Currently there is federal-provincial finger pointing on this issue. At a time when it requires decisive action, at a time when we should be helping farmers, there is finger pointing between the feds and the provinces on the issue. The province of Nova Scotia is blaming the federal government. The federal Liberals are blaming the Liberals in Nova Scotia. It is not a very effective situation.

When we look on a national level, net farm income is down 55%. In 1998 cash receipts for instance in western Canada are down

terribly. My hon. colleague from Fundy—Royal spoke of the pork industry. In Nova Scotia the pork industry is a \$110 million industry currently with 1,500 jobs. If we allow our pork industry to disappear, it will be a significant loss to the province of Nova Scotia.

That is where we are at. It is not an issue of whether we can wait or whether the farm community on a national level can wait for assistance. Farmers need assistance now. This situation is not a time for dilly-dallying with the federal government. I commend the government that we are at the point now where there is a package being discussed at cabinet. We urge it to move quickly on that package.

• (2145 )

It was interesting earlier hearing the Liberals, the patron saints of hypocrisy, who have backtracked on every major initiative in the red book from their opposition to the GST, their opposition to free trade, their opposition to deregulation and privatization. How dare they ever accuse any other party of betraying an election platform? They invented the notion. We see the Reform Party in an ideological box talking tax cuts for farmers at a time when farmers are facing bankruptcy. It is like throwing an anchor to a drowning man. Reformers say let us twist the arms of the Americans or the EU nations to get them to reduce their subsidies.

I am not disagreeing with the Reform Party that in the long term these steps have to be taken, but the fact is this has lasted for decades. The EU nations and the Americans are subsidizing significantly. It will take work but that will not help the farmers who are in crisis now.

They say they are opposed to bailouts. They probably would have opposed Roosevelt on the new deal. The fact is farmers need help now. While the Liberals dilly-dally and the Reformers pontificate about Adam Smith, farmers need help.

A nation's ability to produce food is fundamental. Frankly, current income support programs simply do not cut it. We need to act decisively. There is no time for this ideological warfare. Farmers need assistance.

The hon. member for Fundy Royal was speaking about the GRIP program which was gutted by the Liberals. On a national level if we look at some of the programs from the past, ultimately if we do not have sustainable long term programs that ensure there are funds and programs available for farmers in crisis we will always be back to this type of situation where we are trying to deal with a crisis on an ongoing basis.

This is an unprecedented crisis in recent history. We recognize that. We urge the Liberals to move quickly. This is not an issue for ideological wrangling. It is a time for us to do what is right and to help farmers.

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In the Annapolis Valley we are seeing farmers go bankrupt at an unprecedented level. It happens every week that we are getting calls to our constituency offices and hearing stories of absolute heartache and devastation from family farms, farms that have been in these families for generations. There are seven or eight generation dairy farms that are facing devastation based on the current situation.

The pork industry is going downhill. The apple industry in the Annapolis Valley is facing significant challenges. We need a holistic program. We need to work in terms of foreign policy to address the subsidies issue globally. We need to address our tax policies in Canada and ensure that farmers and all business people are not impeding by an egregiously heavy tax burden. But in the short term we must do what is right. We must do what is important, help farmers who face a crisis right now.

**Mr. John McKay (Scarborough East, Lib.):** Mr. Speaker, I will be splitting my time with the member for Dufferin—Peel—Wellington—Grey, also known as the minister of feathers. Anything we want to know about feathers, that is the hon. member to speak to.

I am only the second urban member to speak on this. I want to acknowledge at the outset, as one of the hon. members asked me opposite, what in heaven's name does an urban member have to say about a farm issue.

The last farm exited Scarborough East about a generation and a half ago. It was probably my father's farm. At one point we were hog farmers and we followed that up subsequently with being market gardeners. I vividly recall doing rhubarb roots in November.

• (2150)

It was an awful experience. One did not have to do this for very long before realizing there was another way to make a living. The novelty of doing it wears off after a while.

I am actually the first generation not to own land and make a living from it. Some time during the next month I have to make a decision as to whether we will sell the family farm.

I can say unequivocally that the people of Scarborough East are not opposed to paying a fair price for the food they consume from Canadian farmers. That in some respects is the issue. While I speak from the vantage point of an urban member and a lapsed farmer, I want to address the issue of whether this is a crisis or a disaster as speaker after speaker has said.

I draw attention to the overview of the 1998-99 farm income forecast of NISA balances of October 30 prepared by the Minister of Agriculture and Agri-Food. If we look through the numbers for certain provinces one has to ask where is the crisis. The cash

receipts for 1998 for the province of Ontario will be \$6.7 billion, up approximately \$400 million from the previous five year forecast. Income in 1998 will be the highest it has been in years previous. The average for the years 1993 to 1997 is \$415 million. This year it will be \$625 million for the province. The net income will be \$674 million, up considerably over the \$540 million average for the previous four years.

Hidden in the numbers are some sectoral problems, particularly in the area of hog production. If we look at the numbers there is a scheduled fall-off of about \$270 million in one year. It will be concentrated in one sector. I believe that is where the crisis is.

As we move further west it is clear that the crisis gets deeper and deeper. In Manitoba the net income over the previous four years was \$287 million. This year it will be \$143 million falling down to \$134 million, something in the order of a 40% fall-off from previous year averages. Then if we go further west to Saskatchewan the numbers become quite dramatic. The total net income for the average of 1993 through 1997 was \$715 million. This year it will be \$83 million. Next year it is projected to be \$72 million. This is estimated to be something in the order of a 70% drop-off from the previous five year average. Clearly there is a crisis and an issue of great difficulty to individual farmers.

The numbers do not lie in these instances. There is a serious meltdown over the three provinces of Saskatchewan, Manitoba and Prince Edward Island. It is clearly directed to two sectors, the grain sector and the hog sector.

The question is whether the government should be panicked into a response. There are a number of serious issues among farmers particularly in Manitoba and Saskatchewan. The grain and hog sectors are very hard hit. There will be spill-overs into other areas and other sectors. There are vigilante people in the United States who have decided to take the law into their own hands and block access to markets. However, should the government panic as suggested by some members opposite?

Apparently the Reform Party's solution of tax cuts is the panacea to fit all evils. This is one idea that fits all issues. Tax cuts will not be too terribly useful to a farmer who has no income. Under the circumstances a tax cut is a meaningless solution.

• (2155)

The NDP, on the other hand, described this crisis as something comparable to the dirty thirties. I suggest that is hyperbole and not something that necessarily needs to be addressed. Its solution is to get into national programs and to look at subsidies. But if we look a little more carefully at subsidies, they do not really cut it. If I am reading correctly, the producers subsidy equivalents produced by the Minister of Agriculture and Agri-Food show that in the pork area where we subsidize the most we have the greatest problem.

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Similarly, however, if we look at the wheat area where we subsidize the least, second only to Australia, that is also an area of problems, similarly with corn where we subsidize very little. We subsidize very little in barley and yet we still have problems in those areas.

It is quite clear from the statistics that even where we subsidize heavily there is no correlation between prosperity of farmers and absence of prosperity of farmers. Subsidies is not an area in which the government should go or be encouraged to go.

The government has taken something of a measured response to this issue. I suggest it is the right path to pursue. Its first response was with respect to the NISA program, a simple rainy day account to which farmers are entitled to contribute in the good years and followed up with a contribution by the government. This is the time to draw, and we heard the Minister of Agriculture and Agri-Food suggest the ability to draw will be eased in this situation.

The second area is crop insurance, also a voluntary program. It offers risk protection to agricultural producers who contribute one-third of the cost of the program. It is estimated that \$430 million in direct payments will go to farmers this year.

There are a number of other programs into which the government enters along with the provincial government and I need not repeat those.

The minister has been meeting with representatives of financial institutions in order to mitigate the requirements of financial institutions and orderly programs with respect to debt management.

All these are measured and appropriate responses to a serious issue. So it is my view that the Government of Canada has shown its concern about the farm financial situation and realizes the sense of urgency and importance. This is why farm income is one of the priorities now being considered by cabinet ministers. The Minister of Agriculture and Agri-Food has kept his colleagues and government informed of the situation and is moving us toward a reasoned and measured solution.

No cause for panic. No cause for disaster. No cause for hyperbole. No cause to describe this as another dirty thirties revisited, but rather a measured and reasonable response.

**Mr. Murray Calder (Dufferin—Peel—Wellington—Grey, Lib.):** Mr. Speaker, I thank the hon. member for Scarborough East for sharing his time with me and also compliment the member for South Shore for having this emergency debate tonight.

I have been farming since 1974. From 1974 until 1985 I was a pig producer. We had about an 80 to a 90 sow farrow to finish operation and I can remember going through the farm crisis of the late 1970s and early 1980s. I can remember the pain, the loss of pride, the embarrassment and even the loss of the will to live. It

was a very sad experience. It was an experience I will never forget and it is also an experience I do not want to see us go through again. But I believe right now we are on the threshold of exactly that.

• (2200 )

That is one of the reasons why this government is working as best as it possibly can and as quickly as it possibly can to address this issue.

In the *Globe and Mail* underneath the national news it finally caught on and said “farming crisis to worsen” and then gave Statistics Canada data. I would like to read some of it because it is very scary.

In 1997 farmers’ net farm income was just over \$2 billion. That is down by 53.4% from the \$4.3 billion they earned in 1996. The story is not in on what is going to happen this year. The Statistics Canada figures go on to state that wheat crops have fallen by 43.3% in the third quarter of this year. Revenues were sliced nearly in half to the tune of 45.5%. For barley the drop was 48.8%. For hog revenues it has fallen by 26.1%. It also noted that the wheat board’s initial spring prices for this year were \$130 a tonne, a drop of 24.4% from the year before.

When we got into the 11th hour of the negotiations in 1993, the axiom at that point was that low prices would stop low prices. Why do low prices exist today if that is the case? Obviously one cannot produce something for nothing for a very long period of time before one is broke. I saw enough farmers in the late 1970s and early 1980s have that happen to them.

I was part of the Farm Credit Corporation and the loans on my farm were locked in a fixed rate of interest of 12.5%. I saw interest rates go to 22%. That was when we got into the penny auctions. We saw sheriffs at the door and farm houses sealed up. Basically farmers left with the clothes on their backs. It was a very terrible time.

It is partially because of a combination of things. We have had financial and political instability within Europe, Latin America and Russia. This year, for instance, Russia’s average harvest, which is not all that great, came in at 22% below its average in a normal year.

We are experiencing another trade war. I would like to read some data from the USDA that I have picked up surfing the net. I can also give information on what is happening in Europe. In the United States, underneath the FAIR act of 1998 there was \$6 billion in product flexibility contracts, \$1.5 billion in conservation reserve payments, \$750 million in loan deficiency payments, for a total of \$8.25 billion being injected into the farm economy in the United States.

Also, there were additional support payments of \$2.8 billion for market loss, \$1.5 billion for the 1998 crop losses, \$875 million for

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multiple year crop losses, \$200 million for livestock feed assistance, \$200 million for U.S. dairy producers, \$27 million for other disaster spending, for a total of \$5.975 billion. That is referred to as the \$6 billion farm aid package.

There is also \$1 billion in taxes underneath a new law to producers. The total in the United States is \$15.225 billion for 1998. That is one of the reasons production is up and prices are down. It is because of subsidies. These are subsidies the United States said it would do away with. Obviously it has not.

Let us take a look at Europe. Export subsidies as of November 19, 1998, are \$47 Canadian for wheat.

• (2205)

There is a subsidy of \$105 a tonne for barley and a subsidy of \$138 a tonne for malt.

**An hon. member:** What about alfalfa?

**Mr. Murray Calder:** I do not have an answer for that. The EU subsidizes wheat on average by \$116 a tonne or \$3.15 a bushel. The United States is subsidizing at a rate of \$72 a tonne or \$1.95 a bushel while Canada is subsidizing at a rate of \$15 a tonne or 40 cents a bushel and Australia is subsidizing at rate of \$13 a tonne or 35 cents a bushel. There is the problem.

The United States says it is the free trader of the world and wants to do away with subsidies. As far as I am concerned that is bovine fertilizer. We need what we are working toward right now, a national disaster program that would kick in and give support to farmers when the current safety net systems are not sufficient.

As a farmer I have taken a lot of phone calls from farmers in my area. I have been talking to guys who lived through the crisis with me in the late 1970s and early 1980s. It is not just the opposition that gets these phone calls. Members on this side get the phone calls too and we are acutely aware of what is going on out there.

I have spoken repeatedly on this issue over the past six weeks in national caucus. I have talked not only with the Prime Minister but with all cabinet ministers present at national caucus each Wednesday. They are all acutely aware of what is happening. We have to make sure as a government that in saving our farmers whatever we do and however we do it, and we will be doing that, it must be GATT green so that it does not trigger a countervail.

When I produced pigs back in the late 1970s to the mid-1980s countervails were absolute death to our industry because they would tie up production. I have been watching production in our country. We have looked at international trade and we have moved production in pork from \$16 million a year to \$19 million a year. That means we had better be exporting three million pigs or the floor will be blown out of the market. That is what is happening.

**Mr. Charlie Penson (Peace River, Ref.):** Mr. Speaker, I will be splitting the remaining 20 minutes with the members for Lakeland and Kootenay—Columbia. I am happy to take part in the debate this evening because it is of great importance to my riding of Peace River, Alberta which is mainly an agriculture producing riding. Farmers in Peace River country know full well the impact of the agriculture trade wars that have taken place in the past.

In order to talk about this issue we have to talk about the massive trade war that was taking place as a background to the Uruguay round negotiations in agriculture. Agriculture has been one of those mavericks that have not been under trade rules in the past. For over 50 years we have had trade rules with regard to industrial products and some services around the world. But agriculture was not brought under those trade rules until 1992 and only then it was a modest start. The backdrop was the massive trade war that was taking place during the 1980s. I know from my own experience, having farmed during that period, I certainly do not want to go back there again and be subject to those massive European and American subsidies. I do not want to, nor does my son, to go back to the situation where we have farm programs where we have to jump through all the hoops in order to qualify, in other words farming the program, growing wheat year after year with crop rotation which really it did not call for it at all. It was not a good agricultural practice.

• (2210)

We do not want to go back there. That is the setting for the Uruguay round that took place with the signing in 1992.

I have to remind the House that it was only a modest start. All farm countries recognize it was a modest start, that we had to at least get agriculture started. They used 1986 as the base year for calculating subsidies, one of the highest years in the history of agriculture subsidies in the world.

The idea was to get agriculture started, reduce some tariffs, reduce export subsidies by a modest amount, build in a future round which is the one we are talking about for 1999-2000 in order to make great progress. I guess I would have to say it is understandable that we are in the situation we are today.

Over 85% of the world trade in agriculture is still not subject to controls through rules. In addition, this has brought about a very stagnant farm net income situation. For the last 10 or 12 years we have had stagnant farm net income in Canada. The east Asian situation has hurt us further.

Here is the present situation. Farmers are hurting, net farm income has decreased and there is the continued big use of European and American subsidies, although they are staying within their limits on their program. That brings me to what we need to do to correct the situation.

*S. O. 52*

We are talking about some kind of short term program, but that is not the answer for farmers in the long term. I would make the case that we have to work together with like minded countries to advance this farm negotiation that is going to be taking place at the World Trade Organization.

The Cairns Group has been very active in looking for trade liberalization. I would make the case that we have to also include the United States as an ally in reducing massive European subsidies. The reason I say that is I believe they are only basically responding in the United States to European subsidies, not really wanting to do it themselves, but Europe has the systemic problem of trade and agriculture subsidies. I believe it has the problem for a number of reasons such as a couple of world wars where it was short of food.

That does not excuse the European Union for producing beyond what it requires itself. That is what is happening these days. It is overproducing. Last year world wheat demand was down by 8% but what did we see from the European Union? A 30% increase in production. That is because farmers are getting these massive subsidies.

I suggest we have to co-operate with the United States. It is one of the world's biggest grain producers. I think it is in our interest to work together to try to convince the European Union to phase down these subsidies in the next round of the World Trade Organization talks to be taking place within the next year.

I suggest we might have to move outside the agriculture box in order to do that. We have to put some pressure on these people. We might have to talk about industrial tariffs. We might have to talk about security in things like NATO, intellectual property, services, all things the European Union would probably want. I think we have to be very forceful because our farmers simply cannot compete against the treasuries of the other countries. We can compete on the basis of production with anyone in the world but we cannot compete with the treasuries of the United States and Europe. It is in our interest to try to get some trade liberalization.

**Mr. Leon E. Benoit (Lakeland, Ref.):** Mr. Speaker, I will focus on a fairly narrow area.

The member for Peace River did an excellent job encapsulating the trade situation and what did not happen and what should have happened in that area, although when it came to the North American Free Trade Agreement and its predecessor, the Canada-U.S. Free Trade Agreement, Canadian negotiators in those agreements did an excellent job of negotiating.

• (2215)

We are very thankful for what they did. When it came to the GATT negotiations that ended in 1992 and were signed by the government in 1993, Canada took a very weak position. They did

not negotiate in agriculture anything like they should have. As a result we ended up with a very weak result that is harming Canadian farmers right now.

Reformers came to the House in 1993. The campaign started in 1992, the year before the election. We came with a comprehensive agriculture policy which, if it were examined today, would demonstrate that it would deal very well with the problem that farmers are in. During that campaign and in the House Reform MP after Reform MP spoke out on what we saw as a policy that would have prevented the situation we see today.

I am not only talking about tough trade negotiations. I am talking about a specific program that we called the trade distortion adjustment program. This program would have taken part of the value of the Crow subsidy. We called for the subsidy to be eliminated. The Liberals eliminated it but they did not do a key thing we proposed they should do. They did not put a part of the capitalized value of the Crow subsidy into the trade distortion adjustment program, which would have provided money for the situation our farmers are in today. It would have provided money to directly compensate for damage to commodity prices which could be attributed to unfair trade practices and unfair subsidies in other countries.

The major cause of the crisis in grain farming, the single major cause, is unfair trade practices in Europe and to some extent in the United States, combined with import restrictions into Japan, Korea and other Asian countries. Those things more than anything else have led to the crisis we see today.

In my first speech in the House I proposed that the Liberal government adopt the trade distortion adjustment program. Dozens of times Reform MPs throughout the following years raised the issue until the Crow benefit was eliminated. However the money did not go into this program. There was a \$1.2 billion political payout to farmers which did them very little good. I would argue that it split the farm community between renters and farmers actually farming the land.

The Liberal government is facing a situation right now that must be dealt with. It ignored what I believe was very good advice over those years, presented again and again and again. A strong sensible position was presented, a position which would have clearly helped deal with the current situation.

Under the plan that we proposed the capitalized value of the Crow benefit would have been somewhere between \$7 billion and \$9 billion in total. We recognized the deficit situation. Reform more than anybody recognized that the deficit had to be removed and pushed for it. We recognized that taxes were too high. Reform more than anybody called for tax reduction. Recognizing all of that, we called for only part of the capitalized value of the Crow benefit to go into this fund. Possibly \$3 billion or \$3.5 billion.

*S. O. 52*

With the interest that would have accrued on that we would have a good sum of money in place right now which would have been available for farmers to compensate them not just in an ad hoc way. That is not what farmers want. Farmers do not want handouts. They want fair trade. When other countries are not trading in a fair way, farmers want some help to deal with that. That is precisely what the trade distortion adjustment program would have done.

The Liberals did not take our advice. It was not just advice coming from Reform MPs. It was coming from the farming community. They did not take our advice and as a result we are in a situation today where we are talking about another ad hoc payout and nothing to deal with the long term problem.

• (2220)

This type of a situation cannot recur every 10 years or so. That has happened for too long. Farmers should not have to face that time and again. I know in my life before politics I worked as a farm economist and I did business consulting with farmers. I sat across the table from 100 to 200 farmers, farm families at their kitchen tables, families facing a crisis just like this one today. Most of them lost their farms. There is nothing I want less in my life than to have to sit at the kitchen table with families that are losing their farms again.

What is to be done? The Liberals have to come up with the answer. Knowing they did not act in a responsible way over the last five years, it is up to them to come up with an answer or a solution. It cannot just be a short term payout. It has to be a long term solution to the problem. That is what they have to do. I will be watching. Farmers in my constituency will be watching to see what they do.

**Mr. Jim Abbott (Kootenay—Columbia, Ref.):** Mr. Speaker, I am proud to represent the farmers and ranchers of Kootenay—Columbia who are faced with the specific problem sourced and created by the Liberal government that relates to all farmers and many Canadians across Canada.

Ranching and farming are not nine to five jobs. They involve long, hard hours and hard work often seven days a week. Many farms and farmers have people off farm working in town at other jobs and using that money to subsidize the farms.

I am referring to the way in which Revenue Canada, under the control, jurisdiction and direction of the Liberal government, is "helping farmers" off the farm. It is bloodthirsty. It is making changes to the law retroactively. It shows absolutely no compassion or conscience while it is holding up the bank by robbing farmers of money they need to pay off bank loans and try to keep their heads above bankruptcy year after year.

Let me give the specifics of a case. I believe they would apply to all ranchers and farmers across Canada. In my constituency ranchers and farmers are cutting timber to enhance grazing or farmland. They consulted national and local accounting firms on

how the money would be treated by Revenue Canada. They based their decision to proceed with the timber cut based on information confirmed by Revenue Canada.

In 1996 and prior years accountants confirmed with Revenue Canada the money was to be reported under capital gains and taxed accordingly. These are operations which do not normally depend on the cutting of timber for their livelihood but may exercise the option once or twice during the ownership of the property. It should be noted that from the cases received in my office not one individual purchased the property with the intent to remove the timber as a continuing trade or source of income.

In the 1996-97 year Revenue Canada made a decision to review a number of tax returns reporting money derived from timber sales and issued approximately 50 questionnaires to ranchers and farmers who had reported money from timber sales. An additional 50 questionnaires in early 1998 came out and more are anticipated. These tax returns were determined from cross-checks of names from the timber mark office in Victoria and Revenue Canada files. The timber mark list was obtained through a general memorandum of understanding between Revenue Canada and the province of B.C.

The 1993, 1994, 1995 and 1996 tax years were reviewed and reassessed according to the new interpretation by Revenue Canada. In June 1998 the Tax Court of Canada heard a case called the Larsen case and a decision was made in July in favour of taxpayer Larsen.

• (2225)

A decision has been made by the Minister of National Revenue to appeal the decision, which would require the case to be heard by the Federal Court of Appeal. A recent letter received in my office on another issue signed by the minister stated that where a taxpayer disagrees with the department's decision an appeal may be filed through the Tax Court of Canada.

The tax court is an independent tribunal and provides the appropriate means to settle an honest difference of opinion between Revenue Canada and the taxpayer. It is to be noted that the tax court found in favour of my taxpayer.

Similar cases were heard by the tax court in the early 1950s and 1970s and rulings were also in favour of the taxpayer. Even with that history, Revenue Canada insisted on presenting its case again and spending more taxpayers dollars fighting the hand that feeds it, the hand of the taxpayer.

Revenue Canada says there has not been a change in the legislation in question. The reason for the audits being done in 1996 and 1997 and to continue in 1998 is that in the past the amounts received from the sale of timber taken off the properties was insignificant according to Revenue Canada definition and therefore was never questioned as to whether it was treated as a capital gain against the cost base of the property.



*S. O. 52*

In the 1990s the dollar value in the sale of timber has increased. Therefore Revenue Canada no longer considers the amounts to be insignificant. Consequently it is questionable if the amounts can be treated as a capital gain against the cost base of the property.

Initially our office was advised by Revenue Canada staff that the reassessments were nationwide and B.C. was the last area to be reviewed. It should be noted that this problem is not just a problem in British Columbia in my constituency. It is also a problem in the maritimes.

The point of my presentation is that the Liberals talk all the time about how they are helping people, how they are serving people. It was pointed out during the tenure of John Turner, when he was temporary prime minister of Canada, that serving the public is also a term that can be used for bulls.

A case scenario is one where there is a partnership of three individuals who were all reassessed. The initial appeal of capital gain treatment was rejected. The accountant was advised by Revenue Canada that the money should have been treated as revenue versus losses. These people are in a position where it will cost them more money to fight Revenue Canada than it would for them to comply with this reassessment by Revenue Canada.

A second case is of a retiree who is in a position where he is just not able to service the extra load dumped on him by Revenue Canada. We are talking about a potential bailout by the Liberals of a specific problem. I am talking about the problem for all ranchers and farmers across Canada, that Revenue Canada fundamentally is out of control when it does retroactive tax grabs. This is what I am speaking about.

The Liberals have to get it right. They have to treat ranchers, farmers, all taxpayers fairly.

**Mr. Mark Muise:** Mr. Speaker, I rise on a point of order. Will the hon. member take questions?

**The Acting Speaker (Mr. McClelland):** There are no questions or other motions during this period of debate according to the standing order under which it was promulgated. There are two minutes left in debate.

**Mr. Peter Adams (Peterborough, Lib.):** Mr. Speaker, plummeting prices for grains and hogs are causing great hardships for many farmers and their families. If government assistance is not available soon, a very bad situation will become worse.

I have received appeals and suggestions from Peterborough County Federation of Agriculture and I have spoken to hog farmers in my riding. They all emphasize that an extremely serious and worsening situation exists. They all stress that action is needed now before a catastrophe occurs. Hogs are being sold out of Peterborough county at a dead loss of tens of thousands of dollars. This is a matter which is out of the control of farmers.

Retail prices have not changed. It would be interesting to know what the processors, wholesalers and retailers are doing with the excess profits at this time when farmers are hurting. I urge the minister of agriculture to produce an income relief plan soon. I urge that this plan target producing farmers with a very great emphasis on small operators. I also urge that the plan be designed to lay the groundwork for much greater farm income security in the future.

• (2230 )

Various groups, including the Canadian Federation of Agriculture, have made excellent suggestions in this regard for approaches which would not be subject to countervail.

This is a provincial and federal matter. I urge all the provinces to support any initiative which our minister proposes. It is important that the minister act as soon as possible. Even the news of an effective plan would give the banks confidence to hang in with our farmers.

I have spoken to the minister about this on a number of occasions. I know his heart is with all the farmers affected by this crisis and their families. I know he is working hard to produce an effective, far reaching plan of action. I urge him to act as soon as humanly possible.

Our thoughts and prayers are with all farmers and their families across Canada who are experiencing hardship at this time.

**An hon. member:** On a point of order, Mr. Speaker.

**The Acting Speaker (Mr. McClelland):** I am sorry, we are not entertaining any points of order in this debate either.

It being after 10.30 p.m., pursuant to order made earlier this day, I declare the motion carried.

Accordingly this House stands adjourned until tomorrow at 10 a.m. pursuant to Standing Order 24(1).

(The House adjourned at 10.30 p.m.)



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