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OFFICIAL REPORT  
(HANSARD)

**Monday, May 3, 1999**

**Speaker: The Honourable Gilbert Parent**

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## HOUSE OF COMMONS

Monday, May 3, 1999

The House met at 11 a.m.

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*Prayers*

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### PRIVATE MEMBERS' BUSINESS

• (1105)

[*Translation*]

#### CRIMINAL CODE

**Mr. Pierre Brien (Témiscamingue, BQ)** moved that Bill C-374, an act to amend the Criminal Code and the Customs Tariff (prohibited toys), be read the second time and referred to a committee.

He said: Mr. Speaker, this is the first time since I was elected to the House in 1993 that I have introduced a bill. I introduced this bill, but it was inspired by people in my riding, who took up this fight. I will describe this later in greater detail.

I will first explain what the thrust of this bill is before talking about a broader problem, namely the violence our children are exposed to on a daily basis in society at large. As lawmakers we have to ask ourselves whether we provide the best possible framework to regulate this whole area.

The purpose of my bill is to ban the manufacture, importation, marketing and sale of toys with instructions—and this is the significant point—that clearly encourage violent behaviour. I make this distinction because the toy might appear innocent enough, but the instructions are not.

This is what happened to one of my constituents who bought a doll, more specifically a troll, for her children. At first glance, on the shelf, the toy was quite appealing, and there did not seem to be a problem. Then one day she saw the instructions accompanying the doll, which said “To keep your troll happy, beat it, shut it up in the dark, deny it all possible happiness” and so on.

This is where the problem begins, because it is totally bad taste. It is inappropriate even and unacceptable that this sort of message accompanying toys should appear on the market without impunity.

Obviously, a person faced with this situation would react first by saying “That must not be legal. I am going to find out”. Ms. Ayotte, who is a resident of my riding, therefore checked around and finally discovered that it was a perfectly legitimate practice and nothing prevented it. That led her to give thought to the greater problem of violence in general.

I come back to my bill, which concerns toys specifically. However, I would like there to be a much broader debate than just the focus of my bill, because the problem of violence is much broader.

My bill aims to introduce a prohibition in the Criminal Code, to create a criminal offence for these kinds of instructions. I will read the description of Bill C-374 in the summary accompanying it:

The purpose of this enactment is to prohibit the sale to persons under the age of eighteen years, the offer for sale in a place to which persons under the age of eighteen years reasonably have access or the importation into Canada of a doll together with a label or writing urging any person to mistreat the doll or cause it to suffer injuries or degrading acts, or the packaging of which contains such a label or writing.

Why was the word doll included in the bill? It was included because words have meaning in our language, and the word “doll” means an object with a human form. So, obviously, the link is even more direct when a person is encouraged to inflict injuries on or treat in a degrading manner an object with a human form.

• (1110)

Probably far more can be done. My approach is aimed at banning this practice, using a specific example. I am sure, however, that a number of improvements can be made to this bill.

It can be broadened to encompass all toys, although the point needs to be made that a toy per se may be relatively inoffensive. The problem lies far more with the use a child is invited to make of it.

Coming back to the action taken by some people in my riding, Mrs. Ayotte, who has five young children, set up a team, with community support. The university provided researchers. She started up a petition, which has taken on the form of a giant jigsaw puzzle, and which people were invited to sign to indicate their wish to see society take steps to decrease the violence with which our children are confronted.

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To date, the petition initiated by Mrs. Ayotte has been signed by 400,000 people. The puzzle-petition, which has turned into the project "Joue-moi la paix", has been exhibited on two occasions, one of them before this House. Unfortunately, when they came to put it together in front of parliament, it was election time, and most MPs were unable to see it.

It was also assembled in the riding of Rouyn—Noranda, and at that time all necessary steps were taken to get it into the record book, as it is the biggest jigsaw puzzle ever put together in the world. In the updated version of the *Guinness Book of Records*, the biggest puzzle in the world is associated with the "Joue-moi la paix" project.

The mayor of Rouyn was in attendance. So was our bishop, Mgr. Jean-Guy Hamelin. A large number of citizens came that day, which became a day of celebration in Rouyn-Noranda. They came to sign this puzzle, if they had not already done so, or to see it being assembled.

The group had a much loftier goal than my bill, and it conducted much broader research. In the process, some became more knowledgeable. Mrs. Ayotte met with officials from the Department of Justice to submit her project to the government, asking that steps be taken to reduce the number of violent stimuli to which children are confronted on a daily basis.

Should we not be concerned about the violence shown through video games and on television? A debate was held in the House on this issue. A petition signed by a large number of people was also initiated by a young woman, following a tragedy that had triggered a debate on the violence shown on television. The government followed up on this to see if additional measures should be taken.

We need only think of recent events in our society. The tragedy that occurred in Denver, Colorado, where two young men entered a high school and killed several of their fellow students, is still fresh in our minds. The same thing happened last week, in Alberta, where a young man was killed and another injured because teenagers entered the school with weapons. It was terrible.

Obviously, there is no legislation, regulation or measure that can guarantee us protection from this sort of catastrophe indefinitely. Far from it. However, particularly in light of recent events, we should ask ourselves if we are doing all we can as individuals, as parents, and also as members of parliament, as the lawmakers of our society.

• (1115)

We can be glad that there has been much less overall violence in Quebec and in Canada than in the United States, for instance, but we are not isolated from trends that originate there and eventually come our way.

The research showed that most of the toys I mentioned originated in the United States, but they still end up in our stores. With the way companies operate, and distribution networks and free trade zones, the marketplace takes in all of North America, the whole world. It is not true that, because they are made somewhere else, we are completely free from them. They end up in our businesses and they have an impact.

At the dawn of new phenomena such as the Internet or satellite TV, we will have less and less control over these things, in the near future. We will not be able to deny people direct access to American channels. We will be able to regulate less and less. It will come directly on the computer, which will be hooked up to the TV. People will make their own choices about what they want to watch.

What can we do? I would like to have the Standing Committee on Justice consider not specifically the focus of the bill but to consider what we can do. Can we do something?

There are experts in the field. We have seen a little more of this with the events in Colorado and Alberta, in the information programming on television and in all sorts of public debates. Questions have been raised, phenomena discussed. There are people who are experts in this area.

Is a child really influenced growing up in this environment? Maybe yes, maybe no. I do not claim to know for sure. I think it does have an influence.

Why not debate the matter with these experts, who will give us their opinion. It seems to me we study enough things here, for a question of such importance to be studied, particularly after the recent events.

Avoiding demagoguery and remaining realistic, I am not trying to tell the government that what I am proposing is a magic solution, far from it. This is not a simple or easy issue. We can never be fully protected from phenomena or actions that are violent, gratuitous, incomprehensible and unexplainable.

They result in individuals feeling so desperate and aggressive that they can go as far as killing others. This kind of occurrence can never be completely prevented. It will probably never be fully understood, either, but there are a certain number of things that can be done.

Within my very specific bill, it seems to me that what I am asking for is not unrealistic. Moreover, when a toy, which may be merely totally tasteless in itself, also comes with instructions which, as the bill says, urges any person to adopt a violent behaviour or commit degrading acts, appropriate action must be taken against those behind the marketing of these toys. We are not talking of disproportionate penalties to be made part of the Criminal Code. The bill speaks of maximum fines of \$25,000 for manufacturers and, in very serious cases, a sentence not to exceed six months. This would not be the first time penalties would be

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applied, but it would not be a bad thing to send a message to those tempted to make money from such gadgets.

The message would be: "In Canada, the Criminal Code contains provisions that prevent you from doing that, so take care". Public pressure will always be very useful. The companies that will be judged negatively by the consumers because they sell such products will suffer the consequences. The vast majority of people find this unacceptable.

Moreover, this measure would make it illegal to do such things. The price to pay would be very high, not just in terms of the fine imposed, but also because of the negative publicity that would follow. If this bill became the law, it would be a deterrent.

Before concluding, I should point out one thing. I am not saying that this is the sole responsibility of government.

• (1120)

As parents—I myself am a young parent—we have a responsibility to our children. The best guarantee against all this is certainly the way we approach these issues with our children. The family setting, friends and the environment in which children grow are more effective than most laws.

Still, it is appropriate to start a debate on this issue and to expand it to allow people to express their views on it.

Unfortunately, my bill was not selected as a votable item. This means that, at the end of this hour, we will have heard nice speeches but little action will be taken. I am hoping this bill can be reviewed by the Standing Committee on Justice. The committee could, of course, conduct this review on its own terms, but the best guarantee would be to make the bill a votable item in the House, so that it would be referred to a committee between second and third reading.

I am asking all the members of this House—even though this is not very appealing, since it only launches the debate—to give their unanimous consent to put this bill to a vote after debating it.

**The Deputy Speaker:** Does the hon. member have the unanimous consent of the House to make this bill a votable item?

**Some hon. members:** Agreed.

**Some hon. members:** No.

[*English*]

**Mrs. Sue Barnes (London West, Lib.):** Mr. Speaker, Bill C-374, an act to amend the Criminal Code and the Customs Tariff, would provide for a new criminal offence of selling to a minor or offering to sell in a place accessible to minors or to import any doll

that comes with a label or packaging which urges any person to mistreat the doll, cause it to suffer injuries or degrading acts.

The hon. member's bill would further define doll as including a model of a troll or a model of an imaginary creature with a human shape.

The bill would create a summary conviction criminal offence with a maximum penalty of \$25,000, six months in prison or both.

In essence, the hon. member's bill is aimed at a product which he believes, and I understand many of his very concerned constituents believe, desensitizes children to violence and fosters violent behaviour among children.

It is commendable that more and more people are now linking products that society offers and the environment that we have created to potential actions of our children and youth. For example, I think of our laws on gun control. I hope that more people start thinking of these connections.

I share the hon. member's concerns about the many depictions of violence in the media and other aspects of our lives. I recall when, as vice chair of the justice committee in the 35th Parliament, we actually tabled a report dealing with those very issues.

I must say that the criminal law is a very blunt instrument which carries harsh penalties and procedures. It should be employed to deal with conduct that causes or threatens to cause serious harm to individuals or society. However, it should only be used where other social control means are inadequate or inappropriate. I would suggest that neither are present to the degree necessary to create a new criminal sanction.

Does the hon. member opposite really suggest that fighting dolls represent a possible threat to individuals or society in a similar magnitude as the social and individual harm which is caused by drugs, theft, guns or violence against people? I think it is the relative situation here, although I understand the premise of what the hon. member is attempting to do.

Dolls such as the one the hon. member is concerned about are really just one aspect of a larger issue. Other forms of social control are perhaps more appropriate for helping our children deal with the images and the invitations to violence and aggression which these products sometimes suggest.

Children are daily exposed to depictions of violence in all forms in the mass media, from TV to movies to books. It is a serious component of many of the video games and websites that are now popular with children. Children's games sometimes revolve around fighting, chasing and killing.

Does the hon. member want the Criminal Code to make it a crime to have a G. I. Joe doll or to play cops and robbers? I am sure he does not. Parents make choices around those issues. I made

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choices with my children and I am sure that all of us should be making those choices. It is simply not reasonable to think that addressing the availability of one kind of doll will have an effect on children's tolerance and reaction to violence.

• (1125)

We need evidence that the inclusion of a label urging mistreatment may make some difference to a toy. Does it really affect the outcome? Can we prove this? Can we prove it to a criminal burden of proof? That is a little different. It is a high burden.

We know by observing children that they often damage their toys. This is activity which happens in homes and schoolyards. However, I wonder whether we want to relegate it to criminal activity. If we do then we have limited some of the freedoms we enjoy. There is freedom of speech even in commercial labelling. Any law which directly or indirectly regulates labels or packaging could violate some of the freedoms that are guaranteed by our Canadian Charter of Rights and Freedoms.

That is one area. It is an area that in some ways we already overcome when the threat is serious enough. There could be those instances and there are many times when we should be acting. We certainly act when toy products affect physical safety. We have regulations to deal with those situations.

I have not seen the product described by the hon. member, but I am sure the message is rude. It is not something that most people in Canadian society would want to see. However, in this society we have freedom of choice in what we buy for our children. Dolls are usually bought by children, with their parents' money, under parental supervision. There are ways we can choose products for our children or limit choices, just as there are ways we can choose to let them watch any amount of TV and any programming or to limit those choices.

It is important that parents do these things because how we handle our children in the early years in our homes affects the outcome. I am certainly a supporter of more protection and social support for children, especially in the early years of life. However, even when there are parents in the home, I think there are safeguards and more resources we could use.

That is not what this bill is about. This bill is specifically about creating a new criminal offence. I think what we really have is not a criminal situation but a very important social situation that needs to be addressed.

In my home I sometimes hear music on compact discs which causes me to say "Get that out of here. I don't want to see you ever having this kind of trash". I do trash some of those compact discs because they are not appropriate. They are more than rude. They use language and incite behaviour that is not found in Canadian values. That is the role of a parent and that is a role which we should support.

If there is criminal activity, then obviously the criminal law is appropriate. That is where there are violent actions. However, we are talking about a doll and the labelling on the doll. I think the concerns of the hon. member and his constituents are very well intentioned. I could certainly support doing something in this area.

There is a technical difficulty. The section in the Customs Tariff to which the member's bill applies no longer exists. However, there is another section that is comparable, so it could be corrected.

• (1130)

On balance, the criminal law is a very serious tool. Environmental and social controls and actual social resources do far more to address the problems for more people. A bill that narrows it down to one toy at one point in time will not fix the problem. It would certainly be a token acknowledgement that there is a problem in a lot of areas around certain products, but a lot of these products are still and will remain legal. They have some protections under charters when we get into some of the areas.

I commend the hon. member opposite for bringing this debate forward because I think it is worthy of an hour's debate. I do not think we should be going beyond that when our committees in the House have already deemed something not to be votable. I think that is the fair way and that all of us should play by the same rules.

This scenario does not reach a threshold where a criminal offence of such magnitude should be there, although I commend and see the logic which started this process.

**Mr. Deepak Obhrai (Calgary East, Ref.):** Mr. Speaker, I rise today to participate in the debate on Bill C-374 introduced by the hon. member for Témiscamingue.

I commend the member for this most worthwhile initiative and for bringing before the House an issue with such profound consequences for our children. At the outset I would like to say that the work of the member's constituent, Mrs. Martine Ayotte, should be acknowledged. Mrs. Ayotte has collected some 26,000 signatures in her petition to parliament to have this product in question censored. Mrs. Ayotte is a responsible and courageous individual, and we commend her for her bold initiative.

The toy we are debating about today is the warrior troll. The purpose of toys is to bring enjoyment, joy and a smile to the faces of their owners. Toys are also effective tools for education and often challenge our imaginative and intellectual capabilities. They reflect society's moral and social values.

However, this warrior troll represents the direct opposite of what we are trying to foster: a caring, loving, honest and tolerant society. At a time when all parents seek the wisdom and strength to properly raise and guide their children to wholesome development and moral living, we have a corporation selling a toy that is intended to foster and promote violence. This toy attacks the

foundation of law-abiding citizens who seek peace and harmony, not violence and destruction. Allow me to tell the House a little about this warrior troll.

It is my hope that I will dispel any notion this is a harmless little toy with no psychological consequences. The toy in itself is not bad. It is the instructions and the series of commands recommended by the manufacturer that are harmful. In short, these instructions call for the child to beat the warrior troll each day. One is never to feed this toy. One is supposed to keep this creation in a dark place that gives off a foul odour. Finally, the instructions recommend that the child never show this monster any love or affection. Is that what we want our children to learn?

At a time when youngsters and society in general are yearning for affection and love, we want our children to own a toy that promotes these basic, positive human traits. Shame on the inventor and the corporation that is marketing this toy.

• (1135)

What is truly sickening is that the instructions go on to reward this behaviour by stating that the warrior troll will gain strength and be ready for battle and defend the owner. Let us be honest about it. This toy is intentionally being marketed as a tool to teach violence, neglect and hatred. Are our children not exposed to enough of this negativity in society?

As we debate this worthy initiative I cannot help but be reminded of the tragic events in Littleton, Colorado, and Taber, Alberta. If ever this world needed proof of the destructive effects of allowing our children to view, read and emulate people of violence or violent acts then Littleton and Taber surely come to mind.

Today there are memorial services taking place in Taber, Alberta. It is heart wrenching to witness the pain and suffering arising from the tragedy which took place there. I do not wish to say more. It is very painful. At this time let me extend my deepest and sincerest condolences to members of the family of Jason Lang. We share their pain and grief.

Like thousands of parents I have a child who is about to enter high school. The events of the past few weeks have made me more than a little apprehensive about the safety of my children at school. I can only pray that our children are spared the hatred and violence that is plaguing our society. As parents and parliamentarians in Canada we have a sacred responsibility to protect our children from those people and from those products which promote hatred and violence.

I listened to the member opposite for whom I have great respect. She acknowledged that there was a social problem, but she did not say what is supposed to be done. At least we have a bill that is addressing an issue and something will be done. The member acknowledges that there is a problem but that is all she said. We know that if we do not do anything it will carry on and on.

### *Private Members' Business*

We can make a statement today by supporting Bill C-374. Bill C-374 would prohibit the sale of this doll to anyone under the age of 18. It would also prohibit the offer for sale of this doll in a place to which persons under the age of 18 would have reasonable access. This bill would make it illegal for the doll to be accompanied by labelling calling for it to be subjected to degrading acts and mistreatment.

For the sake of our young Canadians, I call upon the House to support Bill C-374.

**Ms. Libby Davies (Vancouver East, NDP):** Mr. Speaker, I very much appreciate the opportunity to rise in the House today to speak in support of Bill C-374 as put forward by the hon. member for Témiscamingue.

The bill coming forward at this time provides us with a very important opportunity to talk about youth violence and some of the causes of youth violence in society. Having listened to the government member and the Reform Party member, it is fair to say that all members of the House share a very deep concern about the nature of violence in society. The consequences that we see in communities like Taber, Alberta, or in Colorado are very tragic and devastating.

This debate is also about a very specific bill that has come forward. It gives us an opportunity to do something that is concrete. I congratulate the hon. member and his constituents who have worked so hard to bring the issue forward. It is amazing that 400,000 people signed a petition calling on the House to support the bill. This is something not to be put aside. That is an incredible amount of support in the community. It speaks to the very deep concern of people about what is happening in society.

• (1140)

As we have heard, the bill would not ban toys. The issue is not toys. According to the bill, where there is production, marketing or sale of various toys and where the use that is being encouraged through written instruction is actually something that is violent, that would be prohibited under the Criminal Code.

That is a very common sense approach. It is something we should all be supporting. This is a concrete step we could take in the House from a legislative viewpoint to deal with the vast array of products on the market that are available to young people and children. In this specific instance there are actually instructions that are condoning, encouraging and supporting a very negative and violent use.

The bill should be supported. One of the issues coming from the bill is the question of social responsibility by the manufacturing

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industry of children's toys. We are talking about a multibillion dollar industry.

Parents want to do the right thing. Their kids are subject to massive overload in advertising and are asking to have this toy and that toy. Most parents try to do the right thing in terms of monitoring these products, of trying to figure out whether they are toys or games that are suitable and appropriate for the age of the child and whether or not they are violent. Most parents and most communities feel absolutely overwhelmed by the barrage of stuff on the market.

Let us not forget we are talking about a marketplace. We are talking about companies that basically are making massive profits as a result of peddling and marketing toys such as the ones being described today and their attached instructions.

There is a very serious issue of social responsibility in the manufacturing industry of children's toys. If the bill were approved, or if the issue were sent to the justice committee, it would go some distance in saying to that industry that we expect a measure of social responsibility. It is entirely unacceptable to be marketing toys which encourage children to be violent and to deny feelings of care, love and responsibility which they learn from their families or communities. Children are faced with very conflicting messages in society.

A primary responsibility in the House in terms of the legislation we enact is the protection of our children. We value that as a society. It is not just about freedom of choice or freedom of speech. It is about protecting children and saying that the marketplace has run amok. The marketplace is now dictating and selling products in such a fashion that it is contributing to a lot of confusion, a lot of mixed messages.

A government member raised a question as to whether or not this kind of product would actually lead to violence against people. We are talking about toys for sure, but does it lead to further violence against people? That is the same issue that is being raised by the member who put forward the bill. That is why the member is suggesting it should go to the justice committee for a proper debate about issues of violence so that we can look at some of the underlying causes. That has to include the products available on the market and the way they are marketed.

The New Democratic Party is very much in support of the bill and very much in support of the debate taking place, in particular at the justice committee, given the tragedies of the past week where communities and families are grappling with the senseless violence which takes place around us.

● (1145)

We do have a responsibility to be reflective, to step back and ask, "Where can we begin to put this picture right". There is a

legislative and a community response to how we develop healthy, strong communities and how we involve children in our society by ensuring that there is no social isolation which I think is one of factors that is beginning to emerge with the tragedy in Taber.

We see programs that have been cut to the bone. I remember having a conversation with one of my colleagues who was telling me about the level of suicides in her community in New Brunswick. She said there were no youth preventative programs available and no youth drop-ins. The kids had nowhere to go. All these issues are linked. We all understand that they are linked but it is sometimes hard for us to actually figure out how specifically we can begin to address these issues.

We should not put aside the opportunity that is being presented today in the House. We should actually move forward with this kind of initiative and not just see it buried on some dusty shelf as a private member's bill.

Let us take the bill today and continue discussion of it in the justice committee because of the importance in terms of the debate that can flow from that on how we can deal with products on the marketplace. We want to ensure that there is adequate regulation so that children's toys are not used for a violent purpose. We do not condone nor encourage behaviour that is violent in terms of how kids interact with inanimate objects, with their peers, with other children or within their community.

We would support the hon. member if, in his closing remarks, he chooses to seek the consent of the House for this matter be referred to the justice committee for further debate. We believe it is a very important initiative. We owe it to the 400,000 people, who took the time to think about this issue, to not let debate die on the bill. Something useful and beneficial can come out of it. It may well be an amendment to the Criminal Code or some other option, but it is something that should be supported.

**Mr. Mark Muise (West Nova, PC):** Mr. Speaker, I am pleased to rise before the House to debate Bill C-374, an act to amend the Criminal Code and the Customs Tariff with regard to prohibited toys.

I congratulate my hon. colleague from the Bloc, the member for Témiscamingue, for recognizing the inherent dangers that exist within the labelling of some products that are readily available to very young and impressionable children.

Although the bill focuses primarily on the labelling of dolls, it does raise important questions about all labelling in general and the effects the labelling could have on our children.

On the surface, it would seem that the information contained within the labelling of dolls could not possibly be detrimental to our children. However, nothing could be further from the truth.



*Private Members' Business*

Certain labels could realistically create subliminal messages that negatively influence the perception some children have in regard to what constitutes acceptable behaviour.

The impetus for creating the bill originated from the efforts of one concerned citizen who happened to purchase a toy for her child only to discover that it contained within the instructions messages encouraging violence. Not only did the instructions encourage violence, it suggested that violence would make the child happier and more powerful in our society.

[*Translation*]

There is violence everywhere in our society. Evening television abounds with examples of how we are influenced by it.

• (1150)

What is more disturbing is the age of those committing acts of violence. Increasingly, they are under the age of 20.

[*English*]

Bill C-374 speaks to a broader issue of the prevalence of violence in our society. Everywhere one turns, children are being bombarded with messages that effectively state that violence is an accepted means of resolving one's problems.

One only has to look around to see that violence is depicted just about everywhere. For years now the motion picture industry has been competing against each other to see who can recreate the most realistic special effects depicting violent acts within our society.

Many television programs are also helping to accentuate the prevalence of crime in major cities. The portrayals of these crimes are so realistic that it is sometimes hard for some children to differentiate between what is real and what is fiction.

[*Translation*]

There is no doubt that our young people are influenced by what they see on television. The Colorado tragedy is proof of this. The method used to commit the murders bears a strong resemblance to a film seen in theatres.

[*English*]

What happened in Colorado is truly appalling. I would like to offer my heartfelt sympathy to all those who were affected by this tragic event. This massacre was followed by another high school attack on two teenagers in Alberta that left one young man dead and another seriously injured.

Details of such vicious attacks are becoming far too prevalent. Canadians used to believe that these terrible crimes were confined to big cities in the U.S. However, the shooting in Alberta and the terrible torture and murder of Reena Virk in B.C. have opened our eyes to the reality that our youth are increasingly turning to violence to resolve their differences.

The increase in crime is why the PC Party and Canadians as a whole have been calling on the Minister of Justice to amend the 1984 Young Offenders Act to make it tougher on those who insist on pursuing a life of crime. Canadians are sick and tired of seeing violent young offenders getting off virtually scot-free. Canadians want the government to start focusing greater attention on victims. They want their rights recognized and protected, just as much as the system presently protects young offenders.

In May 1998, the justice minister unveiled a new youth strategy to renew the 1984 Young Offenders Act. During meetings with provincial justice ministers, the federal minister heard her counterparts demand tougher legislation that would respond to the demands of society. Calls included lowering the age of application of the Young Offenders Act for serious violent crimes from 12 to 10 years of age and providing for easier transfer of cases involving serious offences to adult court from youth court, instead of a general reduction of the maximum age.

The PC Party endorsed measures to make the act tougher on youth crime. Led by our party's justice critic, the hon. member for Pictou—Antigonish—Guysborough, a former crown prosecutor who witnessed the lives of many of the victims of youth crime, we fought hard to convince the government that tougher legislation was needed to help protect society. Besides lowering the age of application of the Young Offenders Act from 12 to 10 years of age, he strongly supported giving judges more power to impose mandatory treatment or therapy on troubled youth.

We now know that changes to the Young Offenders Act will fall far short of what Canadians expected and what the country needs to help reduce the prevalence of youth crime within society. Therefore, it is important that as elected officials we continue to pressure the government into accepting its responsibility of protecting Canadian society.

Bill C-374 will not eliminate youth crime. However, it could help to prevent young children from being exposed too early to violence.

[*Translation*]

In closing, I again congratulate my colleague, the member for Témiscamingue, as well as Ms. Ayotte, who took her petition far and wide to educate us to the danger found on the labels of children's dolls. Bill C-374 is a good initiative and I urge all members to support it.

*Private Members' Business*

• (1155)

**Mr. Michel Bellehumeur (Berthier—Montcalm, BQ):** Mr. Speaker, I am pleased to rise to debate this bill, which I know fairly well.

Together with my Bloc colleague, the member for Témiscamingue, I met with Mrs. Martine Ayotte at the very beginning, when she started her petition and her giant puzzle. She wanted to raise the awareness of politicians, but mostly she wanted to find out what they thought of this kind of toys. She was interested in the Bloc's position, and more specifically its justice critic's.

Right from the start she got the unwavering support of her federal MP in this matter, but she wanted to know what a member of the Standing Committee on Justice thought of her petition and giant puzzle.

I will not repeat what has been said so far on the issue. It can easily be summed up as follows: a woman realized that in Canada in the 1990s you can purchase a toy with instructions inciting young people to violence. These instructions were aimed at young children. Teenagers do not play with trolls, young children do.

We know how vulnerable young children are. The instructions said "To make your troll happy you must beat it up, throw it around, lock it up in the dark without food, and so forth". This will make a troll happy. Is this the kind of instructions we want to give children in Canada? Of course not. I can see that all the representatives of the opposition parties are against this kind of violence.

Since this is allowed and legal, one must wonder if it is normal that in a country as advanced as ours in every respect, toy manufacturers, merchants, and stores are allowed to market toys inciting children to violence.

What a five or six-year old does will stay with him all his life. We know that at that age, at five or six, children are very vulnerable and impressionable. If they are told that to make a toy happy they must mistreat it, they might eventually come to believe this is the way to behave when they grow up. This is unconscionable.

The private member's bill introduced by the member for Témiscamingue deals with dolls. It could have included video games, board games, violent movies and so forth. But to respond to the request of one person in particular, Mrs. Martine Ayotte, the member specifically restricted its scope to dolls, more particularly trolls.

What member for Témiscamingue and I are asking is that the House unanimously agree to make this item votable.

**The Deputy Speaker:** Is there unanimous consent to make this bill a votable bill?

**Some hon. members:** Agreed.

**Some hon. members:** No.

**Mr. Pierre Brien:** Mr. Speaker, I am sorry to see—I must point this out for our audience because it is not clear—that the Liberal MPs are the ones refusing to give consent for this bill to be votable.

• (1200)

I would like to thank the hon. members for London West, Calgary East, Vancouver East and West Nova, for having expressed their opinions. I particularly thank the NDP, Reform, and Conservative members who have supported the bill, and in particular the idea of expanding the debate to encompass an examination by parliament of the entire issue of the violence faced by our children.

Since there will be no vote on this bill, the issue will not get to committee by that means. I hope that the members of the justice committee—the majority of them from the party in power—will take it over and address this issue, which has become so terribly timely. We cannot continue to do nothing and to not examine this situation.

In the two or three minutes I have left, I also wish to thank Mrs. Ayotte and all those in her region, in all of Quebec, and in all of Canada, who have supported and encouraged her. I want her to know that today is far from being the end of the matter. We took an hour to discuss it here in the House today, but things will not stop there. I will continue to focus my energies on trying to persuade my colleagues in the House that we must do something. I will also encourage members of the Standing Committee on Justice to initiate the consideration, discussion and public debate of the issue of the violence children are subjected to.

I would also like to respond to the Liberal member, who spoke, raising legitimate questions. Is the Criminal Code the most effective way? Care must be taken when the Criminal Code is used. I am very open to this sort of criticism. This is why we want a debate.

However, I think we have to create a criminal offence. Obviously, offences under the Criminal Code are not all the same sort. And they are punished differently. The fact that they come under the Criminal Code does not mean they are judged the same way. Nevertheless, they are criminal offences. Then there are degrees.

We must look closely at the fact that a number of business are aiming their marketing directly at our children. We have to react when these marketing strategies focus on behaviour we consider unacceptable in society, such as violence. We do so with anti-smoking campaigns, where we fight to ensure that young children cannot have access to tobacco products, and with good reason. We must do likewise to prevent companies from directing at young people messages inciting them to violence and encouraging them to use these products and to behave this way.

To those who still have doubts and are saying “No, we must not act”, we put the following question. One can rightfully argue that children are also influenced by their parents, their family, their environment and other factors, which are not necessarily regulated by the government. But are the members across the way sure that all available means have been used? Are they sure nothing more could be done?

If there is any doubt in our minds, then we should continue the debate and expand it to include the general public, which has something to say about this issue.

I want to thank and congratulate Mrs. Ayotte and her group, all the stakeholders who supported her, including those who sponsored and financed the representations, the university that provided the research staff, and all those who were involved—I will not name them, because there are many—and those who supported this initiative, including the hon. members from the various political parties who spoke to the issue today.

I hope further consideration will be given to this issue and that action will be taken. We should go the extra mile and hold a broad public debate to find out whether the federal government is using all the means available to it to try to further restrict these messages of violence to which our children are confronted on a daily basis.

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

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## GOVERNMENT ORDERS

• (1205)

[*English*]

### SUPPLY

#### ALLOTTED DAY—SHIPBUILDING

**Mrs. Elsie Wayne (Saint John, PC)** moved:

That this House calls on the government to develop a new national shipbuilding policy to support the revitalization of the Canadian shipbuilding industry by maintaining and advancing the degree of excellence and the technologies for which Canada is historically renowned, given that Canada has the longest coastline of any nation in the world and that historically Canadians are among the finest shipbuilders in the world.

She said: Mr. Speaker, I will be splitting my time with the hon. member for Burin—St. George's.

### *Supply*

A new shipbuilding policy is a pan-Canadian issue. Shipyards are located across Canada, in British Columbia, Ontario, Quebec, New Brunswick, Nova Scotia, P.E.I and Newfoundland. Many ridings from coast to coast in Canada, including my riding of Saint John in New Brunswick, are suffering from the lack of leadership from this government on the very important issue of a national shipbuilding policy.

Twice in the past six years the Liberal Party of Canada passed resolutions at its 1993 and 1998 national meetings stating that it considered shipbuilding to be a priority and that it was going to establish a new, modern, national shipbuilding policy. We are still waiting for it.

This government has let the industry slide to the point of near extinction in Canada. Many shipbuilding companies are on the verge of shutting down without a policy from this government to bring our industry to a competing level with our competitors around the world. How can a Canadian shipbuilding company survive when our ships end up being almost twice the cost of those built half a world away?

We are not winning contracts. Just to give hon. members an example, if Saint John Shipbuilding does not land a contract soon, it will be closing its doors. Saint John Shipbuilding is the most modern shipyard in the world, but it will have no choice. It has bid on over 50 contracts around the world and it is unable to compete.

Canadian shipbuilding at its peak employed almost 12,000 people. It is not unrealistic to think that the number of spinoff jobs was around the same, for a total of 24,000 people across Canada employed, happy, contributing to the tax rolls and the economy and contributing to their communities as well.

Now at its lowest point, the Canadian shipbuilding industry employs roughly 4,000 people across the country. Again, the number of spinoff jobs is about the same. Through this government's lack of initiative, approximately 20,000 people are out of work. This is simply not acceptable.

Back in the days when the government was in opposition the Minister of Industry was the transport critic. Many pieces of correspondence, of which I have copies, were sent to the shipbuilding industry members by the transport critic, now our Minister of Industry. He claimed that the issue of a revamped modern shipbuilding policy was an utmost priority. This sentiment was echoed by the current Prime Minister when he was in opposition. I quote from one of those letters. The Prime Minister when in opposition stated “It is safe to say that most people recognize that something needs to be done to create a much more competitive shipbuilding industry”. Today where is the Prime Minister and the Minister of Industry?

In 1993 the Liberal Party membership voted in favour of developing a new national shipbuilding policy. In 1993 the Liberal Party became the government. It was being given the chance to make the changes that it for so long decreed as necessary.

*Supply*

Suddenly the sentiment of the government changed. In further correspondence with members of the shipbuilding industry the current Minister of Industry started to change his tune. He stated "Your proposals were insightful and creative; however, to implement these would require the dedication of significant resources which are not presently allocated to shipbuilding".

A national shipbuilding policy was no longer on the top of his agenda nor on the top of the agenda of this government. It was relegated to the bottom of the list apparently, because after six years of being in government, no sign of a modern national shipbuilding policy has been seen.

• (1210)

What happened to the Liberal promise of change? Need I ask? It has gone to the same black hole with other Liberal promises from the red book, just like the GST, the helicopter situation and the Pearson airport deal.

The last Tory government considered national shipbuilding to be a priority and developed many initiatives to promote our skill in this field.

For example, the Canadian patrol frigate program produced thousands of jobs in Atlantic Canada and Quebec through contracts that produced 12 new frigates. This program brought worldwide attention to Canada's capability to design, integrate, test, construct and manage large projects.

Also in 1991 we awarded 12 maritime coastal defence vessels for the Canadian navy, designed and built here in Canada. The contract for the MCDVs created a steady flow of work into the shipbuilding industry.

The following is from experts and is in today's *Ottawa Citizen*:

Unlike other countries, the Canadian military has no dedicated transport ships necessary to move equipment overseas. It must either rent commercial vessels to go to a conflict area or hitch a ride from its allies.

That is a disgrace.

The PC government in its time was in an era of fiscal responsibility and had to reduce total transportation subsidies. However we took the steps to ensure the viability of the shipbuilding industry because of the many positive spinoffs to Canada.

We are asking the current Liberal government to recognize the importance of a national shipbuilding policy and to develop it immediately so that people will still be working in our shipyards across the country at the turn of the new millennium.

In discussions with members of the shipbuilding industry, we have determined what the industry requires in order to survive. There are four things: one, exclusion of new construction ships built in Canadian shipyards from the present Revenue Canada leasing regulations; two, provision of an improved export financing

and loan guarantee program similar to the title XI program in the U.S.; three, provision of a refundable tax credit to Canadian shipowners of shipbuilders who contract to build a ship or contract for conversion with change of emission, mid-life refit or major refit; and four, eliminate the one-sided aspects of NAFTA which allow the U.S. to sell new or used ships duty free in Canada yet absolutely prohibit Canadian access to the U.S. market.

I am asking the government today to live up to the promises the Liberals made to get elected and form the government in 1993 and again in 1998. The Liberal government adopted resolutions, as I have stated, that this situation with shipbuilding would be rectified. The Liberal government has not followed through and the people are still waiting.

These highly skilled workers will have to leave this great country of ours and find work in the U.S. if we do not get a new national shipbuilding policy immediately. I say that because they came up from Louisiana, U.S.A. to my riding a month ago and offered jobs in the United States to 200 men.

To make sure these people can stay in Canada to raise their children on Canadian soil and be proud to be among the best shipbuilders in the world, please let us all work together in this House. Let us develop this new shipbuilding policy with this end as our goal for our people.

**Mr. Walt Lastewka (Parliamentary Secretary to Minister of Industry, Lib.):** Mr. Speaker, I heard the member opposite speak about shipbuilding and some of the things the previous government did. I did not hear anything about the Jones act in the United States when her party decided to throw in the cards from Canada and did nothing about changing the Jones act. Maybe the member could address why the member opposite did not do anything about changing the Jones act and allowed the protectionism in the U.S. to continue.

**Mrs. Elsie Wayne:** Mr. Speaker, we are asking for changes in the Jones act. The Liberal government has been in power now for six years. The Liberals see the problem. It was not a problem when we were in government because we were supporting shipbuilding. We gave the frigate program. We gave the program to Halifax and to B.C. as well, all across this country. But if they do not change the Jones act, then there should be an act to protect the Canadian shipbuilding industry.

• (1215)

[Translation]

**Mr. Antoine Dubé (Lévis-et-Chutes-de-la-Chaudière, BQ):** Mr. Speaker, I congratulate the member for Saint John on her motion and speech, which echo Bloc Québécois sentiments.

However, I would tend to agree with the parliamentary secretary. I think that the Mulroney government did not have enough time to

implement certain solutions. It had begun to propose a rationalization of shipyards and had approached all provincial governments with shipyards in Canada. Quebec took action. We had three major shipyards, one in Sorel, one in Longueuil, and one in Lévis, and all operations were shifted to Lévis.

I would like to know why the maritimes have not fully rationalized shipyards.

[*English*]

**Mrs. Elsie Wayne:** Mr. Speaker, when we were in power we did not rationalize the industry. The industry rationalized itself at a time when the demand for ships was in decline. Our government continued to provide assistance and support to the industry. We invested \$60 million in capital improvements in the port of Vancouver, which allowed Vancouver to become an internationally recognized maritime centre.

The Canadian patrol frigate was the largest federal program ever awarded. The original contract for six frigates in 1983 and the additional six in 1987 went to the Saint John shipyard. The frigate program brought worldwide recognition of Canada's capability to design, integrate, test, construct, manufacture and manage large projects.

When the Liberal Party was in power it gave the first contract for the first six frigates to Saint John and Quebec. Then we came into power and we gave the six frigates contract to Saint John. There are companies in the country which are hoping and praying that once again the government will bring in a national shipbuilding policy. There are trained people, manufacturers and so on waiting for this policy.

**Mr. John Herron (Fundy—Royal, PC):** Mr. Speaker, I applaud my colleague from the neighbouring riding of Saint John for the efforts she has put forth on a consistent basis, not just during this mandate of 1997 but during her first mandate between 1993 and 1997. She knew it was imperative to have a viable shipbuilding industry.

I commend the member for her efforts. I also point out to the parliamentary secretary that Canada has benefited from a rules based trade regime such as NAFTA and the FTA. This does not mean that we have stopped fighting for our shipyards, and I know the member for Saint John will.

**Mrs. Elsie Wayne:** Once again, Mr. Speaker, I have to say that in today's society when we are running to become a member of the government in the House we cannot make false promises any more. Our people across the country are educated people and—

**The Speaker:** I am sorry to interrupt the hon. member but her time has run out. I understand the member is sharing her time with the hon. member Burin—St. George's who has 10 minutes for his speech and 5 minutes for questions and comments.

### *Supply*

**Mr. Bill Matthews (Burin—St. George's, PC):** Mr. Speaker, I am very pleased to second the motion put forward by my colleague from Saint John.

As the member for Fundy—Royal said, we have been trying to raise the issue of the shipbuilding industry in the House of Commons over the last number of months because there is a crisis in that industry. As we speak a campaign is being organized by the marine workers union and by the CAW across the country to try to have some impact on the federal government, in particular the industry minister, and to impress upon him the need for a new shipbuilding policy.

• (1220)

The shipbuilding industry and the ship repair industry are presently dying a slow death in Canada. If the government does not implement some new fiscal measures, we will see the situation worsen.

In 1990 there were some 12,000 people employed in the shipbuilding industry in Canada. In 1996-97 those numbers had dropped to approximately 5,000. In 1998 it was down to 4,000 as my colleague from Saint John mentioned in her address. That is a significant drop. The shipbuilding industry provides very good jobs and well paying jobs for the people employed in it.

Shipyards and ship repair centres are located across the country in some of the areas hardest hit economically. We could talk about Atlantic Canada, Quebec and British Columbia. We need all the economic stimulation we can get in these areas.

This is why we have brought forward this motion. We are trying to get the support of our colleagues in the House of Commons. This matter goes beyond our own constituencies. I have a shipyard in my constituency of Burin—St. George's located at Marystown. It is a great economic stimulator for the Burin peninsula and for the economy of Newfoundland and Labrador.

However the motion goes beyond our own parochial needs. It talks about the need for a national shipbuilding policy. Shipbuilding is a very important industry. It does wonders for us economically by creating employment. All we are asking is for the industry minister to attach some priority to the issue.

However he refuses to meet with the major players in the industry. He refuses to meet with the unions that are spearheading this campaign. Why does the industry minister have such a closed mind on this issue when just last week he hastily arranged a summit of the NHL franchises in Canada?

As pro sport and pro hockey as I am, and my background speaks volumes about that, how can the industry minister so hastily arrange a hockey summit to talk with the owners of NHL franchises in this country that are struggling because of our situation compared with that of the U.S.? We are paying our players in U.S. dollars. We are a small market.

*Supply*

Yet he refuses to deal with the major shipbuilding crisis. One of the main problems is the competition from the U.S. which builds new ships and repairs them and sends them to Canada, but we are not allowed to return the favour and send ships to the U.S.

Why does the industry minister not treat shipbuilding in the same way he is treating hockey? The shipbuilding industry is certainly as important to the country as our NHL franchises. They are important as well. That is my point.

My colleague from Saint John has highlighted very well some of the fiscal measures we would like to see the government implement. No one is asking for direct subsidies. The industry minister, time after time when he has risen on the issue in the House, keeps talking about subsidies. No one is asking for subsidies.

We are asking for fiscal measures which will level the playing field for the shipbuilding industry in the country, level the playing field with the U.S., with the European countries and with the Asian market so that we at least have a fighting chance to bid on work and obtain work.

I want to move an amendment, seconded by my colleague from Chicoutimi, before I conclude my remarks this morning:

That the motion be amended by adding after the word "develop" the word "immediately".

My colleague from Saint John alluded to a number of fiscal measures which we would like to see the government implement such as a loan guarantee program and tax credits. Changes have to be made to taxation laws for vessel leasing, and trade and tariff policies need to be reviewed. May I be so bold as to suggest that they need to be revised to provide a level playing field for the Canadian shipbuilding industry.

We are trying to raise the profile of this important issue in parliament. There are still 4,000 to 5,000 jobs in the industry in Canada today. There is potential to double or triple that number and provide good paying jobs in all regions of the country where shipbuilding is present.

• (1225)

By putting forth the motion we are asking members of the House of Commons to join with us and vote to support a motion which we consider most important for the shipbuilding industry, for employment and for economic stimulation.

**The Speaker:** The amendment is in order.

**Mr. Walt Lastewka (Parliamentary Secretary to Minister of Industry, Lib.):** Mr. Speaker, I listened intently to the member for Burin—St. George's. He indicated that the industry minister refused to meet with the association and the shipbuilding industry. The minister reported to the House once before that he met with the

shipbuilding association and the industry executives from New Brunswick, Quebec, Ontario and British Columbia.

Rather than trying to mislead the Canadian public, the member should indicate the minister reported to the House that he had met with them. The member's statement is totally incorrect. As an hon. member he should withdraw it and insert that the minister met with the association and executives from New Brunswick, Quebec, Ontario and British Columbia last March.

**Mr. Bill Matthews:** Mr. Speaker, if I did make any incorrect statement to the House about the minister and his meetings with representatives of the shipbuilding industry, I would certainly withdraw it. The information I had was that he refused to meet with representatives from the Atlantic provinces. Maybe I did not get the information correctly, and I apologize for that if I did not.

I am not interested in playing petty politics. This issue is too important to be taken up with what I said was correct or incorrect. It is too important for the parliamentary secretary to rise in his place and talk about a government with which the voters of Canada dealt six or seven years ago when they voted out the Conservatives and elected the Liberals. That is not what it is about.

The Liberals have been in power now for six years. In 1993 they became the Government of Canada. It is time for the parliamentary secretary, the minister and others over there to recognize they are now the government of the country. Canadian taxpayers and people involved in the shipbuilding industry in Canada expect them to make decisions for the benefit of the shipbuilding industry.

It is no good going back to Mulroney, Diefenbaker, Trudeau, Laurier, Pearson and others. People in Canada want the parliamentary secretary, the minister and the government to make decisions which will improve the shipbuilding industry in Canada today.

**Mr. John Bryden (Wentworth—Burlington, Lib.):** Mr. Speaker, I really do think that the federal government is very concerned about this issue, but I would like to ask the member, though, do the provinces not have a role to play in this. Should the provinces not be active in helping out these industries which are indeed in their territories?

**Mr. Bill Matthews:** Mr. Speaker, I meant to make that reference in my remarks. There is a very important role for provincial governments to play in revitalizing and regenerating the shipbuilding industry. They cannot be let off the hook, but it is the federal government and the industry minister which must take the lead role. We must have a new national shipbuilding policy.

When I was a member of a provincial government in Newfoundland and Labrador we entered into a trawler replacement program with Fishery Products International Limited. We built offshore supply vessels on spec at the Marystown shipyard. As a provincial government we were very proactive in the shipbuilding industry in

*Supply*

creating employment in one shipyard in Marystown on the Burin peninsula.

There are possibilities for provincial governments to get involved. Only last week the auditor general said in his report that we do not have enough patrol vessels to enforce our fishery's policies and regulations. There is a place for provincial governments to play a role, but the major role and the most important government is the government of which the hon. member is a member.

• (1230)

**Mrs. Elsie Wayne (Saint John, PC):** Mr. Speaker, is it not true that representatives of the shipbuilding industry have stated to the hon. member that if Revenue Canada excluded Canadian built ships from leasing rules as it does for furniture, computers, rail cars, autos and vans, they then would be able to be competitive?

**Mr. Bill Matthews:** Mr. Speaker, yes, indeed, the industry has indicated that to me, and my colleague has alluded to the four or five measures that the Canadian shipbuilding association, the marine workers union and the CAW want. I want to go on record again as saying, yes, that certainly would level the playing field.

I cannot emphasize enough that no one in the shipbuilding industry, whether it be the people who own, manage and operate the yards, or the unions, is asking for direct subsidies from the government. They are not asking for subsidies.

**Mr. Bob Kilger (Stormont—Dundas—Charlottenburgh, Lib.):** Mr. Speaker, I rise on a point of order. I want to assure the House that the usual discussions have taken place with representatives of all parties. Therefore, I believe you would find consent for the following motion:

That at the conclusion of the present debate on today's Opposition Motion, all questions necessary to dispose of this motion be deemed put, a recorded division deemed requested and deferred until Wednesday, May 5, 1999, at the expiry of the time provided for Government Orders.

**The Speaker:** Is that agreed?

**Some hon. members:** Agreed.

(Motion agreed to)

**Mr. Walt Lastewka (Parliamentary Secretary to Minister of Industry, Lib.):** Mr. Speaker, the hon. member for Saint John is right to point out that shipbuilding is a long and honourable tradition in Canada. It is an important part of Canada's marine industry.

In 1997 the shipbuilding industry employed 5,400 Canadians and had total revenues of around \$625 million. Canada's current strength is in building high quality, relatively small vessels, such as ferries, icebreakers, tug boats, fishing vessels, excursion craft and

so on. We are also internationally competitive in commercial ship overhauls and mining platforms.

Many regions of Canada have shipbuilding companies. Activity on the east coast has recently centred on the construction of two container ships, two offshore vessels and tugs, the refit of one oil rig, the manufacture of oil rig components and various commercial repair work. The industry in Quebec has been involved in upgrading one oil rig, constructing tugs and doing ship overhauls and commercial repairs. The Ontario industry is currently active in the reconstruction of three bulk carriers, the conversion of two ships into one self-unloading ship and commercial repairs. The primary construction activity in B.C. has been the three high speed ferries, but the industry is also active in the construction of smaller ferries and in commercial and government ship repairs.

The health of the shipbuilding industry concerns four regions and seven of Canada's ten provinces. The Government of Canada recognizes the importance of the industry. It has a shipbuilding policy that benefits the industry and acknowledges that taxpayers want to stop business subsidies. This policy includes an accelerated capital cost allowance of 33.3% for Canadian shipbuilding. Many other industries would not mind having that type of capital cost allowance write-off. The policy includes a 25% duty on most non-NAFTA ship imports, domestic procurement on a competitive basis for all government shipbuilding and ship repairs, a favourable research and development tax credit system, including the technology partnerships Canada program, as well as Export Development Corporation financing for commercially viable transactions.

• (1235)

Last year, after consulting with the industry, we extended the pay back period for this financing from eight years to twelve years. In fact discussions with the Export Development Corporation continue in that area.

I would also add that one of the major contributions the government makes to the competitiveness of our shipbuilding industry is through the facilities of the National Research Council. In Saint John, NRC's Institute for Marine Dynamics offers R and D programs in ship design and advanced navigation systems, ice structure and wave structure interaction, and innovative concepts in such areas as underwater vehicles and recreational craft.

The federal government is not alone in supporting the shipbuilding industry in this country. Two provinces have come forward with programs to foster shipbuilding in their jurisdictions. Nova Scotia has a shipbuilding loan guarantee program similar to Title XI in the United States. The program consists of loan guarantees up to 87.5% of the buyer loan, with a maximum \$80 million to be guaranteed at any time.

Last March Nova Scotia announced that it will provide \$47.5 million in loan guarantees to Secunda Marine of Dartmouth for the construction of two supply vessels for the Terra Nova offshore oil project.

*Supply*

The Government of Quebec has also stepped forward with a program for the shipbuilding industry. Quebec will provide a 50% subsidy on the direct labour costs of the first ship built in a series or converted into series. The subsidy may be as high as 20% of the ship costs, with the subsidy decreasing to zero over the first four ships. Quebec has also provided income tax exemptions on the foreign income of Quebec mariners and has reduced the capital tax for owners of new ships operating internationally.

Hon. members opposite have been calling for similar subsidies to be provided by the federal government. I would ask them if they would be prepared to offer similar subsidies to every other industry in Canada that must meet the test of tough international competition. Some say that shipbuilding is an exceptional case because other countries subsidize their industry so heavily. The Bloc in particular wants Canada to match the kind of subsidies provided by European countries and the United States. What it neglects to say is that even if we tried to match these subsidies dollar for dollar there is no guarantee nor even a likelihood that foreign buyers would turn to Canadian ships instead of ships from their own country or region.

The international market for ships is much more complicated than that. It is not just a case of who offers the best price or who puts more of a burden on their taxpayers so they can offer a good price. In the case of the United States, for example, the Jones Act of 1920 prohibits non-U.S. boats from taking part in domestic U.S. commerce.

The Canadian government is participating in the OECD and WTO negotiations to eliminate subsidies and remove the barriers that impede the ability of our shipbuilding companies to compete internationally. We offer generous tax and export support. We are continuing to meet with industry representatives to fine tune the programs now in place and ensure that the industry takes advantage of them. That is a more realistic response to the challenges faced by the Canadian shipbuilding industry than the spend thrift proposals we have heard from the opposition parties to date.

[Translation]

**Mr. Antoine Dubé (Lévis-et-Chutes-de-la-Chaudière, BQ):** Mr. Speaker, it cannot be said that the parliamentary secretary does not care about the shipbuilding industry. There is a shipyard in his own riding. I met with him during the summer. He is worried about the industry, but he seems to be the only Liberal that is. He is unable to convince his colleagues to do what the shipbuilding industry and unions would like them to do.

What is stopping the Liberal Party from holding the shipbuilding industry summit Liberal candidates promised during the 1993 election campaign? They were talking about the following year, 1994, but five years have gone by.

It could be dismissed as an election promise but, more recently, members of the Liberal Party from the maritimes also called for something to be done for shipbuilding, for a good policy to be developed.

• (1240)

Again, just recently, the Liberal premier of New Brunswick, Mr. Thériault, criticized the Minister of Industry's attitude. The minister always says that he has a good policy but, if it is as good as all that, why is the shipbuilding industry operating at only 40% of capacity?

[English]

**Mr. Walt Lastewka:** Mr. Speaker, I thank the member for his question and I also thank him for his tour last year of my area to review shipbuilding and to understand the shipbuilding industry in Ontario, which is not only in southern Ontario but in the Ottawa area as well.

I should remind him that we do not want to get into a subsidy shipping war because of other countries. We have heard over and over "not a subsidy". However, when we get down to reviewing proposals it becomes a subsidy.

I am interested in proposals, as long as they do not involve a subsidy campaign. I am willing to meet with the member, as I have before. However, let us understand that the Export Development Corporation, in conjunction with the member for Fredericton and a representative of the shipbuilding industry in New Brunswick, met to discuss the EDC's financing and over time it changed from eight to twelve years. They are still meeting on an ongoing basis to discuss various other alternatives. That is the way it should be done, sector by sector.

The member from Lévis mentioned the premier of New Brunswick, to whom I have written in objection to his comments that there is no shipbuilding industry in Ontario and that if there were, maybe there would be interest. I immediately wrote to him so that he could understand the shipbuilding industry across Canada. I do not believe he understood that the shipbuilding industry exists from coast to coast to coast. I am interested in how he would proceed from there.

**Mr. John Herron (Fundy—Royal, PC):** Mr. Speaker, I would caution the parliamentary secretary to be far more judicious in his comments in terms of the use of the words tax incentives versus subsidy. Revising Revenue Canada leasing regulations is a tax incentive. It is not a subsidy in any way, shape or form. He can ask the finance minister or the secretary of state for finance. It is a concrete initiative which was tabled by the industry, the premiers, labour, shipowners and shipbuilders, who all agree that it is not a subsidy.

The wording of our motion comes from Liberal Party policy conventions of 1993 and 1998. Did the parliamentary secretary



support it at those conventions? If he did, will he support it when it actually comes to a vote?

**Mr. Walt Lastewka:** Mr. Speaker, yes, I had discussions with members across our country on shipbuilding. My comments there were the same comments as here.

There is a need to understand all aspects of the shipbuilding industry. Before we know it, when people talk about the various items, it becomes a subsidy. The important thing is that if there is to be an initiative we must back the initiative down. Is it a subsidy in the end or is it not?

**Mr. Rahim Jaffer (Edmonton—Strathcona, Ref.):** Mr. Speaker, I am pleased to rise today to speak to the motion before the House, put forward by the member for Saint John and seconded by the member for Burin—St. George's.

I regret that the motion is empty and meaningless and would compel the Liberal government to do essentially nothing to help the shipbuilding industry that it is not already doing through the discredited technology partnerships Canada program and the failed research and development tax credit system.

I will address both of those issues further, but I would like to first address what the Reform caucus had hoped for with this motion.

• (1245)

I had hoped to introduce an amendment to the motion. While I know this is no longer possible, I would like to read the motion into the record:

That this House calls on the government to develop a new national shipbuilding policy that includes broad based tax relief for all Canadians and a commitment to pursue better access to international markets, particularly American markets, through equitable trade liberalization.

The amended motion would have called on the government to specifically address high taxes as the primary cause for low productivity and slow economic growth in the shipbuilding industry. It would have addressed the unfair trade practices exempt under NAFTA which effectively exclude Canadians from participating in a \$1.1 billion U.S. shipping market.

Once again I would like to take the time later in my speech to address the issues of taxation and the serious problem of inequality with the U.S. However, to ensure that the members of the House understand the Reform Party's position on the motion, I will quote from the Leader of the Official Opposition. He stated:

The Official Opposition believes that tax relief and the expansion of Atlantic Rim trade are the keys to job creation in Atlantic Canada, and we will vigorously represent those views on your behalf in parliament.

The Leader of the Opposition made these remarks, which are embodied in the proposed amendment, on October 16, 1998. The

### *Supply*

remarks made by the Leader of the Opposition are not that much different from the remarks made by the hon. member for Fundy—Royal in 1997 when the Tory motion on shipbuilding was debated in the House. The member insisted he was not interested in subsidies but deregulation and improving Canadian access to international markets, in particular U.S. markets. Therefore, the motion would have been consistent with the Tory shipbuilding policies.

My questions for the Tory members of the House are: Why does the motion not address the issue of high taxation; and, why does it not address the important issue of trade barriers and trade discrimination?

Broad based tax relief for all Canadians is needed to ensure that shipbuilding and all other Canadian industries survive. It is that simple. It is so simple that even the Minister of Industry is beginning to understand this.

Tax relief is not part of the Tory shipbuilding plan. The Tories have consistently called for loan guarantees similar to those provided by the United States which has several federal assistance programs. Financial assistance is provided in the U.S. through the federal ship financing program, capital construction fund program and the maritime security act. Loan guarantees force the taxpayer to take on a financial liability that banks and venture capitalists consider to be too risky. This is an unacceptable burden placed on taxpayers.

The Shipbuilding Association of Canada argues that there has not been a single default under the U.S. federal assistance program. This begs the question: If default rates are this low, why does the government need to provide incentives for banks and venture capitalists to provide capital for shipbuilding projects?

What is needed is real competition in the financial service sector so that banks are compelled to compete for medium and high risk loans. Lack of competition in the Canadian financial services banking sector has made banks complacent about funding any medium to high risk ventures. Furthermore, broad based tax relief would leave more money in the pockets of Canadian consumers and entrepreneurs. This would lead to greater savings and higher corporate profits which can then be reinvested into the shipbuilding industry.

Why do the members of the Progressive Conservative Party not care enough about tax relief, particularly tax relief for Atlantic Canadians, to make it part of their shipbuilding plan?

On the issue of access to international markets for Canadian shipbuilders, the Reform Party supports the pursuit of equitable trade liberalization policies as an essential part of our industrial policy. In this instance, we are very concerned with what appears to be unfair trade practices with the United States with respect to the 1920 Merchant Marine Act currently exempt from NAFTA.

*Supply*

The 1920 Merchant Marine Act, commonly known as the Jones Act, legislates that cargo carried between U.S. ports must be carried aboard ships that are U.S. built, U.S. registered, U.S. owned, U.S. crewed and repaired and serviced exclusively in the U.S.

This legislation was exempt from NAFTA and without amendment it effectively prevents Canadian shipbuilders from building a ship that could be used in the United States' domestic trades while allowing U.S. shipyards the right to sell to the Canadian market new or used ships and barges duty free. The legislation effectively excludes Canadians from participating in a \$1.1 billion shipping transportation market.

In order to be completely forthright in this debate, I believe the members of the House must also recognize the provisions in place currently protecting the Canadian shipbuilding industry.

• (1250)

Under Canada's Coastal Trading Act, the owner of a ship built or purchased abroad must pay a 25% tariff to have it flagged Canadian and operate in Canadian domestic trade. Also, the Canadian government policy dictates that government fleets must be renewed and repaired in Canada.

While we must recognize these trade barriers, it is clear that they do not cause the same material damages to the U.S. shipbuilders as the Jones Act does to the Canadian manufacturers. Canadians must appreciate, however, that trade liberalization efforts will bring these protectionist government policies under closer scrutiny. We cannot call for freer trade and then also call for protectionist policies.

I offer this point to my colleagues as a word of caution. Canada has many barriers to trade and the Liberal government looks like it will continue to violate the spirit of global trade liberalization. We must be aware of this before we tackle trade disputes like the one I have just addressed.

I will conclude my remarks by saying that the Tory motion succeeds in that it brings attention to the need to address the lack of Liberal vision for the shipbuilding industry. Sadly, it makes no specific policy recommendation.

On the plus side, there is nothing in the motion that is outwardly objectionable to Canadian taxpayers because there is nothing in the motion at all. Although it fails to address the primary cause of our deteriorating shipbuilding industry, which is high taxes and unfair trade practices, the motion before the House has the qualified support of the Reform caucus.

**Mr. Walt Lastewka (Parliamentary Secretary to Minister of Industry, Lib.):** Mr. Speaker, I enjoyed the last presentation by the member opposite. I am glad that he brought up the area of the Jones

Act, an early 1920's act. I know that he is a small businessman and has experience negotiating.

In order to do away with the Jones Act, there was an opportunity during the trade negotiations, including NAFTA, to hit that straight on. By Canada giving up cards and not getting the Jones Act straightened out, it leaves us no choice but to go into the OECD and WTO negotiations with an item that needs to be discussed and moved forward. The Jones Act should really have been tackled by the previous government when it had the Canadian cards to be able to discuss that item. I would be interested in the hon. member's comments.

**Mr. Rahim Jaffer:** Mr. Speaker, I commend the hon. member for his comments and his brief question. I know that within the industry committee the hon. parliamentary secretary is always open to discussing various issues. Shipbuilding has been one that has come up on the table which we have been looking at and planning to deal with in the future. Hopefully, we will be able to address some of the issues in the Jones Act that were left out during past trade discussions.

Instead of blaming past governments or looking at past records, especially when it comes to shipbuilding, we should be looking at ways to make shipbuilding more competitive and become an industry that can survive on its own. We should start moving away from areas of subsidies, such as the technology partnerships Canada program. Right now the World Trade Organization is ruling that a lot of subsidies are illegal. We must look at ways to get the shipbuilding industry moving through tax relief.

When we look at the issue of tax credits, we basically have some of the highest tax credits in the country for the shipbuilding industry when we look at our R and D and tax breaks. However, we still have the lowest spending per capita when it comes to the shipbuilding industry, specifically in the overall basic R and D spending and investment in those areas, even though we spend a fair amount in research and development.

We have to address those key problems. I think trade liberalization is the key, but we must also balance that with tax policies.

**Mrs. Elsie Wayne (Saint John, PC):** Mr. Speaker, the hon. member says that our motion does not include any recommendations to correct the situation. If he had listened to my presentation he would know that we brought forth the recommendations that we are asking the minister to look at. These recommendations come from the shipbuilding industry, not from us. The people building the ships are the ones who know what has to be done.

• (1255)

Does the hon. member have a problem with the exclusion of new construction ships built in Canadian shipyards from the present Revenue Canada leasing regulations, when one looks at the fact that Revenue Canada excluded Canadian-built ships from the

leasing rules but allowed those rules to apply to office furniture, computers, rail cars, autos, vans, trucks, everything but ships? The workers are telling us that if they could have this it would give them an opportunity to compete around the world and would put 24,000 people back to work.

**Mr. Rahim Jaffer:** Mr. Speaker, on the issue of the recommendations, I know the official opposition would have been happy to see within the motion some of these recommendations coming from the industry so we could see exactly where the Tories wanted to go with the motion. That is really all we were asking for. We know the spirit of the motion is a positive one and that is why we are supporting it.

On the issue raised by the hon. member, the official opposition has always been committed to creating fairer tax incentives for everyone. We obviously want a simple tax system that would be more competitive and equitable to all industries in being able to write off certain parts of their industries that deteriorate in value and so on.

Although I know the hon. member is concerned about that specifically with the shipbuilding industry, we in the official opposition have said that is something we would look at right across the board. Although shipbuilding is one of the more important industries in the area the hon. member comes from, we know there are various industries across the country where inequalities within the tax system cause them to be less competitive. That is what we would like to address across the board.

[*Translation*]

**Mr. Antoine Dubé (Lévis-et-Chutes-de-la-Chaudière, BQ):** Mr. Speaker, I am very pleased to rise today, on behalf of the Bloc Québécois, to debate the motion introduced by the PC member for Saint John.

The motion reads as follows:

That this House calls on the government to develop a new national shipbuilding policy to support the revitalization of the Canadian shipbuilding industry by maintaining and advancing the degree of excellence and the technologies for which Canada is historically renowned, given that Canada has the longest coastline of any nation in the world and that historically Canadians are among the finest shipbuilders in the world.

An amendment was introduced to add the word “immediately”. And a good thing. Back in 1993, after the general election, when the Liberal Party was fresh from the opposition, I remember hearing the Prime Minister’s current executive assistant say on TV that we absolutely needed a national shipbuilding policy, and that sometime in the coming year, that was in 1994, a summit on the future of shipbuilding in Canada should be held because the situation was urgent.

Naturally a summit would involve representatives from the shipbuilding industry. In terms of numbers, shipyards, small and

### *Supply*

big ones, account for 4,000 jobs. At one point, however, the industry employed up to 12,000 workers. A summit would also involve people for the shipping industry as a whole.

Who makes up the shipping industry? Shipowners, of course, and sailors. People who tow boats in harbours, and shipping companies. Even today, they represent 40,000 workers. This is no small industry.

Contrary to what my colleague from the Reform Party just said, the shipbuilding industry is not exclusively located by the Atlantic ocean or on the St. Lawrence, in Quebec City. There is the Pacific Ocean out west.

If we consider how interrelated the entire industry is, goods are also shipped by ship, as far as Thunder Bay. The western grain producers ship from Thunder Bay to other countries, in Europe and elsewhere.

• (1300)

The word “national” is not superfluous in this case, as the national interest is at stake. It is a national transportation mode, like rail, road and, of course, air transportation.

But which one of all these industries costs the least per tonne? The maritime shipping industry. Which is the most economical, the most environmentally sound, the most accident-free, and the one in the past that was most respectful of the environment because of the gross tonnage of each vessel? The maritime shipping industry.

As I told the hon. member for Saint John, and as the motion states, we have the world’s longest coastline. We also have the St. Lawrence Seaway, which goes as far as the tip of Lake Superior, and constitutes the longest navigable waterway in the world. This should be a considerable plus for Canada. Navigable waterways may be one of the greatest natural resources we have.

In my opinion, the St. Lawrence is far more than that. It is the backbone of Canada’s economic development. What does it do? It carries freight right across Canada from the port of Halifax to the markets of the U.S. From the Great Lakes, freight travels down the Mississippi and the Missouri to other water routes in the heartland of the major world market the United States represents.

My congratulations again to the Progressive Conservative Party for choosing shipbuilding as the topic today. That enables us to show that this is a truly national issue, more than just local interests or a fight against seasonal unemployment. It is strategic and vital economic development. Often in government, here in Ottawa, officials and politicians live in—I was going to say their shell—their own world and often forget the regions.

They say that it is a traditional industry, outdated, a lame duck. But when people know about it as I do or as does the member for Saint John or the parliamentary secretary, they know it is not the

*Supply*

case. The parliamentary secretary knows too that in shipbuilding, they are as technologically advanced as in the aerospace industry. A ship has as many computers as a plane, even more. Navigation is by satellite, in the same way. The qualifications required for jobs are the same too. It is not an outdated field.

I would like to take two minutes to talk about the situation worldwide. What is happening in the world? There are Asian shipyards, where ships are subsidized as much as 30%. This is wrong. European shipyards get a 9% subsidy, and the small ones, 16%. We must speak out against this. Canada is complaining about it through the OECD, but as the United States opposes this policy, what do the European countries do while the OECD tries to convince the Americans to support this policy? They subsidize their shipyards. We are not saying that, no one here is saying that. Here we talk about tax measures.

And what are the Americans doing? There is the Jones act, and also Title XI, which is a program for shipyards specifically. Finally, I drew on this for the financing program, which is exactly 87.5%. That is exactly what the Americans do. There is nothing scandalous about this. This is what they do. When it comes to refundable tax credits, this is what Quebec does. I weigh my words carefully when I say refundable. These are not subsidies. The parliamentary secretary has studied the leasing measures in depth.

• (1305)

He is obviously a little shaken by our arguments or the pressure exerted by us or by the union front all across the country.

The Americans are doing something worse that is detrimental to us. They do not allow Canadian shipbuilders to enjoy the same benefit as their American counterparts, who are not charged anything. The fact that shipbuilding was excluded from the free trade agreement is a national tragedy. Not many members knew about this, but it is a fact.

If shipbuilding had been included in the free trade agreement, and considering the exchange rate with the U.S. dollar, the contracts signed by Canadian shipyards would be incredibly lucrative. But this cannot be changed through legislation. Negotiations are required to make changes to an agreement.

We would need a summit, as the Liberals had planned in 1993. However, six years later, in 1999, they seem to have forgotten all about it.

A coalition of unions was organized across the country. A large number of Canadians signed postal cards, which the Prime Minister will soon receive.

It is no longer just the Bloc Québécois member for Lévis-et-Chutes-de-la-Chaudière whining alone in his corner, but all the opposition members, with the exception of the parliamentary

secretary, because there are only Liberals in Ontario. But where there is a shipyard, the riding is represented by a member of the opposition. Given their small majority in the House—only five members more than all the opposition parties put together—they should do something about this issue, because the two-year deadline is drawing near.

[English]

**Mr. John Herron (Fundy—Royal, PC):** Mr. Speaker, I would like to pay tribute to my hon. colleague.

[Translation]

Last summer he worked hard on this bill. He will table a private member's bill this week or next week. This legislation will require the support of the members from all the provinces.

[English]

I would like to compliment his efforts and ask him about one particular initiative. The free trade act has been very solid for this country in terms of augmenting our trade. That is beyond dispute. However, given that the Jones act was exempt, even though we got a pretty good deal for the country in general, would it not be a decent idea for us to say to the Americans that we should develop some kind of bilateral accord for developing certain types of ships so we could get some market penetration? I would recommend perhaps shipshape drilling hauls where they are having a capacity problem.

We should begin an initiative sector by sector by going after certain types of ships as a starting point. Would he agree that is a good initiative in beginning to break down the trade barriers?

[Translation]

**Mr. Antoine Dubé:** Mr. Speaker, first of all, I would like to clear something up. I presented Bill C-493—it already has a number—on April 15. I have been seeking members' support ever since. This week, I am already close to the 100 signatures I need to have the bill introduced for debate more quickly.

As for the idea of a court, that would be consistent with what I said earlier about a summit, or negotiations with the United States. It is one suggestion that could be made as part of the negotiations to have Canadian shipbuilding included in the free trade agreement.

I would remind the House that, at the time, it was the United States that wanted shipbuilding excluded. The Progressive Conservative government of the day could not persuade them otherwise. They have two associations, one representing the seven or eight largest shipyards, and the other representing the others, and one of the two associations would not budge. At the time, the Republicans controlled the Senate and Congress and the idea was therefore defeated.

*Supply*

• (1310)

I will conclude by thanking the member for Fundy—Royal, the member for Saint John, and the New Democratic Party members for their excellent co-operation and their devoted efforts on this issue. Reform Party members were initially hesitant about a shipbuilding policy.

If we all put the national interest first, perhaps the Parliamentary Secretary to the Minister of Industry will at last be able to convince his colleagues to adopt a truly national shipbuilding policy.

**Mr. Jean-Paul Marchand (Québec East, BQ):** Mr. Speaker, I would like to congratulate my colleague from Lévis-et-Chutes-de-la-Chaudière for his most interesting speech on shipbuilding in Canada, and in Quebec in particular.

I have always believed that, since it boasts one of the world's finest rivers, Canada could have a shipbuilding industry. It is a leading edge industry. Maritime engineers have told me that we in Canada possess certain advantages for the development of a shipbuilding industry.

I would like to ask my colleague whether he has projected figures for job creation and wealth that would be generated by the development of a shipbuilding industry.

**Mr. Antoine Dubé:** Mr. Speaker, I will answer very briefly, since I do not have a lot of time.

The MPs who joined together to discuss this matter say that we would have to get back to the 10,000 to 12,000 job level we had in the past. At the present time, we are operating at only 40% of capacity. These are well-paid jobs, but no more so than in other countries. We are competitive. Even in constant U.S. dollar levels, wages here are no higher than elsewhere, with the exception of Korea.

The most important thing is the economic fallout of those jobs. In the export sector for instance, the number of jobs that would be created in Canada would be fourfold.

[*English*]

**Mr. Gordon Earle (Halifax West, NDP):** Mr. Speaker, I am very pleased to have the opportunity to speak to this motion. It is a very important motion so I am going to read it again.

That this House calls on the government to develop a new national shipbuilding policy to support the revitalization of the Canadian shipbuilding industry by maintaining and advancing the degree of excellence and the technologies for which Canada is historically renowned, given that Canada has the longest coastline of any nation in the world and that historically Canadians are among the finest shipbuilders in the world.

The motion has been very well crafted and it says a lot. It is important that all of us give serious consideration to it this afternoon.

Undoubtedly there is a need for a national shipbuilding policy. I say that in all sincerity. Many times I have questioned the government with respect to a shipbuilding policy and I have often got back the reply that we do not need a policy, that we already have a policy. Yet, this policy seems to be long forthcoming. I requested a copy of the policy quite some time ago through the standing committee. I was told that it would be made available but I have yet to see anything.

What the government has is not a shipbuilding policy per se but a mishmash of little initiatives here and there which it can remotely tie into the concept of shipbuilding and it calls this a policy. What we are looking for when we talk about a national shipbuilding policy is something that is very clear and concise, that sets a sense of direction and gives hope and optimism to the people who work in the shipbuilding field.

Ships have been sailing between Canadian ports for many years. We believe firmly that they should be built in Canada, crewed in Canada and serviced and repaired in Canada. We know that the U.S. has the Jones act which ensures this for its industry, but we in Canada for some reason seem to want to go in a different direction. We do not want to ensure a sound industry for our citizens.

• (1315)

On December 31, 1996 there were 2,589 ships on order around the world. Yet shipbuilders on both coasts of Canada sit idle. One has to ask oneself why this is so. When there are so many ships being built around the world, why is it that in Canada, which has been historically known for its shipbuilding and technology in that regard, the shipyards are idle?

The U.S. provides generous long term loan guarantees for buyers. There are many other initiatives it takes to ensure the industry survives in that country.

On October 29, 1990 the right hon. Prime Minister, while he was in opposition, wrote a letter to the marine workers federation in which he said "It is safe to say that most people recognize that something has to be done to create a much more competitive shipbuilding industry. The government should now, as they should have done long ago and indeed as they promised to do, take steps to alleviate the problem". The Prime Minister wrote that when he was in opposition. We heard quite a different story today from the government side in terms of what has to be done and the importance of doing something now to maintain this industry and to help it survive.

*Supply*

Employment in this industry has plummeted from 12,000 workers in 1990 to fewer than 5,000 in 1996. I would venture that today it has probably gone even lower.

Why is it in this day and age when there is so much unemployment we cannot do something positive to aid people to find the necessary work to feed their families and look after themselves? Coastal communities are facing economic stagnation and chronic unemployment. We see it in the fisheries industry. Now the same thing is happening in the shipbuilding industry.

We should look at ways of making sure the shipbuilding industry survives and picks up. We can bring in tough environmental standards, such as calling for double hulls. That would create employment and work within this area.

We note that the Liberal red book in 1993 called for provisional funds for the shipbuilding industry. Today we do not see anything happening in that regard.

The premiers in August 1997 unanimously passed a resolution aimed at helping the Canadian shipbuilding industry become more competitive on the international scene.

Even more recently we had a meeting here on the hill with the shipbuilding industry, the workers, management, the associations and so forth. All the parties except the government joined with these people to look seriously at what could be done to help this ailing industry, what could be done to put men and women back to work, and what could be done to ensure that our children had a secure future in the Atlantic provinces and on the west coast.

We have to ask ourselves, what is the problem? Perhaps part of the problem is that the majority of the members on the government side come from a province where they do not appreciate the importance of our marine industry, where perhaps they do not appreciate the importance of shipbuilding to the Atlantic and Pacific areas. This may be part of the problem. We know certainly that where there is a will and an understanding, there is a way to resolve these problems.

We have the equipment and the skilled workers. This is the important point. We have a battery of workers who are skilled, willing and able and wanting to work. Nowadays people are criticized far too often for being on the welfare rolls as people who do not want to work, who have no industry, no ambition or whatever. This is not the case with the shipbuilding workers. They have indicated over and over again that they want to work. They want to be productive members of society. They want to put into reality their experience, technology and skills.

We have the equipment and we have the workers, but do we have a government with the will to stand up for Canada's shipbuilding industry? No. If we did have such a government, we would see this industry moving forward.

• (1320)

A national policy should include such things as loan guarantees, fixed and comparable interest rates, long term amortization, and regulations to ensure that ships that are delivered to or from Canadian ports are subject to Canadian rules on health, safety and environmental standards. This is very important.

The shipbuilding personnel and the people involved in the industry whom we met with made it very clear that they are not looking for any handouts. They do not want handouts. They want to contribute their skills in a meaningful way to help this country move forward. Those individuals are sincere when they say that. We know these individuals and we know them to be honourable people.

For some reason it appears the government has a distrust of the shipbuilding industry and the people involved in it. The Liberals are constantly saying that they cannot subsidize the industry, that they do not want to do this or that. I assure everyone this is not what these people are asking for. All they are asking for is a fair chance, a fair opportunity to put forward a program that they know, based on their experience, will work and help make Canada a more productive society.

We have the workers but unfortunately we do not have a government with the will to help them. Many countries have shipbuilding and industrial strategies and policies. For example, the United States, France, Britain, Italy, Spain, Korea and China all have their specific shipbuilding industry policies. Is Canada so backward that we cannot match these countries and come forward with a strong policy of our own to ensure work for our citizens? I would say we are not.

We need some leadership to be shown by the government to give this matter its due consideration. The government should work together with the industry, work with all those who are interested in supporting the industry and make sure we move ahead. We know that where there is a will, there will be a way.

**Mrs. Elsie Wayne (Saint John, PC):** Mr. Speaker, it was brought to my attention that the present Minister of Finance said "I fought to have my ships built in Canada but was unable to convince the government of the need for an aggressive shipbuilding policy and if we are not going to do that, we cannot be a factor in commercial shipping". The present Minister of Finance stated that he had his ships built in Brazil because Canada does not have a national shipbuilding policy whereby we can be competitive.

The present Prime Minister when in opposition said that we have to have a new national shipbuilding policy, that we have to keep that resource going. The present Minister of Industry when he was a critic kept saying that he was for a national shipbuilding policy. Now he says it is not part of his agenda.

*Supply*

I congratulate the hon. member on his presentation and I thank him for it. Does he see any support whatsoever from the present government sitting in the House of Commons today for a national shipbuilding policy to put our people back to work, to give them their dignity and to make us competitive?

**Mr. Gordon Earle:** Mr. Speaker, unfortunately I have to answer the question in the negative. I do not see any hope with the present government that we will move ahead on this issue unless there is a drastic change in events and a drastic change in the government's opinion.

As the member has rightly indicated, statements have been made in the past. When people were in opposition they said one thing but then suddenly they took a different approach when they became the government. Time and time again I have said it is very important that if we as politicians are going to have any credibility with the people who elect us, we must not be hypocritical. We must not say one thing and do another. We must not make promises while we are in opposition and do something different when we are in government.

The government has to look strongly at its past statements and live up to those statements and move this issue forward in a positive way.

[*Translation*]

**Mr. Antoine Dubé (Lévis-et-Chutes-de-la-Chaudière, BQ):** Mr. Speaker, I thank the member for Halifax West for his remarks. I understand his concerns about shipbuilding, because, in his region, a lot of people work there.

However, I do not share his pessimism over the impossibility of influencing the government to change its policy and its current attitude.

• (1325)

I can see positive signs at the moment. By way of example, the four opposition parties seem to support the motion by the Progressive Conservative Party.

The three main unions representing shipbuilders in Canada are in agreement. They even agree with their employers at the shipbuilders' association. Shipowners agree. All the provincial premiers agree. The Liberal Premier of New Brunswick, who will be calling elections soon, agrees. At their latest convention, the members of the Liberal Party managed to vote a resolution in favour of having a policy on shipbuilding.

I must watch my words, but the Minister of Finance's situation is rather unique, and he does not dare go too far ahead, being himself involved in the sector.

However, I do not share my colleague's pessimism and I would like him to react to my question.

**Mr. Gordon Earle:** Mr. Speaker, I thank the member for his excellent question.

I agree that important things are happening, but it is thanks to the opposition, not the government.

[*English*]

I feel very strongly that we should be optimistic and we should look forward to something happening on a positive basis. The hon. member before asked me whether I felt there was any hope the government would address this problem adequately. I have to be quite honest. While we in the opposition would like to see some changes and see something positive take place, I have seen very little encouragement come from the government side that it is going to move in a very real way to make the shipbuilding industry a viable industry for the people in Atlantic Canada and on the west coast.

[*Translation*]

**Mr. André Harvey (Chicoutimi, PC):** Mr. Speaker, I am pleased to take part in this debate and to express my support for the proposed amendment and the main motion introduced by my colleague for Saint John.

The motion before the House today seems crucial to me. If there is one issue with a national dimension, it is shipbuilding. It does not involve one region in particular, but several.

In spite of our political differences, I want to mention that there is in this House a member who deserves our thanks for his many constructive inputs regarding shipbuilding. It is my colleague from Lévis-et-Chutes-de-la-Chaudière, whom I salute.

He has traveled across the country. He is just as aware of the issue of shipbuilding as my colleagues for Saint John and Burin—St. George's. We are extremely well represented in the maritimes. These people help us raise our awareness of this major issue.

There is nothing new in this morning's motion. Remember last election campaign. In 1993, and that is not yesterday, the current government had promised it would abolish free trade. We knew this was a hare-brained promise, but to win votes one tends to go overboard sometimes. So the current government had promised to roll back the free trade agreement. How ridiculous. As we know, our exports have increased from \$90 to \$250 billion thanks to free trade.

If the government is now in a sound financial position, it is partly because of the free trade agreement negotiated by the former Prime Minister of Canada, but also by our current leader, Joe Clark. Incidentally, the Liberals had promised to tear up the free trade agreement.

It is difficult to fight this kind of talk during an election campaign. I remember the debate on free trade. Everyone was

*Supply*

opposed to free trade for reasons that were partly based on demagoguery, and in the 1993 election campaign, the Liberals promised to abolish it.

Another broken promise was to scrap the GST. We knew that it did not make any sense.

• (1330)

During an election campaign, when demagoguery prevails, it is very difficult for rationality to take over. In the end, the Liberals were elected. There was however a few measures contained in the red book with which I agreed. I think our government colleagues will be pleased to hear that.

In their red book, the Liberals made an interesting commitment regarding shipyards. I would have liked them to live up to their commitment, but they did not.

The Liberals did not make good on many of their commitments. Obviously, with free trade, the GST generating \$22 billion in revenue, \$31 billion in additional revenue from the surtax, and \$25 billion taken out of the employment insurance fund, it is easy to fight the deficit.

When we in the Progressive Conservative Party raise issues like shipyards, the government always gives us the same line "You left us with a deficit of \$42 billion". The problem is that the Liberals had left us with a debt of \$200 billion. Before we came to office, the debt had increased elevenfold, from \$18 billion to \$200 billion, in ten years. Under the Progressive Conservative government, the debt increased twofold, from \$200 billion to \$400 billion, over a nine year period. During that time, we adopted progressive measures such as the GST, the free trade agreement and the tax reform.

On the topic of shipyards, the members for Saint John, Burin—St. George's, and Lévis-et-Chutes-de-la-Chaudière as well, gave some quite excellent speeches. Attacks on the Progressive Conservatives are always the same.

The Progressive Conservative government was not responsible for rationalizing shipyards. Shipyards were rationalized by the industry itself, but I am pleased to mention some measures for which the Progressive Conservatives can take credit.

Given the importance of the sector, we created a maritime transport co-operation group. We invested \$450 million annually in the maritime, land and air transportation sectors, including in Quebec.

We invested \$60 million to improve the port of Vancouver. It has become a world renowned shipping centre.

Mr. Speaker, I forgot to mention that I would be splitting my time with the member for Fundy—Royal.

The Canadian Patrol Frigate Program is an extremely important program. Through it, Canada has built up an international reputation in the design, integration, testing, construction, development and management of large-scale projects. The expertise we have built up, thanks to the initiatives of the Progressive Conservative government, make it possible today for us to be increasingly effective. We are calling on the government in power to allow our shipyards to compete on other international markets.

It is impossible for us to compete with European shipyards right now, because they have support measures of 5%, 10%, 15%, 20% and even 30%.

We cannot compete on the American market. It is a very captive market, with controlled zones. There is a complete ban on potential outside markets.

We are even certain that the majority of government members will vote in favour of the motion. This was one of their most important election promises in 1993. I am sure there are not many colleagues on the government side who have forgotten the proposal to develop a national shipbuilding policy which would allow Canada to compete with the Europeans, the Americans and the Asia-Pacific countries to take advantage of the technological expertise that we have developed in our shipyards.

I remind the House of the work done by all political parties, with the exception of this government, and namely by my colleague from St. John, the members of Lévis-et-Chutes-de-la-Chaudière, Burin—St. George's and all the others who have met with people from this industry.

• (1335)

A government cannot be listening to recommendations that came out of all those meetings held just before the holiday season.

This is why we want to use this day—not by dealing with farfetched issues that are out of touch with reality—for the benefit of the thousands of workers who are forced to fight and compete with other shipyards across the world, which benefit from tax privileges granted by their respective governments.

This is why we would like the government to support the motion and act on its 1993 campaign promise to give Canada a tax policy that would allow all our shipyards to be competitive on the world scene. Furthermore, considering the technological expertise that we developed and the high value our shipyard workers can add to their finished products, we want the government to support the initiative proposed in the motion before the House today.

It is extremely important for the Bloc Québécois, for the Reform Party and for the NDP. There are today tens of thousands of vessels for sale in the world that need repairs and we do not want our local shipyards to be penalized compared to shipyards in other countries where the governments take their responsibilities. In 1993, the



Liberal Party promised all Canadians that Canada would have a tax policy that would allow its shipyards to be on a level playing field with shipyards all over the world.

I am delighted, in supporting the motion, to remind my colleagues across the way that we read their red book very carefully. One of the few rational promises contained in that book was to give Canada a shipyard policy that would compare to what exists around the world.

We knew that the red book promises did not make sense: abolish the GST, abolish free trade and change the helicopter package that had already cost Canadians \$600 million. We ask the government to be reasonable and to adopt today's motion. We do not want a dramatic change in the way the government manages the country. All we want, is for it to support our efforts to give Canada an exciting new policy for the future.

**Mr. Antoine Dubé (Lévis-et-Chutes-de-la-Chaudière, BQ):** Mr. Speaker, I do not know if the fact that the Liberals are not questioning the party that brought forward this motion in favour of a shipbuilding policy this morning is a sign of openness on their part. I hope it is.

I just wanted to react to a remark made by my colleague from Chicoutimi, to tell him that I do not always agree with him. Sometimes, in the political arena, it is normal to be in opposition, to have democratic debates, and so on. On the issue of commitments, a Liberal member opposite said they were made in 1988.

I was a candidate in 1993 and I recall very clearly watching on television the Liberal candidate for Quebec City, who is now the Prime Minister's chief of staff, when he said "We will adopt a shipbuilding policy, hold a summit in the following year, and put in place concrete measures to revitalize the Canadian shipbuilding industry". That is all I wanted to say.

The member for Chicoutimi has had experience in the previous government. Does he think it would be possible, if the government really wanted to do it, to renegotiate the free trade agreement to include shipbuilding? Canada has been in favour of its inclusion since the beginning.

Does the member think that, with all that is being done in the WTO and the OECD, the United States might be open to the idea of including shipbuilding in the free trade agreement? If so, does he think it would be a good thing, considering the weakness of the Canadian dollar compared to the U.S. dollar, and does he agree with me that Canadians shipyards could benefit?

**Mr. André Harvey:** Mr. Speaker, I thank my colleague for Lévis-et-Chutes-de-la-Chaudière for his questions.

### *Supply*

Indeed, this is certainly an item that ought to be on the agenda of multilateral negotiations, unless all countries negotiating merely decide to say "We will continue, each in our own areas, to fully support the industrial sector shipbuilding represents".

• (1340)

We cannot ask that of our local yards. We will try not to be too partisan in this matter. At the present time, our shipyards' inability to compete costs thousands of direct and indirect jobs.

When there is bidding, how can we compete with others, such as the Asia-Pacific region, when their subsidies may account for more than 30% of the value of a project?

In Europe too, they can be as high as 16% of the value of a project. When there is a 15% to 30% difference right off the bat, it is impossible to compete. That is why all parties, including the government party, ought to show some open-mindedness. We would be in favour of broader discussions with all stakeholders in this industry. The government and the four opposition parties must arrive at a consistent policy, one which would enable us to take proper advantage of the expertise we have developed for meeting needs anywhere in the world.

I can assure the House that this could result in a tremendous boost. Many jobs could be created in this industry. We are not asking for any special privileges. We want our shipyards to be treated on an equal footing with other shipbuilding industries internationally.

[English]

**Mr. John Herron (Fundy—Royal, PC):** Mr. Speaker, it is with pleasure that I rise to discuss a very important issue which is critical from an economic development perspective for the region of Atlantic Canada and, I would argue, for Canada. We are talking this afternoon about the issue of the survival and the overall competitiveness of a very fundamental industry.

My colleague from the Reform Party said earlier that he was unsure about why we did not table any specific initiatives in the question we put forth. I will share with him some of the rationale for why we chose that approach.

The wording in the question we chose today is the same policy initiative that was accepted and agreed upon by the Liberal Party of Canada at its policy conferences in 1988 and 1993. I would wager that many members who are sitting in the House today and will be sitting in the House come vote time actually voted for the very same initiative when they were before their own membership. I could not figure out why in any shape, way or form these members would vote against the same initiative.

*Supply*

**Mr. Mark Muise:** There is no reason.

**Mr. John Herron:** There is absolutely no reason, as the member for West Nova has just pointed out to me.

We are putting forth some initiatives, some financial initiatives, some tax incentives, to provide the industry with a more level playing field. There has been a lot of discussion that we cannot compete with the subsidies that exist in the Koreas and the Chinas. My comment is so what. We do not care. There are other markets we can chase down.

Competing with some countries that have subsidies of up to 20% or 30% of the cost of a ship is not a market we are interested in anyway. Those markets have ships with high steel content and low amounts of mechanical outfitting. That actually means they do not have sophisticated, high tech, cutting edge navigational equipment. They do not have systems in terms of the high tech industries such as shipshape drilling hauls which would be used in offshore exploration or drilling in that regard. Those are the kinds of ships we can be competitive with. Our labour is competitive in that regard. The only thing that is not competitive is our tax regime, plain and simple.

I believe fundamentally that the role of government is to do two principal things when it comes to industry. The first is to provide it with sound viable access to markets. That means physically in terms of rails and roads and trade regimes as well. This is something I would like to discuss in the next few minutes.

• (1345)

The second thing the government has to provide is an internationally competitive tax regime. The initiatives that have been put forth have been agreed upon by an unprecedented number of individuals in our society. The shipowners association is on side. The shipbuilders association is on side. Labour is on side. In fact, in 1997 at St. Andrews, New Brunswick all 10 premiers voted for the development of a national shipbuilding policy with fundamental principles that the federal government must and should pursue. To date I am very sad to say that action taken by the federal government essentially amounts to nil.

**An hon. member:** No pursuit. Zero.

**Mr. John Herron:** There is no pursuit. We have heard comments as to why the Jones act was exempt from the free trade agreement in 1988 and 1993. That is the kind of rhetoric that has been put forward. Everybody in the House understands that the free trade agreement is the fundamental cornerstone of our economy today in terms of augmenting our trade with the Americans. We have over \$200 billion worth of trade with the Americans. Previously it was only \$80 billion. However, we were not able to get this one particular industry into the trade agreement.

The government has been in power for over six years. It has not once taken the opportunity to look at improving this. Rather, it has put the blame on the previous government. Not once has the government said that it would be a very good initiative to set up a trade component sector by sector. The parliamentary secretary mentioned that it is imperative that we take a sector by sector approach. Why do we not set up a trade component, go to the Americans and negotiate a bilateral accord on certain types of ships? Maybe they would be drilling rigs. Maybe they would be ocean going tugs. We have not taken an initiative to penetrate the Jones act.

I will outline very briefly what we are considering because my colleagues have done a fabulous job in terms of the initiatives put forward by my friend and colleague from the neighbouring riding of Saint John, the member for Chicoutimi and the member from Lévis. There are a number of members who really believe this is something we need to do.

We need to develop a loan guarantee program similar to the American title XI, which has been in effect since 1936. Do members know how many loan defaults there have been since 1936? Since 1936, under this very prudent criteria, with the federal government guaranteeing the loans, there have been zero loan defaults. Absolutely none. Why are they scared to look at something that works and implement it in our country? I know there are people listening to this at home and in the House who cannot fathom why that initiative has not been taken.

I believe that Reform agrees with me that this country is overtaxed. Why do we want to tax an industry so that it has no chance of competing? What we are advocating is to revise the Revenue Canada leasing regulations concurrently with accelerated depreciation. That would lower taxes. We do it for rail cars, computers, trucks and other industries.

I ask my colleagues again: Why would they not want to take that initiative if it is done for other industries? What do they have against this cutting-edge, high tech, modern industry?

We should revise Revenue Canada leasing regulations to make them similar to the title XI loan guarantee program.

I will give the government a bit of credit in this regard. It has taken some steps with respect to the Export Development Corporation. However, I would argue that it should look at doing that for the domestic market as well.

I have talked about the need to have a bilateral accord in terms of the Jones act. This comes down to three fundamental principles. First, we have to be able to establish a marketplace. The marketplace is threefold domestically. The ships which exist on the Great Lakes today are aging and will be need to be replaced or refitted.

*Supply*

We need to ensure that we have a competitive indigenous industry to take advantage of those opportunities.

• (1350)

The second market would be to go after a bilateral accord with Americans, which I just pointed out.

Third, we could compete with the EU if we provided the appropriate tax regime.

The last point, which I cannot fathom, comes down to political leadership. This is not a debate about what needs to be done; this is purely a debate about who is going to get the job done. The Minister of Industry should be an advocate for this industry. If he does not want to be the quarterback, then I suggest he step aside and let someone take over who actually cares about the industry.

I am suggesting that the Minister of Industry step aside and let the Prime Minister be the quarterback of this initiative so that he can bring the Minister for International Trade, the Minister of National Revenue and the Minister of Finance on side to get the individuals in this industry working by opening markets, lowering taxes and re-establishing the industry.

**Mr. Walt Lastewka (Parliamentary Secretary to Minister of Industry, Lib.):** Mr. Speaker, I listened attentively to the last speaker, who referred continuously to the example of rail cars.

I wonder if the member opposite is suggesting that the same arrangement for leasing rail cars be brought in for ships and that the accelerated rate for shipbuilding be reduced from 33.3% to 10%. Is that what he is suggesting so that leasing could be applied?

**Mr. John Herron:** Mr. Speaker, the hon. parliamentary secretary and I worked collaboratively and had very co-operative debates on this issue back in October 1997. I will admit that he has a sincere interest in terms of advancing this file.

The motion calls for the commitment of the government as a whole to address the issue.

We are not even going to argue what particular initiatives have to be taken. We have put forth some very constructive suggestions and we are challenging the government to say "This is what we are capable of doing", as opposed to "This is hands off. What we have now in terms of our national shipbuilding policy, in terms of tariffs, in terms accelerated depreciation is all we are going to do".

As far as rail car initiatives are concerned, whatever is competitive for the rail car industry should be afforded to the shipbuilding industry as well. However, it has to be done by revising Revenue Canada leasing regulations concurrently with accelerated depreciation.

[*Translation*]

**Mr. Antoine Dubé (Lévis-et-Chutes-de-la-Chaudière, BQ):** Mr. Speaker, the hon. member for Fundy—Royal is a very staunch defender of shipbuilding. He is very familiar with the whole area.

Could he tell me why the Minister of Industry claims the policy is working fine, and the shipbuilding industry is working fine, when only 40% of shipyard workers are in fact employed, and 60% are unemployed?

If everything is fine, and nothing needs changing, how can it be that things are going so badly?

[*English*]

**Mr. John Herron:** Mr. Speaker, I think the issue we are troubled with, and this has been a very troublesome debate in this regard, is that the initiatives that have been discussed have been supported by an unprecedented level of individuals. As I stated, all of the premiers supported financial initiatives as well as other initiatives at St. Andrews in 1997.

• (1355)

I really am at a loss to explain what the problem is, other than to say that we need to have some political leadership on the file.

I reiterate that this is a public policy initiative that was tabled at the conventions of the Liberal Party in 1993 and 1998. It is the very same wording. I am sure that every member of the House said that this was an issue which we have to re-visit. In fact, the member from Lévis said that this was a priority of the government as well. If it is a priority, then let us do it. A priority is something on which there is an intent to follow through.

A government that has too many priorities, by definition, has no priorities. What we are asking of this caretaker government is that it engage and do something with the industry. We have put forward four initiatives. The government should show the people that it is sincere about addressing this issue.

Governments have a role to support a tax regime when two regional economies have an indigenous advantage. We have ports, we have an ocean and we have access to those markets. All we are looking for is sound and viable access to our markets through trade and taxation regimes.

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#### CANADIAN HUMAN RIGHTS TRIBUNAL

**The Speaker:** Before proceeding to Statements by Members, I have the honour to lay upon the table the 1998 annual report of the Canadian Human Rights Tribunal.

*S. O. 31*

## STATEMENTS BY MEMBERS

[English]

### MILLBROOK AGRICULTURAL FAIR

**Mr. John O'Reilly (Haliburton—Victoria—Brock, Lib.):** Mr. Speaker, it is a privilege to rise today to inform the House that Millbrook, a village located in the riding of Haliburton—Victoria—Brock, will be celebrating the 150th year of its agricultural fair.

Agricultural fairs were first established to provide service and education to the second and succeeding waves of settlers. It was where they acquired needed supplies, livestock, seeds and the knowledge of how to gainfully put them to use. The Millbrook fair has taken this concept and used it to become one of the most successful agricultural fairs in the region.

These are special times for the community as we near the beginning of the new century. By any standards the Millbrook Agricultural Society's annual fair is a grand old lady. She continues to reflect the past while inspiring the future.

I would invite all Canadians to this wonderful occasion of the 150th Millbrook fair to be held June 11 to 13. I wish the residents of Millbrook all the best in making their 150th fair the best yet.

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### EMPLOYMENT INSURANCE

**Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.):** Mr. Speaker, this is an e-mail I received today from a frustrated Canadian job creator:

As small business owners, my wife and I employed 15 people in various permanent, seasonal and part time roles in 1998. Of those 15, it was known all along that 11 of them would be working for four months or less. Several were students, had no other employment during the year and hence would never be eligible for employment insurance benefits. Nevertheless, we deducted a total of \$856.52 as EI premiums from these individuals, matched by \$1,199.13 from our business.

It should be no mystery that the reason the EI program is running a surplus is because recent changes have made it more difficult to qualify for benefits and because premiums are collected from people who will never be able to qualify. This is unfair, unjust, a drain on the private sector and on the poorest households in our country.

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### POLISH CONSTITUTION

**Ms. Sarmite Bulte (Parkdale—High Park, Lib.):** Mr. Speaker, I am delighted to rise today to offer my warmest congratulations to Polish Canadians and Poles worldwide on the occasion of the 208th anniversary of the Polish constitution.

The constitution was passed on May 3, 1791. It is the oldest constitution in Europe and the second oldest in the world.

The Polish constitution was an important contribution to the development of parliamentary traditions. In this respect it contributes to the proud heritage of all Canadians of Polish descent and is a confirmation of our basic values and freedoms.

Recent years have brought exciting changes to Poland. Its democratic tradition has been restored and it has now become a valued member of NATO. Poland and Polish Canadians have much to celebrate on this day.

May today's memorable event strengthen our resolve to uphold those common values we hold so dear and build upon the bonds of our two cultures. Please accept my best wishes on this anniversary.

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### ROYAL CANADIAN LEGION

**Mr. Lynn Myers (Waterloo—Wellington, Lib.):** Mr. Speaker, in 1939 the ladies auxiliary branch 229 of the Royal Canadian Legion was founded. Recently it celebrated its 60th anniversary in Elora, which is in my riding of Waterloo—Wellington.

• (1400)

Formed to help the cause of the second world war, the ladies auxiliary branch 229 has worked hard for many years and been extremely active in the community. This ladies auxiliary branch continues to do a great deal of fundraising in and around Elora for worthy causes.

I urge all Canadians, especially my constituents, to join with me in congratulating these courageous and hard-working women, many of whom have been involved in this cause for a great part of their lives. Their many efforts do not go unnoticed. We must constantly thank Canadians such as the women of the ladies auxiliary branch 229 for helping to make Canada such a great place in which to live.

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### WORLD PRESS FREEDOM DAY

**Mrs. Sue Barnes (London West, Lib.):** Mr. Speaker, today is World Press Freedom Day. Established in 1993, this day serves as an occasion to recognize the extraordinary sacrifices made in the struggle for free expression.

This year's theme, violence against journalists, highlights a serious problem in many countries. Last year, 27 journalists were murdered in the course of their duties, among them the former editor of the *Indo-Canadian Times*. Journalists have faced arbitrary arrests, threats, aggression, harassment and even torture. Currently, at least 117 journalists are behind bars in 25 countries.

In Canada, freedom of the press is a right guaranteed by section 2 of the Canadian Charter of Rights and Freedoms. We sometimes take this freedom for granted, but we must never forget its importance to our democratic society.

Today we call on governments everywhere to respect their commitments to press freedom, and especially those who still deny their citizens access to a fully free press.

I salute the courage, integrity and commitment of all journalists.

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### ABORIGINAL AFFAIRS

**Mr. John Cummins (Delta—South Richmond, Ref.):** Mr. Speaker, I observed the last two weeks of debate on the Nisga'a Treaty in the B.C. legislature. What I saw was not encouraging.

The legislature was presented with a done deal by ministers who themselves had little understanding of the implications of the treaty and who were intolerant of legitimate concerns raised by the Liberal opposition.

The decision to put off consideration of the treaty in this place until fall was a clear admission by the government that it was not ready to face parliament with the details of what has been negotiated away.

The limitation on access to the charter of rights and freedoms, the undermining of neighbouring treaty claims, the creation of a new unaccountable tier of government and the end of the public fishery are all issues which must be resolved before this treaty becomes part of our constitution.

The treaty provides that there can be no amendment without the consent of the Nisga'a, a significant derogation of the sovereignty of Canada.

The Indian affairs minister had one chance to get this treaty right and she blew it. She knows it and she knows that it will take more than a summer of spin doctoring to fix it.

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[Translation]

### BOB WHITE

**Mr. Yves Rocheleau (Trois-Rivières, BQ):** Mr. Speaker, we learned today that Bob White, the head of the Canadian Labour Congress, will be leaving his job on Thursday during the meeting of the CLC being held in Toronto.

As the head of a union federation representing 2.4 million Canadian and Quebec workers, Bob White has fought, for 48 years, to obtain fair and equitable working conditions for all.

A man of integrity, he has always had a sense of the new realities of the labour market. He has also understood, beyond our

constitutional differences, the reality and demands of modern Quebec. A great democrat, he has recognized Quebec's right to self-determination and respected its democratic process.

A few days before his departure as president of the CLC, the Bloc Québécois would like to pay tribute to this man, who promoted such fundamental values as social justice, fairness, equality and solidarity. These are values we share with him.

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### MONTH OF COMMUNICATION

**Mr. Paul DeVillers (Simcoe North, Lib.):** Mr. Speaker, the month of May is the month of communication, a theme that is particularly important in the context of a world rapidly changing. However, beyond the great technological advances of this century, is it not appropriate to wonder if the time has not come to redefine human communication?

It is all very well to communicate from one end of the planet to the other, but sometimes we forget the first meaning of communication, which is understanding—understanding between world powers, generations, parents and children and employers and employees.

In short, is it not time to get back to basics in this art of communicating, which first and foremost is the art of understanding one another in order to resolve conflict and problems peacefully?

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• (1405)

[English]

### KOSOVO

**Mr. Deepak Obhrai (Calgary East, Ref.):** Mr. Speaker, over the past month and a half, the world has witnessed a human tragedy that few could have imagined happening at the dawn of the new millennium. A systematic ethnic cleansing has been taking place in Kosovo. It has turned children, women and the elderly into refugees overnight. Hopes and aspirations have been chattered. Why? To satisfy a dictator's political ambitions.

Today I rise as a proud Canadian, proud that my country has risen to the occasion and has offered food, security and shelter to those currently exiled to refugee camps. Tomorrow, Canada welcomes the first of the 5,000 refugees from Kosovo. These suffering people will be given safe haven in Canada while our brave soldiers fight to regain their homes.

To the refugees, I would like to extend, on behalf of the official opposition, a welcome to Canada. We pray that peace returns to their homeland so that they may return and rebuild their lives. Bienvenue au Canada.

*S. O. 31*

[Translation]

### KOSOVO

**Mr. Benoît Serré (Timiskaming—Cochrane, Lib.):** Mr. Speaker, last Friday, Canada agreed to take in 5,000 Kosovar refugees whose living conditions have reached a critical stage in the crowded and unsanitary camps.

By its action, Canada is showing its solidarity with a population that needs much more than just moral support. Canada has clearly established that these people's lives were in danger where they were.

By taking concrete action, Canada is once again demonstrating its openness to other nations at times of crisis.

Any day now will see the arrival of people who are suffering greatly, and there is no doubt that what the government has said and done represents the views of all Canadians.

The spontaneous gestures and many expressions of support from Canadians are proof to the entire world of our concern for our fellow human beings.

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[English]

### SUMMER WORK PROGRAM

**Mr. Nelson Riis (Kamloops, Thompson and Highland Valleys, NDP):** Mr. Speaker, every year at this time, hundreds of thousands of young Canadians look forward to the summer work program where they can begin working for the summer. Small business operators, non-profit groups and so on, also look forward to it. Everyone benefits from the program.

The problem, at least in British Columbia and the Yukon region, is that the funds have not been allocated yet. They have not been announced. All sorts of programs which should be starting today are in fact not starting today nor tomorrow. They are going to start some time in the future.

All of the programming and planning that has gone into this is now being sort of tossed out the window. Students are frustrated. They are calling to ask us what is going on. They want to know if the programs are being approved.

On behalf of British Columbians and the people from the Yukon, I would urge the minister and the staff to make these allocation announcements as soon as possible.

[Translation]

### TVA NETWORK

**Ms. Caroline St-Hilaire (Longueuil, BQ):** Mr. Speaker, over the weekend, TVA officially broadcast its signal Canada-wide under the terms of the licence recently granted by the CRTC.

Today, the Bloc Québécois congratulates all those who, directly or indirectly, made this long-awaited initiative possible.

The Bloc Québécois is particularly happy for the 618,000 francophones outside Quebec who speak French in the home. A new French broadcasting signal in North America is no small achievement. This one enriches the audiovisual environment of francophone, Acadian, and francophile communities, giving them access to a more balanced selection of English and French channels.

TVA has promised to serve the francophone and Acadian communities. The Bloc Québécois pays tribute to TVA's initiative and hopes that this co-operation between Quebec's most popular broadcaster, its viewers in Quebec, and francophone viewers outside Quebec will foster renewed solidarity for the Francophonie in Quebec and Canada.

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[English]

### UNITED ALTERNATIVE

**Mr. Steve Mahoney (Mississauga West, Lib.):** Mr. Speaker, this past weekend, the so-called grassroots of the Reform Party got a chance to speak their mind on the Anderson plan for the United right. Many of them gave this clearly crass and opportunistic scheme to try to win power a big thumbs down.

Here is what one Reform member said at a town hall meeting held in Edmonton, "To me, UA is a threat to the very cause of what I signed up for". Here is what another Reformer said in opposition to the UA, "We want to take part in party policy from the ground up. We do not want to be governed; we want to be represented". From a woman in Calgary, "Political parties", she said, "are not meant to be merged together. They need to remain distinct and separate in order to be able to distinguish between their beliefs and ideas. Conservative and Reform go together", she said, "like oil and water".

If the Reform leader believes in listening to his grassroots, then he had better pull the cotton out of his ears because they are telling him this united alternative just will not fly.

• (1410)

[Translation]

### ALUMINUM INDUSTRY

**Mr. André Harvey (Chicoutimi, PC):** Mr. Speaker, on Friday, in Chicoutimi, the federal government announced, through its secretary of state, that the processing of aluminum would be a primary objective for the future of our country.

Indeed, the secretary of state for regional development demanded that, in co-operation with the National Research Council, departments with an economic mandate prepare a document on aluminum processing technologies to help all potential investors make aluminum processing one of our country's primary objectives.

I take this opportunity to thank all those who worked with me, particularly friends of my region like Marcel Demers, Lucien Gendron, Pierre Tremblay, and André Tremblay from Alcan.

I also want to mention the excellent work of the secretary of state for regional development, who recognized that the processing of aluminum is a key component in ensuring our country's economic future.

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[English]

### INTERNATIONAL YEAR OF OLDER PERSONS

**Mr. Gurbax Singh Malhi (Bramalea—Gore—Malton—Springdale, Lib.):** Mr. Speaker, the International Year of Older Persons 1999 celebrates the increasing importance of our older people in today's society.

To celebrate the occasion, VIA Rail Canada has just introduced its "Take a Companion Along For the Ride" program for seniors. This program allows a companion to travel free when a full fare senior ticket is purchased.

I would encourage all levels of government across Canada to offer some incentives to seniors during this special year for seniors. Various municipalities, including those in my riding of Bramalea—Gore—Malton—Springdale, for instance, should consider offering special public transportation programs to seniors. In that way we can show due respect to our seniors whose dedication and hard work over the years have made Canada the number one country in the world.

*S. O. 31*

[Translation]

### NATIONAL FILM BOARD

**Mr. Mauril Bélanger (Ottawa—Vanier, Lib.):** Mr. Speaker, it is with pride that I extend our best wishes to the National Film Board on its 60th anniversary.

Since 1939, the NFB has played a leading role in the development of the Canadian and international film industry, from both an artistic and a technical point of view.

So far, the NFB has won 3,861 awards in Canada and abroad, including ten Oscars. And there are more to come; for instance, *When the Day Breaks*, a short animated film, has been officially nominated for a Palme d'or at the next Cannes international film festival.

On the 60th anniversary of its foundation, it is important to pay special tribute to the NFB's history. The John Griersons, Norman McLaren, Claude Jutra and Kathleen Shannons, to name but a few, have left a filmmaking heritage of which we have every reason to be proud.

Bravo and happy 60th.

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[English]

### THE LATE GORDON OLMSTEAD

**Mr. Peter Goldring (Edmonton East, Ref.):** Mr. Speaker, Canada's merchant navy of World War II suffered losses more than the other three services at war.

Cold lonely duty, constant targets of a deep sea foe. Simply, a shudder of ship as torpedo explodes is the only notice of impending doom for the lucky. Lucky because in being alive there is still hope. For others, the shudder ushers internment to the finality of the ocean's depth. For some who did live, enemy prisons of hell were their fate until war's end.

Gordon Olmstead survived both, to return home and fight for veterans' rights. Gordon excelled at his task and Bill C-61 reflects his hard work.

Gordon Olmstead passed away on April 24. How fitting it would be to rename Bill C-61 the Gordon Olmstead act.

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[Translation]

### BLOC QUEBECOIS YOUTH FORUM

**Mr. Bernard Bigras (Rosemont, BQ):** Mr. Speaker, this past weekend, the Bloc Québécois youth forum held its general council in Sorel. We would like to thank everyone who had a hand in the success of this event. Participants in Forum Jeunesse had an

### Oral Questions

opportunity to take stands on various topical issues, as well as discussing the Bloc Québécois' chantiers de réflexion.

The Bloc Québécois wishes to congratulate Apraham Niziblian on his election as head of the executive of Forum Jeunesse, and to thank outgoing president Mathieu Alarie for all he has contributed over the past year. Finally, we congratulate Sandra Hernandez on her re-election as vice-president.

We should also point out that not only does the board of Forum Jeunesse give representation to the various regions of Quebec, but women are in the majority as well. This is a fine example of a political organization that is representative of the population it serves.

I've been saying for a long time we've got to lower taxes. Personal taxes are much higher than in the U.S.

He says we are falling way behind our American counterparts. In fact, if the finance minister were doing his job, average Canadian families would have \$28,000 more in their pockets than they do under the high tax policies of the finance minister.

Why does the Prime Minister not agree just for once with the industry minister that taxes are way too high and they have to be lowered now for Canadian families and businesses?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, we do it in a reasonable way because we do not want to cut taxes and increase the deficit.

At the same time we know we have some problems in society that need attention and the Liberal government is thinking about the poor in society. That is not a big preoccupation of the Reform Party.

There is the reality of the last two years, that 600,000 Canadians who were paying taxes are not paying taxes any more. There was a surtax imposed by a right wing government before of 3% that we have eliminated. Now we have a tax credit of—

**The Speaker:** The hon. member for Fraser Valley.

**Mr. Chuck Strahl (Fraser Valley, Ref.):** Mr. Speaker, the industry minister knows that the average Canadian family is down by \$28,000 compared to our American counterparts.

It seems now that the finance minister realizes something is wrong and he says he hopes that very soon he will be able to meet with somebody to talk about it.

He has had six years to set up some meetings. He has had six years to actually lower the taxes. He has had six years while the standard of living of Canadians has dropped like a rock due to the tax gouging policies of the finance minister.

When will the Prime Minister step in and say enough is enough, give tax relief to Canadian businesses and families, and do it now?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I will never say enough is enough of anything or of a good government. It is never enough to have a good government, but a good government is not only taking care of one element of society.

We are not preoccupied only with the rich. We are preoccupied with the poor. It is why we are preoccupied with the health care of people. When they compare us with the Americans they do not tell Canadian citizens that 40 million Americans are not covered at all by medicare while every Canadian in Canada is covered. We have a very good story to tell the Americans.

**Mr. Jason Kenney (Calgary Southeast, Ref.):** Mr. Speaker, it is a bit rich for one of the members of the millionaire's club on the

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## ORAL QUESTION PERIOD

• (1415)

[English]

### TAXATION

**Mr. Chuck Strahl (Fraser Valley, Ref.):** Mr. Speaker, the industry minister and the minister of taxes are at it again. It is too bad taxpayers have to pay the price while these two start fighting the yet to be announced leadership race.

On the weekend the industry minister admitted that the high tax policies of the finance minister were forcing our young people to leave for the greener pastures of a low tax United States. The industry minister says tax relief is needed now while the finance minister says everything is just fine the way it is.

Will the Prime Minister step in between these two and just declare a winner? Will he cut taxes for Canadians now as the industry minister wants, or will he stick the status quo to us like the finance minister has been doing for the last six years?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, we have already started to cut taxes. I do not know where the member was.

We have reduced the EI contribution from \$3.07 to \$2.55. We will reduce taxes by over \$16 billion over the next three years. I will give an example. A family of four earning \$60,000 will have almost a 10% federal tax reduction a year.

We have also introduced a tax credit to help poor families and have increased the revenues of those at the bottom of the scale, and we have balanced the books. That is not too bad.

**Mr. Chuck Strahl (Fraser Valley, Ref.):** Mr. Speaker, it is too bad the Prime Minister did not share the epiphany with the Minister of Industry. I will quote his revelation from the weekend:



*Oral Questions*

Liberal front benches to start crying crocodile tears about poverty in Canada, but it is hard to keep—

**Some hon. members:** Oh, oh.

**The Speaker:** Order, please. Please be judicious in the choice of words.

**Mr. Jason Kenney:** They are a little sensitive. The industry minister first told us that taxes were helping Canadian productivity. Under pressure from the finance minister, he flipped and said that productivity was a real problem after he had said our productivity had plummeted to Mississippi levels. Now, lo and behold, he is telling us that we need to lower taxes to U.S. levels.

• (1420)

I am a little confused. Could the industry minister tell us whether he has flipped or flopped today?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, when he was not a member of parliament he was the one who was afraid that the Liberal Party would reduce the deficit by increasing taxes.

We have reduced the deficit from \$42 billion and have reduced taxes at the same time. The member should look back at what he has written in the past.

**Mr. Jason Kenney (Calgary Southeast, Ref.):** Mr. Speaker, I have to assume the Prime Minister does not do his own taxes. If he did and he filed them last week, he would see that his taxes like those of most Canadians have gone up because of the bracket creep of the government and the increased CPP premiums.

Why on the one hand does this Prime Minister deny that we need deeper tax relief, real tax relief, while the industry minister is telling us that Canada's productivity is lagging because of our job killing tax burden?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Again he is late, Mr. Speaker. We have increased the personal exemption by \$675 for every taxpayer so there is no more bracket creep. He should go back and look for himself before getting up in the House of Commons.

\* \* \*

[Translation]

#### EMPLOYMENT INSURANCE

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, figures released on the weekend show that, although 100% of young people pay EI premiums, only 15% qualify for benefits.

How can the Prime Minister justify the policies of quotas, cuts, and harassment of unemployed workers, particularly young people, espoused by the Minister of Human Resources Development, who

claims to be concerned about what is happening to young people and says he is looking out for them?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, we reformed the EI program and it is running much better. Reforms always cause problems, but we were not afraid to go ahead. We are now looking at possible adjustments.

The fact is that the system is working much better now that it is based on hours rather than days worked. More of the people who formerly did not qualify do now, and they have much more flexibility. No system is perfect, but the one we have now is working well and, if improvements are indicated, the minister and other members of cabinet intend—

**The Speaker:** The hon. leader of the Bloc Québécois.

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, the opposite is in fact true. Since the reform, all young people have been paying premiums, but the percentage who qualify has plummeted to 15%.

Does the Prime Minister realize that the youth unemployment rate has dropped twice as slowly as that of other age groups? Is that what looking out for young people means? Is that what the Prime Minister is proud of?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, what I am proud of is that, before, we had a system strictly to help those without jobs, with no active measures to create jobs for young people. I am happy to see the member confirm that in Canada unemployment rates have dropped, both for adults and for young people.

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ):** Mr. Speaker, there is a wide gap between the fine talk of the federal government and the day to day reality of our young people. Before the reform, 84% of young workers paid into employment insurance and 50% received benefits. Now, 100% of young workers contribute, but only 15% draw benefits.

Is this what the Prime Minister considers a society that is looking after its young people properly?

[English]

**Ms. Bonnie Brown (Parliamentary Secretary to Minister of Human Resources Development, Lib.):** Mr. Speaker, I remind the member opposite that the number of jobs created for youth rose by 7% last year. That was the best performance in 20 years. Since we were elected the youth unemployment rate has gone down by over 3%.

Youth employment is still something that our government is focused on. To address it we have a two pronged approach: the youth employment strategy to get youth to work and the Canadian opportunities strategy to enhance their educational opportunities.

*Oral Questions*

[Translation]

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ):** Mr. Speaker, we are well aware of the Prime Minister's desire to go down in history. Instead of jumping into all manner of extravagant projects, why does the Prime Minister not merely give the young workers back the money he has taken from their pockets by making them pay into employment insurance, when they have virtually no chance of drawing any benefits?

• (1425)

[English]

**Ms. Bonnie Brown (Parliamentary Secretary to Minister of Human Resources Development, Lib.):** Mr. Speaker, we are hearing the same attitude from Bloc members as we hear every day.

They are people who think that youths should receive more employment insurance. On this side we think young Canadians should be given the opportunity to have access to a good education and a good job. That is how we on this side are trying to help them.

\* \* \*

**KOSOVO**

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, my question is for the Prime Minister. Momentum is building toward a diplomatic solution to the Kosovo crisis. There is growing recognition that give and take are required to reach a peaceful resolution.

Viktor Chernomyrdin, Koffi Annan, Mary Robinson, Jesse Jackson, and our own foreign affairs minister have called for compromise. Will Canada make a solid contribution to the diplomatic momentum and push for an immediate suspension of the bombing?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, that is exactly what we are doing at this time. We are making the best contribution we can. We were among the first to take away the notion that it was to be a NATO force and make it an international force. Everybody accepted that.

Last week the Minister of Foreign Affairs was in Moscow with Mr. Annan of the United Nations and the minister of foreign affairs of Greece. He met with his counterparts and they discussed the possibility of finding a solution.

The solution belongs to the President of Yugoslavia who should stop what he is doing, the murdering and the cleansing. He should withdraw his troops. The minute he does that, the Kosovars will be able to go back in peace and the bombing will be over.

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, every day images of death, misery and despair among civilians demon-

strate the urgent need for a diplomatic solution. We must leave no stone unturned on the path to peace.

Will Canada contribute to the diplomatic momentum and take bold action? Will Canada call for an immediate suspension of the bombing?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, we are doing the utmost to help in the diplomatic solution, but to have unilateral stoppage of the activities of NATO would be completely counterproductive.

Leading up to the Rambouillet agreement, Milosevic was delaying and delaying while he was doing the cleansing. That is why we had to start the air strikes. It is not through stopping them that he will come to the table. He wants to finish his job before he comes to the table, and we want the Kosovars to have freedom in their homes in Kosovo.

\* \* \*

**SHIPBUILDING**

**Mrs. Elsie Wayne (Saint John, PC):** Mr. Speaker, Canada's low productivity has recently been criticized. We all know high taxes and ineffective policies kill productivity.

We just have to look at the shipbuilding industry as an example. Soon this industry will have zero productivity in Canada. Why? Because the government has failed to implement a national shipbuilding policy.

Will the Minister of Industry act on his party's policies adopted at its 1993 and 1998 conventions and implement a new national shipbuilding policy and put Canadians back to work?

**Hon. John Manley (Minister of Industry, Lib.):** Mr. Speaker, there is a national shipbuilding policy. The significant tax and other advantages accorded to that industry are consistent with the kinds of support we provide to other industry sectors. We expect those will do the job.

The amazing thing about this member's persistence on this issue is that she claims repeatedly that she does not want subsidies for this industry. Yet in every request she makes she proposes nothing other than a thinly disguised subsidy program.

**Mrs. Elsie Wayne (Saint John, PC):** Mr. Speaker, I will tell the minister and everyone in the House that we are not asking for subsidies.

What they are asking for is the same tax incentives used in other industries such as the high tech and research and development sectors.

Thousands of Canadians could go back to work if the shipbuilding industry were treated with fairness. Will the minister do the right thing and treat this industry with the same respect his department treats other industries?

*Oral Questions*

**Hon. John Manley (Minister of Industry, Lib.):** Yes, Mr. Speaker, and in fact we already do. She is unaware of some of the things that have changed.

Let me speak on behalf of my colleague, the Minister for International Trade, whose organization, the Export Development Corporation, has improved the assistance it provides with a ship repair financing vehicle.

• (1430)

What does Peter Cairns, president of the Shipbuilding Association of Canada say? He says it is a really good initiative, beneficial to the whole industry nationwide. He said it was a significant step in the right direction in an area where Canada has a lot of expertise.

Mr. Speaker, they do not even know what we are doing.

\* \* \*

**TAXATION**

**Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.):** Mr. Speaker, someone over there should start to listen to Canadians. They are being taxed to death and they do not want to hear these statistics carefully crafted to whitewash the situation. They have just filled out their tax forms. They know what is happening and they know there is no real tax relief in sight.

When will the government get realistic and give a solid plan for real tax relief for Canadians?

**Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.):** Mr. Speaker, if the hon. member would only look back to the last couple of budgets, we have delivered \$16.5 billion in tax reductions for Canadians. We have always said that is the least we can do and we will continue on that track.

Let us not forget that when we took office we inherited a \$42 billion deficit. We balanced the books. Tax reduction was the second thing we did. The first thing was reinvestment in health care and that reflects Canadian priorities. That is what the government will continue to do.

**Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.):** Mr. Speaker, that is right. The government did the least possible to give Canadians tax relief after it spent billions and billions of dollars on things that are not necessary, having slashed health care and education funding.

Again Canadians are asking, when will the billions of dollars in surplus and misspent funds be returned to their pockets so they can look after the needs of their families?

**Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.):** Mr. Speaker, again the \$16.5 billion is what we have delivered and we will do more.

Let me just reflect for a moment on what the hon. member for Okanagan—Coquihalla said recently when he talked about the last budget. He said the government increased spending and added \$12.5 billion to program spending that was questionable in the first place. Well, the true colours of the Reform Party come out. It thinks that an \$11.5 billion increase in health care is questionable.

The only thing that is questionable is how the Reform Party will ever think it will get to this side of the House. Absolutely that is questionable. It will never happen.

\* \* \*

[*Translation*]

**ORPHAN CLAUSES**

**Mr. Richard Marceau (Charlesbourg, BQ):** Mr. Speaker, as we know, young people face a difficult situation on the job market. Not only are they excluded from the employment insurance program, but collective agreements have gradually been including so-called “orphan clauses” giving special status to young people, but in a negative sense.

Does the Prime Minister recognize the importance of eliminating these orphan clauses for young people and, to that end, will he support the bill that I tabled in this House and that specifically seeks to abolish such clauses?

[*English*]

**Ms. Bonnie Brown (Parliamentary Secretary to Minister of Human Resources Development, Lib.):** Mr. Speaker, I am not aware of the meaning of the term orphan clauses in the EI act. All we know is that our EI reform is working. It is accomplishing the goals we set out for it.

The unemployment rate for youth last year hit an eight year low. We are happy with that.

[*Translation*]

**Mr. Richard Marceau (Charlesbourg, BQ):** Mr. Speaker, the hon. member read the wrong page from her briefing book.

If the Prime Minister is serious about resolving the orphan clause issue, will he agree to have the government direct the Standing Committee on Human Resources Development to review this issue, particularly as it applies to Canada Post and the CBC? Perhaps this will be an opportunity for the parliamentary secretary to inform herself.

**Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, the hon. member is well aware that, under Standing Order 108(2), the committee is its own master.

Therefore, the committee may decide to examine this issue or any other issue.

*Oral Questions**[English]***KOSOVO**

**Mr. Bob Mills (Red Deer, Ref.):** Mr. Speaker, the Chernomyrdin mission is focusing efforts on Belgrade and the most prominent members of NATO. Canada is not a member of that contact group but of course will be the first to send troops if a peace is negotiated.

Does it not bother the Prime Minister that we have so little input into policies that directly affect Canadians?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, we are completely involved. The decision of moving forward was a collective decision of the 19 countries of NATO. We have been consulted about all the elements of that. We were as active as anybody else on the diplomatic front. The solution belongs to Milosevic to decide to withdraw his troops and permit the Kosovars to go back home in peace and security.

• (1435)

**Mr. Bob Mills (Red Deer, Ref.):** Mr. Speaker, Britain, France, Italy, Germany, the United States and Russia are the members of the contact group. Canada is not part of that group.

Is it this government's policy to simply say "your wishes are our command" whenever we are asked to send troops into the field?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, we are a member of a collective group. This contact group has existed for a long time. It was mainly made up of people from Europe. We cannot have a contact group of 19. We are kept informed of every element of the proceedings. We play the role that Canada is able to play.

The member said we would be the first to send troops if we had peace. We would be happy to send troops along with the others if we are at peace. Canada is always there when it is the time to maintain peace.

*[Translation]*

**Mr. Daniel Turp (Beauharnois—Salaberry, BQ):** Mr. Speaker, recently the European Union discussed the possibility of freezing the foreign assets of the members of the Milosevic regime in order to put maximum pressure on the Serb government.

Could the Prime Minister tell us whether international measures intended to freeze the assets of the collaborators of the Milosevic regime are being planned at the moment?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I am not aware of such a measure being decided on collectively by the 19 countries. I will note the suggestion of the hon. member and see what we can do on the subject.

**Mr. Daniel Turp (Beauharnois—Salaberry, BQ):** Mr. Speaker, has Canada taken stock of the assets the Milosevic regime collaborators might have in Canada and does it plan to seize or freeze such assets?

*[English]*

**Mr. Julian Reed (Parliamentary Secretary to Minister of Foreign Affairs, Lib.):** Mr. Speaker, I can assure the hon. member that Canada has taken unilateral action in terms of the embargo against the Yugoslav republic. Now all shipments have to be approved by permit. Oil and military equipment are forbidden in any respect. The member can be reassured that Canada has already made a move in that direction.

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**ROYAL CANADIAN MOUNTED POLICE**

**Mr. Jim Abbott (Kootenay—Columbia, Ref.):** Mr. Speaker, the solicitor general is handcuffing the RCMP with lack of resources. There are many RCMP officers burning out and leaving the force. As a matter of fact, there are 400 vacancies in B.C. alone. The attorney general of the province of B.C. says that there must be an emergency injection of cash in order to ensure public security.

Why is the minister sacrificing the safety and security of Canadians with his underfunding?

**Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.):** Mr. Speaker, I can inform my hon. colleague that the RCMP's budget is \$1.2 billion a year. It received a \$37 million increase in the last budget. It received a 9.5% pay increase over three years in 1998.

This government will give the RCMP and other police forces across the country the tools they need to fight organized crime.

**Mr. Jim Abbott (Kootenay—Columbia, Ref.):** Mr. Speaker, the question is when?

The reality is that under advisement they are looking at taking people from federal projects on things that relate to organized crime, drugs, automobile smuggling, credit cards, money laundering and all of those things, and putting them back into uniform to fill these vacant positions.

When is it going to happen? When is he going to stop sacrificing Canadians' security and safety with his underfunding?

**Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.):** Mr. Speaker, this government has passed a number of initiatives, such as the DNA legislation and the proceeds of crime legislation. Just a week ago I was pleased to announce a \$115 million injection into the CPIC in order to upgrade it to bring it into top shape so that all police forces across the country will have the equipment to fight organized crime.

• (1440)

[Translation]

### MILLENNIUMSCHOLARSHIPS

**Mr. Bernard Bigras (Rosemont, BQ):** Mr. Speaker, in a letter to the Prime Minister of Canada, the three party leaders in the Quebec National Assembly ask the federal government to appoint a government negotiator not associated with the millennium scholarship fund to unlock the impasse this matter has reached.

As the Minister of Human Resources Development refused to answer our questions last week, could the Prime Minister tell us when he plans to answer the letter and when he will appoint the negotiator?

[English]

**Ms. Bonnie Brown (Parliamentary Secretary to Minister of Human Resources Development, Lib.):** Mr. Speaker, first allow me to restate that the interests of all Canadian students are paramount with this government.

As for last week's proposal from Quebec, we are pleased to see that the Government of Quebec has restated its commitment to the three principles of the Gauthrin motion. This is much more promising than the opting out with compensation that Minister Legault has been talking about.

However last week the minister did raise some concerns about the proposal in the letter because under the law, the foundation has the funds, it is responsible for the funds and has the responsibility to administer them.

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### TOBACCO

**Mr. John McKay (Scarborough East, Lib.):** Mr. Speaker, a number of other members and I have been receiving similar letters from tobacco retailers complaining about government interference in how cigarettes are sold.

Can the Parliamentary Secretary to the Minister of Health tell the House about these new regulations, or is this just one more case of government interference in legitimate commerce?

**Ms. Elinor Caplan (Parliamentary Secretary to Minister of Health, Lib.):** Mr. Speaker, I thank the member for his question.

I restate that the government and the Minister of Health are very concerned about the rate of youth smoking in the country. The facts are that in January, Health Canada put out an options paper of

### Oral Questions

proposed regulations. We are receiving consultations. The consultation process has just begun. No decisions have been made.

I would suggest that the contents of the letter the member referred to were not accurate. I would encourage all of those who share our concerns about youth smoking to participate in this important consultation process and help draft the kind of regulations that will tackle high youth—

**The Speaker:** The hon. member for Langley—Abbotsford.

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### DANGEROUS OFFENDERS

**Mr. Randy White (Langley—Abbotsford, Ref.):** Mr. Speaker, last week we talked about two prisoners receiving bus passes to go from one prison to another unescorted. Both of them were identified as dangerous criminals by the police. One was even up for murder three years ago. Both of these people got off their respective buses somewhere along the road.

I would like to ask the solicitor general how he feels about the innocent people on those buses not knowing that criminals are getting on the buses. Does he feel safe enough to put his own family on these public buses today?

**Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.):** Mr. Speaker, let us get the facts straight.

These offenders are on conditional release. But public safety is the number one priority for this government. That is why I have asked Correctional Service Canada to conduct a full review of this procedure.

**Mr. Randy White (Langley—Abbotsford, Ref.):** Mr. Speaker, actually the minister is going to need a lot of reviews because I have many more cases like this. I will give one more.

Curtis Rabochenko left a medium security prison in Abbotsford, British Columbia and was encouraged to go all the way to the Vernon institution. Of course, he was a no-show.

This is what the solicitor general said Friday about such a prisoner at large: "As a few do, he did not do what he was supposed to do under the Conditional Release Act".

I ask the solicitor general, do the bus companies know about this? What is the liability of—

**The Speaker:** The hon. solicitor general.

**Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.):** Mr. Speaker, as I indicated previously, these individuals are on conditional release. They are going from a penal institution to a halfway house in order to be integrated back into society.

*Oral Questions*

• (1445)

**HEALTH**

**Mr. Gordon Earle (Halifax West, NDP):** Mr. Speaker, my question is for the Prime Minister. The Prime Minister will know that scientists from the health department gave testimony this morning before the Senate agricultural committee.

These scientists spoke about pressures being placed on them to approve a drug. They spoke about gag orders, files being stolen and intimidation. Most importantly, they talked about their inability to perform the moral and ethical duties of their jobs as scientists.

Rather than silencing them, why is the Prime Minister not commending these scientists for their brave actions in the public interest and why will he not allow them to speak out on important health issues?

**Ms. Elinor Caplan (Parliamentary Secretary to Minister of Health, Lib.):** Mr. Speaker, in fact it was the Minister of Health who encouraged the scientists to appear before the Senate committee to testify openly. He assured them that it was their duty and their responsibility. The member has it all wrong.

**Mr. Gordon Earle (Halifax West, NDP):** Mr. Speaker, it is clear from the response that the government will continue to silence these scientists, even though there is an ongoing and unresolved international debate on the safety of the bovine growth hormone for human health. Health Canada scientists have expressed fears that this growth hormone may be linked to different forms of cancer.

Why is the minister not allowing Canadians to be informed about potential health risks? Why is he allowing Canadians to eat potentially carcinogenic meat?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I have to say that it is a very funny form of muzzling to invite them to appear before a committee and to speak up. If that is the kind of muzzling we are having in Canada, it is pretty good.

I hope that scientists will still be invited to appear before the committee and to speak up, and the NDP will talk about muzzling.

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**TAXATION**

**Mr. Scott Brison (Kings—Hants, PC):** Mr. Speaker, in a February 24 Ottawa *Citizen* article the Minister of Industry said that by the end of April he would be presenting to cabinet various options that would help keep NHL franchises here in Canada.

Now the minister is saying that he wants to have a hockey summit to further discuss the issue.

After two months of study, does the industry minister actually have some concrete suggestions to make to cabinet, or is this hockey summit just a delaying tactic, some way to buy time because the industry minister does not really know what to do to keep the hockey franchises here in Canada?

**Hon. John Manley (Minister of Industry, Lib.):** Mr. Speaker, we have agreed to be part of a process.

There are a lot of stakeholders involved in this issue, a lot of Canadians. Virtually every Canadian has a view on it one way or another. I think it is appropriate that we hear from the stakeholders as to what solutions they might want to propose.

**Mr. Scott Brison (Kings—Hants, PC):** Mr. Speaker, it is not just hockey teams that need help. It is not just hockey teams that we are potentially losing from Canada.

Nortel is losing 500 engineers per year to U.S. competitors. The fact is that last week Nortel's CEO, John Roth, said that Canada has a problem, that we are driving our talent away.

The industry minister has said what I have been saying for a long time, that we have to lower taxes. Specifically, what taxes should we lower? What taxes does the minister want to lower to keep Nortel here in Canada along with the other high tech industries that we have?

**Hon. John Manley (Minister of Industry, Lib.):** Mr. Speaker, to answer that question, the taxes we need to lower are the ones that we have to pay to pay down the debt that the hon. member's party ran up during its years in office. It left us with a \$42 billion a year deficit. That is the problem we face.

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**TRADE**

**Mr. Mac Harb (Ottawa Centre, Lib.):** Mr. Speaker, the business community just celebrated the fifth anniversary of the NAFTA.

Can the Minister for International Trade tell Canadians about the status of negotiations concerning a free trade agreement in the Americas?

**Hon. Sergio Marchi (Minister for International Trade, Lib.):** Mr. Speaker, let me thank my hon. friend for his interest in the free trade initiative of the Americas.

Under Canada's able chairmanship, I am happy to say that progress with those 34 countries is going well.

The ultimate aim is to create the largest free trade area in the world, which will be comprised of 34 nations, 800 million people and over \$10 trillion.

As a result, we believe that Canada is strategically well placed, not only to participate, but to offer leadership to the free trade initiative.

*Oral Questions***ABORIGINAL AFFAIRS**

[English]

**Mr. Myron Thompson (Wild Rose, Ref.):** Mr. Speaker, those questions should be saved for a senator.

A month ago we learned that the United Nations condemned this Liberal government for its treatment of aboriginal grassroots natives. Then we learned that the RCMP became proactive by producing a manual to deal with fiscal mismanagement on Indian reserves. Now we have the auditor general saying that the department is woefully inadequate when it comes to accountability and that essentially it is failing grassroots natives.

• (1450)

If the minister will not listen to the grassroots people, will she listen to these experts?

**Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.):** Mr. Speaker, let us be clear. The United Nations congratulated the government for introducing "Gathering Strength" and recognizing the partnership role that we have to play in improving the lives of aboriginal people in Canada.

I might point out that the auditor general last week attended a symposium sponsored by the Federation of Saskatchewan Indians which focused specifically on accountability.

That is the view we take: we have to do this in partnership. I would ask the hon. member to join us in that regard.

\* \* \*

[Translation]

**SHIPBUILDING**

**Mr. Antoine Dubé (Lévis-et-Chutes-de-la-Chaudière, BQ):** Mr. Speaker, the motion being debated today calling upon the federal government to develop a proper shipbuilding policy is a repetition, word for word, of a motion passed by the Liberal Party faithful in 1998.

How can the Minister of Industry explain to his own party faithful that he is thumbing his nose at their motion and valid concerns relating to the future of shipbuilding in Canada?

**Hon. John Manley (Minister of Industry, Lib.):** Mr. Speaker, like his colleagues from the Progressive Conservative Party, this hon. member lacks information.

With the Canadian export development program, the assistance available to shipyards has been enhanced. There is also the tax shelter program for purchasers of Canadian ships, as well as tariffs to protect shipbuilding in Canada.

Canada does, therefore, have a policy on shipbuilding.

**ROYAL CANADIAN MOUNTED POLICE**

**Ms. Libby Davies (Vancouver East, NDP):** Mr. Speaker, despite what the solicitor general says about funding for the RCMP, the fact remains that there are more than 400 vacancies in the RCMP in B.C. The solicitor general knows full well that lack of federal funding is to blame. Now there are new studies which show how poorly paid RCMP officers are.

What will the solicitor general do to rectify the situation, or do we tell the people of B.C. that this is just one more example of a fine Liberal performance to let people down?

**Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.):** Mr. Speaker, as I indicated previously, the RCMP budget is \$1.2 billion. They had an increase of \$37 million. We also found \$10 million a few months ago to assist the RCMP in British Columbia. In 1998 the RCMP received a 9.5% increase over three years. Also we asked the RCMP counsel to review their compensation package and compare it to other police forces across the country. I expect to receive that report shortly.

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**SHIPBUILDING**

**Mr. John Herron (Fundy—Royal, PC):** Mr. Speaker, my question is for the Prime Minister. There are a number of individuals other than those in the opposition parties who are not happy with the government's treatment of the shipbuilding industry. All 10 premiers are not on side, labour is not on side, the shipbuilders association is not on side and the shipowners association is not on side.

When asked which minister is responsible for the file, the Minister of National Revenue said "Not mine", the Minister for International Trade said "Not mine", the Secretary of State for International Financial Institutions said "Not mine" and the Minister of Industry said "I do not want it". When will the Prime Minister act to get these ministers together so they can sort it out and get it right?

**Hon. John Manley (Minister of Industry, Lib.):** Mr. Speaker, we have already indicated that his party does not seem to really understand what the aspects of the shipbuilding policy are and is not even aware of the recent changes that, as I noted earlier, have been praised by Peter Cairns, the President of the Shipbuilders Association of Canada.

R and D tax credits are available to the shipbuilding industry. Technology Partnerships Canada is available to the shipbuilding industry. Support from the Export Development Corporation is available to the shipbuilding industry. These are the aspects of

*Oral Questions*

programming that are available to any industry in Canada and they apply to that industry as well.

\* \* \*

[Translation]

**NATIONAL EMERGENCY PREPAREDNESS WEEK**

**Mr. Claude Drouin (Beauce, Lib.):** Mr. Speaker, during last year's ice storm, we had an opportunity to see Emergency Preparedness Canada in action and to appreciate how hardworking and effective it is.

• (1455)

Could the Minister of Defence describe some of the events that are planned to mark National Emergency Preparedness Week?

[English]

**Hon. Arthur C. Eggleton (Minister of National Defence, Lib.):** Mr. Speaker, as the hon. member has pointed out, there are many disasters that affect Canadians, whether they be ice storms, forest fires or floods. We are very fortunate to have good professional people who work with strong local emergency measures organizations to assist our communities right across the country.

Canadians can play an important role by becoming more aware of what they need to do to be prepared in the case of an emergency. For that reason, this week has been declared National Emergency Preparedness Week in Canada. I invite all hon. members of the House to be more aware of emergency preparedness.

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**ABORIGINAL AFFAIRS**

**Mr. Myron Thompson (Wild Rose, Ref.):** Mr. Speaker, while the minister is talking to the elite leaders and the well to do people on reserves, I am talking to the poor grassroots people who are living in poverty and squalor.

Last week the Federation of Saskatchewan Indian Nations talked about the need for an Indian auditor general who would help improve their accountability. The First Nations Accountability Coalition has asked for a first nations ombudsman. The calls for accountability are coming from all over.

When will the minister take her head out of the sand, bring some real accountability to the department and stop hiding from the problem?

**Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.):** Mr. Speaker, if the hon. gentleman would take the time to read *Gathering Strength* and take the time to understand the position this government has taken in working in partnership with first nations in the area of accountability, he would

know that we are supporting the creation of aboriginal institutions such as an auditor general and an ombudsman. We will do it in partnership, not by going into communities to divide and conquer.

\* \* \*

[Translation]

**PRODUCTIVITY**

**Mrs. Francine Lalonde (Mercier, BQ):** Mr. Speaker, the Minister of Industry seems to think that the problem of productivity in Canada is not obvious proof of the failure of his policies. On the weekend, in the *National Post*, he blamed it primarily on excessive taxes.

Is the minister, who failed to resolve the problem of productivity with a 12% cut to funding for science and technology, trying to say that he would make a much better Minister of Finance?

**Hon. John Manley (Minister of Industry, Lib.):** Mr. Speaker, I am sure the member will applaud and accept the fact that we have, since the latest budget, increased our investment in innovation, especially with funding to the National Research Council and with the funds available to our students to complete their education.

The fact that she understands that tax levels are not the only factor, but that the investment we must make in innovation contributes to good productivity, shows she is well informed.

\* \* \*

[English]

**YOUTH SUMMER EMPLOYMENT**

**Mr. Nelson Riis (Kamloops, Thompson and Highland Valleys, NDP):** Mr. Speaker, in the last two and a half weeks tens of thousands of young Canadians have left colleges, universities, technical schools and other institutions across the country looking for summer work. A lot of them depend on the federally sponsored summer study work projects. However, one problem is that the moneys have not been allocated. Many of the programs are supposed to start today and many started last week, but no funds have been allocated, at least in the western part of Canada.

Could the parliamentary secretary explain why these funds are so late in coming? When will the funds be allocated?

**Ms. Bonnie Brown (Parliamentary Secretary to Minister of Human Resources Development, Lib.):** Mr. Speaker, I am glad to hear that the member opposite is as anxious and as happy as we are to have the summer career placement program. We are aware of the situation that the member raises. Our regional offices are being given tentative budget allocations to proceed with the programs. Final allocations will be given shortly.



**INDUSTRY**

**Mr. John Herron (Fundy—Royal, PC):** Mr. Speaker, I will ask the Prime Minister once again: If the shipbuilding policies that the government currently has in place are so good, why has the employment level in coastal communities where there are shipyards plummeted to barely one-third of what it was previously?

The Prime Minister was once a member of parliament for an Atlantic province. When will he convene the Secretary of State for International Financial Institutions, the Minister for International Trade, the Minister of National Revenue and the Minister of Industry so that a statement can be made that something has to be done regarding the shipbuilding industry in Canada?

**Hon. John Manley (Minister of Industry, Lib.):** Mr. Speaker, I do not know how many times we can go through this.

• (1500)

If the hon. member were willing to have even a sensible discussion about this issue, he would acknowledge the fact that the shipbuilding industry is in difficulty largely because of the incredible capacity built up world wide. The OECD has forecast that overcapacity could be as much as 40% by the year 2005.

The failure of that party to recognize that there are some fundamental challenges faced by this industry is the reason that it just simply keeps coming back with old time subsidy based ideas to bail out an industry.

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**ROUTINE PROCEEDINGS**

[English]

**TABER, ALBERTA**

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, today the people of Taber, Alberta, are mourning and the people of Canada are mourning with them.

In the House, in homes and workplaces and in schools across Canada the terrible events of last week have been in the minds and hearts of millions of people: the loss of young Jason Lang, the injury of another young student, the violation of the sanctity of a school in a proud community, a place where young lives should be developed, given hope and promise, not snuffed out, not scared; a place to build dreams, not live nightmares.

We are not a violent people and yet our lives are too often punctuated by such tragedies: the massacre at the École Polytechnique a decade ago and now the tragedy in Taber.

*Routine Proceedings*

[Translation]

The loss of a young life is never easy to understand or accept. Such a senseless act can never truly be explained. And the loss and emptiness it leaves behind can never be filled.

All we can do is show our support and our solidarity and share the pain and the grieving.

To the family of Jason Lang, whose father over the past several days has shown us the meaning of true bravery and generosity, to all the families who have been touched by this tragedy, to the people of Taber, the whole of Canada is with you. You are in our thoughts and our prayers. Your loss is the loss of all of us.

[English]

**Mr. Grant Hill (Macleod, Ref.):** Mr. Speaker, the Taber tragedy cuts very close to my constituency and to me personally. I know a family whose daughter was just a few feet away from the shooting. Her life has been changed permanently. She is a girl who knew the disturbed boy who lashed out. She felt the fear and she heard the shots. She went to school that day expecting safety. She left the school in tears.

Her statement to other kids her age is revealing: "Maybe we need to be nicer. Then this might not have to happen". It is wonderful to see how this tight knit community has banded together without blame, recriminations or fault finding, and the family of Jason Lang forgiving, even as it grieves.

From another friend who knew Jason well comes the following quote: "Jason was such a nice boy. He believed in God and he showed it. This was a young man who lived like a Christian".

As Taber mourns, my friends who live there mourn. As Taber mourns, I personally mourn. As Taber mourns, every Canadian family mourns.

• (1505)

[Translation]

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, we were deeply saddened and troubled last week by the news of the shooting in Taber, which left Jason Lang, a 17-year old student, dead and another student of the same age seriously injured.

As we know by now, this tragic incident at W. R. Myers High School was the work of a former student, barely 14 years old. This only adds to the tragedy and our bewilderment.

It is always hard to understand the reasons for such actions. It is just as painful, if not impossible, to know how to interpret them. The easy way out, of course, is to say that violence breeds violence. Yet how can we explain that a small peaceful community in southern Alberta would have to go through such a tragedy?

*Routine Proceedings*

One should avoid drawing easy parallels with what happened in Littleton, Colorado, a couple of weeks ago. Others go back 10 years to the tragic events at École Polytechnique, in Montreal, although the social problems at the roots of that tragedy were quite different. Nonetheless, the pain of the grieving families in Alberta is just as real and deep.

The main lesson we must learn from such events is the need for soul-searching as individuals and as a community. We must analyse our collective and individual behaviour, and wonder what impact it has on society in general and young people in particular.

We must therefore wonder about the roots of violence, about our ability to deal with the distress of many young people and about the role to which we confine them in our society. We must reflect on the despair that afflicts too many young people and on the inadequate answers provided by the governments.

Should we put the accent on rehabilitating young people or on imposing coercive measures that only alienate them more? The answer is obvious.

On this day of the memorial service for Jason Lang, I want to offer to his family and friends, on behalf of all my colleagues from the Bloc Québécois, our sincere condolences in this most difficult time. I also wish Shane Christmas a speedy and full recovery.

Our thoughts are with you and with all the families in Taber and Alberta.

[English]

**Ms. Libby Davies (Vancouver East, NDP):** Mr. Speaker, on behalf of the New Democratic Party we join with all members in a profound expression of sympathy and grief to the community of Taber at its loss, a loss that is shared across the country.

To the family of Jason Lang, we can only begin to understand the horror and tragedy of the loss of a young and promising life. To the family of Shane Christmas, we wish for hope and strength that this young man will come through both physically and emotionally.

There are many questions and we in the NDP like all Canadians want to find answers to prevent the senseless violence that occurs.

As we grieve surely we must also struggle to find the means to channel violence and social exclusion in our society into a strengthening of our communities so that young people are not marginalized and left feeling lost but are part of a genuine human family that fosters respect, understanding and dignity for all.

The people of Taber have bravely demonstrated to us all the strength of their community to cope, to understand and to begin to heal. Their loss can never be forgotten.

**Mrs. Elsie Wayne (Saint John, PC):** Mr. Speaker, less than a week ago the nation was sent into a state of shock over hearing about the random shooting at the W. R. Myers High School in

Taber. Sadly we also received word that one of the young men, Jason Lang, had passed away.

Today, a family, a community and a country are burying one of their own. On this sad day I would like to call on all Canadians to look into their hearts and to say a prayer for the family that is suffering. These families, especially the Lang family, will live every day with the pain of this event. It will become an ache that they will learn to deal with but know will never subside. Through their daily lives they will carry the spirit of Jason with them in all they do.

As Jason's father Reverend Lang stated a few days ago "it is like a piece of your heart is gone and it will never come back". The Bible states blessed are those with a pure heart because they will see God. Today Reverend Lang stated that Jason has definitely seen God.

• (1510)

The country has seen the strength and courage of one family dealing with the utmost pain, and today we are witnesses to a wounded community healing itself.

During the memorial service today Reverend Lang said "Jesus is weeping with this community today". Not only is he weeping. Jesus is asking us to look at our lives and see what is really important to us. We must open our hearts to one another and we must learn to love. We must not hate and we must not allow hate to take over our schools and make them a breeding ground for other such incidents to happen.

The prayers of the country are with the Lang family and the community of Taber, Alberta. I ask my colleagues today to stand for a moment of silence and a wee prayer for all of them, the families of Taber and the families of Colorado.

[Editor's Note: The House stood in silence]

**Mr. Peter Adams:** Mr. Speaker, I wonder if there would be unanimous consent to return to tabling of documents.

**The Speaker:** Is there unanimous consent to proceed in such a fashion?

**Some hon. members:** Agreed.

\* \* \*

[Translation]

## 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 nine petitions.

## TABLING OF TREATIES ACT

**Mr. Daniel Turp (Beauharnois—Salaberry, BQ)** moved for leave to introduce Bill C-506, an act to provide for the tabling of treaties in the House of Commons.

He said: Mr. Speaker, I am pleased to introduce this bill to provide for the tabling of treaties in the House of Commons.

Pursuant to this bill, at least 21 sitting days before Canada ratifies a treaty, the Minister of Foreign Affairs shall table in the House of Commons the treaty, with an explanatory memorandum on the content and the impact of the treaty.

Also, before Canada amends a treaty, the Minister of Foreign Affairs shall table in the House of Commons, at least 21 sitting days before approval of the amendment, the treaty itself, an explanatory memorandum on the content and the impact of the treaty and the amendment with a letter explaining the content and the impact of the treaty.

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

\* \* \*

• (1515)

[English]

## PETITIONS

### MARRIAGE

**Mr. John Williams (St. Albert, Ref.):** Mr. Speaker, I have the honour to present a petition signed by many of my constituents asking that parliament understand the concept of marriage as only a voluntary unit between single males and single females.

### HUMAN RIGHTS

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, I am pleased to present a petition on the subject matter of human rights which is signed by a number of Canadians including from my own riding of Mississauga South.

The petitioners would like to draw to the attention of the House that human rights abuses continue to be rampant around the world including countries such as Indonesia, and Kosovo. The petitioners also acknowledge that Canada continues to be recognized as the international champion of internationally recognized human rights. Therefore they call upon the Government of Canada to continue to speak out on behalf human rights and of those whose human rights are abused and also that it seek to bring to justice those responsible for such human rights abuses.

## Routine Proceedings

### PENTICTON AIRPORT

**Mr. Jim Hart (Okanagan—Coquihalla, Ref.):** Mr. Speaker, I have the honour and privilege today of presenting a petition with 308 signatures. These residents from the south Okanagan are greatly concerned about the future of the Penticton airport. The negotiations have been ongoing since 1994. Right now they are at an impasse. My constituents are calling on the government to appoint a mediator to assist in the transfer of the Penticton airport.

There will be thousands more to come.

### GENETICALLY ENGINEERED FOODS

**Mr. Gordon Earle (Halifax West, NDP):** Mr. Speaker, I have the honour to present two petitions. The first one has over 50 signatures.

The petitioners are bringing to the attention of the House of Commons their concerns regarding mandatory labelling and thorough testing of all genetically engineered foods. They want to ensure that there is clear labelling of all genetically engineered foods and their byproducts available in Canada, and to have tests to ensure the safety of these foods when consumed by humans.

### FOREIGN AFFAIRS

**Mr. Gordon Earle (Halifax West, NDP):** Mr. Speaker, the second petition has 150 signatures on it.

The petitioners are drawing to the attention of the House the following. The Canadian government has blindly followed a careless and dangerous U.S.-NATO policy of bombing the sovereign country of Yugoslavia and the Serbian people. Because of the dangerous precedent set it could open the door to the bombing of other countries, the interfering with the internal affairs of nations and with other minorities.

The petitioners are calling upon the Government of Canada and parliament to disengage from such policy and bring the troops home.

### IMPAIRED DRIVING

**Mr. Peter Adams (Peterborough, Lib.):** Mr. Speaker, I rise to present a petition from residents of Peterborough and the surrounding area who are concerned about drinking and driving.

The petitioners point out that 4.5 Canadians are killed and 125 Canadians are seriously injured every day as a result of alcohol related driving.

These petitioners pray that parliament immediately amend the Criminal Code to streamline the judicial process and provide sanctions that better reflect the seriousness of the crime by introducing amendments to provide for tiered penalties for driving with a blood alcohol count of more than .08% and to introduce

*Routine Proceedings*

mandatory assessment and needed treatment of offenders to sentences of impaired driving, and to authorize alcohol interlock as a term of probation for drinking and driving offenders.

## YOUNG OFFENDERS ACT

**Mr. Myron Thompson (Wild Rose, Ref.):** Mr. Speaker, I am pleased to present a petition on behalf of the friends of Clayton McGloan, a young person who died at the hands of young offenders a while back.

The petition is signed by a number of people from my hometown of Sundre, Alberta. They call upon the government to change significantly the Young Offenders Act to the point that it makes the protection of society the number one priority in its justice system.

I am pleased to present the petition on behalf of the petitioners today.

## TRADE

**Mr. Nelson Riis (Kamloops, Thompson and Highland Valleys, NDP):** Mr. Speaker, I am delighted that the Minister for International Trade is here. He would be delighted that in spite of what he had to say earlier, these constituents from Kamloops do not agree with his assessment of the contribution that the North American Free Trade Agreement has made to the Canadian economy.

• (1520)

## MARRIAGE

**Mr. Randy White (Langley—Abbotsford, Ref.):** Mr. Speaker, I have two petitions.

This petition asks that parliament enact legislation, such as Bill C-225, so as to define in statute that a marriage can only be entered into between a single male and a single female.

## SUMAS COMMUNITY CORRECTIONAL CENTRE

**Mr. Randy White (Langley—Abbotsford, Ref.):** Mr. Speaker, the second petition calls upon parliament to enact legislation to ensure that Sumas Community Correctional Centre officials will have the right to refuse violent repeat and dangerous offenders who could pose a danger to society, and that habitual violent offenders and sexual perpetrators should not be allowed to reside at Sumas Community Correctional Centre any longer.

This makes for over 30,000 names. The petitioners are asking for action from the government sooner and not later.

## TAXATION

**Mr. Ken Epp (Elk Island, Ref.):** Mr. Speaker, I am pleased to rise on behalf of residents of the beautiful constituency of Elk Island. Some of the names on this petition I actually recognize. They are people I know. They are asking, as many Canadians are, that the tax code be revised so that it be fair to those who choose to

have one of the children's own parents raise them at home instead of sending them out to have that done by someone else.

## YUGOSLAVIA

**Ms. Marlene Catterall (Ottawa West—Nepean, Lib.):** Mr. Speaker, I rise to present a petition from Canadians of Serbian origin who call upon parliament to amend the decision to participate in NATO military action against Yugoslavia, to call upon our allies in NATO to cease their participation in the undeclared war against Yugoslavia, and to support a peaceful solution to the crisis which is fair and acceptable to all sides.

\* \* \*

## QUESTIONS ON THE ORDER PAPER

**Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, the following questions will be answered today: Nos. 202 and 217.

[Text]

Question No. 202—**Mr. Daniel Turp:**

Can the Minister of Foreign Affairs explain why Canada, which has been a member of the Organization of American States since 1990, has not yet ratified the American Convention on Human Rights?

**Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.):** A key human rights instrument in the Organization of American States (OAS) system is the American Convention on Human Rights convention or ACHR.

Before Canada can ratify a human rights convention, we must ensure that we are in a position to live up to the commitments we would undertake by ratifying it. Since 1991, consultations have been conducted with federal, provincial and territorial officials to assess compliance of federal and provincial legislation with the convention. The review process has been complicated by the vague, imprecise and outdated language used in the convention. Many provisions in the Convention are ambiguous or contain concepts which are unknown or problematic in Canadian law. More importantly, many provisions of the Convention are inconsistent with other international human rights norms, making it difficult for us to comply with both the ACHR and those norms.

By way of example, the ACHR would preclude prior censorship, and therefore would conflict with Canada's international obligations to suppress hate propaganda and child pornography. The ACHR would preclude the extradition of nationals, and therefore would conflict with Canada's extradition obligations and our obligations to co-operate with international criminal tribunals or the future international criminal court. Serious concerns have been raised that the unusual wording of the ACHR provision on the right to life may create a conflict with charter rights. The ACHR contains a right of reply to inaccurate or offensive statements in the media, which is not known in our law and may conflict with charter rights. The ACHR guarantees equality before the law but does not contemplate affirmative action.

*Routine Proceedings*

In order to ratify the ACHR at present, a very large number of reservations and statements of understanding, SOUs, would be required. However, Canada's position with respect to reservations to human rights treaties is that reservations should be few in number and limited in scope. We are concerned that ratifying the ACHR with a large number of reservations and SOUs would be contrary to this position and would undermine our efforts to dissuade other states from ratifying human rights treaties subject to sweeping reservations.

Until such time as the concerns with respect to reservations and SOUs expressed by both levels of government have been satisfactorily dealt with, Canada will not be in position to ratify the ACHR.

Canadians are already entitled to bring petitions to the Inter-American Commission on Human Rights alleging human rights violations. Therefore, even without ratification of the ACHR, Canadians already benefit fully from the inter-American human rights system.

**Question No. 217—Mrs. Michelle Dockrill:**

Which corporations, individuals, or consortiums have expressed an interest in purchasing the Prince Mine owned by the Cape Breton Development Corporation?

**Hon. Ralph E. Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.):** On March 29, 1999, the Cape Breton Development Corporation, DEVCO, advertised nationally its requirement for financial advisory services in respect to the sale of its assets. The closing date for proposals was April 27, 1999. It is expected that Devco will engage a financial advisor in early May. At that time, the financial advisor will begin preparation of an information package for prospective purchasers. Private sector interest in Devco's assets will only be known after the information package is available and bids have been received.

\* \* \*

[English]

**QUESTIONS PASSED AS ORDERS FOR RETURNS**

**Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, if Questions Nos. 168, 191 and 192 could be made Orders for Return, these returns would be tabled immediately.

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

**Some hon. members:** Agreed.

[Text]

**Question No. 168—Mr. Jean Dubé:**

Can the Department of Human Resources Development provide the following information, by region, by province and for the country as a whole, for each of the past five years, regarding the application and appeal process for disability pensions under the Canada Pension Plan: (a) how many people made an initial application for a disability pension and how many of these applications were accepted/rejected; (b) following the initial application, how long did clients have to wait for a response; (c) how many clients requested a review and how many of these requests were approved/rejected; (d) in how many cases did the Department request a review and how many of its requests were approved/rejected; (e) following a request for a review, how long did clients have to wait for a response; (f) how many clients appealed to the review tribunal, and how many of these appeals were approved/rejected; (g) in how many cases did the Department appeal to the review tribunal and how many of its appeals were approved/rejected; (h) following appeals to the review tribunal, how long did clients have to wait for a response from the tribunal; (i) how many clients appealed to the Pension Appeals Board and how many of these appeals were approved/rejected; (j) in how many cases did the Department appeal to the Pension Appeals Board and how many of its appeals were approved/rejected; and (k) following an appeal to the Pension Appeals Board, how long did clients have to wait for a response from the Board?

Return tabled.

**Question No. 191—Mr. Jim Jones:**

For the 1997-98 fiscal year, what were (i) the eligibility requirements, (ii) the average contribution made in the ridings of Saint-Maurice, Markham, Saint John, Calgary Southwest, Halifax, Laurier-Sainte-Marie, Ottawa South and Lasalle-Émard, (iii) the average contribution made in the Provinces of Quebec, Ontario, Alberta, Nova Scotia and New Brunswick, (iv) and the average contribution made nationwide, for the following initiatives: (a) the Transitional Job Fund; (b) the Labour Market Development partnerships; (c) the Youth internships; (d) the Targeted wage subsidy program; and (e) Summer career placements?

Return tabled.

**Question No. 192—Mr. Jim Jones:**

For the 1997-98 fiscal year, what were (i) the eligibility requirements, (ii) the re-payment obligations, (iii) the average contribution made in the ridings of Outremont, Laurier-Sainte-Marie, Saint-Maurice and Lasalle-Émard, and (iv) the average contribution made in the Province of Quebec for each of the following Canada Economic Development for the Quebec Regions initiatives: (a) innovation, research and development, design; (b) market development and exports; and (c) entrepreneurship and business development?

Return tabled.

[English]

**Mr. John Cummins (Delta—South Richmond, Ref.):** Mr. Speaker, I rise on a point of order.

I would like to know the whereabouts of Question No. 189. More than 45 days have elapsed since the question was asked and it is about time for an answer.

**Mr. Peter Adams:** Mr. Speaker, I have made note of Question No. 189. As the House knows, we are running at well over 90% in our response rate to 2,500 petitions and have similar rates for other documents we table, but I will seek the hon. member's response to Question No. 189.

*Supply*

I ask that the remaining questions be allowed to stand.

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

**Some hon. members:** Agreed.

**The Acting Speaker (Mr. McClelland):** I wish to inform the House that because of the ministerial statement, Government Orders will be extended by 10 minutes.

## GOVERNMENT ORDERS

[English]

### SUPPLY

#### ALLOTTED DAY—SHIPBUILDING

The House resumed consideration of the motion and the amendment.

**Hon. John Manley (Minister of Industry, Lib.):** Mr. Speaker, I want to begin by paying tribute to the hon. member for Saint John whose motion we are debating today. She is undoubtedly very committed to supporting an industry which is of importance to her community. I want to say to her that although I cannot accept her motion, I share her desire to see this industry, like others, flourish.

I also want to acknowledge the work of my parliamentary secretary, the hon. member for St. Catharines, who has this industry in his riding in Ontario. He has worked closely with me to gain an understanding of the challenges facing shipbuilding in Canada today.

The shipbuilding industry which is a small but important component of Canada's overall marine industry has a long, rich tradition in this country, not only in the Atlantic provinces but also in Quebec, Ontario and British Columbia. In 1997 the shipbuilding industry in Canada employed roughly 5,400 people and had total revenues around \$625 million.

• (1525)

Canada's current strength is in building high quality relatively small vessels such as ferries, icebreakers, tugboats, fishing vessels, excursion craft and so on.

Activity on the east coast has recently centred on the construction of two container ships, two offshore vessels and tugs, the refit of one oil rig, the manufacture of oil rig components and various commercial repair work. The industry in Quebec has been involved in upgrading one oil rig, constructing tugs and doing ship overhauls and commercial repairs. The Ontario industry is currently active in

the reconstruction of three bulk carriers, the conversion of two ships into one self-unloading ship and commercial repairs. The primary construction activity in British Columbia has been the three high speed ferries, but the industry is also active in the construction of smaller ferries and in commercial and government ship repairs.

In terms of the domestic market, one of the main opportunities for Canadian shipyards particularly in Ontario and Quebec has been the need to replace the Great Lakes fleet. These ships are now at an average age of 30 years or three-quarters of their estimated lifespan.

Canadian companies currently have foreign contracts to upgrade one drilling rig, refit another, manufacture oil rig components and perform commercial ship overhauls. Canadian shipbuilders are also attempting to penetrate the international supply boat market. Exporting is a sign of health.

I recognize that the international playing field has restructured recently and that in many ways it is not level. Foreign governments provide subsidies to their shipbuilding industries; Canada does not. I understand that when some of the unions met recently with my colleagues in the Liberal Atlantic caucus, they provided a table which shows that it costs less to finance a ship if subsidies are provided. I cannot argue with that, but they did not show the full picture.

Subsidies are not the only factor that gives world leaders their competitive edge. There are other contributing factors such as labour costs, aggressive pricing practices, shipbuilder national loyalty and the development of large integrated companies that build ships for their own use, to name a few such factors. They also did not accurately portray what Canada does do for the shipbuilding industry.

In the context of federal policies in support of shipbuilding, let us start with what we know. For Canada to remain in the shipbuilding industry, we must export. This is an industry for Canadians in which they must succeed in global markets because our domestic market is not big enough. International competitiveness is the key. It is a competitiveness moreover that must come at a time when there is a substantial overcapacity in shipbuilding around the world. The OECD predicts that by 2005 the overcapacity could reach 40%.

The current federal shipbuilding policy is consistent with our approach to other industrial sectors. It is also one of only a few industries to benefit from specific comprehensive government initiatives. Essentially there are three elements to this policy.

First, we have made a commitment to use Canadian shipbuilders for the renewal, repair and overhaul of government fleets. We will continue our policy of domestic procurement for all federal ships and repairs where it is possible to do so.

Second, we have a 25% tariff on all NAFTA foreign built ships over 100 tonnes entering Canadian waters, with the exception of fishing vessels over 100 feet.

Third, between 1986 and 1993 we spent \$198 million on an industry led rationalization process, money given directly to the industry. The industry itself decided it was necessary to reduce its capacity so the remaining shipyards could survive and remain competitive. The structure of the Canadian shipbuilding industry has changed dramatically due to this rationalization.

In addition, the Government of Canada has several other key initiatives to support this sector. There are tax measures available to shipowners in the form of an accelerated capital cost allowance on new ships built in Canada. Purchasers can write off the entire cost of a ship 100% over four years. Bearing in mind that the average life of a ship is somewhere in the order of 40 years, this is a very accelerated rate of depreciation and it gives rise to a deferred tax item on balance sheets of companies. This exceeds the 15% declining balance rate afforded foreign built vessels.

• (1530)

Shipbuilders are also encouraged to keep pace with new technology through the research and development tax credit system. This system provides over \$1.3 billion in annual assistance to research and development performing companies in Canada.

Through government institutions, there is financing availability to this sector, like any sector, for commercially viable projects.

For example, as I have already mentioned, the Export Development Corporation can provide financing for export sales of Canadian products, including ships. In 1998, the EDC improved its financing terms and conditions for shipbuilding. The financing term increased from eight to twelve years and the interest rate now matches the commercial rate.

I mentioned earlier today in question period, the EDC ship repair financing vehicle, a further change to the EDC offering for ships, and I quoted Peter Cairns, president of the Shipbuilding Association of Canada, who said "It is a really good initiative, beneficial to the whole industry nationwide".

He goes on to say that it was a "significant step in the right direction in an area where Canada has a lot of expertise". He says "The tool could be a key factor for attracting shipowners who do not necessarily repair in Canada".

The shipbuilding industry may also apply under the enabling technologies element of the technology partnerships Canada program.

I believe that the role of the federal government is not to reinstate a tool of the past and in the process get into a subsidy war with other countries. Like many other OECD countries, Canada is out of the subsidy business. Rather, our role is to level the field by continuing our efforts to eliminate foreign subsidies and to remove market barriers.

### *Supply*

[*Translation*]

Yet the question that comes up regularly here is whether Canada should pay the same subsidies as these countries. My response is a categorical no. I will give five reasons.

First, these subsidies would be very costly, and it is not up to Canadian taxpayers to foot this bill. Second, if we were to start subsidizing shipbuilding, there would soon be calls to subsidize other Canadian industries. Third, there is no guarantee that these subsidies would make Canadian-built ships more attractive to foreign buyers.

I remind the House that most ship buyers prefer to buy domestic. Price is only one consideration.

Fourth, such subsidies are contrary to current international trade trends. The Organization for Economic Co-operation and Development, the World Trade Organization, and several other international organizations are calling for an end to subsidies for shipbuilders. The European Union is trying to eliminate subsidies among member countries.

Fifth, Canada has strongly urged the elimination of such subsidies. We cannot call for the end of shipbuilding subsidies for our trade partners and use these subsidies to prop up our own industry.

[*English*]

The fact that the shipbuilding industry in Canada does not receive subsidies does not make it unique. No other industry receives support in the form of direct subsidy programs. It follows, therefore, that if the shipbuilding industry were to receive subsidies, other industries would want to receive the same types of benefits.

• (1535)

Topping-up would be at a considerable cost to Canadian taxpayers and would not eliminate the substantial overcapacity that currently exists in the shipbuilding industry.

Negotiating down is a complex and difficult issue that cannot be solved in the short term. However, to defend our domestic industry, we will continue to try wherever possible, such as through the OECD and the World Trade Organization negotiations. We will also continue our efforts to encourage the United States to update the 77 year old Jones Act in line with NAFTA and WTO principles.

I have described the role of the federal government to ensure that the shipbuilding industry can compete globally; its policy and its continuing efforts to reduce market distortions. However, as in other sectors, economic development in shipbuilding is a shared responsibility among various players.

*Supply*

There is a role to be played by the provinces. The regional development agencies provide general economic development support programs which provinces complement with targeted measures.

Provinces can set up various programs and policies to supplement the federal package and to customize solutions to their own needs. Nova Scotia and Quebec have already done this. Nova Scotia has a shipbuilding loan guarantee program similar to the U.S. title XI program, and Quebec has a subsidy program. If shipbuilding is a priority for them, other provinces can follow this example.

More importantly, the shipbuilding industry also has a role to play. For example, it can be more responsive to the market by going after new market opportunities, aggressively upgrading and retooling its technology and diversifying into related markets. It can improve productivity through training. It can also explore synergies between shipbuilders and shipbuyers.

The federal government is clearly not the only player.

In conclusion, I believe in dialogue with all industries. My parliamentary secretary, members of my staff, my officials and I have met and listened to representatives of the shipbuilding industry.

Sometimes members of the opposition like to exaggerate for effect, but I know they would never want to mislead. Contrary to press reports, I want to say categorically that I have not declined a meeting with any stakeholder in this industry.

The federal government has a shipbuilding policy and recognizes as well that Canadian taxpayers want to stop business subsidies. I have encouraged the industry to work with the Departments of International Trade and Finance within the context of that policy.

The federal government will fulfill its role by continuing its efforts to eliminate foreign subsidies and to remove market barriers. However, the provinces and the industry also have roles to play. Provinces can supplement the federal support measures with their own programs. Shipbuilders can adjust to market conditions and find the best market.

Some progress has already been made. It should be built on in order to ensure the continuing viability of this rich and historic industry.

**Mrs. Elsie Wayne (Saint John, PC):** Mr. Speaker, the minister knows that the shipbuilding industry and its representatives have been to see us as they have been to see him. One of the things they want us to ask the minister to do is to give new construction ships built in Canadian shipyards exclusion from the present Revenue Canada leasing regulations. They wanted four things, but felt that if only that one thing could take place it may put them in a position to

compete. My shipyard in Saint John has bid on over 50 contracts but cannot compete in any way, shape or form as it is today. They are saying that if they got just that one thing maybe they could compete and put their people back to work.

• (1540)

**Hon. John Manley:** Mr. Speaker, in this case I am really speaking on behalf of the Secretary of State for Financial Institutions who has charge of this. The issue with respect to leasing rules really compares the leasing rate with the rate at which depreciation is permitted. Currently, Canadian built ships are entitled to be written off very rapidly over four years for 100% of the cost.

If one looks at the leasing of assets, generally speaking, the rate of write-off is much slower than that. The comparison to railway cars is often used as an example. It has a 10% declining balance. In other words, one never actually writes the whole thing off. It goes down very gradually over a long period of time.

To combine those two benefits of being able to write off everything over four years, not being willing to move from that formula, and to put on top of it the ability to lease the asset thereby essentially transferring the rapid write-off to another taxpayer, is something that would cause a precedent that other industries would be very interested in. It would be very expensive. I think to date the industry has not made a persuasive case as to why those two tax advantages should be combined uniquely for this industry.

[*Translation*]

**Mr. Antoine Dubé (Lévis-et-Chutes-de-la-Chaudière, BQ):** Mr. Speaker, the Minister of Industry said he met with members of the shipbuilding association, to which the management of Canada's nine largest shipyards belong. Their brief, which dates back to 1996—and they still stand by it—mentions a number of considerations the minister or the parliamentary secretary talked about.

There are four points on which they insist, and the minister did not respond, in particular with regard to the implementation of an improved export funding program.

Yes, some assistance is available through the Export Development Corporation, but the minister said himself that Nova Scotia felt the need to implement such a program, and it is nothing new since the minister knows about Title XI in the United States.

Everyone here agrees. We do not have to talk about subsidies. Nobody is asking for that. We want tax measures and loan guarantees just like those available in the United States. We are not talking here about the Jones act. We are talking about Title XI, a program that provides guaranteed loans at lower rates, just like in the aerospace industry.

I will give the minister the opportunity to respond to that.

**Hon. John Manley:** Mr. Speaker, it is not true because there are no loans for domestic sales in the aerospace industry. The EDC



*Supply*

supports export sales. That is exactly what it is there for. It is called the Export Development Corporation. There is no program that supports domestic sales in any industry in Canada.

I am sure that several industries would like to have a program that supports domestic sales, but such a program does not exist at the moment. In Nova Scotia and in Quebec, the provincial governments decided to provide that kind of support, but there is no such program at the federal level, and I think it could create a precedent that would be quite costly.

The United States have Title XI, which subsidizes domestic sales as well as export sales.

[*English*]

**Mr. Bill Gilmour (Nanaimo—Alberni, Ref.):** Mr. Speaker, I would hope that the minister would go along with the idea that Canadian jobs are at stake when we are talking about shipbuilding.

We have an opportunity in Port Alberni where a small builder, Kamma and Blake, have designed and built a 47-foot aluminum motor lifeboat that has caught on with the military around the world.

• (1545)

The technology has been paid for by Canadian taxpayers. The difficulty is that the Australians are now coming to Canada to basically get the design, take it back to Australia and build it. The Department of National Defence is giving away that design.

The people in my riding feel this is a Canadian designed boat. It is a good boat. Why are we not building it in Canada? Why would we export our technology and give it to somebody else when we can build it in Canada? We are exporting Canadian jobs.

**Hon. John Manley:** Mr. Speaker, I do not know the answer to that question. I certainly would share the member's concern if the design is Canadian, if it is a product that we could be making and exporting. I would like to get some of the details and I certainly will look into it.

I can assure the member that various agencies, including EDC and our trade representatives abroad, are very keen to support manufacturers of Canadian boats so that they have the same success in foreign markets as other manufacturers. I look forward to receiving information.

**Mr. John Herron (Fundy—Royal, PC):** Mr. Speaker, I know the minister is concerned about not getting into the subsidy war. That is not where the world economies are actually headed. I concur with him on that particular point.

There are initiatives we can take that are clearly not from a subsidy driven perspective. I will point out a couple of them. One is

that he could talk to his colleague in international trade and commission a very small team of maybe two or three persons to actually work on establishing some form of a bilateral accord with the Americans with respect to penetration into the U.S. marketplace on certain types of ships.

It could be on the Gulf of Mexico where there are some troubles in terms of drilling rig apparatus or shipshape hauls that we have developed for the Terra Nova project. There is something we could do from a very task oriented perspective and leave it there, let it work and let it hammer it out. That is one initiative I would point out.

Second, he made a comment that Revenue Canada leasing regulations combined with accelerated depreciation could be a very expensive initiative. Given that there are no ships made today whatsoever using this formula, creating some economic activity and some tax revenue is certainly better than no tax revenue. I argue that we cannot afford not to do it. If we combine that with the fact there are social costs to the individuals who will be without work and whom we may actually have to support in a different initiative.

The wording we chose today is the exact wording tabled under the Liberal Party of Canada's policy initiative. I would be very surprised if there were not members on those backbenches and even in cabinet who supported that initiative. Why would the minister not support this initiative today?

**Hon. John Manley:** Mr. Speaker, the member misses the point that it would be expensive in that it creates a precedent for other sectors. In other words, if there is to be both leasing and rapid write-offs provided for ships, why would it not also be provided for rail cars, for example?

Once we go down that path we effectively opt into a regime of assigning depreciation to other taxpayers on other kinds of assets. Maybe there is an argument to be made for that. Perhaps there could be. I am sure the secretary of state would be willing to hear it, but the member has to appreciate that this is not something we can necessarily isolate to ships. If we are to do that, we had better be prepared to entertain proposals in other sectors as well.

With respect to trying to find with the Americans some narrower exemptions from the Jones act, I can presume to speak on behalf of my colleague in saying that we are quite prepared to work with the industry if we can target areas where we might be able to make progress.

• (1550)

As a member of the PC Party the hon. member will know that the transportation section was originally covered by the FTA and then was pulled out at the last minute by the Americans, thereby ensuring that the Jones act was protected.

*Supply*

If I am not mistaken, there was a time when I was in opposition that I raised a question with the then minister of international trade when NAFTA was being negotiated on this very topic. Indeed it was a part of the negotiating objectives of the Government of Canada at the time that NAFTA was being negotiated. It was not successful in penetrating the Jones act then.

Maybe we could make some additional headway now perhaps in a targeted way. I think the government would be willing to pursue that possibility, if indeed it is one that would be fruitful.

**Mr. Gordon Earle:** Mr. Speaker, I rise on a point of order. I wonder if you would seek unanimous consent of the House to extend the question period by another five minutes.

**The Acting Speaker (Mr. McClelland):** The hon. member for Halifax West has asked for unanimous consent of the House to extend the period for questions and comments by five minutes. Is there unanimous consent?

**Some hon. members:** Agreed.

**An hon. member:** No.

**Mr. Randy White (Langley—Abbotsford, Ref.):** Mr. Speaker, this debate is very interesting from the point of view of the motion that was tabled. I want to read the motion and try to get some understanding and appreciation of what the Tories are looking for. The motion reads:

That this House calls on the government to develop a new national shipbuilding policy to support the revitalization of the Canadian shipbuilding industry by maintaining and advancing the degree of excellence and the technologies for which Canada is historically renowned, given that Canada has the longest coastline of any nation in the world and that historically Canadians are among the finest shipbuilders in the world.

Whilst we were debating that I tried to understand exactly what it was that the Tories were looking for. I go back to asking what is the Tory policy. Since they were in government for 10 years they must have an articulated position on this issue but I cannot find it for the life of me.

At this point in time I doubt very much if members of the unions involved, in particular the Marine Workers Federation of Atlantic Canada, would be all that pleased to be looking for policy at this point. I think the marine workers are looking for action. After all, we have lost a fair number of workers from that industry in the last number of years. Over the 1990 to 1996 period total employment within Canada's shipbuilding and repair industry has declined from 11,984 to 5,566 workers.

I can hardly believe we are in the House of Commons today, with that kind of record in the shipbuilding industry, looking for more policy. What we should be looking for, and what the Tories should have been going after, is some things that will increase productivity. I will talk about those in a moment. From my perspective they

would have been better off providing the House with a better motion, something that would create some action.

I heard the Minister of Industry talk about some of the things that were going on. I agree with him that the international playing field has been restructured. We acknowledge that the playing field is not equal due to the subsidies in other countries.

The Liberals talk about federal policies: that we must export more, that international competition is stiff and that there is overcapacity in shipbuilding. While that may be the case there are still some answers and some resolutions that can be made. By the way, I will be sharing my time with the hon. member for Edmonton East.

We talk about the accelerated CCA, the capital cost allowance write-off over four years. The minister is correct in saying that is not only an accelerated write-off but in fact a very fast write-off. Most assets today are either depreciated on the basis of the life expectancy of the asset or on the basis of a certain percentage. This particular write-off of four years is a benefit to the industry.

• (1555)

There are research and development tax credits in the system. As the minister said before, the Export Development Corporation has loans that are very close to commercial rates. All these things are in place and should be encouraging growth in the shipbuilding industry.

Once again we ask ourselves, if these things are in place and all of these things have occurred, why the industry is not expanding but actually contracting. A broad based tax relief for all Canadians and Canadian industry is one of the major impediments to the expansion of the shipbuilding industry. Most Canadians are coming to the conclusion that we do not have a revenue problem in the country. It is an expenditure problem. It is the spending of our money in the wrong places.

The Tories say we need some relief, some loan guarantees and more taxpayers dollars in the system. I just do not think they are accurate. Accelerated capital allowance, the research and development tax credits and the Export Development Corporation loans at lower rates are what we need and on the right track.

The Tory motion actually speaks to what the party is looking at. First, it does not seem to have a policy. Second, it is counting on the government to look at policy when it is not policy that is needed. It is tax relief. Third, without that party over there talking about tax relief we will pick up the charge on that issue.

If we look at what is necessary, loan guarantees force the taxpayers to take on a financial liability that banks and venture capitalists consider too risky. That is true. We need to get back to the point where industry is confident about expansion. I know it is a change of thought and a change of process, but the only real way

that can be accomplished is for the government to seriously consider broad based tax relief. Without that, I am afraid the answer to this problem will not be in the House of Commons.

As the minister also said, there are more players in this exercise than just the federal government. There are the provincial governments. The Government of Nova Scotia has a shipbuilding guarantee program. There are other players and the shipbuilders can look at how to be more competitive.

Meanwhile, while all this discussion is going on, marine workers are asking why the Tories are talking about more policy and why the government is saying that what it is doing is great and things are coming along. That is not the case. We should be saying to marine workers and to shipbuilders that effectively now we will take the surplus funds we know are in the federal government and do constructive things like tax reduction. That is what is required. That will help to move this industry along as well as many other industries.

I cannot say it any better than that. That is what the bulk of Canadian citizens are looking for today. They do not want any more subsidies. Loan guarantees mainly put the liability back on the federal government. It is time to look at the tax relief Canadians need not only as an industry but as individuals.

[*Translation*]

**Mr. Antoine Dubé (Lévis-et-Chutes-de-la-Chaudière, BQ):** Mr. Speaker, I listened very carefully to what the Reform member just said.

• (1600)

I believe his comments reflect what ever member in the House has been saying, that subsidies are out of the question. Everyone agrees on that.

He mentioned tax breaks. This is what people want also. Usually the Reform Party refers to tax breaks as incentives. However a refundable—I stress refundable—tax credit, which is one of the measures Canadian shipyard owners are asking for, is important because it is an incentive that kicks in after the work has been completed. Therefore, it makes it possible to build something that otherwise would not have been built. It brings in tax revenues as well as creating jobs.

I would like to know whether the Reform member agrees with this kind of measure.

[*English*]

**Mr. Randy White:** Mr. Speaker, it could be a measure that is looked at, but the member will have to convince me that there is a big difference between that and accelerated capital cost allowances

*Supply*

which in effect serve the same purpose. If one works better than the other, I am certainly not opposed to it.

Two things are required to help this industry today: tax relief and the expansion of the Atlantic rim trade. If both of these issues were looked at carefully and quickly by the federal government, we could see some changes in the industry. As mentioned in the motion put forward by the Tories to develop a new national shipbuilding policy, I think we are beyond that request and well beyond that as a solution. It is not policy we need. We need broad based tax relief in some form or another.

**Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.):** Mr. Speaker, I found my colleague's remarks very interesting in light of the need to have some defined policy on this important issue particularly for the Atlantic provinces.

I know that my colleague was born and raised in the Atlantic provinces and has roots there and visits there regularly. Would the member expand on what he sees the need would be for government policy and public policy that would assist the industries in Atlantic Canada in growing and in providing the jobs and income that are needed in that part of the country?

**Mr. Randy White:** Mr. Speaker, policies are necessary to expand Atlantic Canada. The shipbuilding industry is only one part. One of the policies is to keep government out of it. I have seen nothing but interference in many areas in Atlantic Canada. We could talk about the gas exploration industry, mining, and the oil industry. Most industries in Atlantic Canada have been funded to the point where many of them were economic loss leaders. The best thing we could ever do in developing a policy for Atlantic Canada is to get government out of it and get industry into it.

We see problems now with Devco. Problems are already starting with Voisey's Bay. There are difficulties with the gas industry and the interference by the federal government re-routing the pipeline. Every time those folks touch something in Atlantic Canada it goes wrong and ends up being a serious problem.

My solution is to get government out of it. Let Atlantic Canada grow. It has more resources and more potential than many other parts of the country. Atlantic Canada's biggest detriment to expansion and progression is government. That is where the answer lies.

• (1605)

**Mr. Peter Goldring (Edmonton East, Ref.):** Mr. Speaker, I am pleased to speak to the motion proposed by the hon. member for Saint John. This is a votable motion as should be the case in most activities in this House whether initiated by the government or as is the case here, by an individual member.

I will be supporting this motion. My comments will serve to demonstrate how two parties with supposedly different political

*Supply*

outlooks can arrive at an agreement as to an outcome. Where we have disagreements is with respect to the specific processes by which mutually agreed upon outcomes can be arrived at.

By this motion the hon. member seeks the approval of this House to call upon the government to develop a new national shipbuilding policy to support the revitalization of the Canadian shipbuilding industry. The member asserts in her motion that historically Canadians have been viewed as among the finest shipbuilders in the world.

The motion addressed here today involves an assumption that our current shipbuilding industry is in a somewhat spent state and hence requires revitalization. This would rank well in the annals of understatements. There is also in the hon. member's motion an implicit view that the shipbuilding excellence and related technological advancements associated with Canadian shipbuilding are both in peril. I am in agreement with these views as well.

I have been able to develop a degree of familiarity with Canada's wartime marine history. I, along with the member for Saint John, have been a staunch advocate of the position of our merchant marine veterans who seek equivalent recognition, benefits and compensation for denial of equality relative to their wartime service in defence of Canada. Twelve thousand men and women served. Over 70 ships were sunk out from under them.

If we think of the history of Canada, the history of its ships comes easily to mind, the *Bluenose* being the most famous of Canadian ships. In my own family history, at the turn of the century Captain Richard Goldring sailed a commercial schooner aptly named the *Maple Leaf* from Port Whitby, Ontario.

However, in speaking of the nature of shipbuilding in modern day commerce we are talking about ocean-going supertankers and mega passenger vessels of such size they cannot be accommodated by even the Panama Canal. Some are specifically intended for one ocean travel only. Vessels of this magnitude need to be developed and constructed by world class companies.

World class companies become so by building on their experiences. Such experience exists in the Canadian shipbuilding industry. We must develop an approach to build on such experience and to assist in the creation of world class shipbuilders that are properly reflective of our history and expertise.

We were the leaders in the construction of wooden ships. Tall ships were the daily occurrence in Quebec City and Montreal with the St. Lawrence River being the portal of entry, a route of imports and exports, both cargo and human. Immigration to Canada was the result of our shipbuilding skills. The face of our nation is very much due to our shipbuilding efforts. Most immigrants came to Canada in Canadian built ships.

What happened to cause a decline in the shipbuilding industry to its current state? I suggest that the shipbuilding industry has been

lost twice in Canadian history and in both cases the loss has been primarily due to research and development deficiencies.

The first decline occurred in the transition from wooden to steel ships at the turn of the century. At the time, Canadian shipyards in Quebec and the maritimes built most ships of commerce used by England and many other countries. Then we lagged behind Britain where the steel industry was already well integrated with the shipbuilding industry.

At the time, our history was that of exporting our natural resources to be manufactured elsewhere. The one notable exception, being of course wooden shipbuilding, was where Canada excelled. The interrelationship between the steel industry and the shipbuilding industry in Canada did not occur readily. The technological transfer from wood to steel simply did not happen.

• (1610)

I have said that we lost our shipbuilding industry twice. The second occasion was after the second world war. During the war our shipbuilding expertise was as renowned as the member's motion would have us believe. After the war however, it seemed that once again the tendency toward looking inward and to not exploit competitive advantages took hold yet once again.

We know for example that many of the difficulties of our merchant navy veterans had to do with the fact that after the war it was assumed our shipping industry would continue to be robust and that the merchant navy veterans would have no job worries. We know that within five short years after World War II many of our merchant mariners were unemployed. Shipping interests had focused on other parts of the world, taking much of their shipbuilding needs with them.

Once again the technological transfer from war purpose vessels to commerce efficient vessels did not take place. Canada's shipyards went into decline. Canada was once a major player in the global shipbuilding industry. Over the decades the history of Canadian shipbuilding has had its ups and downs, the highest demand coming during the war years.

For every one direct job lost in the shipbuilding industry, there are two or more jobs lost in the local economy. What was once an important employer in Canada has withered to the point where we cannot even meet our own modest shipbuilding needs let alone become a player in the global market.

In my view, I would suggest in the experience of most Canadians, economies do not gain any sustaining strength through government subsidies. Government subsidies do not in the long term make any industry strong. Instead, industry must gain its strength through trading internationally in the global peacetime economy.

What is the incentive for long term research and development if the government is there to pick up, or contract, or otherwise bail

you out? It should be noted that the shipbuilding industry itself contributes little to its own research and development by world standards.

I will briefly mention taxation. It would appear to be self-evident that if income taxes are higher, wage demands will be higher. We see this in the auto industry and other industries which are attempting to compete globally. What people look to is what they are netting after taxes. Gross salary is largely irrelevant other than as some misguided notion of status or position.

Without getting into great detail, I would suggest that any thought of revitalization of the shipbuilding industry has to be based on a mix of lower taxes and enhanced freedom with respect to international trade. The answer to our problems is not to be found in further government subsidies, but to level the playing field for international trade.

Our country has the raw materials. It has the ports and it has the shipyards. It has the willing capable workers. Canada even has a 75 cent dollar selling price compared to the American dollar. Why are there no sales of Canadian made ships? High taxes and trade barriers. That is why.

[*Translation*]

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ):** Mr. Speaker, I am very pleased to speak after my colleague and I am happy to see he supports the motion. His position is not unanimously shared by members of his party. I hope he will be able to bring them around.

Last Saturday, as I was driving through Gaspé, on top of a hill, I came upon the village of Les Méchins, where Denise Verreault continues to run the small family shipyard. As a businesswoman in a maritime area, she decided to take matters into her own hands and develop this sector.

She has now decided to set out on a cross-Canada tour to encourage all the appropriate federal and provincial ministers to develop a genuine shipbuilding policy.

I think Mrs. Verreault would be quite proud of the motion before us. Her idea, for which she had a degree of support, has finally been taken up by others. Here is my question to my colleague. The hon. member for Lévis-et-Chutes-de-la-Chaudière has been actively supporting the shipbuilding industry. He has helped to get things moving and has made public opinion aware of this issue.

• (1615)

When we ask for regional economic diversification measures for regions like the Gaspé Peninsula, Les Méchins or all other Cana-

### *Supply*

dian regions that have what is needed for a shipbuilding industry, would the hon. member agree that the best thing we can do is to pass Bill C-493, which was introduced by the hon. member for Lévis-et-Chutes-de-la-Chaudière?

It would not provide subsidies, but tax measures to make Canadian shipbuilders more competitive internationally, a loans program with guarantees of up to 87%, just like in the United States, an Income Tax Act amendment to bring leasing rules more in line with those in the rail industry, and a refundable tax credit similar to the one in Quebec.

In this context, would these measures be in tune with his vision, because he is not looking for subsidies, but government assistance programs? That would help us to diversify our regional economies. Quebec and Canada could also regain their position on the world shipbuilding market.

[*English*]

**Mr. Peter Goldring:** Mr. Speaker, I believe the true way to develop and encourage the industry is to approach the problems. This would not necessarily be through straight subsidies.

The problems seem to be apparent. I think we could relate back to possibly the 1960s when I first was an adult and the first time I voted. It was noticeable to me at that time that the Canadian dollar was \$1.10 to the American dollar and the taxation level was far lower than it is today. Yet somehow there was some help to our shipbuilding industry at that time.

These are the things that we should be addressing as well as the very significant problems of levelling the international trade situation by possibly approaching a repeal of the Jones act. It seems to give unfair discrimination against Canada to its shipbuilding industry. These are the areas we should be approaching to resolve the taxation system and levelling the playing field on international trade.

**Mr. John Bryden (Wentworth—Burlington, Lib.):** Mr. Speaker, Americans are fond of recalling their first dollar. I can recall my first dime. It was a very small shiny thing. I remember on the one side of that small shiny coin there was the head of a man. It did not interest me much and I do not think the head on that side of the coin interests me much any more, or still, I should say. Of course that was King George VI.

On the other side of the coin, on the dime, there was a picture of a ship. It was a ship in full sail coming right out of that coin. I thought that was one of the prettiest things that I had ever seen as a very small child. This is a memory that certainly predates school age. I should also tell hon. members that dime at the time bought one Coca-Cola, but that is not the reason why I remember it so well.

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That little ship is still sailing on that dime, only now it is on nickel alloy instead of a sea of silver. That ship connects this debate to ourselves as Canadians.

Later, when I got a little older, I started collecting stamps. Anyone who is listening who was ever a stamp collector will remember that the 50¢ Bluenose is without any question the most beautiful stamp that Canada has ever produced. It is a classic stamp. Of course the *Bluenose* is that famous vessel that was built in Nova Scotia during the 19th century that won all the races and yet was a fishing vessel at the same time.

Indeed, much, much later in life I had occasion to visit a replica of the *Bluenose* in Toronto harbour. It was a wonderful ship. It reflects the heritage of Nova Scotia and the maritimes, because of course in the 19th century the shipbuilding industry in the maritimes, and particularly Nova Scotia, was world class. Nova Scotia was famous for its wooden ships and the *Bluenose* was the most classic ship ever built in Canada, for that matter.

There are other connections of the shipbuilding industry to Canada's past. I was listening to my Bloc colleagues who have taken a very active interest in this debate and I congratulate them for it because I come from a riding that is in central Ontario, just west of Hamilton, and one would think there would be no real connection with the shipbuilding industry there.

• (1620)

In the 17th century a very famous French explorer visited my region at the head of the lake, at Burlington Bay, and his name was La Salle. He was the explorer who actually founded Louisiana. La Salle in the 1670s explored down the Ohio River and Mississippi right down to Louisiana, to the mouth of the Mississippi, and claimed it for France.

In the 17th century the French in New France were probably the world's greatest entrepreneurs because for La Salle it was not just exploration. It was the development of the fur trade. La Salle built the very first ship on the upper Great Lakes. He built the *Griffon* in 1678. He built it not very far from where I live at Niagara Falls, above the falls.

That ship set sail. It was 45 tonnes, built from white pine in the area by hand. It set sail on Lake Erie and went up to Michilimackinac. In 1680 it picked up a cargo of furs to return to the port at Niagara and disappeared. It is one of the great mysteries of Canadian history, what ever happened to the *Griffon*. In the cold waters of Lake Ontario, Lake Michigan or Lake Huron, for that matter, there is a very good chance that the *Griffon* will still be on the bottom and in perfect condition.

We know this because during the war of 1812 there was a businessman in my area who built a trading ship. The area was still forest and hardly developed. It was seized by the Americans. It was

armed in the war of 1812 and sank off St. Catharines during a storm. Not many years ago they discovered that ship at the bottom in perfect condition.

The history of shipbuilding in this country transcends this country. It is all across this country. In that sense I think the introduction of the motion in the House is a very appropriate thing to do because it does touch on our history.

I do have quarrel with the motion in this sense. The motion suggests that the federal government needs to develop a shipbuilding policy, as though there was not a policy at all to date, and that it should revitalize the Canadian shipbuilding industry by maintaining and advancing a degree of excellence and the technologies that Canada is famous for.

Those are very noble sounding words. I appreciate they come from a resolution that was passed at a Liberal convention in 1998. I point out that a resolution that is passed at a convention is not the same thing as bringing something before the House. If I find fault with the motion, I find fault with it because it does not suggest a significant way of addressing the problem of Canada's shipbuilding industry. I suggest the reason is because it does not deal with the terrible problems that Canada's shipbuilding industry is facing.

The member for Saint John was the lead off speaker for the Conservatives, and this is a Conservative motion. She proposed that what the government should be doing is it should be sweetening the loan support for people who are buying ships or it should change the tax laws slightly with respect to leasing and little fixes like that. That does not address the problem of 40% overcapacity in the shipbuilding industry around the world. That does not address the fact that South Korea alone has \$10 billion worth of orders for 1997.

Canada is not alone with respect to a problem with its shipbuilding industry. All we have to do is search across the world wide web and what we will find is that the European Union is desperately worried about the fact that its shipyards are beginning to perish because it cannot compete on the open market with particularly South Korea and also Japan.

We are faced with an overcapacity in the shipbuilding industry, and we are faced with the Asian flu for example which has lowered the currency in South Korea enormously. They have cheap labour, cheap currency, and they have a huge shipbuilding infrastructure.

• (1625)

The OECD has had meetings just in the last few months in which it has tried to come to grips with this problem in the shipbuilding industry because it affects almost every country.

Brazil, Romania and Russia are complaining. Both communist China and Taiwan have very active shipbuilding industries, but no

one seems to be able to compete with the South Koreans. Indeed, if we follow the Internet, there are even some complaints or some suggestions that the South Koreans are using IMF dollars to unfairly buoy up their industry. There is a problem there. When put in that context, a few tax fixes is not going to correct, not going to help, not even going to address the desperate problem that faces Canada's shipbuilding industry.

Then there is the other aspect. The other problem is that during the North American Free Trade Agreement the Tories, the former government of the party that has advanced this motion, had an opportunity to give shipbuilding the protection of the North American Free Trade Agreement, particularly by doing something about the Jones law. The Jones law is a law that forbids carriers from American ports to other American ports to use anything other than American made ships.

There is a huge amount of traffic in coastal vessels that runs up and down the American eastern seaboard. If we had managed to get only one-tenth or maybe only 1% of the shipbuilding market of that traffic, we would not be having this debate today. It was a huge failure of the free trade agreement not to include shipbuilding.

We have this dilemma. It is not a simple matter of a couple of minuscule tax fixes. That will not do any good at all. We could try it but it is not going to do any good. What the minister has said is closer to what we must do. He said that we have to put pressure on the OECD to come to terms with the unfair advantages that South Korea and Japan have been enjoying in the shipbuilding industry. We have to bring it into the international forum and make it into an even playing field.

I point out that the minister and the member opposite from the Reform Party in his last remarks during questions and comments said that maybe we have to go back to the United States and do something about the Jones law. I would say he is precisely right. We have to go back to the United States and offer it something to allow us to take part in that industry in the United States. Just a small percentage and we would be doing just fine. We have to do that. These are things perhaps that are almost wishful thinking.

As I mentioned, the minister in his remarks said that Canada is proceeding on these two avenues right now. There is no question that the federal government does have a policy, but if I may add my dime's worth to this debate I think we need to think of novel approaches as well.

I hate to bring up the Government of British Columbia but I am going to do it. The Government of British Columbia has undertaken a very controversial, if not notorious, ferry building project. In order to buoy up the industry in B.C. the Government of British Columbia undertook a project to build three fast ferries out of aluminum hulls, the idea being that hopefully they would develop new technology, create competitive vessels and develop expertise. Unfortunately there have been major cost overruns. It projected

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\$70 million for each vessel and now the overrun is running at approximately \$400 million.

That is not the kind of thing we want to see in this climate of fiscal prudence, but there is something very strong to be said for the federal government investing not only in the shipyards to produce the ships it needs but also through various technological enhancement programs or infrastructure programs. There is a lot to be said. If the industry rationalizes itself so that it comes to the federal government in a coherent fashion, perhaps we can work with the provinces and set shipbuilding along a course where we build specialized high tech ships which we can sell abroad.

• (1630 )

Right now I do not think there is much more that we can do other than what the minister is already doing, which is pressuring the OECD to come to terms with the unfair competition that is occurring in shipbuilding across the world. We can also do something about the unfair competition in South Korea and talk again to the Americans. That is a policy. That is what we should be doing and that is what we are doing.

**Mrs. Elsie Wayne (Saint John, PC):** Mr. Speaker, I get the feeling that my colleagues on the government side are going to vote against our motion.

What I would like to see is them voting for our motion and then taking the steps stated by the hon. member: to sit down with the World Trade Organization and talk over with the OECD how exactly we can change these things. That can come from this new shipbuilding policy which we are talking about.

I want to clarify something for the member. When we talk about the new construction ships built in Canadian shipyards being excluded from the present Revenue Canada leasing regulations, what we are saying is that under the current rules, the company pays more taxes in the first several years which runs counter to the actual economies of owning and operating a ship to the useful life of the ship.

Under the proposed change that we have mentioned, the company would pay most of the taxes toward the end of the useful life of the ship. We are saying that it would get it all, but this is what the industry is saying to us.

I am asking members to assist and help us. Let us all work together to come up with a national shipbuilding policy that will help all of our people throughout Canada. I ask my colleague to look at that in a positive way.

**Mr. John Bryden:** Mr. Speaker, as I said, the matter of tax fixes is not what this is all about.

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I point out that during the debate the member for Edmonton—Strathcona felt that the motion did not have any real substance. He said that the Reform Party would support it anyway because it was inoffensive.

I suggest that we in the House are not in the business of debating ideas that do not have substance because they raise false hopes. If there had been a real idea or something significant in the motion I would have supported it. As it stands, I do not expect to be able to do so.

[Translation]

**Mr. Antoine Dubé (Lévis-et-Chutes-de-la-Chaudière, BQ):** Mr. Speaker, since the very articulate member is used to these kinds of debates, I want to ask him some specific questions.

If he remembers attending the last Liberal convention, he must remember that the Liberal Party resolution was approved by a high percentage of supporters. Did he vote in favour of the resolution at the last Liberal convention in 1998?

As a matter of principle, does the hon. member think that it is normal that, six years later, we are still waiting for the summit his party promised, in 1993, to hold within a year? Does he think it is normal for everyone, except the Minister of Industry, to agree that things are not as they should be in the shipbuilding industry, which is only operating at 40% of its capacity? Does he think it is normal to be able to do nothing and to bow down before the American giant, saying nothing can be done? Does he think it is normal?

[English]

**Mr. John Bryden:** Mr. Speaker, as I pointed out in my speech, the minister gave the policy and we delivered. A policy is in place and it is the best policy we can have under the circumstances. This is a global problem. We have delivered a policy.

If any of the members of the opposition had a new idea to add to that policy I have not so far heard it.

**Mr. Gordon Earle (Halifax West, NDP):** Mr. Speaker, I have just two quick points.

The hon. member keeps talking, as do others on that side, about the policy, about having a policy and about the minister giving the policy. I have yet to see this policy in writing and to see exactly what it entails.

He mentioned in his speech that we should go to the Americans to see what we can give them in order to get a small piece of this business. I guess I take some offence to this idea of us always going with hat in hand to the Americans. It seems to me this is what we are doing all the time. We did it on the ethanol case. We did it when they would not allow us to launch our satellite. Bill C-55 was another example. We could go on and on with the examples of how we are constantly going with our hat in hand to the Americans.

• (1635)

Why can we not stand up as Canadians, develop a policy for ourselves and put something on the table with strong force rather than going to see what we can give in order that they allow us to have a part of this business?

**Mr. John Bryden:** Mr. Speaker, this is a crisis of international sales, of shipbuilding. We cannot get into the American market and we cannot do it alone in Canada. There are no markets in Canada that will sustain our shipbuilding industry. The American market is protected because that other party over there, in that direction generally, failed to get it into the free trade agreement.

It is not a question of going hat in hand. We are now at a major disadvantage and people are suffering. We are losing one of our heritage industries because the Conservative Party or the Conservative government never took the proper steps when it arranged the free trade deal with the Americans.

**Mr. Peter Goldring (Edmonton East, Ref.):** Mr. Speaker, I believe the government had indicated earlier that one of the factors in the shipbuilding industry is high labour cost.

The hon. member across the way mentioned earlier the low cost of Korean labour. Could he comment on whether it is really a multiple factor on labour where we have higher income taxes, a lower productivity level or a varying productivity level that would be a factor?

The factor here of wages does not necessarily come into this discussion at all. After all, we are also competing on the world market in shipbuilding with England and Germany whose wage levels are relatively high. Could the hon. member comment on the taxation portion and productivity portion, and whether it is the actual root wage itself?

**Mr. John Bryden:** Mr. Speaker, in his speech, this very member recalled when the Canadian dollar was worth \$1.10 to the American dollar. He thought that was a happy time. Precisely the problem now is that the Korean currency is so low. It is below the Canadian dollar and below everything. It means that Korean labour, relative to North American labour, relative to Canadian labour, is very underpriced. The problem is to understand not just labour costs, but to understand the difference between the values of international currency.

**Mr. Mark Muisse (West Nova, PC):** Mr. Speaker, I listened quite intently to my hon. colleague from across the way. Yes, Nova Scotia was a fine place where ships were built, especially in the years past, but it is still a very good and strong shipbuilding place.

My concern, however, is that there is too much partisanship in this debate. This issue is something that affects Canada from coast to coast to coast. I would like to see the members across the way forget all the partisanship and work on the issue that is so very



important here. A vital part of our Canadian economy is being fluffed off as something that is not important. They say that our motion does not have substance. They are the government; they should put the substance in it.

Would my hon. colleague stand up in the House and say he will work with his colleagues to get rid of the Jones Act and other items that would benefit us as Canadians?

**Mr. John Bryden:** Mr. Speaker, all I can say is what I have said. It seems the opposition cannot come up with a better expression of a direction to take the government, the economy, the people of the maritimes and the shipbuilding industry into than a motion that has no original idea to it, and in fact was borrowed from the Liberals. When is the opposition going to come up with its own ideas?

[*Translation*]

**The Acting Speaker (Mr. McClelland):** It is my duty, pursuant to Standing Order 38, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Halifax West, Kosovo; the hon. member for Mississauga South, Kosovo.

• (1640)

**Mr. Yves Rocheleau (Trois-Rivières, BQ):** Mr. Speaker, first of all, I want to tell you at the outset that I will be sharing my time with my hon. colleague for Beauport—Montmorency—Côte-de-Beaupré—Île-d'Orléans.

I am very pleased to take part in this very important debate, even if it is quite technical. It is very important for the development of economically significant regions of Canada, like the maritimes and the coast of British Columbia and particularly Quebec.

I am very pleased to participate in this debate as member of Trois-Rivières, which is a maritime city, and also as labour critic, since it has an effect on the institutionalized disorder that we see in that industry. I believe there is too much reference to labour. As coast guard critic, I know that some people of the coast guard are also closely involved with the issues related to shipyards.

I will read, for the purpose of the debate, the motion introduced by the member for Saint John.

That this House calls the government to develop a new national shipbuilding policy to support the revitalisation of the Canadian shipbuilding industry by maintaining and advancing the degree of excellence and the technologies for which Canada is historically renowned, given that Canada has the longest coast line of any nation in the world and that historically Canadians are among the finest shipbuilders in the world.

I would now like to pay a very special tribute to my colleague and friend, the hon. member for Lévis-et-Chutes-de-la-Chaudière, who has done not only a remarkable job on this issue but a task that

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could be termed as colossal. Indeed, for more than a year, the member for Lévis-et-Chutes-de-la-Chaudière has travelled all across Canada and has met all stakeholders, builders, all shipyard operators that are members of the shipbuilders association, despite the fact that he is not all that fluent in English. Nevertheless, he managed to deal with the situation and he established excellent contacts with employers as well as with unions in the shipbuilding industry.

Through his efforts, he succeeded in bringing together, on Parliament Hill, on December 8, 1998, representatives of a large Quebec shipbuilding firm and almost all Canadian unions involved in the shipbuilding industry. According to a union representative, this was a first in Canadian history. He managed to bring together, to discuss the problems faced by shipyards, many stakeholders as closely connected to the industry as these people were. He pulled a major coup by bringing to the same table representatives from the four opposition parties, including three out of the four leaders, to make the necessary representations and put pressure on the government which, in this issue as in others, has proven to be inept. The purpose was to try to improve the way this very important industry has been treated.

This resulted in representations to the Standing Committee on Industry with a view to putting forward, through this committee, recommendations reflecting the comments or the vision of the labour representatives as expressed at this meeting. Unfortunately, in this issue as in others, the government lent a deaf ear and eventually only very reluctantly agreed to conduct a broad study, reportedly too wide focussed, on the productivity of shipyards. The timetable and specific goals of the study are said to be unclear.

This cannot be stressed often enough: it is totally nonsensical, ludicrous, and deplorable to be debating this issue today when we know how critical this industry is to Canada's economy.

Canada boasts the world's longest shoreline, three oceans—the Atlantic, the Pacific and the Arctic—and, as long as we are still part of it, the most important water route in the world, the Saint Lawrence River. In spite of all these very positive factors, shipbuilding in Canada is in a deplorable state, reportedly operating at merely 40% of its capacity.

• (1645)

Yet it is a high tech industry, because building ships is a complex operation. It is a category of industry that has to apply the most stringent of quality standards. It is a member of the ISO 9001, ISO 9002 club. ISO 9001 is for the aeronautical industry. This industry is governed by very demanding quality standards and the shipbuilding industry in Canada and in Quebec can hold its own with any other in the world.

This government, true to form, has been negligent. It is all very well to speak today of shipbuilding, but we know that this

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government has been negligent with the air transportation industry, with the rail industry, with the shipping industry, not just with shipbuilding.

Quebec has paid for that negligence. We have seen shipyards close down in Gaspé and Sorel, a small-scale one in Lévis, and Vickers in Montreal, all in the past 15 years.

I would like to return to the manpower issue. I am concerned, as I have already said, as the labour critic, by the references to labour costs. This does not hold up to analysis, according to the figures available to us. According to the 1994 figures provided to us by the shipbuilders, via the union of the marine workers federation, the CAW, shipyard labour costs \$15 U.S. in Canada, while only 2 countries out of the 12 analyzed pay less than Canada: Taiwan and Greece. All the others pay more.

For example, while it costs \$15 U.S. an hour in Canada, it costs \$18 in Italy, \$19 in France and the U.S., \$24 in Norway, \$27 in Japan, and \$30 in Germany. These are the 1994 figures.

Thus, the argument that the industry is not competitive with other countries because labour costs are too high does not hold up to analysis.

But the best explanation for the disarray in the industry is to be found in the government's negligence. The Minister of Industry, the Minister of Finance, the Minister of Transport and the Minister for International Trade keep passing the buck to one another on this. Even the Prime Minister did not answer the letter my colleague from Lévis-et-Chutes-de-la-Chaudière sent him several months ago. The Prime Minister did not even bother to answer the letter.

In 1993, in the red book, the Liberals, and in particular the Liberal candidates from the Quebec City area, made a firm commitment to do a serious study of the issue. In March 1998, grassroots Liberals raised the issue again and asked the government to take a firm stand and take action on shipbuilding, but it has not yet done so.

Hopefully, today's debate will make the government think and take the measures needed to improve the situation of this valuable industry. The government—and I am just talking common sense here—should act to make Canada and Quebec world leaders in shipbuilding. The government should stop dragging its feet and do what needs to be done to make Quebec and Canada the world leaders they should be.

• (1650)

**Mr. Michel Guimond (Beauport—Montmorency—Côte-de-Beaupré—Île-d'Orléans, BQ):** Mr. Speaker, as the Bloc Québécois critic for transport, I am pleased to speak to the motion by the Progressive Conservatives.

It was my intent to speak much more gently about the Conservatives because I thought their motion a good one. It is, in short, a general motion. I do not think anyone opposes virtue. On the contrary, we support saintliness, without necessarily expecting to be canonized.

The Bloc Québécois supports the motion, but it is clear from the statement by the Progressive Conservative member for Chicoutimi before oral question period, which literally incensed the Liberal government, that this member is an expert in the art of joining with the Liberals against Quebec and the Government of Quebec.

So, given the attitude of the member for Chicoutimi, and when I read the articles in the Chicoutimi daily—because the hon. member has a real in with the daily and the chief editorial writer in particular, we learned recently—I will start by saying to those watching that, in 1993 and 1997, the Bloc Québécois has made it known that the Liberals and the Conservatives are the flip sides of the same coin.

Why am I saying they are the same? For one very simple and good reason. The entire problem in shipbuilding in Quebec started with the Conservatives. When they were in power—between 1984 and 1993—they said “The shipyards must be streamlined. Not everyone can compete. Everyone is going to have to close”. The only province to streamline its shipyards was Quebec.

The Canadian Vickers shipyard in Montreal was really flourishing. There was Marine Industries in Sorel. These two major shipyards—not to mention the little yards that closed—which employed hundreds and hundreds, indeed thousands, of workers had to close their doors because the ministers of the Conservative government said “You must streamline”. So that the only shipyard left was MIL Davie in Lauzon.

Like my parents, I have an excellent memory. On Monday, October 11, 1993, on the night of Thanksgiving Day, and a few weeks before the election, I had the honour, the pleasure and the privilege of representing my party during a public debate that was carried by Radio-Canada in the Quebec region from Portneuf to the Magdalen Islands, including Gaspé, Sept-Îles and the greater Quebec City region.

I was representing the Bloc Québécois, and I was facing the Liberal candidate in the riding of Quebec, Jean Pelletier, who lost to my colleague for Quebec, and is presently the chief of staff of the Prime Minister of Canada. The Conservatives were represented by good old Pierre Blais, who was the Minister of Justice and the member for Bellechasse. He lost to my colleague François Langlois.

Speaking for the Conservative government, the hon. member for Bellechasse told us “We have given money to MIL Davie”. I asked him how much, and he said “\$1.2 billion”. I then told Pierre Blais “During that same period when you gave \$1.2 billion to MIL Davie, you handed out \$11 billion to the maritimes”. During the

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nine years the Conservatives were in power, shipyards kept popping up from nowhere in the maritimes.

During the 1993 election campaign, the Liberal Party, with Jean Pelletier, the present chief of staff of the Prime Minister of Canada and a Liberal candidate in the riding of Quebec, was claiming that it would invest \$125 million in the Quebec City port.

• (1655)

He went and made speeches to workers coming out of the MIL Davie shipyard. We remember that. The Liberals promised the world and a marine policy. This government has been in office since 1993. What has it done? Absolutely nothing. I have here the resolutions adopted during the convention of the Liberal Party of Canada, including one by the New Brunswick Liberal Association, which is similar—I read it earlier—in almost every respect to what the Progressive Conservative Party is proposing today.

One conclusion provides that the Liberal Party of Canada should urge the Canadian government to immediately develop a national shipbuilding policy to help that industry and thus maintain and strengthen the degree of excellence and the technologies that helped build a solid reputation which we are in danger of losing. This is a resolution from the New Brunswick Liberal Association to its own party, which is the ruling party. What are the Liberals doing? Nothing. The resolutions arising from Liberal Party conventions are not worth the paper they are written on. If I were a Liberal militant I would be distressed to see that my government ignores the recommendations of its own militants. This is unbelievable.

I want to mention something else before my time is up. When Bloc Quebecois members speak in the House, it is often said that their input is useless because they are sovereignists. The Quebec government is useless because it is a sovereignist government. Nothing good can come from Quebec City. The Minister of Human Resources Development will not let the millennium scholarships be discussed between elected people, instead of asking the president of Bell Canada to negotiate with the Minister of Education, who was democratically elected.

So, our friends opposite would have us believe that nothing worthwhile is accomplished in Quebec. I am sorry, but the government should take note of the fact that, for several years now, and particularly since 1994, when the Parti Quebecois came back in office, tax incentives have been put in place for the shipbuilding industry, and not regressive measures that will kill what is left of that industry in Quebec. On the contrary, these measures were taken to promote the development of that industry.

As for expertise, there are the folks at MIL Davie and in Les Méchins, at the the shipyard run by Mrs. Verreault, a competent businesswoman able to compete internationally. So Quebec has

expertise, but tax incentives are needed to help it develop and prosper.

In 1997, the Government of Quebec announced tax incentives to stimulate the shipping industry. Among other things, it raised the refundable tax credit for shipbuilding, around since 1996, from 40% to 50%. Second, it introduced a tax credit for the conversion or major refitting of ships, and extended this measure to oil rigs.

Finally, it made some adjustments the measure to reduce capital taxes. The problem is that the Government of Canada is taxing the benefits of Quebec's tax advantages, thus cancelling out part of the positive impact of these measures.

I think the federal Minister of Finance would do better to take a look at what Minister Landry is doing in Quebec, on behalf of the Government of Quebec, not just in Mr. Landry's own personal interest, although I have great respect for the man. The Government of Quebec has shown political will.

So the Minister of Finance would do better to look at what is going on, because there is a problem. Each time we want to speak to the federal Minister of Finance about shipbuilding or the shipping industry, he has to watch what he says. Everyone knows he is a major shipowner, being the owner of Canada Steamship Lines. Our party was the first to point out that four of the ships owned by Canada Steamship Lines are registered to the Bahamas, with foreign crews, and do not pay taxes here. The Minister of Finance is not setting a good example.

In conclusion, our party will be supporting this good motion, although I must say it is somewhat general.

• (1700)

**Mr. André Harvey (Chicoutimi, PC):** Mr. Speaker, first of all I would like to thank my colleague from Beauport—Montmorency—Côte-de-Beaupré—Île-d'Orléans for supporting our motion that he describes as general. It is nevertheless an essential one.

I feel compelled to speak up because of his introduction and of the fact that he comes from Chicoutimi. I was brought up to think that credit had to be given where credit is due. It was therefore a pleasure for me to pay tribute at noon today to the secretary of state who has made the aluminum industry, and particularly the processing of aluminum, a priority for this government.

I can tell you that in my area it is an issue that is followed quite closely. After having seen 8,000 jobs lost in the primary aluminium sector, it is good news when we hear a person in power say "We are going to help you do the processing". Currently, about 600,000 tonnes are processed outside of the country and the Saguenay—Lac Saint-Jean is paying for that. I am sure that the member from

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Beauport—Montmorency—Côte-de-Beaupré—Île-d'Orléans mis-spoke himself and I forgave him.

I would like him to tell us what he thinks of a political party which sought the approval of its members at a convention for a resolution that an opposition party copied word for word to help it out.

We thought that we would do everything in our power to help the government to support readily, in good faith and free of partisanship an initiative that could restart a major industry that has an impact on thousands of sectors, one where our technological sophistication can be of benefit to every country in the world.

The only thing we want is a fiscal policy that will be fair compared to what is done elsewhere.

**Mr. Michel Guimond:** Mr. Speaker, I do not want to enter into a lengthy debate with the member for Chicoutimi because I see him often in the lobby and I am sure that, in the next election campaign, I will have the opportunity to visit his riding a lot more often. Therefore, I want to save my words and my energy for the next campaign, two years from now.

When I said that the principle and the wording of this motion were general, I did not mean it in a derogatory way. On the contrary, this motion is general enough to attract broader support. I find it interesting that the researchers for the Progressive Conservative Party drew this from the resolutions adopted by the Liberal convention. This does indeed put the Liberal Party in a very bad spot.

In any case, nothing should surprise us with this government. I am certain that the left hand does not even know what the right hand is doing and that the government will reject our motion, as it usually does. According to the government, nothing that comes from the opposition can be worthwhile. So we will see what comes of this later today or next week.

**Mr. Pierre de Savoye (Portneuf, BQ):** Mr. Speaker, many many years ago, I got my first job after studying engineering at Laval University.

It was at the Lauzon shipyard, which was called at the time Davie Shipbuilding. I worked there for several months as an electrical draughtsman. At the time, more than 1,000 people worked in the shipyard. There were ships everywhere. Some were in dry docks—there was the small dry dock and the big dry dock—and some were on slipways. Shipbuilding at the time was a flourishing business.

• (1705)

Vickers in Montreal, another shipyard in Sorel and Davie in Lauzon all had a lot of work, building lakers for private companies and ships for the military.

How did the government reduce such a flourishing industry to what it is today, absolutely nothing? What went wrong?

**Mr. Michel Guimond:** Mr. Speaker, if foreign companies used to come and still come now to MIL Davie to have their ships built or repaired, it is not just to please us. They are not charitable organizations. They do business with our shipyards because of the quality of their work, their efficiency and their productivity.

The CSN workers at MIL Davie have shown some backbone. They put their collective agreement in order. They want to survive and prosper, which is quite legitimate. The hon. member is right to say that in Lauzon and elsewhere in Quebec—let us not forget the shipyard in Les Méchins—we have experienced, competent and motivated shipbuilding workers.

[English]

**Mr. Bryon Wilfert (Oak Ridges, Lib.):** Mr. Speaker, I would like to begin by indicating again that the government has a shipbuilding policy. In fact the policy being pursued by the government traces its origins to the days when the Progressive Conservative Party formed the Government of Canada. I remind my colleagues across the way of that.

Since then we have done a lot of good for the shipbuilding industry in this country. Some of the good work lies in the support provided by the Export Development Corporation. It is in that area that I would like to address my remarks.

Let me begin by stating that the Export Development Corporation, Canada's official export credit agency, provides Canadian exporters in all sectors a wide range of innovative trade finance services. Canadian exporters and investors look to the EDC to provide creative and responsive financial solutions as they do business in over 200 countries, including high risk and emerging markets.

Founded in 1944 as a crown corporation, the EDC operates as a commercial financial institution on a self-sustaining basis. As the EDC carries out its mandate to be self-sustaining it applies sound commercial principles to all of its transactions. Premiums and fees are charged for insurance and all loans are fully repayable with interest. The EDC reinvests to support future growth in Canadian exports. As the EDC operates along commercial lines, it does not provide subsidies.

As Canada's official export credit agency, with the government of Canada as its stakeholder, the EDC is bound by certain international trade obligations. This includes the OECD's arrangement on guidelines for officially supported export credits. This arrangement, also known as the consensus, has provided disciplines for the orderly use of officially supported export credits since 1979. The arrangement provides participants clear limitations on key terms and conditions when official support is provided, such as maximum repayment terms, minimum interest rates and disciplines on trade related aid.

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In certain key areas, such as aircraft and shipbuilding, the consensus agreement has sector understandings in place to provide disciplines that satisfy the special demands of these important industrial sectors.

At present there is a sector understanding on shipbuilding which dates from 1981. The OECD, recognizing the strategic importance of the shipbuilding sector, concluded negotiations in 1994 on a new agreement respecting normal competitive conditions in the commercial shipbuilding and repair industry. As part of this new agreement the sector understanding on export credits for ships was revised to bring it more in line with current market realities.

The revised 1994 sector understanding calls for maximum repayment terms of 12 years for loans and interest rates which reflect market conditions, the commercial interest reference rate of the OECD, and a 20% down payment.

• (1710)

Canada has stated that it will not sign the shipbuilding agreement until such time as it is ratified by all signatories. It will then be clear what final exemptions the U.S. and other signatories will build into the agreement to protect their individual national shipbuilding industries.

The existing OECD guidelines allow us to match foreign financing terms when these are extended to more favourable terms and conditions.

The Government of Canada fully supports efforts by the OECD to move closer to an internationally accepted set of rules that will eliminate unfair financing practices. The EDC will continue to be guided by revised 1994 sector understandings when offering support to Canadian yards for their foreign business transactions.

Moving on to the specifics of EDC support in the shipbuilding sector, I am very pleased to state that the EDC has been providing a tremendous amount of support to the Canadian shipbuilding industry. The EDC tells me that since 1996 it has supported more than \$110 million in Canadian trade vessels and in ship repair services provided by Canadian yards. At this time the EDC is developing another \$733 million in potential international business on behalf of Canadian yards.

The House should not take my word for it. In the April 26, 1999 edition of the *Canadian Sailings* magazine the president of the Shipbuilding Association of Canada, Peter Cairns, said in reference to the EDC that it was "a significant step in the right direction in an area where Canada has a lot of expertise".

There are other enthusiastic supporters of the initiative of the EDC who have raised their comments in support, including Alan Thoms, president of Canadian Shipbuilding & Engineering Ltd.

and John T. B. Chard, executive vice-president and chief operating officer of Shipyards in North Vancouver for the Washington Marine Group. These are people in the industry who support the very important role which the EDC plays.

The EDC is organized along sectoral lines so that business teams can provide Canadian exporters with financial services to meet their specific and unique needs. Shipbuilding and repair transactions are handled by the ground transportation and shipping team. This team contains financial service professionals who can structure financial support to meet the complex demands of today's shipbuilding industry.

The EDC can support Canadian shipbuilders with a wide range of financing, guarantees, insurance and bonding products. The EDC actively considers support for Canadian shipbuilding using direct loans, guarantees for debt participants in shipbuilding transactions who are taking a risk with the EDC, bid and performance bonding, specific transaction insurance and leading and participating in structured financial transactions.

There is a market in financing where the EDC has not been able to help Canadian yards. This is the case of a Canadian buyer receiving offers from foreign yards to buy their vessels on terms supported by their national export credit agencies. This has happened on occasion in the past. Unfortunately, since these would be domestic transactions, Canadian yards have not been able to go to the EDC for competitive financing.

An outstanding example of the EDC sectoral approach to supporting Canadian business is its ship repair financing framework. The framework is ideally designed for ship repair transactions which require swift credit decisions for amounts up to \$1.5 million U.S. and credit terms of up to 120 days. The EDC purchases the promissory notes issued for the cost of the ship repairs, allowing shipowners to receive financing for up to 80% of the cost of ship repairs, with a fixed interest rate for up to four months, with a straightforward documentation and administration process.

The benefit to the Canadian shipyard is a cash sale upon receipt of the promissory notes by the EDC.

• (1715)

In order to be eligible for this financing, the proposed transactions must involve a shipyard or shipyards operating in Canada, benefits to Canada and the vessels involved must operate on international routes. EDC is also very willing to discuss financial solutions for complete ship overhauls and new construction in Canada.

Before I conclude I would like to make a few comments on U.S. programs that are of great interest to Canadian shipyards. The new OECD shipbuilding agreement which was discussed earlier has

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still not been ratified by the United States, which continues to offer special longer repayment terms to buyers of U.S. vessels. As an example, under the U.S. MarAd program title XI financing of the U.S. sourced equipment and products, buyers can receive financing support of up to 87.5% of the contract value and repayment terms up to 25 years.

Furthermore, we have discussed in the House today a number of maritime laws known collectively as the Jones act which also impose a variety of limits on foreign participation in the U.S. domestic maritime industry.

Under these laws the carriage of cargo or passengers between points in the United States is restricted to U.S. built and U.S. documented vessels owned and operated by U.S. citizens. Similar restrictions apply to dredging, salvage and other commercial marine activities in U.S. waters.

In international shipping there are limitations on foreign ownership of vessels eligible for documentation in the U.S. In addition several subsidies and other support measures are available to operators of U.S. vessels. Cargo preference laws restrict the carriage of military cargo and limit the carriage of government non-military cargo, aid cargo and certain agricultural commodities to U.S. vessels. These and other restrictions coupled with defence related prohibitions of the Byrnes-Tollefson amendment limit Canadian participation in U.S. shipping activities.

The Jones act does not entirely bar foreign shipyards from participating in the U.S. shipbuilding market. For instance, certain types of ships such as research vessels and other offshore platforms may be procured from non-U.S. yards. Foreign yards are allowed to do some repair and overhaul work.

As a result of a commitment made in NAFTA negotiations, virtually its only undertaking in the maritime sector, the U.S. has clarified that work involving the replacement of less than 7.5% of the hull and superstructure of a vessel can be done without forfeiting its Jones act status. Work involved in the replacement of more than 7.5% but less than 10% of the structure of a vessel can be done without forfeiting the U.S. Jones act status, but approval for such work must be obtained in advance. Having fulfilled its NAFTA commitment to clarify the rebuilding determination, there is no expectation at this time that this allowance for repair and overhaul work will be liberalized.

Although Canada and other trading partners have sought to enhance access to the American market in this sector through trade negotiations, the United States has refused to negotiate improvements. At this time there is no viable recourse available to Canada against the Jones act. Legally the United States has safeguarded the Jones act both in NAFTA and the WTO under the present terms and conditions of these agreements. Therefore future trade negotiations may provide an opportunity for change, but even this will be difficult in light of the strong support the Jones act continues to enjoy in the United States.

In the NAFTA and the WTO Canada protected its ability to utilize similar measures with respect to imports from the United States. An initial assessment of the imports of a Jones act type restriction in Canada indicates that such action is likely to impose significant costs on the Canadian economy while at the same time being unlikely to achieve any success in reducing the Jones act restrictions.

Overall I am convinced that EDC financing support has been competitive.

• (1720 )

We have studied the issue and where international transactions have been lost other issues have been found to be at play. I am very impressed with the progress that has been made in productivity and modernization improvements in Canada's yards.

However, when other countries choose to subsidize their cost of production, we cannot fault our suppliers for failing to submit a competitive bid. We cannot expect EDC financing to compensate in these situations since we do not have deep enough pockets to fight on those terms.

I conclude my remarks by once again noting the high level of EDC support to the shipbuilding industry. The good news is that the EDC is currently developing \$733 million in potential international business on behalf of Canadian shipyards. Members will understand that I cannot go into specifics because of the commercially confidential nature. However, since our industry has made enormous strides in recent years and is competitive internationally, I expect that much of this business pipeline will become firm contracts.

While the EDC is committed to abiding by our international trade obligations, it will continue to aggressively monitor and pursue deviations by other export credit agencies under OECD guidelines. EDC will continue to be an important partner for the Canadian shipbuilding industry in a highly competitive international market.

**Mrs. Elsie Wayne (Saint John, PC):** Mr. Speaker, I have a couple of questions on the OECD and the agreement in 1981. I have been led to understand that the only country abiding by the OECD agreement of 1981 is Canada. None of the other countries are abiding by those rules and regulations.

The member said that there was a new agreement in 1994, but it has not been signed by the U.S. We have not signed it either because the U.S. has not signed it. The 1981 agreement still applies. I wonder why the WTO is not dealing with this issue. All the other countries have opted away from that agreement and are doing their own thing. I ask my hon. colleague to address that point.

**Mr. Bryon Wilfert:** Mr. Speaker, I certainly respect my colleague's comments. It is my understanding that in the next round

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this issue will be dealt with. It is obviously of concern to us and is something that will be dealt with in the next round.

**Mrs. Elsie Wayne:** When? Do you have a time?

**Mr. Bryon Wilfert:** Mr. Speaker, I am afraid I do not have a time at this point.

[*Translation*]

**Mr. Antoine Dubé (Lévis-et-Chutes-de-la-Chaudière, BQ):** Mr. Speaker, I got to know my colleague across the way better during a trip to Taiwan, where our group visited the giant Kao-hsiung shipyards. We could see that they too were experiencing certain difficulties, which leads me to make a point.

We often compare our shipbuilding facilities to those in Asia, but the ones in Canada, in Saint John, Lévis or elsewhere, have developed different areas of expertise than those of Asia, which were designed mainly for building ships in excess of 300,000 tonnes.

We have to take away some of the mystery. Most ships built in Canada have to use the Panama canal, so our dry docks are made for tonnages of 90,000 or less.

Each of Canada's shipyards has an area of specialization, for instance, aluminum ferries in B.C., military vessels in Halifax. Each, therefore, including St. Catharines and Port Weller, has highly specialized and highly advanced equipment. This is not, therefore, where the problem lies.

The problem is raised by the hon. member for Saint John. In my opinion, Canada's attitude can be considered naïve.

• (1725)

On the one hand, we depend on the OECD treaties, while the European countries, seeing that the Americans are not signing them, are adopting interim measures. These include subsidies.

The hon. member also refers to the EDC. That is all very well, but allow me to cite an example. Just recently, a few weeks ago, two years after the arrival of the *Spirit of Columbus* platform and after Davie Shipbuilding was at risk of closure because of the lack of funding guarantees, the EDC finally came through. The funding guarantees should have been available right from the start.

There are, therefore, certain possibilities, but the mechanisms for evaluation operate far too slowly.

I would like to have the hon. member's reaction to this.

[*English*]

**Mr. Bryon Wilfert:** Mr. Speaker, one of the difficulties is that unfortunately, and I pointed it out in my comments, it is not a level playing field. We know subsidies are being provided by other

countries. That explains in part to my colleague across the way why some of the things he pointed out exist. I concur with him.

We saw that, as he mentioned, in Kao-hsiung, Taiwan, where China shipyards clearly have that advantage from the government. We are working as a government with our partners around the world, particularly in the next round, to push for liberalization in the market and to make sure about these types of subsidies.

In December 1997 the OECD reported internationally that there was a substantial overcapacity in terms of shipbuilding, which is estimated will be about 40% by the year 2005. We have to work together. We have to stop the kind of things that put us at a disadvantage.

In this country the EDC is working very hard with our shipbuilding industry to make sure we are very competitive where we can be for contracts in the international field.

**Mr. John Herron (Fundy—Royal, PC):** Mr. Speaker, I have a couple of comments and questions for my hon. colleague. I am left somewhat confused by his position with respect to shipbuilding. Maybe he can help me work it out.

He is saying that the EDC is actually supplying sufficient support to the shipbuilding industry and that the federal government is essentially doing the best it possibly can with respect to the industry.

Why would a candidate who actually ran in the riding of Lévis in the last election in 1997—I was a candidate and I know, Mr. Speaker, you were a candidate in that same election—make as one of his fundamental planks that we needed to have a new revitalized shipbuilding policy if everything was fine the way it was?

I am even more confused about a particular initiative. I know most Liberals sometimes get things a little mixed up or confused. The enter convention hall of the Liberal Party of Canada indicated as one of its policy initiatives that it was imperative the federal government take progressive steps to establish a new, revitalized shipbuilding policy for the country. They voted on that. The actual wording of the amendment we put forward today is very constructive. The entire Liberal Party of Canada actually voted at its congress to go ahead and do this.

If the candidate, the Liberal Party of Canada membership, the premiers, the shipbuilders association and the shipowners association all say that something has to be done, and labour is on side as well, I would say the member might want to take a look at it again and say that not everybody is happy with the so-called shipbuilding policy he put forward.

• (1730)

**Mr. Bryon Wilfert:** Mr. Speaker, I would point out to the member that we have a motion before us which the Liberal Party of

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Canada voted on at its convention. I am sure motions often get put forward at Conservative Party conventions.

The purpose of this debate is to inform both the opposition and the country as a whole what the government has been doing. I have been pointing out a number of things which the government has been doing in response to that resolution, whether it is the accelerated capital cost allowance of 33.3% on Canadian built ships or the 25% tariff on most non-NAFTA ship imports. The Export Development Corporation plays a major role. I am sure my hon. colleague was listening when I said that it cannot help a Canadian buyer receiving offers from foreign yards to buy their vessels on terms supported by their national export credit agency.

Let us look at the record. We have a very favourable research and development tax credit system and domestic procurement by the federal government for all government shipbuilding and ship repair needs. The EDC is currently assessing an unprecedented number of shipbuilding proposals which I mentioned in my comments earlier. Obviously, if provinces in this country want to pursue these initiatives they are free to do so.

I pointed out to my colleague earlier the fact that we are building on a policy which has been working well. We did not say it was perfect, but we did say that we are doing something. I want you to keep that in mind.

**The Deputy Speaker:** I am sure the hon. member was addressing his remarks to the Chair.

**Mr. Nelson Riis (Kamloops, Thompson and Highland Valleys, NDP):** Mr. Speaker, some days this place reminds me of Yuk Yuk's, the stand-up comedy headquarters. We listen to speaker after speaker and sometimes we just have to shake our heads.

When the Liberal Party of Canada votes at its national convention that we have a serious problem with our shipbuilding policy; when we have workers from coast to coast to coast, who know the industry, saying that we have a serious problem with our shipbuilding industry; when the owners and the administrators of the various shipyards are saying that we have a problem and when every expert in the country on shipbuilding is saying we have a problem, we probably have a problem.

People have been standing in the House saying that we do not have a problem because a policy is in place. I would like to issue a challenge to all my friends sitting across the way on the Liberal benches. I would like them to jot down on a piece of paper what they think Canada's shipbuilding policy is. Can anyone imagine the kind of hodgepodge we would come up with?

We would have a few people saying that our R and D credit is one of the best in the world. That is fair enough. Some people would say that some EDC programs are concerned about funding some of our exports. Yes, that is good. Some members would mention the people who are doing very well in a particular yard or

agency. However, what is our strategy? What is our policy? What is it that we are trying to accomplish as a country?

Let us look at the records of the other countries that are involved. Let us look at the United States of America which has a policy and articulates clearly what that policy is. All members of the congress, if asked, would indicate what they understand their national shipbuilding policy to be. They would not be 100% correct, but they would at least be in the ballpark.

I again challenge my friends opposite to articulate today what our shipbuilding policy is? The answer would be an embarrassing no. That is nothing new.

We are the second largest country in the world but do we have a transportation policy? No. We are the second largest country in the world with water from coast to coast to coast. We have one of the major reservoirs of freshwater in the world but do we have a water policy? No. We are one of the major trading nations in the world and, historically, always have been. One would think that if there was a single country that had a shipbuilding strategy it would be Canada. Do we have a shipbuilding strategy? No. The answer is no, no, no. We do not have strategies. We do not have policies. We do not have programs and plans because we believe in the liberalization of the marketplace. That is our plan. It is called free trade. We are the free traders of the world. We do not like government encumbrances. We do not like tariffs. We do not like things that are limiting. We do not like the Jones Act in Canada. We are a free trader. We are the global marketplace. We are the free marketplace and that is our mantra. If we do not believe in the free market then we cannot believe in plans. We cannot have strategies. The market is the strategy.

• (1735)

No one else believes that stuff. If there has ever been a collection of boy scouts, we have to be it. Probably, if we looked back at the backgrounds of all of the men and women of the House of Commons, we must have been girl guides and boy scouts at one time because that is how we act. We are really nice people who like to help people around the world. We will just abandon all of our tariffs and everything, but nobody else will. We will just abandon any strategy we have or any support program from the government, but nobody else will.

I give my Liberal friend who just spoke a great deal of credit. He talked about Taiwan. If there is supposed to be a free trading nation it is Taiwan, but it is not a free trading nation. It has huge subsidies in its shipbuilding sector. It has huge infrastructure subsidies. It probably has subsidies in every single sector there is.

The banks and the governments are all involved. One of the reasons Taiwan has done so well compared to other countries is that it actually has a strategy. The banks know what the strategy is, the investors know what the strategy is, the unions know what the



strategy is and the managers know what the strategy is. Everybody knows what the strategy is, but not so in Canada.

Canadians were quite hopeful a few years ago, particularly those who were knowledgeable of the shipbuilding sector, because they received a letter from the Prime Minister. It said, "It is safe to say that most people recognize that something has to be done to create a much more competitive shipbuilding industry". The government should now, as it should have long ago, and indeed as it promised to do, take steps to alleviate the problem.

The people working in a shipyard and receiving a letter like that from the Prime Minister would probably think that once the Prime Minister got into office and got a nice majority government behind him, they would actually see some significant changes such as employment in the shipbuilding sector going up and some long term strategies coming into place. This would be a natural assumption for a voter to assume.

Here we are now, some eight years later, is there a strategy? No.

I always listen to what my Liberal colleague has to say because he actually has some very useful observations. He said there is no level playing field when it comes to the shipbuilding industry. So here we are, the level playing field enthusiasts, playing the game with no other level playing field enthusiast to play with, but we went out there and levelled it all off to the point where we now do not have much of a shipbuilding industry.

This is a very frustrating debate. I want to congratulate my hon. friend from the Progressive Conservative Party for at least bringing the issue forward. I know we have all been listening to the various groups that have come from the various shipbuilding sectors explaining what they felt ought to be done, that we ought to have a clear strategy in place. They do not necessarily want subsidies, but they do want a plan.

What would that plan look like? Most of the shipbuilding initiatives we take, we take either because we are embarrassed into something or it becomes so acute we have to sort of say that we will need to have a fleet of ferries, or we will need to build a whole number of frigates, or we will need to do this or that. It is sort of a last gasp decision.

It would be nice to have a plan in place where we could say to the various shipyards on the coast that we will start building this number of ships over the next 10 years, these kinds of ships over the next 15 years and these kinds of ships over the next 5 years. Every shipyard could then plan and know that some of the government programs would be coming.

**Mr. Peter Adams:** Is that a five year plan?

**Mr. Nelson Riis:** I am not talking about a five year plan, I am talking about any kind of plan. I would be happy to have some kind

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of commitment, some kind of plan so that those shipyards would know they are guaranteed this, this and this order in perpetuity and we could then build on top of that with some other supports in place.

If we look at what other countries do, they offer loan guarantees, long term amortization and so on. In other words, there are actual things that we could do to make these shipyards economically and financially viable into the future. That is what we are calling on the government to do, or at least to consider and be open to this.

• (1740)

We have the Jones Act in the United States. I suspect the Jones Act contravenes every free trade concept that exists. If one wants to move material from port to port in the United States, one has to have a ship that is built in the United States with employees from the United States. We understand why it does that. It is good economic policy from the American's point of view. It is certainly not part of any free trade, free market mentality. It is good regional politics and good national economic development. We do not do that. Again, we are the boy scouts of the world. We let the Americans get away with it.

I suspect that most of us have at one time or another toured a shipyard on the coast or in other areas, large and small. I think it is fair to say that Canadian shipbuilders are probably the most creative, productive and efficient in the world. We do not take a second place to anyone. We can compete with anyone as long as we have a level playing field in which to compete. I think the point being made today is that we do not have that. If we had that, we would do exceptionally well. We need a level playing field for our shipbuilding sector.

Recognizing that employment in this industry has plummeted from 12,000 employees in 1990 to less than 5,000 last year represents where the issue is. It is very clearly a declining industry at a time when international trade is expanding, where the need for ships is increasing and where a whole variety of new technology in shipping is becoming more relevant by the day.

Canada and Canadians should be playing a role in the development of this technology and playing a significant leadership role in the development of these new shipping opportunities, but we do not. One of the reasons we do not is because the government of the day, for some mysterious reason that escapes me, is simply unprepared to sit down and draft a long term strategy, a long term plan for this sector.

I know this may sound boring. I have said long term plan about 20 times in my short speech. However, can we have a successful life if we do not plan it? Can we run a successful organization if we do not have any plan? Can we run a successful business if we do not

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have a business plan? The answer is always no. However, for some reason we believe that we can have a shipbuilding industry without any national plan to it. It is some sort of magic that we just play by ear day each day. Obviously that will not work.

I could say a great deal more about this, but I will simply compliment a number of the comments made by others earlier. People have laid out the case that we need to have a strategy. It makes sense for a trading nation like Canada to have one.

I say, with some regret, that when we look for leadership on the government benches and to the Minister of Finance, who is certainly well known in the shipping business where he does his shipbuilding and where he gets crews for his ships and so on, they do not really provide the kind of leadership that is encouraging to the Canadian shipbuilding industry.

I will conclude my remarks by simply saying that I hope today's debate at least advances the issue and takes it forward another step. Maybe one day soon we will hear an announcement by the Minister of Industry saying that the government plans to bring the stakeholders together to develop, once and for all, a comprehensive, dynamic, national strategy for Canada's shipbuilding sector.

[*Translation*]

**Mr. Antoine Dubé (Lévis-et-Chutes-de-la-Chaudière, BQ):** Mr. Speaker, the remarks by my NDP colleague lead me to say the following. He is supporting a motion by the member for Saint John, who is a Progressive Conservative and does not usually think like a member of the NDP and vice versa. On this subject, however, be they from the west, British Columbia, the maritimes or Quebec, the members of the opposition parties are in agreement.

• (1745)

It is a rare thing to have a consensus among all the unions of the various regions of Canada and the members of the Canadian shipbuilders association, which represents the nine biggest shipyards in Canada.

As the NDP often takes stands on the number of jobs or employee rights, I have a question for my colleague. Did he notice, as I did, in thoroughly examining the shipyards issue, that none of the unions involved in shipbuilding, for the past four or five years, can be claimed to be protecting its collective agreements at all cost? Did he see the same thing?

The collective agreements are now very flexible. Workers have agreed to make considerable sacrifices, for example the ones in Lévis and the other shipyards I have visited. Studies show that members of the United Auto Workers, who are in the eastern shipyards especially, have pointed out—and the member for Trois-Rivières did too—that salaries and collective agreements are not the issue. In this case, the workers cannot be blamed for the situation.

I want to know whether the member shares this position, whether he has seen what I have in terms of the effort put out by the workers in Canada's shipyards.

[*English*]

**Mr. Nelson Riis:** Mr. Speaker, first, my hon. friend notes that the New Democrats are agreeing with the Progressive Conservatives on this motion. I suspect that probably everybody in the House basically agrees with the motion. However, because of the nature of our parliamentary system, the government has to be somewhat more hesitant to agree and opposition parties more enthusiastic, but that does not occur on all motions.

I also think it is fair to say that as a classic Progressive Conservative and as a classic social democratic we probably find more in common than we find in difference, unlike our Liberal friends across the way. Quite frankly, I do not know what a Liberal is, but I will simply say that it is not a Conservative or a social democratic and whatever is left over can be Liberal, depending on the nature of the times.

Yes, I agree with my friends. I would challenge my Liberal colleagues opposite to identify anybody who would suggest we should not have a shipbuilding strategy for our country.

**Mr. Stan Keyes:** We have one, but not to your liking.

**Mr. Nelson Riis:** My friend says that we have one. We have strategies on everything. However, I do not think anybody knows what this one is. That is the problem. I do not think we could articulate it. I do not think we could sit down and say "This is what our strategy is".

Let me rephrase that. I do not think we would find a single Canadian who is concerned about the Canadian shipbuilding industry, or certainly knowledgeable about that sector, who would say that we should not at this point bring together the appropriate stakeholders to develop a national strategy which is flexible and includes all of the players, including, as my friend suggested, the various unions. They have indicated a willingness to be flexible even beyond where they have already gone and to do it just seems natural.

I would ask my Liberal friends opposite: Would anybody suggest that we should not do that? I do not think anybody at this time would say that everything is okay. In fact I have not heard people identify many groups in the country which would suggest that we have a shipbuilding policy in place, and certainly one that makes sense.

**Mrs. Elsie Wayne (Saint John, PC):** Mr. Speaker, I want to thank my colleague from the NDP for his presentation and his full support.

What is most disturbing to me, and I am probably the most non-political person who sits in the House of Commons, are the

letters which the Minister of Industry wrote when he was the industry critic, replying to people who were working in the shipyards. They got in touch with him when he was in opposition and his reply was "Please be assured that the shipbuilding industry is a priority for me as it is for my caucus colleagues", and he said that they would be doing something about the situation.

● (1750)

A lot of families are breaking up. There were 200 people in my riding who were asked to go to Louisiana, U.S.A., to work. They were told they were the best shipbuilders who had been interviewed from around the world. I am really concerned about what is happening.

I know that our boys back home have sat down with the owners of our shipyard. They have made concessions. They will do whatever is necessary to bring work into the shipyard.

Does my colleague think that we could honestly, all of us collectively, convince our colleagues on the government side that they should agree with and adopt the motion? Then they could come to us and say that they agree there has to be a new shipbuilding policy. They could say that they will take steps to bring intergovernmental affairs, finance and industry together to see what could be worked out. They could take the credit for that. All we want to do is put our people back to work and give them their dignity.

Does my hon. colleague think we could convince them today to do this?

**Mr. Nelson Riis:** Mr. Speaker, I think we could convince our colleagues across the way to do this today. It seems to me to be a very thoughtful proposal.

Perhaps another avenue would be to strike a special task force of members of parliament from the various political parties and bring in the various standing committees on industry, finance and others, as she suggested, to work among ourselves toward the development of a program.

Yes, I think that is possible. I hope as this debate concludes that we all agree to make this a votable motion so that we can support it 100%.

My hon. friend mentioned the letters the Minister of Industry wrote to various people in the shipbuilding industry, saying that if he became minister or the Liberals formed the government they would do something about the shipbuilding industry. People misunderstood that to mean that something would be done to improve it, as opposed to something which would make it more difficult to survive. Perhaps we need to read those letters a bit more carefully and recognize that the minister was saying they did not plan to do much.

### *Supply*

The time is right. We all agree that it is time to move forward. I suspect that my hon. friends opposite will be anxious to make this motion votable so that we can do something positive for the country.

**Mr. Lynn Myers (Waterloo—Wellington, Lib.):** Mr. Speaker, I first want to say that this is a very important debate. I have listened very closely to all hon. members today talk about this very important industry. It is important that Canadians have the opportunity to hear the points of view of members of the House because, indeed, this is important and something which all Canadians should, and in fact do, take very seriously.

In her motion the hon. member for Saint John refers to Canada's coastline as being the longest in the world, and I think she is correct. I would also add that we have the largest bodies of inland water in the world and, by these measures, we are certainly a maritime nation. I do not think anyone disputes that.

However, it is fair to point out that the hon. member should not equate this geography with a high domestic demand for shipbuilding. It is simply not there. This is a reality for Canada and it is something that we must face. Therefore, for Canada to remain in the shipbuilding industry, we must export. That is the reality of the world in which we live today.

This is an industry for Canadians in which we must succeed in global markets because our domestic market is simply not big enough. International competitiveness is the key to all of this; competitiveness, moreover, that must come at a time when there is substantial overcapacity in shipbuilding around the world. The OECD, for example, predicts that by the year 2005 the overcapacity will reach 40%.

To respond to overcapacity in this country the Canadian shipbuilding sector has already gone through a voluntary industry-led rationalization process. That is important to note because it underscores its commitment to this very important rationalization.

The Government of Canada has contributed \$198 million to this process. Through the reorganization and streamlining of its operations over the past decade the Canadian industry has been able to improve its productivity levels. That is something we can all be very proud of.

● (1755)

However, it still faces very tough competition from international markets. That is the kind of world in which we live in the late 1990s, into the year 2000 and beyond. The way to meet that competition is not to go to the government to ask for money from the taxpayers. I think those days are over, as the opposition parties are proposing. Rather, the solution lies in building competitiveness through innovation by offering generous research and development tax credits, for example, and by promoting enabling industries which give Canada-built ships the technological edge. That is where the world of tomorrow is at.

### Supply

The solution, I would also submit, lies in providing support for export financing through the Export Development Corporation. As we know, the EDC has improved the financing packages available to shipbuilders. The terms of repayment, as has been noted in the House, have been increased from eight to twelve years and interest rates now match the commercial rates that we know.

Finally, I think the solution lies in convincing other countries to stop their wasteful and burdensome subsidies so that all nations can compete on a level playing field. I think that is important too as we move into the 21st century.

We should then negotiate down rather than subsidize up. That is where the world lies.

The Government of Canada is doing this. We should be continuing to do so through the OECD and the World Trade Organization negotiations on shipbuilding. That we will and must continue to do.

I also want to point out that some provincial governments in Canada have taken a different approach. For example, the province of Quebec announced four incentives for shipbuilding in its 1996-97 budget. I will elaborate on those four points. The first is the marine construction loan guarantee program which was included in that budget. The second is an income tax holiday for Quebec sailors assigned to international freighters. The third is a refundable tax credit for shipbuilders. The final incentive is a capital tax reduction for taxpayers who acquire Quebec built ships. Those are significant changes and certainly we note them in parliament.

Some members of the Bloc have argued that the federal tax system undermines some of these measures. That is simply not the case. The record needs to be set straight. The operation of the federal tax system does not cancel or eliminate the benefits of provincial programs which are designed to support particular industries. In general, the federal tax system provides for tax deductions and credits based on the actual amount of costs incurred, net of any provincial assistance. To do otherwise would provide tax deductions or tax credits for costs that a taxpayer has not incurred. We need to note that and we need to understand it fully so that all Canadians know exactly what the case is in this matter.

I would emphasize that the federal government has also supported the shipbuilding industry in Quebec. Between 1986 and 1993, for example, the federal government invested almost \$1.6 billion in Davie Industries in the form of contracts, contributions and loan guarantees. As hon. members are aware, Davie Industries is now under the protection of the Bankruptcy Act following the bankruptcy of its owner, Dominion Bridge Corporation. Davie Industries will receive all of the benefits to which it is entitled under the act. Meanwhile, Davie Industries has a contract to modify the *Spirit of Columbus* oil platform for Brazil. The Export Development Corporation is studying a proposal to supply export financing to support this project.

The Government of Canada has a generous package of measures which, in conjunction with provincial policies and sound industrial practice, benefits shipbuilders. In addition to EDC financing, for example, this package includes an accelerated capital cost allowance and very generous R and D tax credits. It includes a duty on ship imports and domestic procurement for all government shipbuilding and ship repair needs.

I want to emphasize once again, and I know we have heard it throughout the course of this debate, that the government is now and always has been supportive of the shipbuilding industry and will continue to encourage its development. That is, after all, what Canadians want.

The federal government already provides strong support in this area to the industry. It is important to note these points. There is in the form of support an accelerated capital cost allowance of 33.3% for Canadian built ships. There is a 25% tariff on most non-NAFTA ship imports. There is domestic procurement by the federal government for all government shipbuilding and ship repair needs. There is the Export Development Corporation financing for commercially viable transactions. There is a very favourable research and development tax credit system. All of these things underscore our commitment in this very important area.

• (1800)

The shipbuilding industry also has access to the enabling element of technology partnerships Canada. That program supports the private sector through investments sharing both risk and reward.

Our objective as a government in this very important sector is to make sure it is competitive and therefore able to win in international markets without subsidies. That is what all Canadians want. As a result, our policies and programs are working. The Canadian shipbuilding sector is now more streamlined and viable as a result, which is something we can all be proud of.

The global shipbuilding marketplace is restructured. We see that and we know that is happening throughout the world. Labour costs, aggressive pricing practices and shipowner national loyalty are having an impact in this important area, as is the growth of large integrated companies which build ships for their own use.

Government subsidies could be one way to respond to these changes but it would not be a good way. Instead, Canada should be enabling its shipbuilding industry to focus on high productivity, research and development that provides value added components, modernization and innovative marketing. These are important things that we as a government are aggressively pursuing, and rightfully so, on behalf of this important sector.

*Supply*

That is the route we as the government are taking. I hope other members in the House will support that approach by voting down the hon. member's motion. This is the way we need to proceed, the way we need to move into the 21st century. This is the approach that will be in the best interests of Canada and all Canadians wherever they may live in this great country of ours.

[*Translation*]

**Mr. Antoine Dubé (Lévis-et-Chutes-de-la-Chaudière, BQ):** Mr. Speaker, before I ask the member for Waterloo—Wellington my question, I would like to make the following comment.

I have been here since the beginning of this debate on the motion by the member for Saint John. The motion repeats word for word a resolution adopted at the federal Liberal Party convention in 1998. I am astonished that, so far, Ontario MPs are the ones speaking on behalf of the Liberal government. There have been no representatives of the maritimes, Quebec or the west coast. Yet they are the ones with shipyards in their ridings.

Another thing perhaps worth pointing out is that all the members with shipyards in their ridings are opposition members. In my riding, I defended the Lévis shipyard with everything I had.

I looked at the electoral map and saw that it was not very hard to find a Liberal in Ontario. With one exception, all the members from Ontario are Liberal. Contrary to the promise it made in 1993, this government did not hold a summit on the future of Canada's shipyards in the year following its election to office. After failing to keep their promise, some well meaning members probably want to do well by the Prime Minister and they are all singing from the same song sheet.

• (1805)

I ask the member for Waterloo—Wellington whether he attended the last convention of the federal Liberal Party, whether he recalls the resolution put forward by the New Brunswick Liberal Association, and whether he voted for or against it. And if he voted in favour, will he show some consistency and vote in favour of the motion by the member for Saint John when it is put to a vote?

[*English*]

**Mr. Lynn Myers:** Mr. Speaker, it is very interesting that the member would want on the record my comments about attending Liberal Party conventions. Let me say categorically through you, Mr. Speaker, that I am very proud to have attended all of them that I can remember since 1965.

Unlike the approach of the Bloc members opposite, we on this side of the House no matter where we live or which ridings we represent in Canada, speak as a government on behalf of all

Canadians. While the Bloc members have a parochial view of the country and while they want to divide as opposed to unite, we on this side of the House pull together in a way that is meaningful for Canadians no matter where they live in this great country.

I can tell the Bloc that we over time, not only in the past, will continue to support this very important sector of the economy. Shipbuilding is absolutely crucial to Canada. It is fundamental to our very values not only going back through history but also projecting into the future.

We as a government will continue to maintain that kind of approach in the best interests of this very important sector and in the best interests of Canadians wherever they may live.

**Mr. John Herron (Fundy—Royal, PC):** Mr. Speaker, I would like to pick up on some of the comments made by my hon. friend and colleague from Lévis.

This is a very serious issue. We need to ensure that we are debating the merits of the initiatives which were put forth by the member for Saint John and seconded by the member for Burin—St. George's. All members from all parties spoke about this issue. I do not think we need to overly attack the intentions of different members. The member from Lévis has worked very hard on advancing this particular file.

The member's comments during his speech were dead on in one regard. The future success of the shipbuilding industry in Canada is through the export sector in addition to domestic repair and new ships which will be built to replace the aging fleets in the Great Lakes. In order to do that, an export financing regime is needed to be competitive.

The Americans have had a regime entitled title IX which they extended in 1985. Previous to 1985 they were not a player in exporting ships internationally. Almost overnight they started to show up on the order book in the United States.

This is something we should be very embarrassed about, but a company in Canada, Secunda Marine, had to make a financial decision on where it could get the best ship at the best price. All it came down to was the financing. The price was competitive but in terms of having access to capital and lease financing that was cost competitive, it made a choice to have a ship built in the United States. Courtesy of what? Courtesy of title IX, the same financial vehicle which we are asking the government to address. That is my first issue. Why do we not actually look at something that works and adopt it?

I have a second question for the hon. member. The membership of the Liberal Party of Canada voted overwhelmingly to adopt the very wording of today's motion. The previous Liberal member who spoke said that there are lots of motions and things that they vote on at conventions, inferring that it does not necessarily mean something is going to happen to them.

*Supply*

I know the membership and the policy initiatives of the Progressive Conservative Party of Canada. I believe Reform speaks to this as well. The membership of the Progressive Conservative Party of Canada owns the principles and policies of our party. It is incumbent on us to follow through with them, to visit them and to bring them to the House of Commons. They are not something out of a feel good group therapy session for our party members. That is what the Liberal Party of Canada obviously feels this to be if the Liberals are going to vote it down.

• (1810)

If I were a member of the Liberal Party of Canada, and thank goodness I am not, I would have voted on issues and policy directives and then have come to Ottawa and voted on a particular initiative actually to find out that they cared less if it passed or not. Are you going to actually respect the membership of your own party?

And what is wrong with adopting a title XI regime?

**The Acting Speaker (Mr. McClelland):** I remind hon. members to address each other through the Speaker.

**Mr. Lynn Myers:** Mr. Speaker, we on the government side and in the Liberal Party always respect the membership. We advance accordingly, knowing full well that they have a tremendous contribution to make. Certainly that has been the way we have traditionally operated and it will be the way we continue to operate.

Having said that, I want to say how gratified I was to hear the hon. member opposite say that he agreed with my speech about the need for Canada to export. I think he understands, or understands hopefully, that we on the government side are somewhat on the right track in this matter. That is very important to note.

In 1997 the member for Fundy—Royal had private member's motion No. 214. I will read from that motion:

—the government should actively develop an innovative national shipbuilding policy which focuses on making shipyards internationally competitive by providing tax incentives and construction financing comparable to what is being provided elsewhere in the world and which ensures reasonable access to foreign markets, particularly the United States of America—

The hon. member for Fundy—Royal was really saying that he has concern over the Jones act, the 1920 piece of legislation. I find that very interesting coming from the very party that allowed that to go forward under the free trade agreement. It is outrageous, quite frankly, that they would have let that proceed in the manner they did and now we are stuck with that kind of nonsense.

For the hon. member to talk out of one side of his mouth on a motion back in 1997 and quite differently now is quite interesting.

During that same debate the member for Saint John went on to suggest improvements to export financing and loan guarantees. She

talked about the exclusion of newly Canadian constructed ships from the present Revenue Canada leasing regulations. "For the life of me," she said, "I cannot understand why the government would not look favourably on that. It is done for rail cars, vans, trucks and computers".

Let me point out that by any other name is a subsidy. If it quacks like a duck, I can guarantee it is a duck. That is a subsidy, something that those people opposite say they are not in favour of yet that is exactly what it is.

The implication of that would be enormous. The domino effect it would have on all other industries would be outrageous. I say to them their unfairness will not work and it is simply something we in the government will not buy.

**Mr. John Herron:** Mr. Speaker, I rise on a point of order.

Given the amount of respect I have for the House and this institution, I want to make sure we have as co-operative a relationship as we possibly can. Having said that, I would be free to take a brief moment to tell the member the difference between a subsidy and a tax incentive. I would be willing to help him.

**The Acting Speaker (Mr. McClelland):** Nice try but it is not a point of order.

**Mr. Mark Muise (West Nova, PC):** Mr. Speaker, I am pleased to participate in this very important debate, particularly as I said earlier because shipbuilding is such an important component of the economy in my riding of West Nova.

Since the first European settlers arrived in West Nova, boat building has played an integral role in our rural society. Moving along the rich coastal waters of the Bay of Fundy, many of my constituents are involved in the fishing industry and as such depend on the expertise of our very experienced shipbuilding industry.

• (1815)

What scares me about the downturn and the lack of a shipbuilding policy is the potential loss of expertise of our shipbuilders. Not only are we losing the economic benefits of shipbuilding but we might lose the expertise that they have. I would want that to continue.

Shipbuilding in West Nova grew sharply during the second world war as the allies worked feverishly to prepare our navy for the daunting task that lay ahead, which culminated with our victory in the Battle of the Atlantic. West Nova has some of the finest shipbuilders in the world. They have developed their expertise after decades of practising their trades for local fishers.

We have a federal government that is indifferent to the shipbuilding industry. Throughout the world we can find examples of

*Supply*

countries that are supporting their own shipbuilding industry. We need only look to the south of us to see the United States and the Jones act which effectively prevents our Canadian shipyards from competing with U.S. shipbuilding interests.

Our colleagues from across the way continue to refer to the past when NAFTA and free trade were negotiated. It is incumbent upon the government to look at the future. The Jones act has not been working. It is something that really affects our ability to be competitive in the shipbuilding industry. I would urge the government to work with the U.S. to reduce or remove the effects of the Jones act.

Obviously the U.S. has recognized the importance of shipbuilding to its local economies. Our own Liberal government, despite repeated promises to introduce a new shipbuilding policy both in 1993 and in 1997, has decided to turn its back on this vital industry.

This industry could easily employ 10,000 employees instead of the fewer than 4,000 who are presently employed. The Liberal government suggests that politics have nothing to do with its decision to turn its back on our shipbuilding industry. I suppose this goes with what my colleague from Lévis said.

Those who are speaking to shipbuilding seem to be from the opposition. I wonder if the government's lack of interest in a shipbuilding policy for eastern Canada is due to the fact that not many Liberals were elected there, especially in Nova Scotia where none were elected. Perhaps that has an impact on the Liberal lack of interest in shipbuilding policy.

Perhaps the government is turning its back on our fishing industry and therefore does not see the necessity of having a shipbuilding policy. Fishing is still a viable option in West Nova, and for that matter in most of Atlantic Canada. We have some of the richest grounds in the world just off the southern tip of Nova Scotia. Our lobster industry is by far the most lucrative.

There is still a need for shipbuilding services in our area. However, if the government continues to ignore the plight of those involved in the industry, our small family owned shipbuilding operations will not be able to compete with foreign competition.

Let us consider the family boat building operations in my riding such as A. F. Theriault and Sons. on Meteghan River, Camille D'eon's boat building in Middle West Pubnico and Doucette's boat building in Cape Ste. Mary's. What about David LeBlanc in Mavilette and Cape Ste. Mary's or Paul and Alain Pothier in St. Martin? These are all small family run operations that have survived over the years because they have mastered their craft to a point where they have developed great reputations from within the fishing industry.

The PC Party wants partisanship to be taken out of this discussion so that all parties in the House can work toward developing a policy for shipbuilding that will help promote and put Canada on a

level playing field so that we can compete with other countries that build ships.

● (1820 )

The shipbuilding industry has proposed four measures which would immediately stimulate the shipbuilding industry. They include changes to leasing regulations, a refundable tax credit, and a pro-Canada provision of levelling the playing field, as I said earlier, without competitors.

With proper support from our federal government some of the family operations could legitimately expand their operations, creating countless numbers of new jobs for our struggling economy.

I have referred a lot to my riding of West Nova but a new shipbuilding policy is a pan-Canadian issue. Shipyards are located across Canada in B.C., Ontario, Quebec, New Brunswick, Nova Scotia, P.E.I. and Newfoundland.

Canadian shipyards have the capacity to directly employ over 10,000 Canadians. The economic benefits of \$100 million worth of new shipbuilding business will create over 1,500 jobs in shipbuilding and allied businesses and generate over \$23 million of income for the federal treasury. It is for these reasons that we believe there should be a comprehensive shipbuilding policy in Canada.

The P.C. Party of Canada wants the government to work in a non-partisan way with all parties of the House toward developing a comprehensive shipbuilding policy which will help promote a very important industry in our Canadian economy.

I encourage all members of the House to support this very important endeavour.

[*Translation*]

**Mr. Antoine Dubé (Lévis-et-Chutes-de-la-Chaudière, BQ):** Mr. Speaker, since these are probably the last remarks in today's debate, I must thank the member for Saint John and the Progressive Conservative Party for raising this issue on opposition day.

The motion is broad, but at the same time very clever; it is unifying in that it brings together all the opposition parties, but also picks up the text of a resolution adopted by the Liberal Party at its convention, and introduced by the Maritimes Liberal Association. I find this very clever, because it forces Liberal members to ask themselves a very serious question.

There seems to be two different concepts of democracy. In a dictatorship, people are told "Do as you are told and keep quiet. You do not have the right to speak up". A modern version of this, the Liberal version, highlights the role of the grassroots members at a convention, but it means nothing because their voice is ignored. Would the member agree?

*Adjournment Debate*

[English]

**Mr. Mark Muise:** Mr. Speaker, my hon. colleague touched on something very important. Before I answer his question I would like to say that I know all members of the opposition are in support of the motion. It is really ironic when the motion word for word is a motion that was drafted and supported by the Liberal Party of Canada.

In reality, we do not need a vote because we already know that it is unanimous unless the Liberals choose to make it otherwise. If they do that then they are neglecting their responsibility toward people in the fishing and the shipbuilding industries.

**The Acting Speaker (Mr. McClelland):** It being 6.25 p.m. it is my duty to interrupt the proceedings. Pursuant to order made earlier today, all questions on the motion are deemed put and a recorded division deemed demanded and deferred until Wednesday, May 5, 1999, at the expiry of the time provided for Government Orders.

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## ADJOURNMENT PROCEEDINGS

• (1825)

[English]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

## KOSOVO

**Mr. Gordon Earle (Halifax West, NDP):** Mr. Speaker, on February 19, 1999, I expressed concern in the House that the Minister of National Defence indicated during the previously held take note debate on Kosovo that he did not know the details concerning the involvement of Canadian troops in a peacekeeping mission. The minister in fact said that these details would be worked out after the signing of a peace agreement. Then a formal request would be made by NATO, and Canada would have two weeks to respond.

I asked the minister at that time if he would commit to bringing the detailed request before parliament for a debate and a vote so that he might respond to the request with the full and open backing of Canadians through parliament.

The minister made it very clear in his answer, and the government has made it very clear since then, that there will be no vote on that issue. The minister indicated that the government had had a debate and would make a final decision expeditiously as matters unfolded. The minister said they would do so and keep everybody fully informed.

That was the keynote of the day. There would be no vote but everybody would be kept fully informed. We can see as matters

have evolved that there has been no vote and that about 800 troops have since been committed. They are on standby for whatever NATO may deem to request of them.

The point is that with no vote Canada has joined the largest allied military assault in Europe since World War II. The phrase "sentence first and verdict afterwards" is from the twisted world of *Alice's Adventures in Wonderland* and it seems the same twisted approach is being used by the government.

The government has seen fit to hold votes on many other pieces of business, on legislation that it has introduced in parliament updating terminology related to the Royal Canadian Mint, Tele-globe Canada legislation, establishing parks, amending the wheat board act, and even legislating workers back to work. Yet the government does not think that Canadians deserve to have their elected representatives vote on Canada's participation in the bloody slaughter of innocents in Yugoslavia and Canada's participation in the devastation of an economy and infrastructure including water, sewage, roads and communications which will take untold generations to rebuild.

The government places expediency before democracy. The Liberal government has acted as if the Liberal Party is at war and not the country of Canada, which is a very scary conclusion. The government suggests that it is at war. We note that the term war is quite often avoided and we talk about a conflict. In reality we have to call it what it is. The government is at war for democratic reasons, the government says, but it has overridden democracy in favour of one party rule to pursue its goals.

Upon what moral authority does the government see fit to send our country to war without a vote? The vote is the key issue. It is very important. When the Prime Minister was in opposition he demanded a vote on Canada's participation in the gulf war of 1991. Yet now he has chosen to hide from democracy in this crisis.

When I was campaigning many people indicated their very serious concerns about government. They were quite pessimistic about the political process, to the point that many had given up their right to vote. I encouraged people that the vote is the keystone of our democracy. It is a key point in our democracy. We must not at any cost give up the right to vote. I urge all members to consider seriously that in this issue the vote is the important issue.

**Mr. Andrew Telegdi (Parliamentary Secretary to Minister of Citizenship and Immigration, Lib.):** Mr. Speaker, may I say to the member in starting that the opposition parties have the opportunity every time they have an opposition day to bring forth a vote if that is what they are talking about.

There is no question that Canadian participation in NATO operations is important, not simply because we are members of the alliance but because of the moral issues at stake. Members of the Canadians forces deserve our recognition and support for the important task they have taken up on behalf of all Canadians.



Parliament has played an important role in our Kosovo deliberations.

In making its decisions respecting Canada's involvement in Kosovo, the government recognizes the importance of the views of parliamentarians on this crucial issue.

• (1830 )

Parliament has debated the situation in Kosovo on four different occasions: first on October 7, 1998, when all parties agreed that Canada should join our NATO allies in air operations if they proved necessary; second on February 17, 1999, when there was hope that a peace agreement would be signed and our involvement would consist of a peacekeeping force; third on April 12, 1999, when the House once again discussed events in Kosovo and when all parties supported Canada's decision to participate in NATO-led air operations; and fourth on April 19, 1999, when the House debated the opposition day motion calling for a debate and vote on any deployment of ground troops for military or peacekeeping operations in the Balkans. That motion was defeated.

Twice-weekly briefings on Kosovo are being given to joint meetings of the Standing Committees on Foreign Affairs and International Trade and National Defence and Veterans Affairs. Moreover, ministers and officials have participated in daily technical briefings which have been well attended by the public and the press. Should the nature of our involvement in Kosovo change, the government has made a firm commitment to consult parliament.

As the Prime Minister has repeatedly stated, this thankfully remains a hypothetical question. If the situation changes he will address the question on votes at that time. However, for the time being questions about voting on ground troops is irrelevant. Our efforts should be directed toward resolving this tragic dispute, not debating hypothetical questions.

#### KOSOVO

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, I think this is very relevant to the debate that has just taken place and, therefore, I would like to review on the record some comments that were made by President Václav Havel, the President of the Czech Republic, on April 29.

He said that if it is possible to say about war that it is ethical, or that it is fought for ethical reasons, it is true of this war. He was referring to the Kosovo war. He said that Kosovo has no oil fields whose output might perhaps attract somebody's interest, no member country of the alliance has any territorial claims there, and Milosevic is not threatening either the territorial integrity or any other integrity of any NATO member.

He went on to say that, nevertheless, the alliance is fighting. It is fighting in the name of human interest for the fate of other human

#### *Adjournment Debate*

beings. It is fighting because decent people cannot sit back and watch the systematic, state directed massacre of other people. Decent people simply cannot tolerate this and cannot fail to come to the rescue, if a rescue action is within their power.

He concluded by saying that this war gives human rights precedence over the rights of states. The federal republic of Yugoslavia has been attacked without a direct UN mandate for the alliance's action, but the alliance has not acted out of licence, aggressiveness or disrespect for international law. On the contrary, it has acted out of respect for the law and that law ranks higher than the protection of the sovereignty of states. It has acted out of respect for the rights of humanity.

I think that is the answer to the member's question about whether the vote is important or whether human rights are important.

On April 27, two days earlier, I had the opportunity to ask the Minister of Citizenship and Immigration a question which was prompted by the events that have transpired in Kosovo over all these many weeks which had to do with refugees. I asked the minister the question because as Canadians we collectively share concern about the plight of the refugees in Kosovo and because many members of parliament have been approached by constituents who have family members in that area who are in harm's way. The question to the minister was basically: What are the government's efforts with regard to these refugees, particularly those who have family members already living in Canada?

The minister responded by saying that there had already been, I believe, 120 applications for sponsorship and that that they covered as many as 700 people. She was also pleased to announce, and I think the House was very delighted to hear, that as of April 27 the first refugees were arriving in Canada, some in my riding of Mississauga South.

Could the Parliamentary Secretary to the Minister of Citizenship and Immigration please update us on the rapidly evolving developments with regard to refugees, those who are coming here under sponsorship and those who we are bringing to Canada possibly on a temporary basis as opposed to a long term basis? I think Canadians would like to be updated on that matter.

• (1835 )

**Mr. Andrew Telegdi (Parliamentary Secretary to Minister of Citizenship and Immigration, Lib.):** Mr. Speaker, let me start by saying to my friend that back in 1956 there was a similar debate taking place and it was about Hungarian refugees. I was one of the refugees who ended up coming to this country in 1957. So it does have a great deal of personal resonance with me.

We are making every effort to facilitate family reunification in the present situation. I am happy to be able to tell the hon. member that 53 refugees from Kosovo have already arrived in Canada to be

*Adjournment Debate*

reunited with their families. Others will be arriving over the next few weeks.

To date, under a special system we have put in place to fast track the processing of family reunification applications, we have received 158 applications from Canadians or Canadian residents with relatives over there. Those applications involve 974 people.

CIC has put the following system in place to handle the applications to bring over Kosovar refugees who have relatives in Canada.

The relative identification form, RIF, has been developed by Citizenship and Immigration Canada to assist the department in tracking and monitoring cases. It will also help to identify relatives of Canadian residents who may be eligible for resettlement in Canada.

For individuals living in Canada with relatives from Kosovo who are in Macedonia or Albania, they must call the Kosovo hotline at 1-888-410-0009, toll free, to register their request. The hotline will either complete the RIF on the caller's behalf or provide the caller with the RIF to complete themselves and they must then fax it to the hot fax at 1-877-883-8834.

Information gathered from the RIFs will be forwarded to various organizations by CIC to assist in the processing.

We currently have five visa officers in Macedonia and four in Albania. Once the refugees have been located, CIC visa officers will interview them and if the refugees wish, they will be fast tracked into Canada.

Our goal is to reunite these families within two weeks after the family members have been located. This timeframe may vary depending on various formalities and movement restrictions imposed by local authorities.

Some of the refugees are in camps. Some are being temporarily sheltered by host families, sometimes in very remote locations. Some may even be in other countries. Locating these individuals—

**The Acting Speaker (Mr. McClelland):** I am sorry but I do have to interrupt. As the hon. member knows, there are two minutes provided for the response and we went over significantly already. I do apologize but I did have to interrupt.

[*Translation*]

The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 10 a.m., pursuant to Standing Order 24(1).

(The House adjourned at 6.37 p.m.)

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# CONTENTS

Monday, May 3, 1999

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