



CANADA

House of Commons Debates

VOLUME 137 • NUMBER 114 • 1st SESSION • 37th PARLIAMENT

OFFICIAL REPORT
(HANSARD)

Monday, November 19, 2001

—

Speaker: The Honourable Peter Milliken

CONTENTS

(Table of Contents appears at back of this issue.)

All parliamentary publications are available on the
"Parliamentary Internet Parlementaire" at the following address:

<http://www.parl.gc.ca>

HOUSE OF COMMONS

Monday, November 19, 2001

The House met at 11 a.m.

Prayers

PRIVATE MEMBERS' BUSINESS

• (1100)

[*English*]

CANADIAN WHEAT BOARD ACT

Mr. Garry Breitkreuz (Yorkton—Melville, Canadian Alliance)
moved:

That, in the opinion of this House, the government should bring in amendments to the Canadian Wheat Board Act to change the “Object” of the Act from “marketing in an orderly manner” to “marketing to maximize the return for producers” and to provide an opting-out mechanism that would allow producers to remove themselves and the grain they produce from the Board’s jurisdiction for a minimum period of two years.

He said: Mr. Speaker, several years ago a young farmer had the misfortune of growing some grain which became infested with a disease called fusarium. The grain was not really suitable for human consumption and he was in danger of losing his farm. He tried selling his grain through the state marketing agency, which he was required by law to do. However it did not want his grain so he found an alternative market in the U.S. For this criminal act, he was placed in prison for months, strip searched and put in leg irons and chains. His family and neighbours were devastated. Because the courts in the country he lived in did not recognize property rights, he was destroyed.

In what country did this travesty of justice occur? It was Canada and it was recent. It was the Liberals who kept him in jail. In fact most government MPs paid no attention to the matter. Their attitude was that he did the crime, he should do the time.

I tell this terrible story because it makes the point that needs to be made today. The reason this debate over the Canadian Wheat Board exists is because we do not have property rights enshrined in our charter of rights and freedoms. Pierre Trudeau refused to enshrine those rights, which was a travesty of justice.

Our courts do not fully recognize our bill of rights, nor do they recognize 800 years of common law tradition. Property rights should be a fundamental right that all Canadians enjoy. However the farmer growing good quality wheat and barley in three provinces in Canada does not own that grain until he or she buys it back from a straight trading agency, the Canadian Wheat Board.

We do not have this blatant override of property rights anywhere that I know of in Canada. Oil and gas companies can market their own product. Banks are regulated but do not have to pool their earnings. Lawyers do not have to sell their services through a central marketing agency.

I just want to pause here. Let us imagine that we had a lawyer board, a board that applied to Ontario and Quebec only. All lawyers would have to go through a central agency. They could not market their services nor deal directly with their clients. They would have to pool all their earnings no matter what their costs were. They would have to wait for their payments. They would not know what their clients were paying for their services. They would have to pay a huge bureaucracy to market their services. If we had this for lawyers in Canada, there would be a public outcry across the country, at least on the part of lawyers.

Here we have an agency dealing with farmers in only three provinces that make them go through this board. In fact, farmers cannot even make spaghetti and macaroni out of their own wheat for export without first selling it to the board and buying it back at a higher price. Organic wheat growers have to sell their wheat to the board first and the wheat board does not even sell it for them. Many have lost lucrative markets because of this.

All this information forms the background for my motion today. If the government insists that farmers go through the CWB, why not make the mandate of the board to maximize return for farmers, the people it is supposed to serve, rather than the present mandate which is to market the grain in an orderly manner, which can mean almost anything?

The second part of my motion asks that a farmer’s property rights be recognized and that if he wishes to opt out he can do so. I would add that if these changes are not made, the Canadian Wheat Board will eventually be destroyed with the discovery that the convoluted borrowing process involved in the board’s credit system that adds taxpayer dollars to the price of grain, court challenges internationally could under our free trade agreements force the Canadian Wheat Board to be more accountable and transparent in its operations.

Private Members' Business

In 1935 the Government of Canada created the Canadian Wheat Board as a voluntary marketing agency for grains. Since then, the Canadian Wheat Board has become a monopoly institution, cloaked in secrecy, leaving farmers wondering whether the board acts in their interests or in the interests of bureaucrats.

Times have changed. Farmers are able to seek out new markets on their own and fulfill niches that have been overlooked. The innovation of producers has forged ahead, thanks to marketing tools like the Internet and producer marketing clubs. Farmers are business people. When they see an opportunity to maximize the return on their product, they capitalize on it.

• (1105)

However these producers have been hindered, at times even stonewalled, by a bureaucracy that is the Canadian Wheat Board. The wheat board has in essence stifled and choked the western Canadian grain industry by not helping the farmer but hindering him or her. Farmers have been frustrated with the wheat board. They know they grow the best wheat and grains in the world and yet have never been able to get top dollar.

The continuing financial crisis in western Canadian agriculture cannot be solely attributed to European and American subsidies as the government would like us to believe. The minister responsible for the Canadian Wheat Board, in an interview with the *National Post* published on May 22 of this year, said that farmers should stop growing grain. He stated that farmers have to produce to consumer trends around the world. Western Canadian grain farmers have been trying for years to produce according to consumer trends through value added processing. The milling of flour and the production of pasta are areas in which consumer demands can be met. However the Canadian Wheat Board has smothered any attempts by producers to create a market for their own wheat.

The minister has said that he supports value added efforts like ethanol production. However, the Canadian Wheat Board, which is the minister's responsibility, has scuttled attempts by prairie pasta producers to build a pasta plant in rural Saskatchewan and other similar ventures. The Canadian Wheat Board's marketing monopoly has become a headache for many farmers who wish to process their own grain where it is grown.

In the eyes of many farmers, the CWB has become an agency that has made the prairie farmers serfs upon their own land. The motion I am putting forward today has two very distinct parts that I believe will help prairie farmers gain an advantage over American and European producers. Part one of my motion calls for a change in the objective of the Canadian Wheat Board. Currently the CWB Act states that the board should market in an orderly manner. I would like to see that changed to marketing to maximize the return to producers. If there is any reason for the wheat board to exist it should be only to maximize the return to producers.

The second part of my motion states that an opting out mechanism should be provided to "allow producers to remove themselves and the grain that they produce from the board's jurisdiction for a minimum of two years".

In essence, my motion would give prairie grain producers what they have wanted for years: a clear choice in marketing their grain.

My colleagues and I in the Canadian Alliance believe in a self-reliant and economically viable agriculture sector in our country. We believe in giving farmers the freedom to make their own marketing and transportation decisions and to direct, structure and participate voluntarily in producer organizations. This would be the best way for our nation's farmers to become economically viable. The current structure we have does not guarantee working for the benefit of farmers. It seems to be shrouded in secrecy and is more accountable to its political masters than to farmers.

Organic farmers are being hurt financially by the Canadian Wheat Board. Currently the CWB offers the organic producer what it calls direct sale or the buy back. For those members in the House who are not familiar with the buy back scheme, I will explain it to them briefly.

Organic producers who are certified and have a Canadian Wheat Board permit bookholder can ask for a personal identification number application. After the producers receive this pin number they must contact the CWB when they are ready to make a sale. They must also know the approximate net payment owed to the Canadian Wheat Board for doing the buy back. The grain must be tested by the Canadian Grains Commission for quality then the producer must contact the Canadian Wheat Board and notify it that they are ready to ship. The remittance portion of the statement must be returned to the Canadian Wheat Board along with payment to the CWB. An export licence will then be faxed to them and the official weight will be given to the CWB. All this is done at the producer's cost, \$2 a tonne. In other words, the producers must pay the CWB for the right to market their own grain. We must remember that the Canadian Wheat Board is not in the business of marketing organic grain and does not even sell it, yet the producer must jump through these hoops and hurdles. The Canadian Wheat Board has never been responsible for organic grains.

Many prairie organic farmers have had problems dealing with the Canadian Wheat Board. I would like to give a couple of other examples of how the Canadian Wheat Board has hurt prairie organic farmers. There are many of them.

Eric Leicht is an organic producer from Watson, Saskatchewan. He states that the situation he faces seems to only get worse. Through the CWB buy back scheme he is losing an average of 60 cents per bushel.

• (1110)

He was also paying the difference between the asking price he was receiving and the initial price of the Canadian Wheat Board. Mr. Leicht then said that farmers had to hope and pray they would get most of that money back in the interim and final payments that the wheat board sent to them. Mr. Leicht said that the CWB policy was like a tariff being assessed inside our own country and that it was a hassle to get an export permit. Farmers had to give their own money to the CWB and in the end they lost.

I hope the people opposite who have been objecting to this will come to the help and aid of farmers and help them abandon a practice that is not fair. Could any businessman survive under these kind of conditions?

Private Members' Business

Another organic producer is Ron Tetoff from Kamsack, Saskatchewan who I know has had problems with the Canadian Wheat Board. Mr. Tetoff is new to the organic industry. He was the person who stumbled upon this problem with the buyback. He was forced by the Canadian Wheat Board to cancel a large sale to Europe. Through some negotiation he was to receive a price of \$9.26 per bushel. It was a done deal. By the way, non-organic wheat sells for less than half just to give an idea of the price differential.

In stepped the Canadian Wheat Board and Mr. Tetoff lost his sale. At the time I spoke with him he was still waiting for a \$5,000 final payment from the Canadian Wheat Board and wondering if he would ever see it.

Mr. Tetoff asked was this not a free and democratic country? Why could he not have a choice as to how he marketed his own grain? Why should he be penalized for being a producer in western Canada?

Many farmers feel the same way. They feel that if the Canadian Wheat Board has placed an iron curtain around them, they, as a landowner, should at least have the freedom to sell the product they produce without any barriers.

This past July I conducted a survey in my riding. I asked farmers two questions about the Canadian Wheat Board. The first question was did farmers think the Canadian Wheat Board aided or hindered the growth of industrial development diversification in Saskatchewan. Guess what farmers and business people told me. Of respondents, 79.9% said the Canadian Wheat Board was a hindrance to the industrial development of Saskatchewan and that included farmers.

The second question I asked was which mandate would farmers prefer: one that focused on orderly marketing or one that focused on maximizing the return to producers. Guess what the reply was there. Virtually 85% said they would like to see the mandate of the board focus on getting the maximum return to producers.

I am asking Liberals to support the farmers in my riding. I am speaking up on their behalf. If this motion passes it will give prairie farmers a clear choice. If farmers believe they can sustain their grain operations outside of the Canadian Wheat Board, then we should allow for it. By setting a minimum of two years for a producer to be outside the monopoly of the board, it would eliminate ambiguity between who is inside the board and who is outside the board.

This is supposed to be a democratic institution. At this point in time, after listening to what I have said about the support I have for this motion, I would like to ask the House of Parliament, which is supposed to be democratic, whether they it will consent to making this motion a votable item?

• (1115)

The Acting Speaker (Mr. Bélair): Is there consent to make the item votable?

Some hon. members: Agreed.

Some hon. members: No.

Mr. Garry Breitkreuz: Mr. Speaker, I rise on a point of order. I do not believe I heard right. Has that been denied?

The Acting Speaker (Mr. Bélair): Yes, it has been denied.

[*Translation*]

Mr. Benoît Serré (Parliamentary Secretary to the Minister of Natural Resources, Lib.): Mr. Speaker, I am pleased to have this chance to speak to Motion M-331. This motion calls for amendments to the Canadian Wheat Board Act to change the object of the act from marketing in an orderly manner to marketing to maximize the return for producers. The motion also provides for an opting out mechanism for producers.

An hon. member: Oh, oh.

Mr. Benoît Serré: I would appreciate it if I could finish my speech.

The hon. member will recall that all aspects of this same issue were debated only three years ago, during the debate on Bill C-4, and that parliament rejected it at that time. In fact, it was the hon. member from the party opposite who proposed a similar motion in 1997.

I will reiterate once again why the Government of Canada and the majority of the members of the House do not support these amendments.

[*English*]

First, the objective of the Canadian Wheat Board Act was purposely left unchanged three years ago to allow the board of directors to carry out its duties. When changes were made to the CWB act we modernized its corporate governance to make it more democratic and to give producers more direct control. We strengthened the CWB's accountability to farmers and provided it with greater operational flexibility to respond to changing producer needs in a rapidly changing marketplace.

Central to all of this was the creation of a brand new board of directors to direct the operation and determine the strategic direction of the Canadian Wheat Board. The existing objective of the Canadian Wheat Board Act to market in an orderly manner provides the board of directors with sufficient scope to perform this role.

Members will recall that the Canadian Wheat Board was previously governed by a small group of appointed commissioners. As a result of reforms to the CWB act in 1998, the Canadian Wheat Board now operates under a 15 member board of directors, 10 of whom, that is a two-thirds majority, are directly elected by CWB permit holders. These directors are accountable to producers. If they do not act in the best interests of producers, producers can vote them out.

Second, the board of directors has determined the CWB's mission is to market quality product and service to maximize returns to western Canadian grain producers. In other words, grain producers, through their elected directors, have already determined that the CWB is to maximize returns to producers. They have gone further in specifying that the CWB's mission is also to market quality product and service. This is precisely what parliament had in mind when it amended the CWB act. Producers, not politicians, are determining the Canadian Wheat Board's marketing role.

Private Members' Business

As for providing an opting out mechanism that will allow producers to remove themselves and the grain they produce from the board's jurisdiction for a minimum period of two years, the government cannot support the amendment because farmers do not want it. In fact, a solid majority of farmers have clearly said they want to retain the strengths of the Canadian Wheat Board. Farmers also made it clear they wanted more flexibility.

Mr. Garry Breitzkreuz: False.

Mr. Benoît Serré: Mr. Speaker, I would appreciate if he would let me do my speech. I had the courtesy to listen to his. That is the new way the Canadian Alliance are supposed to conduct themselves in parliament.

Mr. David Anderson: You are always ignoring the rest of Canada.

Mr. Benoît Serré: Farmers also made it clear they wanted more flexibility from the Canadian Wheat Board in the market options it offers to producers. A balance was struck in the amendments made to the CWB act in 1998 that retained the Canadian Wheat Board's single desk seller status, while allowing the Canadian Wheat Board additional flexibility in how it markets the grain of producers.

The board of directors consults widely with producers to determine their views on some of the various pricing options now allowed. The board of directors has approved the Canadian Wheat Board offering farmers cash trading and early pool cash outs, whereby a producer can take full settlement earlier.

These payment options provide farmers with greater marketing and cash management flexibility. In fact, the Canadian Wheat Board recently announced enhancements to its producer payment options program for the 2001-02 crop year which provides a wide range of new pricing options to help farmers meet their individual business needs.

• (1120)

As well, changes made by the government in the way western grains and oilseeds are moved from prairie farms to port are having a positive impact.

Ms. Carol Skelton: You should talk to producers.

Mr. Howard Hilstrom: We represent the majority of seats out there.

Mr. Benoît Serré: Mr. Speaker, now I understand why the Alliance Party has a popularity level lower than interest rates. If the constituents of members of the Alliance hear the way they are talking today, I understand why the party is at 6% in the polls.

[*Translation*]

The changes, which came into effect at the beginning of the current crop year following indepth consultations, essentially shifts the system from being an administered one to one that is more commercial, in the sense that it will be governed by contracts between the main industry players.

In fact, amendments to the Canadian Transportation Act as outlined in Bill C-34, and changes to how the Canadian Wheat Board will operate under the new system, will create an operational

context that will provide increased accountability and be more transparent, efficient and competitive.

[*English*]

Also, as a result of these amendments, the rail companies have a statutory obligation to reduce revenues from regulated grain transportation by 18% from what they would have been had we not acted. In addition, recognizing the impact on rural roads from these changes, the Government of Canada is providing a further \$175 million in new money over the next five years to the western provinces for road infrastructure.

Let me sum up by pointing out that the Canadian Wheat Board sells western Canadian wheat and barley to more than 70 countries worldwide. As Canada's fourth largest exporting company in terms of dollar value of export sales, it had gross sales revenue in 1999-2000 of \$4.5 billion. It is Canada's largest net earner of foreign exchange and is the largest single exporter of wheat and barley in the world.

• (1125)

[*Translation*]

All of this explains why a great majority of western Canadian producers support the Canadian Wheat Board as the sole exporter of their wheat and barley.

I believe that the House has spent enough time debating this issue, which was already debated in detail and rejected only three years ago.

[*English*]

The bottom line is that western Canadian grain producers were given the power to run the Canadian Wheat Board themselves. If the producer-elected board of directors is dissatisfied with any of the wheat board's operations, it has the power to change them.

Mr. Dick Proctor (Palliser, NDP): Mr. Speaker, I am pleased to rise today to make a few remarks about the private member's motion presented by the member for Yorkton—Melville. The New Democratic Party has always been a supporter of orderly marketing so it will come as no surprise to anyone in the House that we would be opposed to the motion before us today regarding the Canadian Wheat Board.

The board has been operating for more than 60 years, as the member for Yorkton—Melville pointed out. Currently it is the marketing agency for wheat and certain barley.

The mover of the motion mentioned that the board exists only in three provinces. He is factually incorrect. The wheat board operates in parts of the province of British Columbia together with the three prairie provinces of Manitoba, Saskatchewan and Alberta.

Private Members' Business

The hon. member said the way the board is structured it would not be allowed in any other jurisdiction. He mentioned the legal community. While I would not associate myself with all the remarks of the parliamentary secretary who just spoke, there have been votes in the last few years on the board of directors of which the results are pretty clear. The individuals being elected to the Canadian Wheat Board are supporters of the board. They do not favour a provision for dual marketing or a voluntary board.

We heard a lot of these arguments in 1997 and 1998 when Bill C-4 was before the House. The bill led to the election of 10 of the 15 members of the board of directors. We heard about maximizing returns for producers.

I will take a moment to share with the House a conversation I had several years ago with a person in Chile who was an adviser to the minister of agriculture in that country. I asked him about his views on the Canadian Wheat Board. At the time I was a newly elected member of parliament and Bill C-4 was before the House and the standing committee.

He made two comments I thought were interesting. First, he said he disagreed fundamentally that people who defied the board should end up in jail. We heard the member for Yorkton—Melville talk about that today.

Second, he said that in his travels as an adviser to the minister in and around Santiago he would meet with millers in Chile and ask them why they continued to buy their product from the Canadian Wheat Board when they could buy it more cheaply from Archer Daniels Midland Co., Cargill Inc., Louis Dreyfus Canada or some of the other big grain companies of the world.

The comment he heard most frequently from the millers was that it was reliable to buy through the Canadian Wheat Board. They said they could sleep well at night knowing the product they were getting would be as advertised in terms of protein, nutrition and other things that are important to millers for the different kinds of flour, bread, pastries and other items they produce.

The millers were prepared to pay a premium to buy Canadian grain because it was reliable. They said Canada was known for being a good marketer and delivering what it said it would deliver.

There are plenty of these kinds of examples around. Virtually every analysis that has been done shows that while the wheat board has not always achieved the best returns it has been ahead of the market most of the time in terms of maximizing returns to producers. As an aside I would draw attention to the KPMG study that was done several years ago which we debated when Bill C-4 was before the House.

● (1130)

The second part of the motion says there should be an opting out mechanism that would allow producers to remove themselves and the grain they produce from the board's jurisdiction for a period of two years. We in the NDP think that would weaken the ability of Canadian farmers to compete in the international market.

The wheat board has introduced mechanisms for farmers to manage risks and undertake pricing options beyond the well established pool accounts. Fixed price and basis contracts off the

Minneapolis grain exchange provide flexibility to farmers in managing business risks. For these and other reasons we continue to support the board.

We note in passing what Justice Muldoon said in Alberta a few years ago regarding the Alberta charter challenge against the board's authority as a single desk marketer of barley. He said a dual marketing system would do away with the wheat board and simply be a transition to an open market.

As I tried to indicate earlier, farmers have shown what they think of the board and single desk selling. In 1997, 63% of barley growers voted to have the board continue to market their crop.

In conclusion, it is not up to members of parliament to decide if some producers should be allowed to remove themselves from the board's jurisdiction. That is up to farmers to decide. They do that through regular elections to the board of directors of the Canadian Wheat Board.

We in my party fundamentally believe that the future of the wheat board is a debate for farmers in Manitoba, Saskatchewan, Alberta and parts of British Columbia.

Mr. Rick Borotsik (Brandon—Souris, PC/DR): Mr. Speaker, it is my pleasure to stand in the House to speak to the private member's motion of the member for Yorkton—Melville. I congratulate him for bringing the issue forward once again.

The issue is not new to the House. It has been brought forward time and time again. Eventually there will be a resolution either in the House or by producers themselves and we will no longer need to debate the rights and freedoms of producers to market their own product the way they see fit. Until that time we must make sure the issue is identified on a regular basis so it does not lose its priority in the House.

I am disappointed that the private member's motion could not be votable. I believe strongly that not only this private member's piece of business but all private members' business should be votable in the House. We should let members stand in this place, put their positions forward, have them identified as democratic issues and decide whether or not they should be votable.

Since I was elected to the House in 1997, and certainly for many years prior to that, producers have been questioning the ability of the Canadian Wheat Board to market their product the way they would see fit.

I have an awful lot of respect for the member for Palliser. He sits on the agriculture committee. He and I perhaps differ a bit on how the issue should be dealt with. However in his speech he indicated there is a choice and that the producer should make the choice. That will ultimately be the final resolution.

Private Members' Business

Canadians, members of the House and the government must recognize that all of us have a democratic right to produce and sell products the way we see fit. That right has been taken away from the producers of western Canada. Some of them seem quite content to have it continue in that fashion but the majority, and there are more and more, wants freedom of choice.

The motion does not talk anywhere about the total demise of the Canadian Wheat Board. Nor do we espouse the total demise of the Canadian Wheat Board. I believe, as do some producers, that in some cases the wheat board provides a satisfactory sales group that can sell its product. However not all producers believe that. They would like to attempt on their own to achieve something better for themselves outside the Canadian Wheat Board.

The Canadian Wheat Board should remain. Let us make no mistake about that. However it should remain a voluntary organization, as the motion says. Producers entering into agreements with the Canadian Wheat Board should be able to continue with their current sales mechanisms and pooling accounts while having the wheat board sell their product on their behalf.

Many producers are able to sell their product outside the Canadian Wheat Board. Canola is a prime example. Canola producers can sell their product to the marketing group they want to sell to. They can make that choice themselves. However they cannot do it with wheat.

Oats were taken away from the Canadian Wheat Board not that long ago. The same comments were made that oats taken outside the board would not be sold to the benefit of the producer. That is not true. Oats have gained quite a dramatic increase because producers now have the opportunity to sell them on the open market.

The Canadian Wheat Board was incorporated by the government in 1935. That was a long time ago. Times change. Producers have become much more sophisticated in the way they can produce and sell their product. All we are suggesting is that the government open its mind and allow producers the right to market their product the way they wish. That is all the member for Yorkton—Melville is saying. He is not asking that we destroy the board. He is asking that we give producers a choice.

There have been a lot of changes to the Canadian Wheat Board over the past number of years. It was originally intended by the Progressive Conservative government of Mr. R. B. Bennett that the Canadian Wheat Board be a voluntary institution with a mandate to operate in the best interests of producers.

It is unfortunate that the wheat board no longer operates in the fashion for which it was originally intended. It eventually became a monopoly and a means of controlling wheat prices for the federal government during World War II.

●(1135)

That was a long time ago and many things have changed. We should therefore be able to take off the blinders, open our minds and allow producers some of the freedom they are looking for now.

The member for Palliser mentioned Bill C-4 which was introduced in 1997. A substantial number of people appeared before the committee at that time who suggested there should be an opening up of the Canadian Wheat Board operations. Those suggestions were

not taken into consideration when Bill C-4 finally passed. The government said that it had an elected board of directors that could make decisions on behalf of producers.

I believe that decisions based in the Canadian Wheat Board should be made by producers themselves. For example, it should be put to producers whether they want a one tier monopoly system. The Progressive Conservative Party is suggesting that producers should be allowed to make that decision themselves. They should be given the right to vote. They should be asked an honest, specific question and allowed to have the opportunity to make the choice themselves. They should be allowed out of the Canadian Wheat Board monopoly situation they are currently in. As a matter of fact the Progressive Conservative Party is stating:

A Progressive Conservative government would make membership in the Canadian Wheat Board a matter of discretion of the producer subject to the conduct of a free vote of all current members of the CWB to determine the powers of the CWB for the ensuing five years.

The development of the question or questions to be posed to members of the Canadian Wheat Board would be carried out by an independent party. We heard the member for Palliser say that when it was anticipated that barley would be taken away from the board 63% of producers wanted to retain it. The question was a bit ambiguous. There were no options with respect to having the board remain and having the opportunity of a free market and a board market.

An hon. member: We should have a clarity act.

Mr. Rick Borotsik: In fact there was one. It was a lot similar to the referendum held in 1995.

An honest question should be asked so that producers could decide if they want the option of a choice. That is what we are saying now.

I agree with the member for Yorkton—Melville. I think producers, given the proper information and the proper opportunity, would go for a dual market system with the wheat board being able to provide some of the necessary services which some people would like to accept.

This is a rather simple issue. When the Canadian Wheat Board appeared before the committee recently we were talking about another issue which I will not get involved in right now to any degree: genetically modified wheat. I asked a question of the Canadian Wheat Board which said specifically that it could not market that wheat because there was no market available.

If in fact it was genetically modified wheat and because it had already said it could not market it, I then asked if it would allow it to be marketed outside the wheat board. The board's answer was no. Even though it cannot sell it, cannot market it, does not want to try to market it and cannot in its own words develop markets, it will not allow anyone to produce wheat outside the Canadian Wheat Board. That is totally ridiculous.

Private Members' Business

If people want to develop alternate products like GM wheat, organic wheat or products that are now encompassed under the board's domain which cannot be sold through the board, it is ridiculous to maintain that control. We are saying the Canadian Wheat Board should let them loose and allow producers another choice with respect to their own wishes.

I thank the member for bringing the issue back. It is not finished. It will be back on the floor of the House. I said that Bill C-4 would not last, and it will not. Bill C-4 will be back in another form. Even when the government does not understand there are producers out there who want some choice, eventually that choice will be given. I am sorry it will not be done by this government, but a government in the future will allow that to happen.

• (1140)

Mr. David Anderson (Cypress Hills—Grasslands, Canadian Alliance): Mr. Speaker, I commend the member for Yorkton—Melville for bringing an important issue before us, it addresses two items: first, whether the Canadian Wheat Board should continue in the orderly manner in which it has until now or whether it should maximize returns for farmers and, second, the ability to opt out of the Canadian Wheat Board.

We heard the member for Timiskaming—Cochrane speak about applying the Canadian Wheat Board to people other than the ones in his riding. He may not understand that from its inception the wheat board was not a mandatory marketing agency. The government at the time was forced to make it into a voluntary marketing system. In those days the Liberals had some sort of sense and supported a voluntary marketing agency.

It was only during wartime when cheap food was needed in Europe that the board was made mandatory in 1943 and ever since farmers have paid the price for forced mandatory marketing.

I am glad to see the motion come forward for discussion. The objective of the board is to market wheat in an orderly manner. That means a few things. The goal of the wheat board is to market orderly, not necessarily efficiently. There is a big difference between those two things.

There is little willingness to get top dollar if the main focus is on orderliness. There is little demand for accountability which in particular leads to a lack of openness. The board has been notorious over the years for not being open. Farmers have not been able to look into the books to see what is going on there.

That worked okay for decades until farmers began to realize that the board was not always acting in their best interests. I can think of a couple of examples, particularly in the early 1990s when there was a lot of feed wheat. Farmers tried to market it into the United States. The board took that market away and refused to give farmers a buyback. The board actually delivered wheat into the United States at almost a dollar a bushel less than the farmers had arranged themselves. That was a wake up call for many farmers.

Farmers also began to realize that they did not need the board. They were capable of marketing their own wheat and began to chafe under the mandatory regulations.

The lack of openness showed up in a couple of other ways over the years. Sometimes the Canadian Wheat Board attempted to deal with that. Presently it is conducting an audit. It is interesting that the audit is being conducted under its terms and it will be able to release whatever parts it chooses to release. It is hardly the open audit we might expect and interestingly farmers are paying the bill for the audit.

Another interesting attempt to limit openness is the rule that was passed by the board of directors limiting its ability to criticize the board. As farmers begin to elect more pro-choice board members the board clamps down on them and does not give them a voice in public. If the directors cannot speak out, how in the world will farmers be able to speak out?

Another problem with focusing on orderliness rather than on effectiveness and maximizing returns is that we begin to see that image becomes far more important than effectiveness.

The communications budget for the Canadian Wheat Board over the last three years has gone up 300%. It is now spending well over \$2 million of farmers' money each year just to convince farmers that the board is doing a good job. I would consider that to be a conflict of interest, as would any open minded person.

The board's training and development has gone up 300% in two years. That primarily goes to customer relations people who are in the community trying to convince farmers that the board is doing a good job. We have no way of checking on the effectiveness of it, but it is sure trying to convince us that it is doing the job.

The most objectionable aspect of mandatory marketing is that it continues to reflect old time socialist thinking. When Karl Marx wrote his works some people apparently were under the impression that it was non-fiction. It has been proven many times since that it was fiction.

That thinking continues to hold people back in western Canada. Being from Saskatchewan I often wonder about socialism where the main objective appears to be to keep people back rather than to give everyone an equal opportunity.

• (1145)

It punishes innovation. Farmers who want to move ahead, who want to begin to process their products, have absolutely no opportunity to do so. It also causes people to live in fear.

Private Members' Business

I was appointed critic of the wheat board last summer. We brought out a number of news releases. On virtually every one of the news releases the wheat board reacted with paranoia for some particular reason rather than address the issues that were brought out. It tried to portray us as confused and unsure of what we were saying when the issues were clear. It refused to address the issues and it just reacted in fear. That comes out of its monopoly thinking.

It was a pleasure to hear the member for Yorkton—Melville bring forth the suggestion that we change the objective of the Wheat Board Act to maximize returns because that would have some immediate impact. Effectiveness would become a number one priority as we would move away from public relations into actually doing a good job for farmers.

Accountability and openness would take place within the organization. It would be the beginning of free enterprise. Maximizing returns for farmers would give them the opportunity to do something with their own money. There would definitely be more money in the pockets of farmers.

The key to the motion is the ability to opt out. Presently we have no choice. We find ourselves in situations where the Americans continually issue trade challenges to us because the wheat board is not transparent. We do not know what the selling price for wheat is and it challenges that.

We see no accountability, especially at the producer level. As a producer there is no way that I can hold the board accountable for what it sells grain for. Therefore I have no way of knowing whether or not it will be maximizing returns.

There are secrets everywhere. I talked about the paranoia within the board. Often big companies get special deals that producers cannot possibly get. They get accredited exportation licences, which individual farmers are not allowed to have, and then they cut their deals with the wheat board.

The end result is that farmers cannot tell whether or not they are doing well. There is just no way of checking on that. Government members stopped the motion from becoming votable this morning. There would be some interesting results if it were to pass.

First, we would see some competition which would be good for several reasons. It would bring accountability to the whole process. As farmers go out and market their grain they will go to the coffee shops and talk about how well they have done and what they have done with their product. The wheat board would also have to be accountable to be able to do the same types of things with the product or it would lose the business. The Canadian Wheat Board would have to perform or die. It would not continue to get a free ride on farmer paid public relations.

If the motion were to pass it would bring in a few other things as well. It would give freedom to farmers that they have never had. This is a time in the farming community where people are moving toward identity preserved grains. They see opportunities in things like our marketed high protein wheat by making contacts with different companies and unique marketing opportunities. If we could open this up and allow people to opt out of the Canadian Wheat Board and its restrictive system, it would give them all these opportunities.

It would give opportunities to local communities to thrive and succeed. As I travel throughout my community I see people trying very hard to look for opportunities. If we could only process the product that we grow then most of us would have a chance to succeed. We are not allowed to do that as it presently stands. In fact 70% of Saskatchewan's agriculture production is exported in a raw form. We can do nothing with it.

Communities in rural western Canada would have a chance to stand on their own. The government wants to get out of supporting farmers and here is an ideal opportunity. The government does not want to give support but it also does not want to give any freedom either. This is an opportunity to change that.

The Canadian Wheat Board is never mentioned during all this talk of increasing profitability on the Canadian prairies. It is because it is not an opportunity. It is an impediment and not a help to economic growth in western Canada.

It reminds me of some of the countries in the world where cattle are sacred. The wheat board is like that. It is sacred. It is worshipped but it is of absolutely no use to the people around it.

• (1150)

It has become marginalized and increasingly irrelevant. I think this would be an excellent time and an excellent motion for the government to learn from and to begin to use to address the problems in Canadian agriculture.

Mr. Roy Bailey (Souris—Moose Mountain, Canadian Alliance): Mr. Speaker, I say to members on both sides of the House that a fundamental change will come about as a result of this private member's bill.

We have the Canada Health Act which is for all Canadians. We have the Prairie Farm Rehabilitation Act which is for western Canada. We have the Canadian Wheat Board Act but it is not for all of Canada. The government can call it the western Canadian wheat board act, the western wheat act or whatever but it is not, was never intended to be and will never be a Canadian act because it does not include all of Canada. In the commodities being sold it omits some people. It only applies to the three prairie provinces and a part of British Columbia. Therefore the change in that private member's bill is coming.

Mr. Speaker, if I were to ask you today to think back to 70 years ago, what was the third largest province in Canada? Saskatchewan was the third largest province with one million people and that is where it has remained.

Saskatchewan alone has about 48% to 49% of all the agricultural land in Canada. However the average revenue per acre is always the lowest in Canada. There is something dreadfully wrong with this picture. I will explain.

Private Members' Business

When Saskatchewan was formed and when the Canadian Wheat Board Act was enacted it had a burden to carry and it is still carrying that same burden. From 1929 to 1931 Saskatchewan was the third largest province. The people of Saskatchewan came through the depression, through the war years and then they came to a limited factor which did not encourage growth. We must not produce in Saskatchewan any of our own product.

I want to get back to organics, the fastest growing crop in western Canada. The wheat board will not market it. The wheat board will not find buyers for it. Each farmer on his or her own must find a market for his or her product.

I know many people watching will not believe this. On a farm close to where I farm, a young man recently sold a truckload of organically grown durum. Does anyone know where it was going? It was going all the way to Idaho. Before he could load that into the semi and send it, he had to buy some of it back from the wheat board. He had to pay some of the transportation. The grain never got within 50 miles of the grain buying point. He had to pay part of the elevator; another 50 miles. He took a chance, grew it and away it went. Yet he had to dish it out of his pocket, cut down on the profit to pay the Canadian—sorry—the western wheat board. This is wrong. I defy anyone on any side of the House or anyone across Canada to say that is right and that it is logical to do that.

The one province in Canada that has had the lowest land prices in five of the last ten years has been Saskatchewan. The reason is that we have to sell our raw material without expanding and with no development locally.

• (1155)

Saskatchewan has been saved because there is a growing number of farmers every year who absolutely refuse to sell anything that will be in the hands of the Canadian Wheat Board.

We now have a new industry, organic grain, which costs young farmers a lot of money to get into. If the Canadian Wheat Board were truly Canadian it would be over in Europe finding a market for this grain at double the price of ordinary grain because not one country in Europe can grow wheat organically. We could have a roaring business but the wheat board does not do that. That is why more and more people do not make use of the Canadian Wheat Board.

What is going on is wrong. It may just be the exact opposite. How do we know that if 10% of the people opted out of the Canadian Wheat Board it would not strengthen the wheat board? How do we know that we could not operate without one single selling agency? How do we know that would not strengthen the wheat board?

We should make it fair across Canada. When my private member's bill comes forth, we will make it votable. We will change the name of the wheat board to the western wheat board.

Mr. Garry Breitkreuz (Yorkton—Melville, Canadian Alliance): Mr. Speaker, I just want to make it clear to those people watching television who cannot see the Liberal members here that the Liberal Ontario MPs denied consent to make this item votable. If it is so great, why is Ontario not governed by it?

• (1200)

Mr. Joe Jordan: Mr. Speaker, I rise on a point of order. The member will know that the procedure and House affairs committee is currently under an order of the House to review the votability of private members' business. His continued attempts to politicize this process are not helpful.

Mr. Garry Breitkreuz: Mr. Speaker, smoke and mirrors will not obliterate what is happening here. If this is so great, let Ontario be governed by it.

When the Ontario member replied to my proposal with regard to the Canadian Wheat Board, he was awfully careless with the truth. The majority of farmers in my riding and across the prairies support what I have brought forth. For the member to stand up and say that he cannot allow it to be votable because of some procedure in the procedure House affairs committee that denies it, is a crock. We can at this point right now allow this item to be votable.

Another thing the Liberal member across the way did not make clear is that the board of directors cannot change the legislation governing the Canadian Wheat Board. No matter how many directors farmers elect, they cannot change the mandate and the structure of the board.

Most Canadians have the perception that farmers are always looking for handouts. That is absolutely false. Farmers want the government to get its hands out of their pockets, and I suppose most Canadians feel the same way. What most Canadians get back from the government in goods and services is much less than what they pay to Ottawa in taxes and the same principle applies to farmers. Most farmers have to compete in the international marketplace so Canadian taxes hurt them.

My home province of Saskatchewan could be one of the wealthiest provinces and the third most populace, as my colleague has pointed out, if it were not for the disincentives government puts in front of entrepreneurs who want to forge ahead. That is the whole purpose of my motion. Some people feel government does not make a difference but it makes a huge difference. Socialist systems do not work, which is the difference between the U.S. and Russia and which partially explains the difference between provinces in Canada. The government not only forces the wheat board on farmers but it forces the grain handling and transportation system upon them, as well as an inspection grading system in which they cannot control costs. Farmers must pay a tax on fuel, on fertilizer and on chemicals. They must pay property taxes which have a much higher educational component than city dwellers and the list goes on. Through the wheat board, farmers must pay for transportation charges they never use and inspection fees they never benefit from. It does not make sense.

Let me get back to the basics. What do non-farmers, those who have taken the time to investigate this issue, say about this? This is a property rights issue. I will quote from an editorial in the *National Post* of June 16, 1999. It states:

Government Orders

For different reasons, many Canadian farmers dislike the then Wheat Board. The single-desk selling system represents a massive confiscation of their property rights, robbing farmers of the right to control and contract their own product. The few plucky farmers who have tried to truck their own durum and barley into the U.S. have been arrested for their efforts.

The Wheat Board represents one of the biggest obstacles to farmer prosperity on the Prairies. But the Canadian taxpayer is equally ill-served by this secretive institution, which has racked up \$6-billion in unpaid, over-due or re-scheduled receivables, all back-stopped by Ottawa.

Many non-farmers are also asking questions.

I would again like to do something that may be very futile. I have asked for a vote on this issue in the House and Liberal MPs have denied me that democratic right. They have been given their marching orders from the Prime Minister and have been told to just say no. If we had a vote on this, backbench Liberals and NDP MPs would have to engage their brains. They would have to think through the unfairness that has been foisted on western Canadians. They would have to be personally accountable. They would have to answer right now.

I respectfully request that the House refer the motion to the Standing Committee on Agriculture and Agri-Food so the committee can hear from the producers who have been negatively impacted by the Canadian Wheat Board monopoly. Surely we can have that much in the House.

The Acting Speaker (Mr. Bélair): Members have heard the request. Is there unanimous consent?

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Mr. Bélair): The time provided for the consideration of private members' business has now expired. As the motion has not been designated as a votable item the order is dropped from the order paper.

GOVERNMENT ORDERS

•(1205)

[Translation]

AIR CANADA PUBLIC PARTICIPATION ACT

The House proceeded to the consideration of Bill C-38, an act to amend the Air Canada Public Participation Act, as reported (without amendment) from the committee.

Hon. Lucienne Robillard (for the Minister of Transport) moved that Bill C-38, an act to amend an act to amend the Air Canada Public Participation Act, be concurred in at report stage.

(Motion agreed to)

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

Some hon. members: Agreed.

Hon. Lucienne Robillard (for the Minister of Transport) moved that the bill be read the third time and passed.

Mr. André Harvey (Parliamentary Secretary to the Minister of Transport, Lib.): Mr. Speaker, it gives me pleasure to rise and speak to Bill C-38, which is being given third reading today.

Initially, I very much want to thank the members of this House for their co-operation in ensuring passage of this short but important bill, which was debated in this chamber at the end of October and was referred to committee immediately. I want to express my gratitude to the committee members who agreed to deal with the bill so expeditiously.

Bill C-38 has but one purpose, which is to amend the Air Canada Public Participation Act to eliminate the 15% limit on ownership by any person of voting shares in Air Canada. The bill does not try to resolve all the longer term issues relating to Air Canada that were raised during debate on second reading.

The proposed legislative changes will provide our national air carrier with one of the key tools it needs as it attempts to regain its financial health, which has been severely strained by a number of events this year. Even before September 11, it had become quite apparent that Air Canada was going to have to make some significant moves to address its weakened financial situation.

The carrier's efforts to integrate Canadian airlines; the high fuel prices; declining passenger demand; and the severe slowdown in the economy; have all had a significant impact on Air Canada. Air Canada has stated publicly that it needs new equity and it has taken, and continues to take, measures to acquire a considerable amount of non-voting equity.

However, for those investors who may have wanted to have some say in the direction of the company, there has been the legislated limit on voting shares along with the companion prohibition on association between the holders of those same voting shares. Taken together, these measures were designed to ensure that individual shareholders could not act in concert to take control of the airline and thereby nullify the concept of a widely held company.

A 10% restriction was in place until last year, when Bill C-26, the airline restructuring legislation, came into force on July 5, 2000. Bill C-26 had in it a section that amended the Air Canada Public Participation Act by raising the individual limit on the holding of voting shares to 15%. The prohibition on association was not changed.

In the lead up to Bill C-26, both the House of Commons and the Senate Standing Committees on Transport held extensive hearings to assess the views and concerns of the airline industry in Canada. In their separate reports, both committees recommended that the limit on individual voting share ownership in Air Canada be raised to 20%. The government agreed that the limit should be raised as a means of encouraging investment in Air Canada, while still preventing a single shareholder from gaining effective control.

Government Orders

The government's view, at the time, was that 15% was the appropriate threshold, and it is this new limit that was ultimately accepted and entrenched in law. In coming to the decision to remove the limit, we have been told by a number of persons that any limit can act as a disincentive to an investor with serious intentions of having a say in the management of the company.

The events of September 11, 2001 have had devastating consequences for airlines around the world. Passenger traffic has fallen significantly and short and long term financial difficulties are forecast for our entire industry. Regrettably, we have already witnessed the bankruptcy of Canada 3000, our second largest air operator.

Air Canada has been forced by the effects of the terrorist attacks in the United States to re-examine its entire operation, even more profoundly than had been previously announced. It needed to adjust the services it offered to reflect demand.

●(1210)

It has had to reduce costs wherever possible. This has meant extremely difficult decisions had to be made by Air Canada's management, including laying off close to 9,000 employees.

As we know, the government did not feel it could hold the carrier to its commitment of no involuntary layoffs or relocation, which had been negotiated in the context of the acquisition of Canadian Airlines. Clearly when all other major carriers were facing similar traffic and financial problems in the wake of September 11, Air Canada could not be forced to retain all its staff on the basis of that commitment.

To reduce the layoff impacts, the company has been working with Human Resources Development Canada to ensure its employees can benefit from any existing federal programs, including work sharing to reduce layoffs.

The carrier has also eliminated some routes from its network and has scaled back on the number and size of aircraft used on other routes.

Air Canada has benefited, along with every other Canadian air carrier, from the government initiatives that were instituted to help the industry cope with the severe economic fallout from September 11.

The government provided an indemnity for third party war and terrorism liabilities for essential aviation service operators in Canada. It took this action, as did other governments around the world, to ensure our carriers would be able to keep operating.

In recognition of the closure of Canada's airspace, the government implemented a \$160 million program to compensate the more than 1,300 businesses providing air transportation for passengers and cargo and offering specialty air services.

A great many Canadian carriers have already filed their claims under the compensation package and a number of carriers have already received their initial payments, including Air Canada.

Reagan National Airport's unique geographical location has resulted in authorities in the United States imposing more stringent security requirements than at other American airports. The

requirements include aircraft size specifications, dedicated crews, and trained, armed security personnel on board flights operating to and from the airport.

In order to re-establish Air Canada's important flying rights into that airport from Toronto and Montreal, the government authorized the presence of armed RCMP officers on Air Canada flights to the U. S. capital. It also has made the necessary provisions to allow armed U.S. air marshals on U.S. flights to enter Canada without difficulty.

The decision to amend the Air Canada Public Participation Act, at this time, is designed to provide additional assistance to Air Canada in its attempts to return to financial stability.

Let me assure the House that the board of directors of Air Canada supports this change. The matter was discussed with the chair and Air Canada has stated publicly that it supports the government's decision.

The government is confident that this measure offers the private sector greater opportunities for investing in Air Canada that could contribute to the successful restructuring of the company.

Moreover, in the committee hearings held during the first week of November, there was not one witness who voiced objection to the elimination of the 15%. It will provide new freedom to invest in Air Canada and should attract new capital for the airline.

With the enactment of this bill, Air Canada will find itself on the same footing as the rest of the air industry with respect to individual share ownership there will be no limit except for the 25% limit on non-residents which is a very different issue.

●(1215)

On this point, I must emphasize that Bill C-38 will not, in any way, result in a change in the government's position on foreign ownership. This government remains committed to ensuring that Canada's airline industry is run in Canada, for Canadians, by Canadians. Consequently, the government's longstanding policy of a 25% limit on foreign ownership of voting shares, which applies to all carriers and not just Air Canada, remains unchanged.

This is a bill with only three sections. The first removes the 15% limit and the prohibition on association. The second renders null any other corporate documents that addressed the 15% limit. The third deals with when the changes will come into force.

The legislative changes which will be enacted as a result of this bill are in the interests of airline passengers and all of those who believe that our national air carrier, the world's 11th largest airline, should continue to be the great carrier that it is.

I therefore encourage members to give it swift passage on third reading.

I want to thank all the members of the Standing Committee on Transport for their extremely constructive work. While this bill has its limits, it solves a major financial problem for Air Canada's future. I am convinced that all the suggestions made in committee, both by its members and by all the witnesses that appeared before it, will give us an even better perspective on the future of Canada's transport industry.

Government Orders

I am convinced that the huge amount of work that will have to be done in the coming year as part of the overall re-examination of everything that relates to our transportation industry will allow us to integrate several suggestions that were made before the committee during the review of this bill, which, while being very restrictive from a financial point of view, allows us to expand our perspective regarding many issues that exist within the department. It goes without saying that we are there to make corrections as problems surface.

Therefore, I am very pleased to take part in this exercise, along with all the committee members. Incidentally, in the next few days we will travel to Washington to continue to strengthen our co-operation with the Americans regarding extremely important measures to make our fellow citizens feel safer and to make changes that will be increasingly more substantial.

Again, I thank all the members of the committee and of this House for their interest in this bill, which is substantial even though it only has three clauses and which will allow Air Canada to be financially sound.

[*English*]

Mr. James Moore (Port Moody—Coquitlam—Port Coquitlam, Canadian Alliance): Mr. Speaker, I am going to speak in favour of Bill C-38, an act to amend the Air Canada Public Participation Act, but I would like to reiterate the points I made when I last spoke to the bill on October 31.

This change is long overdue. It finally puts Air Canada on a level playing field with other Canadian carriers with respect to the sale of its shares. For the first time in Canadian history a Canadian citizen can buy, sell or trade as many Air Canada shares as he or she wants, just as if they were shares of any other private sector Canadian company.

Bill C-38 represents a marked departure from traditional thinking of Liberal governments. Air Canada was created by an act of parliament in 1937 as Trans-Canada Airlines. Ever since that time it has been the subject of much discussion in the House. For the first 40 years of the company's existence it was seen as an agent of the crown and as the federal government's principal policy instrument in the field of aviation. That changed with the passage of the original Air Canada Act in 1977. For the first time Air Canada was required to borrow in its own name and was declared to no longer be an agent of the crown. Even so, it remained a crown corporation and cabinet retained the power to appoint its directors.

Then in 1987 the Progressive Conservative government passed the National Transportation Act. This fundamentally changed the rules of the game and attempted to introduce competition rather than regulation as the primary arbiter within Canada's domestic airline industry. Within a year the Progressive Conservatives had correctly realized that in a competitive situation the government had no business owning one of the competitors, so the parliament of the day quickly passed the Air Canada Public Participation Act essentially privatizing Air Canada and turning it from a crown corporation into a regular company whose operations were subject to the Canada Business Corporations Act.

Section 6(1)(a) of the Air Canada Public Participation Act limited to 10% the number of shares that could be owned by a single

shareholder. This was presumably done in the interests of ensuring that Air Canada stocks would be held broadly by as many Canadians as possible. The clause also put Air Canada on a level playing field with its principal domestic competitor, Canadian Airlines International. Let us not forget that the Air Canada Public Participation Act was first read in the House on May 19, 1988, nearly six months after the January 1, 1988 birth of Canadian Airlines International from the fusion into a single entity of all of Air Canada's pre-1980 domestic competitors: Pacific Western Airlines, Transair, Nordair, Québecair, Eastern Provincial Airways and Canadian Pacific Airlines.

In 1988 Canadian Airlines' parent company was governed by Alberta's Pacific Western Airlines Act which set a 4% limit on the number of shares any one group could control. The 10% share limit set in the original Air Canada Public Participation Act was actually a more liberal limit than the 4% set in the act governing Canadian Airlines. Then with the takeover of Canadian Airlines by Air Canada in 2000, Bill C-26 raised to 15% the number of shares that could be held in Air Canada.

Now, some 64 years after parliament first created Air Canada, we are finally discussing whether to give it some of the same rights as any other private sector company. If we were to believe the government members, Bill C-38 would put Air Canada on a level playing field. By striking down section 6(1)(a) of the Air Canada Public Participation Act, Bill C-38 ostensibly does put Air Canada on that level playing field with other carriers with respect to the way its shares can be bought, sold and traded by Canadian citizens. On that basis alone quite frankly, it should be supported. As a party that believes in free market and free choice we support that.

At the same time it must be said that Bill C-38 does little to address Air Canada's short term financial concerns that have led to thousands of layoffs at Air Canada. This is because: one, Air Canada does not obtain money when its shares are acquired by a new buyer unless Air Canada is the seller; two, no single shareholder is currently restricted by the present 15% limit, in that no current shareholder owns 15% and has publicly expressed a desire to purchase more but cannot as a result of the current restrictions; and three, if one were not inclined to buy Air Canada stock before this legislation, the fact that one can buy more of it does not work as an incentive.

In fact there are only two ways that Bill C-38 would financially benefit Air Canada. One would be if some of the debt which the Caisse de dépôt et placement holds were to be converted into shares. The caisse currently owns roughly 9% of Air Canada's stock. Converting its debt into shares would give the Caisse roughly 18%. This move, based on the \$2.50 price per share at the date of the transport minister's announcement of his intention to introduce this legislation, would allow the company to convert roughly \$17.789 million worth of caisse debt into 9% of Air Canada's voting shares.

Government Orders

The second way it could help Air Canada is if an individual or group were to take control of Air Canada with a clear plan to restructure the company.

• (1220)

It has been alleged that this legislation is legislation on behalf of the transport minister, urged by a whole bunch of interests as a “get Robert Milton” piece of legislation. It may very well be but time will tell. Frankly that is not any of the government's business but it puts it on a level playing field. If that leads to broader restructuring of Air Canada and new management, and looks after the broader interests of the company, the people who work there and Canadian consumers, that is a choice and decision for the board of directors of the company.

When we really look at it, the bill basically is political posturing. It lets the government claim to be addressing Air Canada's concerns while ignoring the company's pleas for bigger and bolder policy moves such as the implementation of air marshals or putting the issue of airline industry restructuring before the Standing Committee on Transport and Government Operations for immediate consideration and redeliberations.

Bill C-38 requires us to examine specifically the Air Canada Public Participation Act, and while I must report that I am in favour of striking down section 6(1)(a) of the act which this legislation does, we should not stop there. There is more to be done. We should ask ourselves a basic philosophical question. As we enter the third millennium, do we believe that the government should continue to regulate the internal affairs of a publicly traded corporation whose shares it no longer owns? Why for example should sections 6(1)(d) and (e) of the Air Canada Public Participation Act require Air Canada by law to maintain facilities and/or offices in certain cities? Surely these decisions are more properly the responsibility of the company's shareholders and board of directors.

Why for example should section 10 of the Air Canada Public Participation Act make the Official Languages Act applicable only to Air Canada while no other Canadian airline is similarly bound? If we really believe that the Official Languages Act should apply to Canada's airline industry, to place it only against Air Canada and not against other carriers, against in the sense that it is a regulation and a requirement that they meet its standards, then it hardly seems fair to hold Air Canada to a higher standard than the former Toronto based Canada 3000, Calgary based WestJet and Montreal based Air Transat.

Why should sections 6(1)(b) and (c) of the Air Canada Public Participation Act restrict foreign share ownership in Air Canada when a more equitable regime would see similar limits placed on all Canadian carriers? I believe that sections 6(1)(b) and (c) of the Air Canada Public Participation Act are wholly unnecessary. There already is a prohibition against foreigners owning more than 25% of a Canadian air carrier in the Canada Transportation Act. Section 55 of that act defines a Canadian carrier as:

—a corporation or other entity that is incorporated or formed under the laws of laws of Canada or a province, that is controlled in fact by Canadians and of which at least seventy-five per cent, or such lesser percentage as the Governor in Council may by regulation specify, of the voting interests are owned and controlled by Canadians.

Section 56.3 of the act gives the Canadian Transportation Agency the power to review all mergers and acquisitions in the airline industry and determine whether such activities would affect the airline's status as Canadian under law. Section 6(1)(a)(i) requires a carrier to be Canadian in order to have a licence to operate domestic services. Section 69 only allows two types of carriers to operate international air services: Canadian air carriers under the definitions I have just outlined; and non-Canadian carriers which have been designated by a foreign government or an agent of a foreign government to operate an air service under the terms of an agreement or arrangement between that government and the Government of Canada.

Under the Canada Transportation Act, if WestJet, formerly Canada 3000, or Air Transat were to allow foreigners to acquire more than 25% of their voting shares, they would no longer be Canadian. As such they would lose their ability to serve domestic routes within Canada and international routes between Canada and any other country, which is to say they would lose their value to any potential buyer.

Given that restrictions against foreign ownership are already present in the Canada Transportation Act, sections 6(1)(b) and (c) of the Air Canada Public Participation Act are wholly unnecessary. As well, it is important to note that if we do have a debate finally in this place, as some government members have said should happen, that the foreign share restriction on carriers, specifically Air Canada, should be raised from 25% to 49%, then it makes total sense to scrap that provision in the Air Canada Public Participation Act and leave it in the Canada Transportation Act so that when we do have that debate, the new restriction which would be lifted would apply to all carriers evenly. We would not have to amend two pieces of legislation in order to get the same thing done which would require more time of the transport committee, more bureaucracy and politicians wasting more time standing around talking about things they already agree on.

• (1225)

This is just simple streamlining and making things easier to do.

Even if there were no prohibition in the Canada Transportation Act on the 25% foreign shareholder limit, Air Canada's board of directors would undoubtedly take actions to ensure that control of the firm remained in Canadian hands because the convention on international civil aviation, more commonly referred to as the Chicago convention, sets out the basis of international commercial aviation.

Internationally scheduled commercial air traffic is then made possible only by bilateral agreements in which governments typically exchange air rights for the benefit of their respective carriers. Typically, on any international route, each country can designate a national carrier. Thus Air Canada and Air France fly between Montreal and Paris, Air Canada and Korean Air Lines fly between Vancouver and Seoul and Air Canada and Cubana Airlines fly between Canada and Cuba.

Government Orders

Only in the most exceptional cases do we find an airline flying between two cities when neither is in the airline's home country. In virtually every case where a foreign airline flies between two foreign destinations, it is only as an extension of a flight that started in the home base of the airline. Air Canada flies between Sao Paulo, Brazil, and Buenos Aires, Argentina, but only as part of a Toronto-Sao Paulo-Buenos Aires service and only with the approval of the governments of Canada, Brazil and Argentina.

Even without the safeguards in the Canadian Transportation Act, if Americans or anybody of any other nationality were to acquire a majority of Air Canada's voting stock, foreign governments might well refuse to recognize Air Canada as a Canadian company and thereby deny it the ability to continue serving routes to those countries. Thus, if United Airlines and Lufthansa were to buy 51% of Air Canada's voting stock, the British, French and Chinese governments would have the right to deny Air Canada permission to fly to London, Paris and Shanghai.

Without the ability to serve international routes, Air Canada, as an airline, would cease to have value to its investors. For this reason alone, its board of directors would never allow foreigners to own a majority of stock of Air Canada.

Anyone doubting this needs only to look at the arrangement that American Airlines had with Canadian airlines in 1999. It flew passengers from the United States to Vancouver and then from Vancouver on jets of Canadian Airlines to Asia. The reason for this was that the American Airlines had only been granted routes to Japan from the United States and needed access to Hong Kong, China, Taiwan, Thailand and the Philippines. The Asian services of Canadian Airlines were based on bilateral agreements between Canada and the Asian countries concerned. Had American Airlines taken control of Canadian Airlines, it would quite literally have killed the goose that laid the golden egg.

As I said earlier, I am in agreement with repealing section 6(1)(a) of the Air Canada Public Participation Act. For this reason I and the official opposition will be supporting Bill C-38. At the same time, having carefully examined the Air Canada Public Participation Act, I see no reason why we cannot just eliminate the entire act itself. It has at least four irrelevant clauses.

Section 4 deals with the transfer of shares to the Minister of Transport. Air Canada tells me that these shares have since been sold. Section 5 deals with continuance. Presumably this has been achieved in the 12 years since the act was passed. Section 11 deals with the continued appointment of the Air Canada directors past the privatization date. Presumably the terms of these directors have long since expired. Section 14 repeals the Air Canada Act. This clause has also been spent.

The act also discriminates against Air Canada in four specific areas.

Subsection 6(1)(a) limits share ownership of an individual or group to 15%.

Subsections 6(1)(d) and (e) make Air Canada maintain facilities and/or offices in defined cities. They make them maintain offices in Montreal, Mississauga and Winnipeg. We talk in the House all the time about getting out of the face of business, letting people sink or

swim on their own merit, and getting out of the business of corporate welfare, mandating useless bureaucracy that is none of the government's business. This is a clear example of that.

I raised an amendment at the committee stage to have this part of the act struck down and it was voted down without any logic. It would be unheard of for the United States to mandate that Southwest Airlines, or United Airlines or American Airlines maintain facilities in Chicago, or Dover or Portland, Maine. The idea of telling a private sector company that it has to have a maintenance facility in a certain city is absurd. It is none of the government's business.

Specifically, subsections 6(1)(b) and (c) of the act restrict foreign share ownership in Air Canada, as I mentioned. Section 10 makes the Official Languages Act applicable only to Air Canada. As a Canadian who happens to believe in the principle of official bilingualism, who was taught in a French immersion class, whose mother taught French in this country, whose sister is a teacher of French immersion, in British Columbia no less, it seems bizarre to me that if we believe in bilingualism, if we believe that all Canadians should be able to speak equally in both of Canada's official languages, all we would have to do is put the idea of mandating official bilingualism in the air service, say that it was in the national interest and then put it under the Official Languages Act.

• (1230)

Why would we put the Official Languages Act and mandate it into the Air Canada Public Participation Act? It is a level of bureaucracy. It is a restriction and a burden on Air Canada that is not placed on other Canadian carriers. If we believe that people should be speaking in both official languages, if we believe in reaching out and it is an important principle for the country, then apply it to all of Canada's air carriers evenly, not just to one of them.

If the government is really intent on putting Air Canada on a level playing field with its domestic competitors, it can do this by not just removing the share limitation of section 6(1)(a) of the Air Canada Act, but by repealing the entire act itself. The legitimate policy aims which are contained in the act should apply equally to all Canadian carriers and not just Air Canada.

As written, the Air Canada Public Participation Act discriminates against Air Canada in ways that are utterly counterproductive and which retard the marketplace.

Just because Air Canada is a corporation, does not mean that the thousands of employees of Air Canada should be held to a higher standard than their colleagues at other companies. Either we believe in fairness as a nation or we believe in double standards. The official opposition believes in fairness and competition. I hope the government's opinion of the air industry will one day be the same.

Government Orders

Since 1937 the federal government has regulated Air Canada mercilessly. It is time to throw off the shackles. It is time to let Air Canada be held to the same high standards and only the same high standards as every other Canadian carrier. It is time to repeal the Air Canada Public Participation Act in toto and finally create the level playing field that people on both sides of the House say they want.

I will be supporting Bill C-38, as will the official opposition, but I have also introduced amendments and will continue to push for the full repeal of this legislation, so that Air Canada can be put on a level playing field with its domestic competitors for the first time in its 64 year history.

I also wish to mention something else. We are now at the third reading of Bill C-38. Many things have gone on in Canada's air industry. Since we started debating Bill C-38, Canada 3000 has gone bankrupt and thousands of people have lost their jobs.

• (1235)

Since we started debating Bill C-38, 78% of Canadians have said that air marshals would make them feel safer. Since we started debating Bill C-38, 66% of Canadians have said that they worry that the airline they use will go belly up, leaving them stranded. Since we started debating Bill C-38 the U.S. congress has passed S-1447, the aviation security act, dramatically improving U.S. airline security. Since we started debating Bill C-38, a host of experts have come before the transport committee and called for the entire scrapping of the Air Canada Public Participation Act to put all air carriers on a level playing field. In all of these areas the government has turned a deaf ear.

I want to look specifically at the poll that was released by Ipsos-Reid, CTV and the *Globe and Mail*, six days ago. It is quite something. The press release reads:

As Air Canada begins flights to Washington, D.C. Reagan National Airport with an armed security officer known as an Air Marshal on board, an Ipsos-Reid/Globe and Mail/CTV poll released today indicates that most Canadians support the idea of Air Marshals on Canada's airlines. Eight-in-ten (78%) Canadians say that they would feel safer flying if they knew that there was an armed Air Marshal on board. In fact a majority (52%) strongly agrees with this view. The cost of providing security aboard flights should be covered by the Federal Government according to seven-in-ten (72%) of Canadians.

Two-thirds (67%) indicate that they would be more likely to fly if they knew that an armed Air Marshal was on board the flight.

When we break down the numbers, it is quite something. It went on to say:

Those in Atlantic Canada (87%) are most likely to agree that they would feel safer if they knew an Air Marshal was on board their plane. This compares to those in British Columbia (78%), Alberta (78%), Ontario (78%), Saskatchewan/Manitoba (77%), and Quebec (77%).

Canadians with a high school education (82%) or less than high school education (86%) are more likely than those with post-secondary education (76%) or those with a university degree (72%) to say they would feel safer if an Air Marshal were on a flight.

Older (81%) and middle aged (80%) Canadians are more likely than younger (74%) Canadians to say that they would feel safer on a flight with an Air Marshal.

Women (81% versus 75% of men) are more likely to agree that they would feel safer on a flight with air marshals.

According to seven-in-ten (72%) of Canadians the cost of providing security aboard flights should be covered by the Federal Government. In fact, four-in-ten (41%) strongly agree with this view.

It goes on and on. It is overwhelmingly evident that Canadians believe in this principle. When we came back to the House after the

September 11 attack, I raised the issue of air marshals with the transport minister. He said it was a radical idea and he would not go in that direction because it was not a good idea. He has for years said that Canada should have a seamless security regime in our skies. Yet about a month ago he said that he would put armed air marshals on flights only to Reagan National Airport, by definition creating a seam in the security regime in this country by saying we would have air marshals on some flights but not on other flights.

Either we agree with the principle or we do not. The United States said that we could only fly into Washington's downtown Reagan National Airport, if we had air marshals on planes. The transport minister has said that because it is an important relationship he would do it. He either agrees with the principle that it is safer, he agrees with 78% of Canadians and with most parties and most members in the House that it would make air travel safer and does it, or he does not. If the transport minister does it for Reagan airport and if he is to hold to this principle of a seamless security regime in this country, I would think that he would extend the air marshal program and make everybody feel safer flying. That is what we need.

It should also be noted that since 1993, when this government came to power, seven Canadian air carriers have either declared bankruptcy, sought bankruptcy protection or have been taken over. Almost one carrier each year has been dropping like flies in the country.

Blame can be spread to a lot of places, but a lot of the blame does fall on the shoulders of the government because of legislation like the Air Canada Public Participation Act, which holds Canadian private sector companies to differing regulatory standards and therefore retards the marketplace. It does not allow carriers to compete on a pure level playing field so that the truly best will survive. It is time for the government to rethink where it is going, to end the political correctness and to stop mandating that Canadian air carriers and private sector companies have to have maintenance facilities in certain cities. Let Canadian carriers compete on their own.

We support Bill C-38, but if the government really had the chutzpah, it would show greater leadership, introduce real legislation on air marshals and airport security, scrap the Air Canada Public Participation Act and have renewed thinking with regard to Canada's air industry.

Government Orders

• (1240)

[*Translation*]

Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ): Madam Speaker, I am pleased to take part in the debate on Bill C-38. As the minister's parliamentary secretary, the hon. member for Chicoutimi—Le Fjord has said, this is a simple bill, since it contains only three paragraphs. It calls for the current 15% limit for shares an Air Canada shareholder could own to no longer apply. Thus the control such a shareholder could have over the administration of Air Canada is no longer subject to a limit.

Obviously, the parliamentary secretary and hon. member for Chicoutimi—Le Fjord is trying to sell this as a cure-all, a bill which will finally enable Air Canada to escape from its economic woes.

It is a disquieting choice by the government. This is what I am going to try to point out to the people of Quebec, to the employees in the airline industry, and to the employees of Air Canada who may be listening to us.

We must look at what the Government of Canada has decided, as opposed to what other governments, the U.S. government in particular, have done. Immediately after the events of September 11, the American government announced a massive investment of \$15 billion into its airlines: \$5 billion in direct assistance and \$10 billion in loan guarantees. This was announced within days of September 11. When the bad economic news became known, for example the bankruptcy of Swissair, Switzerland made the decision to invest 38% of shares in a company called Crossair. An announcement has already been made that public funds would be used to revive the Swiss airline industry. These are, of course, societal choices.

I will quote the hon. parliamentary secretary, the member for Chicoutimi—Le Fjord. He expressed the Canadian position very aptly in saying "Corrective steps will be taken as problems arise".

Clearly, the government has opted for a piecemeal approach when it comes to solving problems in this sector which is of such great importance to Canadian industry. The airline sector supports an entire aerospace industry. We are talking about a number of companies that manufacture aircraft in Canada, including Bombardier, companies that manufacture motors, including Pratt & Whitney, and companies that manufacture parts. We know that Montreal is the world's second greatest centre when it comes to aerospace manufacturing. Obviously, if Canada chooses not to support its aerospace industry, as is the case now, we see results such as the Canada 3000 bankruptcy.

This is a tough blow to the airline industry, obviously, and I will speak later about the government's reaction. Canada's second largest carrier has gone bankrupt. It was decided to let it go bankrupt. Let there be no mistake on this. Quebecers and Canadians must understand the situation. The government had announced a \$75 million loan guarantee for Canada 3000, but with requirements that were so demanding and difficult that it was clear from the outset that the company would not be able to fulfill them.

So the government never paid out its loan guarantee and the company declared bankruptcy. What is worse is that top management was in such a terrible state that they even decided to refuse

work sharing. Three weeks ago, the directors of Canada 3000 refused a work sharing program for their employees. They already knew they were on the verge of bankruptcy.

The Government of Canada and the Minister of Transport should therefore have known that Canada 3000 was on the verge of bankruptcy. In this regard, perhaps the government wanted to appear as Canada 3000's white knight, knowing all the while—and on this Canadians and Quebecers must not be deceived, unlike the press, into thinking that the government was helping Canada 3000—that the company was close to bankruptcy.

None of the help announced materialized. Canada 3000 was given no loan guarantees. With the conditions that were set it was clear from the start that their announcement was meaningless. Today we see the result. There are 4,800 employees now out of work and they have no guarantee they will get their jobs back. This is human capital we had in Canada in the aviation field, and the government has done nothing to help them.

• (1245)

Those are the facts of the matter. What is the government doing for Air Canada? The parliamentary secretary and member for Chicoutimi—Le Fjord put it clearly when he said that when the government learned the cost of insuring the aircraft would be astronomical it had to help. It helped with insurance costs.

Subsequently there were costs relating to the six day closure of airspace. It agreed to cover the costs. It was not the \$160 million cited by the member for Chicoutimi—Le Fjord, this was for loan guarantees. Between \$37 million and \$50 million was given to the airlines to cover their losses during the closure of the airspace.

The government dealt with the situation on a day to day basis. As the parliamentary secretary mentioned, corrections were made as problems would surface.

But the problem is that the airline industry is practically bankrupt. In a speech delivered just a few weeks ago, the Minister of Transport said that Air Canada had \$1 billion in cash on hand and could still borrow, sell its aircraft and use them to borrow \$3 billion. But the government is making a company go bankrupt. When we decide to make a company sell its liquid assets—as with Canada 3000, which no longer had any cash and went bankrupt—we push airlines to the brink of bankruptcy.

Today, we are dealing with Bill C-38, which proposes that private shareholders be allowed to own more than 15% of the capital stock, a measure that is supposed to save the company. The harsh reality is that not one witness told us that passing this bill would generate an interest for Air Canada's stocks, for the simple reason that the government is in the process of making Air Canada get rid of its liquid assets. This is the reality. Therefore, there will be no massive buying of stocks.

Government Orders

The Caisse de dépôt would make a bad investment if it decided to convert these debts, as suggested by the Canadian Alliance member, into company stocks. Debts are interest loans that were given to the company. Therefore, it would be a bad investment to convert them into capital stock, since stocks are not constantly increasing in value these days. So, it would be a bad investment to convert debts, that is the loans given to the company, into shares. This is the reality. There will not be a keen interest for these stocks. It will be a long term solution for Air Canada.

When the situation becomes normal again for airlines worldwide, then Air Canada will probably have succeeded. We hope so. We hope that its fate will not be the same as that of Canada 3000. The government will probably react, because Air Canada is the largest carrier. It will, as the parliamentary secretary said, wait and see.

So, probably when Air Canada is on the brink of bankruptcy, the government will decide to make a major investment. But in the meantime, how many other companies, such as Canada 3000, will have shut down? This is the reality.

How many companies will have disposed of their liquid assets, as Air Canada is now doing at the suggestion of the Government of Canada, borrowing on everything they can, selling their airplanes and leasing instead, that is taking money for their airplanes and turning around and leasing them themselves from a leasing company in order to come up with the money to get through the crisis, which will last how long? That is what is difficult to understand. It is certainly hard for all the workers in the airline sector across Canada and for Air Canada workers to understand. The government is going at this in dribs and drabs, rather than announcing massive investments in the industry, as the Americans did.

This is what Canadians and Quebecers need to understand: in difficult times such as these, in the wake of September 11, the workers of Canada's airline sector are not to blame for the sad events which took place, but they are the ones now paying the price. They represent human capital in a highly competitive sector.

Before September 11, we were highly competitive in the airline sector, in the manufacturing of planes and parts and in the entire aerospace industry. But how will Canada be able to support companies that manufacture planes when they receive orders from American and Swiss companies because those countries have decided to help their industry?

Obviously, Canada 3000 will not be buying any more planes. How are we going to be able to sell the entire aerospace industry internationally, when Canada is not supporting the airline industry?

• (1250)

We are sending a very poor message to the rest of the planet, while others have decided to provide direct assistance to the industry. The Americans have decided to provide direct help; the Swiss have decided to provide direct help. These countries, or their airlines, will likely buy—or so one hopes—aircraft from Canada, a country that will not have helped its air industry while in crisis as the result of an event for which it was not responsible.

The government has a responsibility, the responsibility of passing the message that neither the aviation industry nor its workers should have to bear the brunt of September 11. Before that date, things were

not as cut and dried. Obviously, the Bloc Québécois will never agree with a policy sanctioning poor decisions by airline administrators; it is up to the shareholders to do that, through shareholder meetings. As for the rest, a clear message is necessary, not one such as we have received today about taking things one day at a time, claiming that this is what will rescue Air Canada from its problems. This is wrong. Air Canada will not be saved in the short term by this means. It will keep on losing its liquid assets.

As the minister said, once again Air Canada will be encouraged to sell its aircraft in order to amass some capital and then to lease them back. Air Canada's level of indebtedness will be increased and its shares will be increasingly less interesting. I repeat, as we speak, it would be a bad decision for the Caisse de dépôt et de placement du Québec to convert its debts or loans with a fixed interest rate to shares. Their behaviour is unpredictable, particularly their rate of dividend. They will surely not go up in value in today's conditions, when everyone is aware that there are constant losses month after month in the aviation sector.

It is easy for us to support a bill such as the one under consideration today, but it is difficult to do so without commenting on the crisis that the airline industry is experiencing. It is also difficult to believe, as the parliamentary secretary and member for Chicoutimi—Le Fjord predicts, that this is one of the most important bills in terms of Air Canada's future. The minister did not even show up to deliver the message this morning. With all due respect to the member for Chicoutimi—Le Fjord, this is not one of the most important bills for the airline industry in Canada, otherwise the minister would have come in person today to deliver the message about this bill that is apparently of such importance.

The bill is important. It will allow shareholders, who complained in the past that they could not control the board, to participate. It is therefore good that the 15% ceiling was removed and that those who want to invest for more than 15% ownership in Air Canada may now appoint directors proportionally to their share of ownership in the company.

Once again I will repeat for Quebecers, all of the witnesses who testified before the committee were unanimous in stating that the passage of this bill would not result in investors running out to buy more than 15% ownership of Air Canada tomorrow morning. The situation is very difficult. And we will be seeing more and more difficult situations.

• (1255)

The minister himself said so, and I repeat, Air Canada will have to divest itself of its \$1 billion in cash. It will have to sell its aircraft. That represents \$3 billion it could put its hands on, but that would put it in debt. It is up to the government.

Government Orders

In the meantime, it will affect the other companies that do not have as much cash as Air Canada. It is a fairly well managed company and it has considerable liquid assets, an advantage Canada 3000 did not enjoy, like other companies that are losing more and more money with each passing week, have less and less cash and will need help.

Here again, there are no programs. The minister is not here today to make an announcement, which could have accompanied the message sent by Bill C-38, that there would be real help for the airline industry in the form of direct aid to anyone deciding to buy part of Canada 3000.

Why not announce help and make it a condition for the new buyers of bankrupt companies, such as Canada 3000, that they provide better service to the regions?

Some restrictions should be included, to avoid the situation described by the parliamentary secretary when he said that Air Canada did a clean up by eliminating certain routes from its network.

Eliminating certain routes means that some towns located in various regions will no longer be served by Air Canada. How are we going to explain this to these communities? I can never say it enough: these towns are located in various regions. In committee, the expression used was small municipalities. These are towns that gained their status because they are located near the natural resources that make Quebec and Canada such beautiful countries. This is the reality. These towns are all entitled to the same transportation services as every other centre across our beautiful Quebec and Canada.

Of course, this is the harsh reality. Once again, we are letting the free market dictate things. Last week, Canada 3000 went bankrupt. One thing is certain: if all the investments and assistance measures announced by the parliamentary secretary and the minister since the beginning had produced such good results for the industry, Canada 3000 would not be closed today. The government must recognize that it has failed. It is obvious that it did too little too late. And the same thing will happen with the airline and aviation industries, where Canada used to be a most competitive player on the international scene.

This is the message we must send Canadians and Quebecers, and all workers in the airline and aviation industries "You are the best and that is why we are going to help you". Sitting around and watching the Americans investing to support their industry, the Swiss using public money to support their industry and all its workers, will not encourage the rest of the world to buy the planes and parts we produce in Canada. By not supporting its airline industry, Canada is sending a terrible message to the rest of the world.

This is what the highly competitive human capital in the airline and aviation industries finds hard to accept. I repeat, the government must address this very serious issue. This is what matters today, that and the fact that Bill C-38 will allow the capitalists of this world to increase their share in Air Canada and to control the board of directors.

The message that needed to be delivered today, a message that the government failed to deliver, was that there would be support for all

the human capital in the airline and aviation industries in Quebec and in Canada. What the government is doing, and I again refer to the message the parliamentary secretary delivered for his minister, is dealing with problems as they arise.

To conclude, once again, this is the approach adopted by the Government of Canada, this Liberal government, which has no respect for one of the most prosperous industries in Quebec and in Canada.

• (1300)

[English]

Mrs. Bev Desjarlais (Churchill, NDP): Madam Speaker, I will be splitting my time with the member for Winnipeg North Centre. I do not know if I should say I am pleased to speak again to the bill. Over the last couple of years everyone has had the opportunity to rehash what is happening in our airline industry and the obvious fact that the government's strategy for the airline industry is not working.

We stood here 18 months ago and went through numerous hours of committee discussions about the airline industry in Canada. We heard about the government's plan to stabilize the industry and make sure we maintain service to a number of small areas in Canada. As my colleague from the Bloc has indicated, Air Canada is renegeing on its commitments to provide that service.

We in the New Democratic Party and a number of Canadians are starting to realize that the government's plan is not working. The plan for deregulation and privatization which was started in the late eighties is not working. Members of the House who believe it is need to give their heads a good shake. Fear of the word regulation has brought us from one crisis to the next. We felt we have had to deregulate industries or they could not make it.

For how many years must Canadians see our airline industry flounder before the government realizes the answer is not solely in privatization or deregulation? Regulation is good at times and until there is some reregulation within the airline industry we will be back here time and time again.

The bill relating to the removal of the 15% shareholder limit would not do the trick. Every witness who appeared before the committee said the bill would not do the job. They said the 15% shareholder limit would not make a difference for Air Canada but that other things need to be happening as well.

Government Orders

The sad part is that the government is still out there grasping at the need for more foreign ownership. It believes that will save us. The bottom line is that will not. There are those of us who know that increased foreign ownership would only mean that cream of the crop routes would be taken over by other airlines. We must go in a different direction. We will not survive and have a stable airline industry in Canada until the government recognizes this.

Something as simple as regulating domestic capacity would ensure we do not end up with little fights about competition rules. I am calling them little fights because the underdog never seems to get anything out of them. Air Canada moved in on CanJet out east and put CanJet out of the picture. They are now introducing a new airline that will compete with WestJet.

Competition is not all bad. There is no question of that. However competition for the sake of competition means we will be constantly putting airlines out of business. That is not the answer. If we regulated domestic capacity in certain areas we would make sure the airline industries could make a go of it. It would give the industry a chance to stabilize. That is what we need to see.

The parliamentary secretary spoke this morning rather than the transport minister. Perhaps that says something. Perhaps he realizes the bill is no big deal. Perhaps he knows it would have no astounding effect except for the fact that there would be an increased shareholder limit for someone.

I bring this point to the floor again. Where would Air Canada be now if it had a 40% or 50% shareholder after September 11? Would that shareholder have stuck around taking the losses? I do not think so. We would have been in an even worse position.

• (1305)

Under the watch of the transportation minister six airlines have folded in Canada. What is he doing? He is grasping at straws. He says we will try a little piece of this legislation and a piece of this legislation. What we really need is a transportation policy or strategy within the airline industry and other transportation industries. I will not dwell over and over on the same thing. We in the NDP will not be supporting the bill.

The most recent of the airlines, Canada 3000, is going under at a time when there is a need to provide stability and give assistance to the airlines. We in the NDP did not say to give it a blank cheque. We said that if we are to give it government dollars we should tie it to alleviating job loss and maintaining service. It is not a blank cheque. Interest free loans are not unreasonable at this time.

The government could do something to assist the airlines and alleviate job loss. What did the minister do? He almost came right out and said if the airlines did not cut jobs the government would not give them any money. If someone then came along and said they would buy it back at 50% of the value it was at before, the government loan would be off.

Once again the government has no strategy for stabilizing our airline industry, supporting airlines in Canada and making sure service is provided throughout the country. The government is making a whimsical grab at whatever might work for this period of time. It has no vision for the country.

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP):
Madam Speaker, I am pleased to participate in this debate. I begin by thanking my colleague the member for Churchill, the NDP transportation critic, for the incredible work she has done on this issue over the last number of months and years.

The crisis in this country's transportation sector and particularly the airline industry is a very serious one. It is critical in terms of the future of our economy and the very identity of our nation.

My colleague from Churchill has outlined our opposition to Bill C-38. She has indicated to us that this bill represents an inadequate band-aid approach to a very deep rooted, far reaching problem. Concerted action on the part of the government is needed, not tinkering, not playing around at the edges, but actual involvement in this crisis. It needs to initiate a clear strategy for getting our airline industry back on a solid footing.

We often talk about the ties that bind. When we look at the ties that bind, there is no more important institution than Air Canada. Over the years we have turned to Air Canada, our national railway, our post office, our pension system, our health care system, our quality education system. All those are examples of great institutions once all within the public sector that united this country and helped us build on, and not see as a negative, our diversity. Air Canada has been part of that tradition. It has been part of our approach as a nation to the difficulties we face as a people who are spread out in such a wide geographical area, who come from so many different regions with such a wide range of income levels. Air Canada is fundamental to who we are as a nation and where we will go in the future.

Today we are facing a crisis of such proportions that we may see a collapse of Air Canada. In that context, is this bill appropriate and up to the task of preserving a national airline that reaches out to provide transportation to every part of the country, to every region no matter how small, no matter how remote? The answer clearly is no. The bill does not even begin to tackle this very critical issue nor does it address the concerns of Canadians, of workers, of people who depend upon the airline industry for transportation and for their livelihoods.

I do not need to remind anyone what the collapse of Air Canada would mean for our economy. It would be disastrous. My colleague from Churchill has said that over and over again. As a result of the mismanagement by the government supplemented by the tragic events of September 11, the whole airline industry is on the verge of a collapse which would have cataclysmic consequences for our nation. As a result of this crisis, more than 9,000 jobs are at risk. This is causing hardship, distress and anxiety for the proud working men and women who have contributed so much to the industry and who have invested their working lives to ensure that air transport in the country is a viable system for Canadians.

Government Orders

The instability in the airline industry not only affects the thousands of men and women who work for Air Canada, but it also has had a ripple effect on all of our communities. Certainly, small independent travel agencies, particularly in my community of Winnipeg, are suffering greatly because of the instability in the industry and because of the crisis in Air Canada. Let us not forget all of the people involved in the entire transportation system who desperately turn to the government for leadership.

I want to indicate what it would mean for a community like Winnipeg if Air Canada went bankrupt and were allowed to collapse due to negligence and passive reaction by the government.

● (1310)

Winnipeg alone would be looking at the loss of an aircraft maintenance base with more than 800 employees which services contracts from all over the world. It would be looking at the loss of a 400 to 500 person reservations office. It would be looking at the loss of pilot flight operations and in flight operations and the loss of an entire cargo sector. There would be the loss of approximately 150 airport customer sales and service workers as well as the loss of ramp and baggage workers serving over half the Winnipeg airport. There would be the loss of an entire building of finance employees. It would also be looking at the loss of many subsidiary or spinoff services such as Air Canada Vacations. The list goes on and on. It would have a disastrous impact on every community in the country and on our need as a nation to build on the ties that bind and not accentuate our differences because of geography.

As has been said over and over again, the bill is totally inadequate to address the task at hand. What is needed desperately is for the government to say, no matter how hard it is, that it made a mistake years ago when it got into the whole business of privatization and deregulation, off-loading and outsourcing in the interests of trying to balance the budget on the backs of Canadians.

It is not too late to say that the public sector plays an important role. An institution like Air Canada within the purview of the Government of Canada is an absolutely critical part of our society and country. Let us look at finding ways to ensure an equity position in Air Canada and finding enough of a control and hold over the ownership of Air Canada to preserve jobs, to serve communities no matter how far and remote they are, and to address all of the transportation needs of Canadians.

We have heard from others in the House today, especially the Alliance members, how one should simply turn to the marketplace, to foreign investment, to the kinds of scenarios which have been tried but have failed Canadians over the last number of years. It would be worthwhile to look at the fact that changing the ownership rules is clearly not a solution to Air Canada's problem. As has been said over and over again, some foreign investment at best would bring in a short term cash infusion and would keep Air Canada in the air for a few more months. The solution we are proposing is to address the reasons Air Canada is losing money and look at the role that government ought to be playing in terms of a regulatory framework and government involvement.

Too many times we have heard from the Alliance and other members in the House how much of a burden it would be to actually think about re-regulating and deprivatizing an institution like Air

Canada. Many in the Alliance Party have a hard time imagining the possibilities under a re-regulated airline system. They have a hard time understanding the benefits to all Canadians of proactive government involvement in an area as vital as transportation.

I hope we can overcome that kind of ideologically blinkered position and actually look at a proactive government role once again in this area. We owe it to Canadians who have invested in the corporation with their working lives. We owe it to every community that needs to be connected to the rest of the country in order to feel some sense of identity and belonging to this great nation. We owe it to the world to show there is another way that public institutions can play an important role in providing services to people and recognize that sometimes services for people are more important than profits for corporations.

● (1315)

I urge members across the way especially to think again about their role with respect to Air Canada and the airline industry. I urge them to come forward with a package of proposals that will ensure that Air Canada survives and that will look at putting our entire airline industry on a stable footing.

Ms. Val Meredith (South Surrey—White Rock—Langley, PC/DR): Madam Speaker, I find it interesting that I would agree with my colleague from Churchill when she said that one of the things which is lacking is any kind of vision from the Liberal government as to where transportation and certainly airline restructuring should be going. I must say I do disagree heartily with where she would want the Liberal government to go.

The issue is why the Liberals did not implement this policy 18 months ago when we were looking at airline restructuring under Bill C-26. In early 2000 the transport committee looked at restructuring the airline industry. Bill C-26 put in a provision to raise domestic ownership from 10% to 15%. I introduced an amendment to the bill at committee in March 2000, suggesting that the government completely get rid of any kind of limitation to domestic ownership. It is interesting that the Liberals who sat around that table, most of whom are here today, voted against that amendment, yet they will support the government's removing that same issue which my amendment dealt with when the government puts it on the floor for a vote.

The big question is what is the difference of doing it now as opposed to having done it 18 months ago? The big difference is that the timing of the Liberals is really off the mark. Eighteen months ago someone may have been interested in picking up a greater degree of ownership in Air Canada. Unfortunately, today there are not too many people around who are that excited about owning airlines. The market is not in a position where there is the same kind of interest that there was 18 months ago. The Liberals really missed the boat in that 18 months ago this would have had a much more meaningful impact on the airline industry than it will have now.

Government Orders

When the Liberals brought in this restriction originally it was to allow for wider distribution of shares so that not any one organization or any one person could control what used to be a national airline. Although it sounded good at the time, when we were looking at Bill C-26, we heard that in essence the restriction allowed the board of managers who owned at that time, and I understand it is not much different now, around 3% of the company's shares to make decisions that were not necessarily the best decisions for the airline.

It allowed that board of management to get into predatory practices or to make decisions to run out the competition. At that time the competition was Canadian Airlines. Today it would seem to be Canada 3000 and WestJet. It allowed the board of directors to have that kind of control over the directions the airline was taking.

Rather than determining that there was a place for Air Canada and making that place in the Canadian airline industry strong and effective, it seemed that the decisions were to get rid of the competition. Well, they succeeded. Canada 3000 is the latest victim to go under. Canadian Airlines of course was bought up by Air Canada over a year ago. A week and a half ago Canada 3000 literally ceased operations.

It is a question of, is that all the bill is going to do is allow new management? I would suggest it is a very ineffective way of dealing with that. That in itself is not going to have any meaningful impact. Once again a combination of things must happen.

The Liberal government refuses to deal with an issue which it had an opportunity to address before and has an opportunity to do so now and that is foreign ownership limits. The foreign ownership limits remain at 25%. If we were to ask the minister why that is so, he would say it is because that is the American limit. Raising the foreign ownership limit to 49% and getting rid of the domestic ownership restrictions would allow a greater pool of capital to be put into Air Canada and to help it restructure. The minister, and I would assume the government behind him, is refusing to even address the issue of raising the foreign ownership limit.

• (1320)

When we talk about foreign ownership limits the reason we talk about 49% is because the bilateral agreements that Canada has with other countries require that part of that bilateral agreement is that a Canadian air carrier has this agreement with another country. If we were to raise the foreign ownership component to more than 49% we would have a harder time convincing people that it was actually a Canadian air carrier.

Therefore 49% still allows Canada to have an air carrier that is a Canadian air carrier but with a greater opportunity for foreign ownership component.

I suggest that now is the time to allow Air Canada the flexibility of not only domestic ownership requirements being removed but upping that foreign ownership component.

When the committee studied the bill we were told that over 75% of the debt that is held by Air Canada is foreign owned. By not upping the foreign ownership we are also removing the ability of Air Canada to restructure its debt by transferring or converting it into equity.

If we were to up the foreign ownership we would allow that foreign debt to be converted into an equity in the airline and allow Air Canada an opportunity to look at a different way of restructuring and give it more flexibility.

I would not argue to any great degree with the NDP's attitude that Air Canada is the national carrier and is the flagship of Canada. We all accept that. However for the impression to be left that Air Canada can only function if the government takes equity and more control in the airline is a fallacy. History will show that governments do not do business well. Governments have a history of messing up some very good industries that could have operated on a profitable basis and made sure that customers were served but it was through government interference and government ownership that things were messed up, in some instances to a very large degree.

I would even go so far as to say that part of Air Canada's problem is that it was a government airline and the culture it has tends to be a government type bureaucratic culture. It is at a disadvantage when it has to work in a competitive marketplace with other air carriers. It is only when Air Canada learns how to do that, that it will survive in the international community.

I would suggest that the worst thing that could possibly happen would be for the government to get back into the ownership of Air Canada. I would think that by giving Air Canada more flexibility, which would certainly be a first step but by no means the last step, the government is allowing Air Canada a bit more flexibility in how it can restructure itself and compete in the international community.

When we start talking about government subsidization and governments throwing money into companies, I can give a couple of examples from my province of British Columbia but I will only give one. The NDP government put \$380 million of taxpayer money into Skeena Cellulose Inc. to keep it operating and keep people working. All that does is defers reality. It defers the time when the company realizes that it cannot stay afloat because of bad management, where it needs to restructure and it needs to become more competitive.

Skeena Cellulose closed the doors once again. There goes 380 million taxpayer dollars that the government has no ability to collect from Skeena Cellulose.

Government subsidization or government getting back into the ownership is certainly not the way to go.

Yes, there is a role for government and that is very clear in the Canada Transportation Act. Government is there to make sure the safety of air transportation is there for consumers. It is there to make sure Air Canada does not run out all the competition. The competition bureau and the competition commissioner is there but unfortunately under the act they need more teeth. They need to have a greater ability to enforce the restrictions that are put on companies such as Air Canada when it holds a monopoly.

Government Orders

●(1325)

The issue is not whether or not we support the bill. We do support removing the limit on domestic ownership. However the bill should also have provided for an increase in foreign ownership which could be done by order in council of cabinet. I would strongly urge the Liberal government to consider doing that sooner than later. It should have learned by this example that it has to be bold and step out in a strong manner when the time is right. If it does not, it does not help to step out in a timid and weak fashion years later.

The government should be bold and increase foreign ownership along with removing the domestic ownership in Air Canada. It also should look at other opportunities to allow competition in Canadian airspace.

When it studied Bill C-26, the committee looked at things like a Canada only air carrier which could be foreign owned by British Airways or another airline. However it would operate solely in Canada so it would not need any kind of bilateral agreement. It would use Canadian crews, Canadian fuel, pay Canadian taxes and produce Canadian jobs. That is something the government should be considering.

We talked about other things when we looked at air restructuring and Bill C-26. It is appropriate to bring some of those issues back on the table. The Government of Canada should be looking at other things that could provide more competition in the airline industry and give better service to air travelling consumers. There is no reason that we cannot get into that debate and look at creative new ways of providing air service to Canadians.

What we need to do is convince, cajole and push the government into seeing the big picture on how the Government of Canada can fulfill its obligations to ensure safety and environmental issues are considered and to ensure labour and competition matters are considered without getting back into really serious ownership issues or conditional type issues.

I encourage the government to look to a much broader perspective and to be a little more creative. Hopefully we will see something in the near future that shows it is going in a direction that is for the good of all Canadians.

●(1330)

Mr. Roy Cullen (Etotobicoke North, Lib.): Madam Speaker, I did not catch all the member's speech but I did hear the part where she talked about creative solutions.

It seems to me that in restructuring Air Canada, the unions, the pilots, the ground crews, the flight attendants and all the employees may have to put some water in their wine. They may have to make some concessions to make the airline viable. I am not privy to all the airline's business but it seems to me that is a possibility.

If they have to do that, why would Air Canada not allow its employees to participate in the ownership of Air Canada? We have the precedents of USAir Inc. and Delta Airlines Inc. This would give the employees of Air Canada an opportunity to participate in the success. It might allow those employees to become even more customer focused, even more service oriented than they are today.

Frankly, I think they could use some encouragement in that area as probably all of us in the House have discovered from time to time.

Would the member opposite support an employee share ownership plan that would allow the employees to own shares in Air Canada?

Ms. Val Meredith: Madam Speaker, it is a publicly traded company so the employees can buy shares in Air Canada any time they want. I think what has to happen is that Air Canada needs to be more inclusive in its decision making process. It should also have closer talks with the unions and the employees as to the reality and in what direction it would like to go. It should have more communication of that kind happening.

I have often wondered why big union funds are not being invested in these kinds of things. Why do the unions always go to the taxpayer when the unions themselves are not prepared to invest the large sums of money they have in their bank accounts to support the companies that they seem to want the Canadian taxpayers to support?

Certainly the issue with Skeena Cellulose, I do not understand why the unions did not invest in Skeena Cellulose in order to keep it operating for the employees for whom they were concerned.

Employees have to be encouraged. I know it has worked well for WestJet. The captains with WestJet help clean up the airplane after the passengers have left because they own part of the company. They know that is the kind of good service that gets customers back into the planes, which means their company, of which they feel a part, does much better.

Certainly there are companies that do it and do it well, and it has had a very positive effect on the companies and on the service they provide. There is nothing stopping the employees of Air Canada now from buying shares and getting involved in the running of their company.

Mr. Peter Adams (Peterborough, Lib.): Madam Speaker, when we are debating the future and the competitiveness of Air Canada and open competition in the airline industry, it always makes me concerned for the north and the remote parts of the country.

The province of Ontario is our most populous province. Eighteen per cent of the province is taken up with cities and farms. Eighty-two percent of the province is the rest of the province which is not empty. People are living there. In the province of Quebec, as you well know, Madam Speaker, the percentage of farms and cities is even less than that. In the western provinces it is even more so. In Nunavut 30,000 people live in 20% of Canada.

What are the member's thoughts, as we move toward more competition in Air Canada and as we think about the future of our national airline, for the people living in the remote parts of Canada who depend on airline service?

●(1335)

Ms. Val Meredith: Madam Speaker, I lived in the north of Canada for 15 years. I lived in a community where we thought we would have scheduled airline service but no one would take it. It was not profitable for a company to keep a service there.

Government Orders

If people want airline service they must use it. When an airline like Air Canada has a monopoly it tends to drive the little airlines out of business. The little airlines can offer that service in the north. I will use the example of Hawk Air in British Columbia that started out with one plane, a Dash 8. It flies from Terrace to Vancouver and I think Terrace to Prince George as well. It runs a couple of trips a day providing good service and undercutting Air Canada. Hawk Air has since bought a second airplane to service other communities.

If we allow those smaller airlines to grow they will provide the service but when there are dominant air carriers that go out of their way to undercut these smaller air carriers and drive them out of business, the smaller carriers are not allowed the opportunity to grow.

When we handle the restructuring of the airline industries in Canada, we must ensure that the Hawk Airs in Canada are given the opportunity to grow, to expand and to have control over and be able to function in their marketplace without the fear of having a big carrier come in and chase them out because they built the business, which then becomes viable for a bigger carrier which comes in and drives them out. We have seen that in the country more than enough.

The time has come for us to recognize and support smaller operators who may have half a dozen planes but who serve the north and isolated areas better than the bigger carriers will in the long run. We have to make sure they can survive.

I think the government must look at this from a bigger perspective and in a broader scope by being creative and supportive to the small business guy who is willing to serve those markets given half a chance.

[*Translation*]

Mr. Robert Lanctôt (Châteauguay, BQ): Madam Speaker, we are dealing with Bill C-38, which we are told is an important bill. When one takes the time to read it, however, and it does not take long, it is of a rare simplicity. In fact, it is so simple, one wonders how much it is justified.

One cannot be opposed to it, knowing how affected the workers in the airline industry are. One cannot do otherwise than to say yes to such a bill. Yet, what will the repercussions of such inaction be? This bill alone will not help this industry, which is so much in need of help, particularly since September 11, 2001.

We have no choice but to look at how the private sector might invest in its capital stock to see how it will be managed. At the present time, an individual or company may own 15% of Air Canada's stock. Will removing this limit improve the situation of shareholders? Will it be the same, or worse?

Quite frankly, I do not think there will be huge numbers of investors rushing to invest in an industry like the aviation industry, especially since September 11. They are trying to convince us that this bill is of such importance that it will solve the problems. My point of view is that the problem will not be solved if there is no direct investment in the airline or aeronautical industries.

One needs only think of Pratt & Whitney in Quebec. One needs only think of all the job losses directly linked to it, not only in the aftermath of September 11, but also because of poor management by

the board. Is this board going to be changed by changing the number of shareholders? Who will monitor this? For what purpose?

There will perhaps be no other choice but to rationalize. Those who are going to invest are certainly all involved in high finance and will at some point expect the company to break even and also generate a profit. How will this be done? Obviously, all a board of shareholders could require of an executive board is to rationalize. Is this what will really happen? Is this good for the men and women who work for Air Canada?

Unions are telling us that they will accept this decapping. They have no choice. The government has no other idea. It is not directly investing the money that is required. It is simply saying that it will ask the private sector if we can privatize even more and put new money into the industry. What is the government doing right now?

Madam Speaker, I forgot to inform the Chair that I will be sharing my time with the hon. member for Jonquière. I appreciate the fact that she is here.

Will this new investment with new money really take place? I am not sure, particularly since the government just told us that it would deal with this as the situation evolved.

We all saw how things went with Canada 3000. It was requested that the necessary money be invested directly, while knowing full well—at least I hope so—what the situation was with Canada 3000. A short time later, Canada 3000 went bankrupt. The government did not put money directly into that company. Yet, workers everywhere in Quebec and in Canada are losing their jobs.

• (1340)

What is the government waiting to protect workers' jobs? As we know, Air Canada employs a number of people in Quebec. Why not invest, why not be proactive and create a new situation? The government has several billion dollars in surpluses, but it hesitates to invest directly in our airline industry, an industry that Canada and Quebec greatly need.

During various oral question periods, we asked the government to invest directly in Quebec's regional companies to support the airline industry and these airline companies. The government flatly rejected our request, saying that it would help major carriers instead. Some help.

Canada 3000 is bankrupt and has not yet received any money. The government is talking about \$160 million, but I think this is for part of the loan guarantee, for new money. The government has billions of dollars in surpluses. It must protect that airline and that industry.

These amendments must not set the stage for the cap on foreign investment to be lifted in future. I know that this is not mentioned in Bill C-38, but the role it gives the government does open the door. It sees the bill as a way to allow greater privatization.

Government Orders

What if shareholders are not interested? What will they do? I hope that they will not lift the 25% cap on foreign investment in Air Canada. That is a risk. I am not saying that this is the direction in which the government is heading, but merely that I hope that this is not its goal.

This money must be invested directly. There are billions of dollars in the surplus. We are told that the government is waiting for the budget before deciding where to spend them but, in the meantime, the airlines are in trouble, so much trouble that some of them are going bankrupt and others are looking for ways to cut costs. Who is going to foot the bill? Once again, Air Canada workers.

An hon. member: And those in the regions.

Mr. Robert Lanctôt: Yes, as my colleague indicates, those in the regions too, obviously. The response came from the government, which said "We will not put any regional money in the airline industry".

Furthermore, the government is telling us that Air Canada manages its affairs well by cutting routes in the regions. And this is vision? I cannot believe I am hearing that.

The time has come to save an industry where jobs are well paid and all the companies that depend on it are important.

In Quebec, there is more than just Pratt & Whitney. There are a number of companies manufacturing parts and, of course, everything linked to the industry in the way of airports. All of this goes to say that the government should do more than just ask the private sector to invest in this industry.

I think the government must give this thought, examine all the options, not to allow a few to invest in this capital, but to invest directly itself by taking from the surpluses and breathing new life into the economy so that Air Canada does not end up with a monopoly.

Air Canada and regional airlines must be allowed to breathe. According to what happened recently, it seems that without new money or government investment, there is a problem.

This company has to operate and charge such a high fare in the regions that it lacks liquidity. So, if they were short of cash, just imagine how short they are now. If they are forced to use money they do not have yet, it means a cash shortfall. This is more or less what happened with Canada 3000. A cash flow problem means an industry never gets its head above water. Loan guarantees are not the only way to go.

• (1345)

New money is needed. That money is available. The Government of Canada has new money. They should use it as well as permit government guaranteed loans. The government should also have some strategy instead of waiting until companies go bankrupt, especially when Canadian and Quebec workers lose their jobs. This applies not only to Air Canada but to all jobs connected with this industry.

Ms. Jocelyne Girard-Bujold (Jonquière, BQ): Madam Speaker, I am pleased to speak today to Bill C-38. Before I begin though, I

would like to congratulate the member for Argenteuil—Papineau—Mirabel for the excellent work that he has done on this bill.

I listened intently to his speech this morning, and I must say that it contained all of the elements the government needs to ensure that this bill really helps the airline industry in Canada and particularly in the regions.

I am pleased to speak to Bill C-38, an act to amend the Air Canada Public Participation Act. This issue of restructuring the industry in Canada has been discussed at great length for over two years now.

In fact, in the summer of 1999, the sale of Canadian Airlines led to a power struggle between Air Canada and Onex for the purchase of this company, which was in dire financial straights. After giving his implicit support to Onex, the transport minister had to backtrack when the takeover bid was ruled illegal by the Superior Court of Quebec.

At that time, the basis for the ruling was the percentage limit of capital shares in Air Canada that could be held by a Canadian investor. Just one year ago, the Minister of Transport raised the limit from 10% to 15%. Under the current bill, the government would remove the ceiling for this figure.

It must be said that this proposal would not be without consequences. In fact, removing the 15% ceiling would pave the way for the private sector to invest even more heavily in air transportation and the industry would find itself in the hands of financial sharks with no sense of the importance of offering quality.

In my opinion, the current quality of air service offered to the regions of this country, but more specifically to Quebec, should serve as an alarm bell for the federal government. Remember now that Baie-Comeau no longer has direct air service to Quebec City. Business people who want to travel on Air Canada's regional carrier must first go to Montreal, before boarding a flight to Quebec City. How crazy is that? It is completely unacceptable.

Given the situation, business people on the north shore would do better to walk to Quebec City. It would probably be faster than taking the plane.

Such a situation also exists in Gaspé and in the lower St. Lawrence area. Regional air services have disappeared. This is a paradox in the 21st century. It seems to me that this should be an era of modernity and of easy travel. But no, people in the regions are 50 years behind the times now. If they want to travel out of their region in future, they will have to take the bus. As Michel Vastel put it a few weeks ago in an editorial in which he was taking a few pot shots at this government, "Welcome to the 21st century!"

My comments on Bill C-38 are therefore understandable. By removing the 15% limit, we could be making the present situation even worse. The only way to try to improve this potentially disastrous situation is to strongly urge the federal government to impose some very strict conditions.

The Bloc Québécois, through the hon. member for Argenteuil—Papineau—Mirabel may therefore approve of removing the ceiling, but only if amendments are made and very strict conditions set.

This is a difficult challenge, but we are offering Liberals the chance to correct past mistakes. They can no longer be counted on the fingers of just one hand. I need only mention the dreadful quality of French in this country's airline industry. Moreover, there seem to have been a good many reprimands to the government about this by the Commissioner of Official Languages, Dr. Dyane Adam and her predecessors.

• (1350)

This is just one more source of government tax revenue.

I would also like to mention the federal government's unfair treatment in terms of financial assistance for the smaller airlines that operate in the regions.

This morning, my colleague mentioned to me that it was the Parliamentary Secretary to the Minister of Transport, the member for Chicoutimi—Le Fjord, who spoke on behalf of the government. He said that he was pleased that Air Canada was in the process of getting its business in order, cutting short haul flights within the regions.

I come from the Saguenay—Lac-Saint-Jean, the same region as my colleague, the member for Chicoutimi—Le Fjord. I think that we have a right to the same service we had in the past. When Air Canada received permission to purchase Canadian Airlines in 1999, it assured us that it would increase the number of flights in the regions. Air Canada did the opposite.

In our region, we pay \$800 to \$850 for a return flight, Bagotville—Ottawa. I could go to Europe or Florida, return, and both would cost less. We have a right to the service promised by this company in 1999. Today, the Parliamentary Secretary to the Minister of Transport says that they are in the process of putting their house in order; they are in the process of cutting flights in the regions.

The Saguenay—Lac St. Jean region does not deserve this sort of treatment from the government. I remind the House that, a few weeks ago, the Minister of Transport decided to help out the five major carriers: Air Canada, Air Transat, Sky Service, WestJet and Canada 3000, by giving them interest-free loans.

But such a policy is extraordinarily unfair. By giving financial assistance to these major carriers, the Minister of Transport has put the last nail into the coffin of small carriers. Let us not forget that the major carriers will be able to use this money to engage in unfair competition with small regional carriers, such as Air Alma, in my region of Saguenay—Lac St. Jean.

I read an article this morning in *Le Soleil*, in which the Minister of Transport said that the competition commissioner must be given more power. When he appeared on CTV yesterday, he talked about giving more power to the competition commissioner. But there is no need to do that because there will be no more competition, no more regional carriers.

I think that telling the people in the regions not to worry, that the government is going to give the competition commissioner more power, is just another way of misleading them.

S. O. 31

This is an extremely important issue because jobs are at stake. Workers deserve to get back their fair share of what they are paying in, of what they are entitled to, from the government. This is completely ridiculous.

Last week, I asked the Minister of Transport a question. Since Canada 3000 had gone bankrupt, he had promised it a loan guarantee. I asked whether he could give the remaining \$45 million to the regional carriers so that they could get back on their feet too.

But he did not even answer. So it is clear that this bill will not solve anything. It will make matters worse. It will not make Air Canada a better administrator. It will simply prevent the regions from obtaining the services to which they are entitled.

I think that the Bloc Québécois will support this bill, but I hope that the government will include in it the extremely important conditions we put forward.

• (1355)

[*English*]

The Acting Speaker (Ms. Bakopanos): Is the House ready for the question?

Some hon. members: Question.

The Acting Speaker (Ms. Bakopanos): The question is on the motion. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: On division.

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

STATEMENTS BY MEMBERS

• (1400)

[*Translation*]

MINING INDUSTRY

Mr. Guy St-Julien (Abitibi—Baie-James—Nunavik, Lib.): Madam Speaker, Canadian and Quebec taxpayers have contributed over \$6 million to relocate highway 117 over some three kilometres in Val-d'Or.

The work is in connection with the expansion of activities at the McWatters Sigma mine in order to provide access to buried treasure of some 2 million ounces of gold, which, at today's price, is worth over \$500 million.

The work is complete, and Quebec transport will inaugurate access to the new road on November 21.

McWatters will be accountable to the taxpayers of Val-d'Or, the workers in the Sigma mine and to the ordinary creditors.

Funding has been in place since September, and the only outstanding question is that of the creditors, who are waiting for a settlement to have the Sigma mine project start up again.

Are taxpayers and mine workers going to be left waiting after December 12?

S. O. 31

[English]

NELSON MANDELA

Mr. Werner Schmidt (Kelowna, Canadian Alliance): Madam Speaker, today Canada bestowed honorary Canadian citizenship upon Nelson Mandela. The Nobel Peace Prize winner who ended apartheid and spent 27 years of his life imprisoned for his beliefs graciously accepted this honour.

They call him the lion of Africa. Everywhere he goes he is greeted with the cheers of gratitude of thousands who understand the great legacy this man leaves in his wake.

Mr. Mandela and his wife Madam Machel travel the world fighting poverty and HIV. He has the opportunity to speak with many of the world's most powerful people, but the most important by far are the thousands of children he meets in many countries during those journeys.

He imparts hope in these young hearts and minds. Into their young and agile hands he places the legacy he has paid such a high price to realize: that there is a place for all people, that simplicity and humility are the greatest values, and that ordinary people can change the world.

* * *

LITERARY AWARDS

Mr. Walt Lastewka (St. Catharines, Lib.): Madam Speaker, last week the Canada Council for the Arts announced the recipients of this year's Governor General's Literary Awards.

These awards recognize the best in Canadian fiction, poetry, drama, non-fiction, children's literature and translation. Through these works Canadians see a reflection of our own hopes and dreams, trials and triumphs. It is through its literature that a society truly expresses itself.

I ask the House to join me in congratulating this year's recipients. In particular, let us congratulate Richard B. Wright, whose book *Clara Callan* also won the prestigious Giller prize in Toronto last week.

Other winners include: novelist Andrée Michaud, poets George Elliot Clark and Paul Chanel Malenfant, playwrights Kent Stetson and Normand Chaurette, non-fiction authors Thomas Homer-Dixon and Renée Dupuis, children's authors Arthur Slade and Christine Duchesne, illustrators Mireille Levert and Bruce Roberts, and translators Fred Reed, David Homel and Michel Saint-Germain.

We thank each of these authors for enriching our lives through their words and we wish them all the best for the future.

* * *

YMCA

Ms. Judy Sgro (York West, Lib.): Mr. Speaker, the YMCA in North America was born 150 years ago today in Montreal. Since that day the YMCA has been working to build strong kids, strong families and strong communities across our country and around the world. Its focus is simple: the development of people in spirit, mind and body.

This great organization touches every region of our country and nearly 130 countries around the world, from the YMCA Big Cove Camp's impact on thousands of young Atlantic Canadians to the partnership between the YM-YWCA of greater Victoria and the YMCA of Gambia in West Africa.

The YMCA helps people find work. It helps new Canadians settle in their new communities. It provides child care services for thousands of Canadian children. It teaches people to swim and play basketball, and the list goes on.

I ask all hon. members to join me in congratulating the thousands of YMCA workers, volunteers and staff on a successful 150 years and wish them all the best in the next 150 years.

* * *

[Translation]

YMCA

M. Clifford Lincoln (Lac-Saint-Louis, Lib.): Mr. Speaker, today marks the 150th anniversary of the YMCA, first established in Montreal in 1851.

For the past century and a half, the YMCA has shown the way, been a model of community spirit and action, inspired and expressed by thousands of volunteers across Canada.

● (1405)

[English]

Today the YMCA provides programs and projects to one and a half million people of all ages, creeds and walks of life in 250 communities across Canada. Through its trail-blazing programs in the field of education, health and life skills training, the YMCA and its 30,000 volunteers play a key role in community building in our nation.

It is part of an international network present in over 40 countries in the world. The YMCA is truly a model of community social justice and harmony.

[Translation]

We congratulate the YMCA on its excellent community work and wish it a long life in our midst.

* * *

[English]

TERRORISM

Mr. Scott Reid (Lanark—Carleton, Canadian Alliance): Mr. Speaker, the government seems confused as to why Canadians are unimpressed by its approach to terrorism. We are unimpressed because we know the Liberal history of being soft on criminals but tough in times of crisis on the civil liberties of innocent Canadians.

Allow me to take members on a guided tour: first, from 1914 to 1920 the Union Conservative-Liberal government dispossessed Ukrainian Canadians and sent them to internment camps; second, in 1940 the Liberals set up a firearms registry that included a question on racial origin and then confiscated guns belonging to German and Italian Canadians; third, in 1942 the Liberals sent 20,000 Japanese Canadians to internment camps; and, fourth, in 1970, 400 Quebecers were arrested and held without charge, without compensation and without apology because of imagined connections to the FLQ.

The record shows a congenital Liberal preference for maintaining order by suspending the civil liberties for thousands of law-abiding Canadians rather than by securing our borders in the first place.

* * *

[Translation]

NELSON MANDELA

Mr. Irwin Cotler (Mount Royal, Lib.): Mr. Speaker, on behalf of my rainbow riding of Mount Royal and of all Canadians, and also as someone who took part in the anti-apartheid movement for 20 years, I would like to wish a warm welcome to Nelson Mandela, a great citizen of the world, who became an honorary Canadian citizen during a historic ceremony this morning.

This honorary citizenship will have a historic and inspiring resonance for Canadians, for good relations between Canada and Africa, and for the reaffirmation of our common humanity.

[English]

Nelson Mandela is a metaphor and message of the long march toward freedom, of the struggle against racism and hate, and of the struggle for human rights, human dignity, democracy and peace.

Above all, as a person who endured 27 years in a South African prison and emerged to become president of South Africa and to preside over the dismantling of apartheid, he is a metaphor of hope for citizens everywhere, particularly the young people of our time.

* * *

[Translation]

NELSON MANDELA

Ms. Madeleine Dalphond-Guiral (Laval Centre, BQ): Mr. Speaker, this morning, at the Canadian Museum of Civilization, Nelson Mandela was granted honorary Canadian citizenship, following the unanimous adoption, on June 12, of Motion M-379.

With today marking the beginning of Quebec citizenship week, we cannot forget the deep meaning that Nelson Mandela, who was awarded the Nobel Peace Prize in 1993, gave to the word citizen.

Convinced of the right of his people to full and total freedom and democracy, Nelson Mandela spent his whole life pursuing that objective. Without ever giving up, even when he was in South African jails, and freer than ever, he led his people to demand and assume the respect to which they were entitled.

We are all responsible for democracy. Through his courage, his tenacity and his commitment to his people, Nelson Mandela is a

S. O. 31

model for us all. May he guide our daily actions as responsible citizens.

* * *

NELSON MANDELA

Mr. John McCallum (Markham, Lib.): Mr. Speaker, this morning, Canada gained a new citizen. In my opinion, Nelson Mandela is the entire world's number one citizen.

In the last century, there have been three great champions who have fought for the freedom of their people: Ghandi, Martin Luther King and Nelson Mandela.

[English]

Emerging from prison after 27 years, Mandela forgave his tormenters and in so doing averted bloody civil war in his country. Yesterday in a gesture that was vintage Mandela, our new citizen said he wanted to speak to the hon. member who had initially blocked his citizenship. In the event that hon. member declined to return Nelson Mandela's call.

* * *

● (1410)

TOBACCO TAXES

Mr. Ted White (North Vancouver, Canadian Alliance): Mr. Speaker, the government's latest cigarette tax is a huge incentive for the resumption of cigarette smuggling through the Akwasasne reserve, but we have not even laid charges yet for the last round of smuggling seven years ago.

In February of 1994 the Deputy Prime Minister said that 700 RCMP officers would be dedicated to anti-contraband operations and that anyone participating in cigarette smuggling in any capacity whatsoever would be subject to the full range of sanctions and penalties provided under the law. Four years later, in 1998, an affiliate of RJR Reynolds tobacco was fined \$15 million in the United States for helping smugglers slip exported Canadian cigarettes back into Canada through the Akwasasne reserve.

I wonder if the Deputy Prime Minister can tell us why, after seven years on the case, his 700 dedicated RCMP officers still have not laid a single charge in Canada. Are they simply incompetent or have they been told to keep their hands off the Prime Minister's golfing buddies?

* * *

[Translation]

NELSON MANDELA

Mr. Claude Drouin (Beauce, Lib.): Mr. Speaker, I take great pleasure in drawing to the attention of the House the fact that Nelson Mandela was this morning proclaimed an honorary citizen of Canada. The former president of South Africa fought doggedly to abolish apartheid.

S. O. 31

Today, he is focusing his efforts on raising funds for the children of Africa. A staunch defender of human rights and freedoms and the rule of law, his accomplishments are a source of inspiration for all of us who defend those same rights.

Like many other Canadian men and women, I salute the important contribution Mr. Mandela has made to world history.

We are proud to welcome him to Canada, where from now on he can feel at home.

Welcome home, Mr. Mandela.

* * *

[*English*]

NELSON MANDELA

Mr. Svend Robinson (Burnaby—Douglas, NDP): Mr. Speaker, I too this morning had the great privilege of joining with colleagues from all sides of the House at the ceremony awarding honorary Canadian citizenship to Nelson Mandela. The only other time this recognition has been extended was to the Swede Raoul Wallenberg who helped saved the lives of thousands of Jews in World War II.

Nelson Mandela is a hero to the world, a man previously reviled by some as a terrorist and revered by many others as a freedom fighter in his long struggle to end the evil of apartheid in South Africa. He served 27 long years in prison on Robben Island and yet emerged in 1990 without bitterness, rancour or hatred. He went on to win the Nobel Peace Prize and lead his country with the African national congress as its first president of a democratic, multiracial South Africa.

My colleagues and I join today in congratulating Nelson Mandela and his wife Graca Machel, and in calling on the government and indeed all Canadians to contribute generously to the Nelson Mandela children's fund.

It has been a long walk to freedom for Nelson Mandela and for the people of South Africa. Nelson Mandela is a citizen of the world and today it is with great joy and pride that we welcome him to our family and as a citizen of Canada.

* * *

[*Translation*]

PARTI QUEBECOIS

Ms. Diane Bourgeois (Terrebonne—Blainville, BQ): Mr. Speaker, on November 15, 1976, as at the beginning of the quiet revolution, we felt the energy and dynamism of Quebec society focus on the political arena.

On that autumn evening in 1976, Quebecers took their destinies in hand and chose a new political vehicle, the first sovereignist government, in the hope that their energy and their dynamism would again be transformed into innovative and effective policies.

The first PQ government, and those that followed, have responded with determination and creativity to the expectations of the Quebec people.

Today, 25 years after that historic day in November 1976, although Quebec society has changed and become more diversified, it is just as dynamic and full of energy.

The government led by Bernard Landry is a responsible government that listens to what Quebecers have to say. I have no doubt that it will take up the challenge from the people of Quebec—

The Speaker: The hon. member for Notre-Dame-de-Grâce—Lachine.

* * *

[*English*]

NELSON MANDELA

Mrs. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.): Mr. Speaker, as many of my colleagues in the House today have just stated, Nelson Mandela, world citizen, has become an honorary citizen of Canada, and what a great day this is.

After spending 27 years in prison, Nelson Mandela has shown himself a great world leader and a model for all humankind in the embracing of fundamental human life and in the embracing of peace, tolerance and respect of diversity.

This is a great day for Canada to be able to say that we have and can count in our Canadian family a world citizen of the stature of Nelson Mandela.

It is a great day for Canada, it is a great day for all Canadians, but it is an especially great day for Canadians of African descent to know that one of our community has been recognized by our government, by our country, as being worthy not only to be recognized around the world but within our own country.

* * *

● (1415)

YMCA

Mr. Rick Borotsik (Brandon—Souris, PC/DR): Mr. Speaker, the family YMCA of Brandon is a vital organization in my community. This year marks its 115th anniversary in the city of Brandon. I would like to thank Marty Snelling, his staff and his volunteers for their dedicated service.

Let us also celebrate today the remarkable achievements of YMCA Canada as it commemorates its 150th anniversary.

The YMCA is an organization that has always stayed one step ahead of the needs of our community and promotes the health and well-being of our children, youth and seniors. It is a leader in building strong kids, strong families and strong communities due to its enduring values and ability to continually adapt and change from generation to generation.

The YMCA is grounded in time honoured principles and values. It is an ethical and socially relevant charity that respects individuals with all their diversity and has a strong, effective and mutually supportive partnership of volunteers and staff.

I ask members of parliament to join with me today in celebrating the valuable contribution that the YMCA has made to Canadians over the past 150 years. Thanks goes to the YMCA.

ORAL QUESTION PERIOD

[English]

NATIONAL DEFENCE

Mr. Stockwell Day (Leader of the Opposition, Canadian Alliance): Mr. Speaker, the Princess Patricia's Canadian Light Infantry has a proud history and tradition of fighting for freedom. In the first world war it bravely fought at Vimy Ridge and at Ypres, and on the battlegrounds of Italy and Germany in the second world war. In the dangerous terrain of Korea, it was there in that conflict.

Now, in what appears to be a softening of our commitment to stand shoulder to shoulder with our allies, the Minister of National Defence is indicating that if there is full conflict these troops may be sent home.

Could the Prime Minister please explain what on earth he is talking about?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, they have been selected, indeed they have a great history, and it is a great group of proud Canadians.

The principal role that we hope they will have whenever and they go there, because there is no final conclusion yet, will be to make sure that people who go into Afghanistan with food, clothing and so on can get to the people who need it. The troops will be there to help pave the way for the job to be done.

Of course, we do not want to have a big fight there. We want to bring peace and happiness as much as possible.

Mr. Stockwell Day (Leader of the Opposition, Canadian Alliance): Mr. Speaker, I do not know if the Prime Minister has been watching the news. There is a big fight there. There is a big fight all over the world in the war on terrorism. One of the most respected military leaders in our country, General Lewis MacKenzie, has criticized the Prime Minister for his statement that we will pull out if our troops face conflict there. This seems to be a reiteration of his policy during the gulf conflict where he said that it was good the troops were there but that if anybody started shooting they would come home.

Canadians will always work on plans for peace but we have never run from a fight for freedom.

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we have done our job very well since September 11. We have attacked the problem of terrorism in many ways. When Canadian soldiers are asked to do their duty, they always do their complete duty as proud Canadians, and we have a great history to back this up.

[Translation]

Mr. Stockwell Day (Leader of the Opposition, Canadian Alliance): Mr. Speaker, we hear that our armed forces will be without heavy artillery and without helicopters. They will be dependent on the allies almost constantly.

Will the Prime Minister explain the risk our armed forces face because of insufficient support from his government?

• (1420)

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, in recent years, our soldiers have been just about everywhere in the

Oral Questions

world. Very often, they have been integrated with soldiers from other countries, sometimes Great Britain, sometimes France, be it in Bosnia or elsewhere in the former Yugoslavia. They have always performed well, they have always been properly equipped, and they have always done Canada proud.

[English]

Mr. Brian Pallister (Portage—Lisgar, Canadian Alliance): Mr. Speaker, the responses of the Prime Minister today continue weeks of vacillating by the government on our commitment to the coalition against terrorism abroad. It is embarrassing to Canadians and to our Canadian troops. Again today a demoralizing media report says that the government is planning to disband the very Princess Pats that it is sending into action.

After weeks of mixed messages, I want the minister to give us a clear message today for a change and clearly state that no such plan exists.

Hon. Art Eggleton (Minister of National Defence, Lib.): Mr. Speaker, the opposition is distorting a lot of this situation as usual. If our troops go to Afghanistan, they go as part of a stabilization force. They go to help open corridors for relief and humanitarian assistance. If they are fired upon, they will defend themselves. However they are not going over there for frontline activity in an offensive manner. If they suddenly face that kind of situation without the proper equipment and preparation, it would only be appropriate to pull them back.

It is the mission they are going over for that they will do, and they will do it well.

Mr. Brian Pallister (Portage—Lisgar, Canadian Alliance): It continues, Mr. Speaker. The Princess Pats are supposed to be transported to Afghanistan by Hercules transport aircraft. Canada owns 32 such aircraft, but we have learned from a military source that of these only 11 currently are operational.

Could the minister explain how in the war against terrorism the Princess Pats can stand for Canada while they are standing on the tarmac in Edmonton?

Hon. Art Eggleton (Minister of National Defence, Lib.): Mr. Speaker, first, there is absolutely no intention to disband the Princess Pats. They are a proud regiment of the country. They will continue to make us proud in Afghanistan and in the future.

Second, we will get them over there as we have always done before in all of our missions. We will get the transport they need when they are called upon.

* * *

[Translation]

INTERNATIONAL AID

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, the G-20 meeting held in Ottawa this weekend concluded in failure because the rich countries could not agree on the need to increase aid to developing countries now.

I am not the source of the negative report on the G-20 meeting, it comes from the head of the World Bank, who said, "There is no consensus on the matter".

Oral Questions

Will the Minister of Finance acknowledge that the G-20 meeting he chaired in Ottawa was content to express good intentions on the subject of international aid, when now is the time to act on the poverty that fosters terrorism?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, I can tell the leader of the Bloc Québécois that the meeting of the G-20, the International Monetary Fund and the World Bank on the weekend was a huge success in everyone's estimation.

Since it was considered a success by commentators around the world and by all the participants, I think the leader of the Bloc Québécois could for once congratulate his fellow Canadians on their success.

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, we are not talking about fellow Canadians, we are talking about the Minister of Finance, who chaired it and who is revelling in grand ideas, of no use.

The G-20 did not adopt a clear plan, identify a mandate or set deadlines.

How can the Minister of Finance, who has come away empty handed in terms of international aid from the G-20, talk of success when the need to act is vital, but there is no consensus on how and with what to act?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, not only was there a consensus on the need for increased aid, but there were specific measures.

I need only mention that, in the case of the write off of the debts of the poorest countries, a very clear agreement was reached to the effect that all countries that reach the starting point will receive other aid following the events of September 11. Those countries having difficulty reaching that point will have additional aid. This is just an example.

• (1425)

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, the Minister of Finance may express all kinds of good intentions on the subject of international assistance, but the fact remains that since this government came to power in 1993, assistance for poor countries has dropped considerably, from 0.45% of the GDP to 0.25%.

How can the Minister of Finance express good intentions with his G-20 colleagues on the need to increase international assistance, when his government has almost halved Canada's aid since it came to power?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, we increased foreign aid in the last budget. In the budget before that, we increased foreign aid; and in the budget prior to that one, we increased foreign aid.

Incidentally, we are one of the few countries among the G-7, which, despite seeing its debt go up year after year, has still played a leadership role by extending the moratorium on debt repayment by the poorest countries. It is Canada that has played a leadership role.

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, let us be serious for a moment.

How can Canada's Minister of Finance expect to be taken seriously by the people listening when financial assistance has

dropped, during his mandate, from 0.45% to 0.25%? Since when is going from 45 to 25 considered an increase, other than in the Minister of Finance's head?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, at the meeting of the World Bank in Prague a year and a half ago, it was Canada that took a leadership role on the issue of the moratorium on debt repayment for poor countries.

This past weekend, here in Ottawa, once again it was Canada that took a leadership role at the G-20, the IMF and the World Bank on the issue of reducing the debt for the poorest countries. This was accepted by the other countries and we will continue to fight for it.

[English]

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, my question is for the Prime Minister. Nelson Mandela and Graca Machel have been honoured for their human rights struggles and their humanitarian achievements. This weekend Graca Machel called Canada "a deadbeat parent to the world's starving children".

Will Canada do more than embrace these revered human rights champions? Will the government hear and heed the pleas of Nelson Mandela and Graca Machel and restore the funding for international development aid to a minimum of .75% of GNP?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, as the Minister of Finance said, in the last two years we have started to reinvest money in foreign aid. We had an increase of 7% in the budget of this year.

I have said, and the Minister of Finance has said the same thing, that we intend to continue to increase from year to year. Of course there were years when we were faced with a bankrupt situation and all programs were cut. We were sorry to have to cut them, but now we are restoring the money. Not long ago on the debt side we were always at the forefront, and we have let go a lot of debt to the Pakistanis, for example, because of the conflict—

The Speaker: The hon. member for Halifax.

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, the government has damaged Canada's international reputation by reducing international development aid to one-third of what the government promised.

On the occasion of welcoming Nelson Mandela into the Canadian family, will we honour him more concretely? Will we honour him by contributing more generously to the global struggle against poverty?

Will the Prime Minister specifically commit today to raise Canada's foreign aid to .75% of the GNP in the upcoming budget?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, in three weeks there will be a budget. The member will see that the government is committed to increasing more money to development around the world. It is a commitment we have made, but we cannot go to .75% in one budget. It is completely unrealistic.

Oral Questions

● (1430)

NATIONAL DEFENCE

Right Hon. Joe Clark (Calgary Centre, PC/DR): Mr. Speaker, military experts say that Canada's Sea Kings in Afghanistan have lost the safety features which protected them in the gulf war.

I have three precise questions for the Minister of National Defence. Do the Sea Kings in Afghanistan have systems to detect enemy radar? Do they have systems to detect enemy laser scanning? Can they dispense interference to decoy incoming missiles?

If not, how does the minister justify sending into battle Sea Kings that are less safe now than they were 10 years ago?

Hon. Art Eggleton (Minister of National Defence, Lib.): Mr. Speaker, that is simply not the case. They are equipped to do the job they have been assigned to do. They are not going directly into battle. They certainly are in an area where they will extend the surveillance of the frigates that they serve with. They have the kind of equipment they need to do the job.

Certainly as their own members have said, they are well equipped, they are well trained and prepared to serve Canada.

Right Hon. Joe Clark (Calgary Centre, PC/DR): Mr. Speaker, the minister will not fly in those Sea Kings. His policy is, send them off and pray that nothing happens.

In August 2000, the minister said the first Sea King replacements would be available in 2005. Internal documents from public works state that those replacements will not be available until 2007 because of the government's political decision to split the contract.

When precisely will Canada receive new, safe helicopters that we do not have to pray about?

Hon. Art Eggleton (Minister of National Defence, Lib.): Mr. Speaker, the helicopters we have now are safe, or as one of the captains who flies one said, "I have no concerns. I have all the confidence in the world in the aircraft. I have no concerns whatsoever with regard to maintainability and operation ability of the Sea King. It is quite a robust aircraft. It is...good" and it does the job.

Mr. Rob Anders (Calgary West, Canadian Alliance): Mr. Speaker, it has been three years since the defence minister stood in the House and assured our troops that our rickety old Sea King helicopters were being fitted with newer communication systems, but he let our troops down again. He led them to believe that as he spoke the systems were being installed.

Three years later, they still are not here. He said he would deliver and he did not. Why did he claim something that was not true?

Hon. Art Eggleton (Minister of National Defence, Lib.): Mr. Speaker, I would have thought that the first words of that particular member of the House would be to apologize to Nelson Mandela.

As I have just quoted from one of our pilots, they are safe to fly and they will operate—

The Speaker: The hon. member for Calgary West.

Mr. Rob Anders (Calgary West, Canadian Alliance): Mr. Speaker, the first words out of the minister's mouth should have been an apology to our troops.

Despite the contrary analysis of nearly every expert in the field, the defence minister likes to persist in his fiction that our forces are better equipped today than they were 10 years ago.

Ten years ago, our Sea Kings had a host of anti-missile systems in the Persian Gulf. Today they are being sent to war, stripped back to only one of those defences.

Let us end this charade now. Are our Sea King helicopters better equipped—

The Speaker: The hon. Minister of National Defence.

Hon. Art Eggleton (Minister of National Defence, Lib.): Mr. Speaker, I think that kind of fearmongering is also a shame. We have fine, dedicated men and women who are using these helicopters, flying these helicopters. They have families back here who are concerned that they return safely. Their own pilots are saying, as I pointed out just a few moments ago, that they are safe to fly and they can do the job.

* * *

[Translation]

EMPLOYMENT INSURANCE

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, the chief actuary for Human Resources Development Canada has announced that the EI surplus this year alone will total \$8 billion.

This colossal surplus, accumulated at the expense of the unemployed, is clear evidence of the catastrophic effect of the cuts that have been made since 1994.

Is this anticipated total of the surplus not sufficient to make the government decide to implement the recommendation made in the unanimous report by the Standing Committee on Human Resources Development that the employment insurance program be improved to meet the real needs of the unemployed?

● (1435)

[English]

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, I would remind the hon. member that in the annual monitoring assessment report done by the Employment Insurance Commission, it indicates that fully 88% of all Canadians in paid employment would be eligible for employment insurance should they need it.

I would also point out that our government has continued to take a prudent and balanced approach to managing the employment insurance fund. I would suggest that in these uncertain economic times that formula continue to be the one we should follow.

[Translation]

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, we were been back in our ridings last week. All of us saw men, women and young people in our offices who have been the victims of the economic downturn.

Oral Questions

The reality as we see it is that EI is no longer fulfilling its role, which is why the surplus is up to \$8 billion.

How many billions do we need to get to before the minister will understand that her program does not provide sufficient protection to the unemployed?

[English]

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, let me say again that the government has continued to take a balanced and prudent approach to managing employment insurance.

I would remind the House that as a result of Bill C-2 we have changed the system to benefit seasonal workers. If the Bloc would have had its way, that bill would never have passed and the 340,000 Quebecers who are now benefiting from those changes, from the elimination of the intensity rule, for example, would not have received their repayments if it had been up to the Bloc.

* * *

NATIONAL DEFENCE

Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, Canadian Alliance): Mr. Speaker, the 3rd Battalion of Princess Patricia's Light Canadian Infantry was picked to go to Afghanistan because it has a parachute company of ex-Canadian airborne regiment soldiers.

The British and the U.S. have sent in parachute battalions. Why does the Minister of National Defence continue to misinform Canadians when he states that Canada does not need an airborne regiment?

Hon. Art Eggleton (Minister of National Defence, Lib.): Mr. Speaker, perhaps the member has answered her own question. There are those capabilities of doing this in other parts of the forces. In fact, all of the capabilities that were once with the airborne regiment do exist in various parts. They better suit our needs and what we need today in the Canadian forces. We have no intention of putting an airborne regiment back in place.

Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, Canadian Alliance): Mr. Speaker, the disbanding of the third Princess Pats would mean a third of Canada's remaining para-capability would be gone. The Canadian army needs to add an airborne regiment to the other three brigades just to keep up with the commitments the government has promised.

Canada needs para-capability as part of its NATO membership requirements. Is the real reason the government is cutting para-capability not so that it will not be asked to participate in NATO operations?

Hon. Art Eggleton (Minister of National Defence, Lib.): Mr. Speaker, that is absolute nonsense. We have made no decision with respect to cutting any regiments whatsoever. The army is always looking at different options and its modernization and what are its needs for today and tomorrow. No such recommendation has been made by it to me. No such decision has been made by the government.

[Translation]

EMPLOYMENT INSURANCE

Mrs. Pauline Picard (Drummond, BQ): Mr. Speaker, the only way to be just to employment insurance contributors would be to set up a separate fund, so as to know exactly what surpluses are generated by the fund and how that money should be used.

For reasons of honesty, transparency and fairness, should the Minister of Finance not tell the truth to EI contributors by setting up a separate fund that he would not be able to raid as he pleases and as he has been doing for several years, at the expense of the unemployed and of contributors?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, in 1986, the auditor general insisted that the government's consolidated fund include the employment insurance fund. We are complying with the auditor general's request.

Mrs. Pauline Picard (Drummond, BQ): Mr. Speaker, the government is dipping into the fund.

The plan that the Bloc Quebecois presented to the Minister of Finance to support the economy includes a two month EI contribution holiday for companies.

What is the minister waiting for to take advantage of the huge \$8 billion surplus and follow up on our suggestion to support the economy, this at a time when it needs it badly?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the plan proposed by the Bloc Quebecois would put us in a deficit almost immediately—

Some hon. members: Oh, oh.

Hon. Paul Martin: —and this is not our intention. In fact, this is not what Canadians want.

* * *

● (1440)

[English]

TERRORISM

Mr. Jason Kenney (Calgary Southeast, Canadian Alliance): Mr. Speaker, certain terrorist front groups continue to operate with impunity in Canada. They raise money in Canada to buy arms and explosives and sometimes they extort money from unwilling immigrants through gang activity.

Will the government commit today to freezing the assets of all organizations which it has identified as terrorist fundraising fronts?

Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.): Mr. Speaker, as I have said many times in the House, the government has put a process in place to make sure the assets of individuals or groups involved with terrorists are frozen. That has been done and will continue to be done.

Mr. Jason Kenney (Calgary Southeast, Canadian Alliance): Mr. Speaker, one organization that has not been listed, an organization identified by the U.S. government, the Sri Lankan government and this Minister of Justice as a fundraising front for the Tamil tigers, is an organization called FACT.

Oral Questions

Could it be that this organization has not been listed because the ministers of finance and CIDA attended a fundraising dinner for it last year?

Will the Prime Minister ask the finance minister to recuse himself from any decisions involving listing FACT, which his government has identified as a terrorist front, given the finance minister's conflict of interest?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, it is always the same thing. They are happy when they are throwing dirt.

I have confidence in the Minister of Finance. He was present at this meeting with a lot of people supporting a minority population in Canada. It is shameful that they treat that type of—

The Speaker: The hon. member for Hamilton Mountain.

* * *

INTERNATIONAL TRADE

Ms. Beth Phinney (Hamilton Mountain, Lib.): Mr. Speaker, the Minister for International Trade returned last week from the World Trade Organization meeting in Qatar where Canada agreed to participate in the new round of negotiations. There has been a lot of talk about this being a development round.

Will the minister tell the House what this means to Canadians?

Hon. Pierre Pettigrew (Minister for International Trade, Lib.): Mr. Speaker, I am very proud to be back in the House having been in a position with all 142 countries of the planet to launch a new trade round at the WTO. I am very pleased because Canada has been able to meet all of its objectives.

I want to commend the work of my colleague, the Minister of Agriculture and Agri-Food, who has been able to put agriculture on the table. This is great news for Canadian farmers. We have also been able to adopt a TRIPS amendment that demonstrates all the flexibility we need for public health systems around the world.

* * *

ANTI-TERRORISM LEGISLATION

Mr. Bill Blaikie (Winnipeg—Transcona, NDP): Mr. Speaker, my question is for the Minister of Justice who has argued in recent weeks, in defence of Bill C-36, that September 11 changed the world.

Unfortunately for Canadians, who are worried about Bill C-36, they might be less worried if they felt that the government's attitude toward peaceful protesters had changed. Yet that does not seem to have been the case this weekend in Ottawa.

Is the minister not concerned about the treatment of some peaceful protesters on the weekend? Will she be asking for a report from those in charge and making a statement in the House as to how this supports her position on Bill C-36?

Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.): Mr. Speaker, the government has always supported peaceful protest. However, what we will not support is violence.

Mr. Bill Blaikie (Winnipeg—Transcona, NDP): Mr. Speaker, it is a question of trust.

I want to ask the Minister of Justice: why should the government be trusted with new powers in which it may use these powers and not be able to distinguish between real terrorists and non-terrorists if at the moment it cannot distinguish between peaceful protesters and violent protesters?

Is she not concerned about the reputation the government has developed? Why should we trust her or anyone else on that side with increased powers when they cannot use the powers they already have judiciously?

Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, I think it is fair to say that most reasonable people would say that the police appointed themselves and conducted themselves admirably on the weekend.

The hon. member and I have engaged in this discussion before. I believe the definition of terrorist activity in Bill C-36 is clear. However I have also indicated that I am open to considering further clarifications to the definition that will deal with the concerns of the hon. member and others.

* * *

●(1445)

FOREIGN AFFAIRS

Mr. Bill Casey (Cumberland—Colchester, PC/DR): Mr. Speaker, under Bill C-35 the Minister of Foreign Affairs is expanding immunity beyond traditional diplomats to a whole new additional category of foreigners.

Although the minister has agreed that he will report on a quarterly basis those who claim immunity under this new bill, there is no requirement in legislation at all for subsequent ministers.

Will the minister amend Bill C-35 to require an annual report to the House stating who claimed immunity under this new expanded criteria?

Hon. John Manley (Minister of Foreign Affairs, Lib.): Mr. Speaker, I think the committee has already dealt with any proposed amendments to the bill. The availability of information on claims for immunity is available to any citizen through the Access to Information Act. We have introduced a procedure to ensure that all such current claims are reported on a quarterly basis, fully documented and fully explained, and this is a new innovation.

Mr. Bill Casey (Cumberland—Colchester, PC/DR): Mr. Speaker, it is probably a hard concept for a minister of the government to understand but perhaps someday the Liberals will not be over there. Perhaps another party will be over there and it will have no obligation to follow this rule.

It is ironic that at a time when Canadians are being asked to surrender certain rights under Bill C-36, the anti-terrorism bill, Bill C-35 is expanding immunity to foreigners.

Will the minister put into legislation a requirement to report to the House on who claims civil immunity and criminal immunity under this new legislation?

Oral Questions

Hon. John Manley (Minister of Foreign Affairs, Lib.): Mr. Speaker, we have debated this at some length in the committee. What is somewhat worrisome about the question that the hon. member poses is that he rather implies that many members of the diplomatic corps are involved in criminal activity and are claiming somehow to have immunity.

The fact is that a very small proportion of those who are here representing their countries ever make a claim of diplomatic immunity and these obligations are ones we have taken on under the Vienna convention.

* * *

TERRORISM

Mr. Jason Kenney (Calgary Southeast, Canadian Alliance): Mr. Speaker, the Prime Minister has accused the opposition of slinging mud in the same breath as he has accused parliamentarians of being bigots for asking why he has not stopped a terrorist front organization from operating in Canada.

His own Department of Justice, at court, said that the Federation of Associations of Canadian Tamils is an example of "political and benevolent front organizations which support the LTTE".

Instead of slinging mud, why does the Prime Minister not stand up and say that he will protect the Sri Lankan community, both in Canada and abroad, from an organization that it has identified as a terrorist front?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, that is exactly the type of thing we are doing. What they are trying to do is to associate a group of Canadian citizens who were celebrating their identity with representatives of municipal, provincial and federal governments and representatives of many other bodies in attendance. Many members of parliament and two ministers were also there in good faith.

Trying to link the terrorists to those who live in Canada peacefully is a trick that I will not accept. I will tell them that when they link the two together—

The Speaker: The hon. member for Calgary Southeast.

Mr. Jason Kenney (Calgary Southeast, Canadian Alliance): Mr. Speaker, shame on the Prime Minister for putting his own political interests ahead of the security interests of Canadians and Sri Lankans.

This weekend I met with six members of the Sri Lankan community in my constituency who could not understand why the government supports an organization which its own departments of justice and immigration have identified as a terrorist front.

When will the Prime Minister put the rule of law ahead of the political interests of protecting his finance minister from a mistake that he made? Why does he not just apologize?

Right Hon. Jean Chrétien (Prime Minister, Lib.): In Canada, Mr. Speaker, there is a due process of law. They are making accusations at this moment. If they have something proving that there is a link between the Canadian citizens who were in Toronto in good faith and terrorists they have the burden of proof, not us.

• (1450)

[Translation]

AIRLINE INDUSTRY

Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ): Mr. Speaker, the Minister of Transport has stated repeatedly that his responsibility is to guarantee a competitive airline industry.

Will the Minister of Transport also recognize that one of his duties is to ensure that jobs related to the airline industry are saved, and consequently, does he plan on providing a loan guarantee to a possible buyer with a plan to save all or part of Canada 3000?

Hon. David Collenette (Minister of Transport, Lib.): Mr. Speaker, the bankruptcy of Canada 3000 is unfortunate, especially for workers, but also for Canadians who are losing their air service.

Prior to September 11, we had an airline policy that worked well, but the tragic events affected the airline industry throughout the world, not only here in Canada. I think we must do some thinking and consider making improvements to our policy.

Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ): Mr. Speaker, in order to maintain competition, there must be guaranteed air service to the regions.

Will the minister recognize that the time has come to help a possible buyer of all or part of Canada 3000, and to take advantage of the ensuing discussions to guarantee people living in the regions a regional airline worthy of the name regional?

[English]

Hon. David Collenette (Minister of Transport, Lib.): Mr. Speaker, I might remind the hon. member that Bill C-26 and the former parliament did extract conditions from Air Canada to serve small communities across the country that Canadian Airlines served and Air Canada served at the time for a period of three years. This government and parliament supported the notion that these communities had to be protected. This provided a transition period for other companies to provide the service.

Certainly the competition was developing very well before September 11 but the tragic events have had an incredible effect, not only in Canada but around the world. We now have to assess the situation and determine what policy changes are required to ensure further competition.

* * *

[Translation]

TAX POINT TRANSFER

Mr. Grant Hill (MacLeod, Canadian Alliance): Mr. Speaker, all political parties in Quebec are in agreement about asking the federal government to transfer tax points so that provinces can fully fund programs in their jurisdictions.

Will the Prime Minister and the Minister of Finance listen, for once, to the wishes of their own province and seriously consider the issue of tax point transfer?

Oral Questions

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, when we look at the whole evolution of tax points, it is very clear that, for example, a tax point in Ontario or in Alberta is worth a lot more per capita than a tax point in Quebec or in Nova Scotia.

So, if we agreed to transfer tax points, we would be penalizing Quebec and the other beneficiary provinces in favour of the richest provinces. We are not prepared to do that.

Mr. Grant Hill (MacLeod, Canadian Alliance): Mr. Speaker, Quebec is not the only province that wants a debate on the transfer of tax points. Several other provinces also support this idea since the Liberal government unilaterally made deep cuts to social transfers.

Why is the Liberal government incapable of exercising true, flexible and co-operative federalism by initiating a nationwide debate on the transfer of tax points?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, I just gave an answer on tax points. When we talk about transfers, all I can say is that equalization is the ultimate transfer: it is a transfer from the Canadian government to the provinces.

Transfers for health and education are ultimate transfers. They are transfers from the Canadian government to the provinces and the Canadian Alliance voted against them.

* * *

[English]

CANADA POST

Mr. Mark Eyking (Sydney—Victoria, Lib.): Mr. Speaker, last June, Canada Post closed a postal terminal in north Sydney. My constituents became very concerned about the loss of their jobs to the community.

When I asked the Minister of Public Works and Government Services what he would do to ensure vital jobs were not removed from Cape Breton, he told the House that Canada Post would find a new vocation for the north Sydney postal terminal. I thank him very much for that.

Could the minister report back to the House on any developments in north Sydney?

Hon. Alfonso Gagliano (Minister of Public Works and Government Services, Lib.): Mr. Speaker, it gives me great pleasure to inform the House that a postal service office will be established in north Sydney in the new year. This decision will create 10 new permanent jobs. I want to congratulate the hon. member for Sydney—Victoria for his hard work.

* * *

•(1455)

AIRLINE INDUSTRY

Mr. James Moore (Port Moody—Coquitlam—Port Coquitlam, Canadian Alliance): Mr. Speaker, Canadians will be stunned to realize that a minute ago the transport minister soberly said that competition has been developing very well in the airline industry in this country.

With the death of Canada 3000, air competition has died in Toronto, Montreal, St. John's and Halifax. Since this government

came into power, CanJet, Canada 3000, Canadian Airlines, Greyhound, Roots, Royal and VistaJet have all declared bankruptcy or have been taken over by other countries.

Under the transport minister's watch, air competition is dying, not thriving. What is he going to do about it?

Hon. David Collenette (Minister of Transport, Lib.): Mr. Speaker, as I said a moment ago in French, the loss of Canada 3000 is indeed regrettable especially for the employees and those Canadians who have lost the choice of an airline carrier. However, I might remind hon. members that competition does exist. It flourishes in many parts of the country, including western Canada where the hon. member is from.

There are certain communities particularly on the east coast that I am concerned about. I am heartened by the fact that WestJet has decided, and has said publicly, that it is going to bring in service to some of those communities. I would hope that Air Transat may look at some of those markets as well.

Mr. James Moore (Port Moody—Coquitlam—Port Coquitlam, Canadian Alliance): Mr. Speaker, competition does not exist for the minister's constituents or two-thirds of Canadians in central and eastern Canada.

Since Canada 3000 has gone bankrupt a *Globe and Mail* Ipsos-Reid survey has shown that two-thirds of passengers are afraid that an airline they use will go bankrupt and leave them stranded. Another poll has shown that 78% of Canadians support the use of air marshals on planes. South of the border since September 11 both houses of congress have passed the aviation security act.

How much longer does the alarm bell have to ring until the transport minister wakes up and tables meaningful legislation to regain confidence in the air industry in this country to get people flying again?

Hon. David Collenette (Minister of Transport, Lib.): Mr. Speaker, as I said before, the priority of the government has been to ensure that new regulations are put in place and they are enforced to enhance security.

The hon. member seems fixated upon the legislative process in the United States which operates in a different fashion. I might remind him that that bill has been before congress for the last two months.

In this country we have had numerous debates in the House. We have had committee hearings. The hon. member has been quite vocal at those hearings. Cabinet is now seized with this issue. I expect changes to be introduced soon.

* * *

[Translation]

INTERNATIONAL COURT

Ms. Pierrette Venne (Saint-Bruno—Saint-Hubert, BQ): Mr. Speaker, with the United States perhaps about to capture Osama bin Laden, President Bush has just signed an order allowing his country to create special military tribunals for the purpose of trying foreign nationals, thus bypassing the American criminal justice system.

Oral Questions

Does the Canadian government intend to make a strong argument to the U.S. government in favour of having the perpetrators of the attacks tried before an international civil court and nowhere else?

Hon. John Manley (Minister of Foreign Affairs, Lib.): Mr. Speaker, our view is that, if people implicated in the attacks are arrested, they must be tried according to the rule of law. So far, however, this is a purely hypothetical question.

* * *

NELSON MANDELA CHILDREN'S FUND

Right Hon. Joe Clark (Calgary Centre, PC/DR): Mr. Speaker, will the Prime Minister tell the House today that he intends to match the almost half a million dollars in private donations made to the Nelson Mandela Children's Fund in Toronto on the weekend?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, that is an idea we will certainly look at. I had an opportunity to speak with Mr. Mandela, but he had other priorities. He told me that he needed help in connection with the negotiations taking place in a neighbouring country, the Congo. He asked us to help the former president of Botswana. I said that I would, but if we can do more, we will consider the member's suggestion.

* * *

[English]

IMMIGRATION

Mr. Svend Robinson (Burnaby—Douglas, NDP): Mr. Speaker, my question is for the Minister of Citizenship and Immigration.

Lisa Fithian, an American peace and labour activist, was arrested, strip-searched and jailed for two days by immigration authorities when she arrived in Ottawa last week to participate in peaceful, non-violent civil disobedience training for the G-20 meeting. Fithian had entered Canada on a number of occasions previously without any problem whatsoever.

I want to ask the minister, is this a taste of what is to come under the anti-terrorism legislation? Why was this woman arrested, strip-searched and jailed?

● (1500)

Hon. Elinor Caplan (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, the member knows that it is not proper for me to discuss individual cases here in the House of Commons or outside the House because of privacy legislation.

What I can tell him is that there are appropriate means to make discrete inquiry to ensure that someone is properly treated and that all of the activities that take place are done properly and appropriately.

It is up to an individual to convince the immigration officer that they have legitimate business in Canada before they are entitled to enter the country.

* * *

[Translation]

DAIRY INDUSTRY

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, next month the World Trade Organization will be bringing down its final decision on

the dispute concerning Canada's dairy product export systems. Between 1999 and 2000, the value of Canadian dairy exports dropped close to 22%. An unfavourable WTO decision could mean an annual loss of \$300 million for Quebec.

What concrete action does the Minister for International Trade plan to take to defend our system of supply management in the dairy industry?

Hon. Pierre Pettigrew (Minister for International Trade, Lib.): Mr. Speaker, as the hon. member for Joliette is well aware, the Government of Canada has backed up the Government of Quebec fully in this matter.

We have defended the milk management issue and moreover thanks to my colleague, the minister of agriculture did so all last week during the very important discussions that were held in Doha.

Every time that the subject of agriculture came up, we made it perfectly clear that the supply management system in place in Canada was a permanent one, and part of our way of doing things. We are extremely pleased to have been able to meet Canadian objectives and to have protected our system.

* * *

[English]

CANADIAN HERITAGE

Mr. Roy Bailey (Souris—Moose Mountain, Canadian Alliance): Mr. Speaker, since the Minister of Canadian Heritage is reportedly in the running for the leadership of the party opposite, I ask her, as part of her platform, will she make a pledge that the completion of the war museum will be one of her main priorities?

The Speaker: I am sure the House would like to hear something about the war museum, but I am not sure this question falls within the administrative jurisdiction of the minister. Perhaps it could be treated as a question dealing with the war museum and not the leadership.

Hon. Sheila Copps (Minister of Canadian Heritage, Lib.): Mr. Speaker, not only am I pleased to tell the hon. member that we are moving ahead very quickly with the war museum but we already have a date for its opening. I hope on that date Prime Minister Jean Chrétien will be able to be at the opening.

The Speaker: The minister compounds the error by referring to a member by his name.

* * *

PRESENCE IN GALLERY

The Speaker: I draw the attention of hon. members to the presence in the gallery of Sir Curtis Strachan, Speaker of the House of Representatives of Grenada, accompanied by the delegates to the Commonwealth Parliamentary Seminar, who include the Secretary General of the Commonwealth Parliamentary Association, Mr. Art Donahoe.

Some hon. members: Hear, hear.

The Speaker: I would also like to draw to the attention of hon. members the presence in the gallery of His Excellency Mr. Mazaheri, Minister of Economic Affairs and Finance of Iran.

Some hon. members: Hear, hear.

* * *

● (1505)

PRIVILEGE

MEMBER FOR MARKHAM

Mr. Rob Anders (Calgary West, Canadian Alliance): Mr. Speaker, I rise on a question of privilege. Just prior to question period the member for Markham made a statement that was not accurate. I wish him to withdraw it.

Mr. John McCallum (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, I have three points which suggest that my statement was accurate and perhaps I could mention them.

The first is that yesterday afternoon I received information that Nelson Mandela wanted to see “the fellow who opposed my nomination”. I immediately notified the Prime Minister’s Office of that fact. The second point is that this morning a call was placed to the hon. member’s office to call Nelson Mandela.

Mr. Vic Toews: Say you are sorry. Admit you made a mistake.

Mr. John McCallum: My contention is I did not make a mistake and I am offering facts to support it.

Nelson Mandela waited some minutes at the airport to receive the call and it was not received. Then as a consequence, protocol informed the PMO. The PMO called the hon. member’s office and the representative from the PMO was told that a decision had been made not to make the call. That is the evidence on which I based my comment.

That having been said, the Prime Minister’s Office remains open to facilitate a call should the member wish to make one at any time.

Mr. Rob Anders: Mr. Speaker, the Prime Minister’s Office never called my office.

The Speaker: We will hear a little more but I think we have a dispute here as to facts. There has been no withdrawal of the statement that was made. Under the circumstances, I do not know what else we can do except continue to argue about it which seems pointless to the Chair. The member says he has facts upon which he based it. It is not for me to make an adjudication on these facts.

Mr. John Reynolds (West Vancouver—Sunshine Coast, Canadian Alliance): Mr. Speaker, I will be very quick. A member of my caucus has asked a member of the other side to withdraw a statement because it was incorrect. The member can make all the statements he wants as to who made phone calls but the member is saying that the statement was incorrect. He is asking the member to withdraw it. Traditionally in parliament we withdraw statements that are inaccurate. I would ask the member to withdraw his statement.

The Speaker: I will hear once more from the hon. member who already has given an explanation as to why he made the statement. If he does not withdraw, under these circumstances it is not for the Chair to insist upon a withdrawal because there is a dispute as to facts. The hon. member may speak if he wishes. Obviously the

Routine Proceedings

matter is a matter of dispute and it will have to be taken up in some other way. We sometimes have disagreements in the House as to facts.

ROUTINE PROCEEDINGS

[Translation]

CANADIAN FORCES

Hon. Art Eggleton (Minister of National Defence, Lib.): Mr. Speaker, I wish to update the House on the Canadian Forces’ most recent contribution to the international campaign against terrorism.

[English]

Since September 11 Canada has provided important military support to the U.S. led coalition. We have known from the beginning that the overall campaign would be long and multidimensional, not just military. Our commitment to it has been firm and unshakeable.

Six weeks ago I announced the first of our contributions to the military effort aimed at eliminating the continuing terrorist threat posed by the al-Qaeda organization and its supporters and followers, including the Taliban. In doing so, Canada is acting within and with the support of the United Nations charter.

Article 51 of the charter preserves the inherent right of individual and collective self-defence. Security council resolutions 1368 and 1373 have expressly reaffirmed this right in the context of the tragic events of September 11. Canada has informed the security council that our international military response to terrorism is to collectively exercise the right of self-defence with our allies against the Taliban and the al-Qaeda, but we are also mindful that one of the objectives of the coalition is to assist with the humanitarian needs of the Afghani people.

[Translation]

In recent weeks, the situation in Afghanistan has evolved very quickly, and it remains fluid and unpredictable.

● (1510)

[English]

The Afghan people have suffered the effects of war for many years. Since 1997 they have suffered further under a stifling and repressive regime. They should suffer no longer.

As the Prime Minister has stated, all members of the coalition of nations have a responsibility to “provide a safe and secure environment for the Afghan people as soon as possible”. We are now taking action to fulfill our part of the commitment.

Our proposed contribution to the international coalition will include the 1,000 strong Immediate Reaction Force which comprises members of the 3rd Battalion, Princess Patricia’s Canadian Light Infantry from Edmonton and a company of the 2nd Battalion of the PPCLI from Winnipeg. They are on a 48 hour notice to deploy.

This battalion consists of three infantry rifle companies, one engineer squadron, a headquarters, a combat support company of heavy weapons and an administrative company.

Routine Proceedings

Current plans would have our ground forces working side by side with our coalition partners. Acting as a stabilization force in Afghanistan they would help create conditions that would allow humanitarian assistance to be delivered to the people of that country. Their role in securing entry points and corridors for the delivery of humanitarian aid by the United Nations and NGO organizations could be critical.

Our forces are ready and able to help restore safety and security to the country as required. Their actions will fully accord with the laws of armed conflict and Canadian rules of engagement.

The precise details of our role are still being determined in consultation with our allies but our reconnaissance team is prepared and ready to deploy. We are currently consulting with our coalition partners on the exact deployment schedule. The rest of the troops are prepared to deploy following completion of the reconnaissance mission.

Meanwhile the naval task force is in the Arabian Sea; the air force contingent to support an Airbus aircraft has been deployed to Germany as of last week; and three Hercules aircraft are ready to deploy with the Immediate Reaction Force.

The situation is not without risk for our Canadian force members but they are trained and equipped to meet the task that lies before them. At the same time our thoughts and prayers are with them and with their families whose support is vital to this mission.

• (1515)

[*Translation*]

Let me reiterate our continued commitment to the international coalition against terrorism.

[*English*]

Operation Apollo represents the largest deployment of Canadian troops since the Korean war. The size of our contribution is proof of our resolve in this effort.

We are committed to eliminating the threat of global terrorism so our citizens can live without fear. We are committed to rebuilding international peace and security. We are committed to ensuring the well-being of the Afghan people.

We will succeed because we are united in a common cause with our coalition partners. We will succeed because of the professionalism, dedication and skill of our Canadian forces personnel. We will succeed because we are secure in the knowledge that our cause is just and necessary.

Mr. Rob Anders (Calgary West, Canadian Alliance): Mr. Speaker, the Liberal record on these matters has been operation appalling, not Operation Apollo. The first indication that it is operation appalling is that the 3rd Battalion, Princess Patricia's Canadian Light Infantry, which is supposed to be sent over and is on 48 hours' notice, is about the same size as the elite regiment formerly known as the airborne.

Rather than sending an elite regiment like we could have had with the airborne, the government for reasons of political correctness went ahead and disbanded the airborne. It is now thinking of sending a

regiment that up until today it was thinking of disbanding. Shame on the minister. That is part of operation appalling.

Due to the fact that the government does not have enough troops and that there is a shortage of money and recruits, it is approaching people from Edmonton and Winnipeg to bolster the third battalion. The minister has failed to meet the recruiting targets in the white paper he so boldly talks about.

Let us imagine that. We have a regiment that was established in 1950 during the Korean war. For the sake of political correctness the minister would go ahead and disband it and poach troops from other parts of the country to bolster his sad record.

I will once again point out something I asked the minister during question period. I pointed to the sad situation where he stood in the House three years ago and said the Sea Kings would be getting their appropriate renewed communications systems. That was not the truth and the minister knows it full well.

The minister stood in the place where he sits now and told the House the Sea Kings would get their communications equipment. He said it was being done as he spoke. Three years later it has still not been delivered. The minister point blank did not tell the truth. He failed his forces.

The Speaker: I think the member knows that suggesting members are not telling the truth is a bit over the line. I would respectfully request that he discontinue such comments.

Mr. Rob Anders: Mr. Speaker, on the story of the Sea Kings, the minister likes to insist the military is as equipped if not better equipped than it was 10 years ago. Ten years ago our Sea Kings in the Persian gulf had various anti-missile systems. Now they are being sent in with a scant one. Ten years later they are less effective than they were then. It is a shame. The minister said something that did not come to pass three years ago even though he said it was happening as he spoke. Ten years later we are far worse off.

It is not just me that says these things. Canadians for Military Preparedness, the Conference of Defence Associations, Lieutenant General Charles Belzile, retired Major General Lewis MacKenzie, Major General Clive Addy, Lieutenant General Roméo Dallaire, Colonel Brian MacDonald and the Canadian Institute of Strategic Studies all say that by 2003 we may have as few as 43,000 troops. That is less than half what there was when the Liberals took power.

The list goes on in terms of the failures of the minister. The Royal Canadian Military Institute; General Jean Boyle, the former chief of the defence staff; Professors Jack Granatstein, Desmond Morton and David Bercuson; Lieutenant Colonel Doug Bland; and even the auditor general are on the list. Everyone on the list gave the minister a failing grade. Yet he has the audacity to claim he is on the job.

When our military goes on war game operations or exercises with the Americans, the Americans keep an extra squadron on standby because our equipment often breaks down. It breaks down so badly the Americans need to keep people to fill in our role.

Routine Proceedings

According to the minister's numbers our military stands at 58,000. In 1990 it was 85,000. Our reserves have fallen to under 15,000. When we consider that it takes roughly 10 military personnel to support one soldier in the field our effective force is only about 5,800 troops. That is an embarrassment and the minister knows it.

Our military counterintelligence computers were so antiquated that it took the tragic attack of September 11 before the minister would respond.

People smuggling ships and those who traffic in human flesh need to be pointed out by the Americans because we do not have the resources to find them ourselves.

When our American neighbours to the south offer to protect us under their missile shield in what is the deal of the century the Prime Minister and the Minister of National Defence run for cover and hide instead of taking them up on the offer. The minister has been sticking his head in the sand in the hope that the threats would go away.

There are 10 ways I would describe the minister: neglectful, rusted out, bureaucratic, fumbling, unprepared, irresponsible, rickety, outdated, desperate and hiding his head in the sand. It is a shame. This is operation appalling.

● (1520)

[*Translation*]

Mr. Claude Bachand (Saint-Jean, BQ): Mr. Speaker, I want to draw to your attention the fact that the minister mentioned, at the beginning of his statement, that he wanted to inform the House of the latest developments.

I wish to remind the minister and his government that it is not the first time that we are being informed. Troops have already been deployed and, so far, there has been no vote and practically no debate in the House. The Bloc Québécois wanted to say that before anything else because it is one of the things that we insisted upon.

When the decision is made to deploy troops to a theater of operations that could be dangerous, it seems to me that it would be important that this issue be submitted to the House, not only for information purposes, but for debate and discussion. I want to remind the minister and the government that members are here in the House not only to express their views, but to vote, which is the most important thing.

We are here today after a one week break during which we read in the papers that the minister and the government had just decided to send another 1,000 troops to Afghanistan. It is the second deployment. Members will remember that the same government decided earlier to send 2,000 troops with a tactical naval group and the House was never asked to vote on that. That is one area where the government deserves criticism.

On the subject of whether it is important to send troops, I think the Bloc has been very responsible since the start of this crisis. Everything since the September 11 attack has gone into a legitimate defence of the Americans and the international coalition, as everyone acknowledges.

The UN Security Council, in two resolutions, has said that the United States was attacked and it can legitimately defend itself. Support also came from NATO. This is the first use of article 5 of the

NATO agreement, which provides that an attack on one of the signatory states shall be an attack on the 18 others. Here too, there is international agreement that the Americans must have help and that the international coalition is taking symbolic steps to show that we are all in the same boat.

Not surprisingly, since September 11 everything has gone into a military response. The Bloc supported the bombing initially, but, the more it went on, the harder it was for us. Especially since last week, when the Taliban regime totally melted, it seems to me it is time to move on to something else.

We also support the government on the deployment of troops to provide humanitarian aid. This is where we are at. The country has been in a state of devastation for decades. This new attack on it has worsened things. Humanitarian convoys must get through with essential foodstuffs, if we want to protect the civilian population from catastrophe. They have already suffered enough with the bombings. It is likely several hundred civilians have been killed, but for those who sought refuge and headed to the Pakistani border, help must be provided now. Those coming home need help too. There are no more infrastructures, no more food and likely no more water.

We must help these people, and on this point we agree with the government. We cannot wait for a decision from the UN. For the time being, it cannot be done under the aegis of the UN. The combined force must go in. We can deploy people in 48 hours, give the order for them to prepare and move them out in ten days or so. If this were done under the UN, it would take much longer, and there would be the risk of a civilian catastrophe.

While this may be an appropriate measure, the army's capability is a different matter. We have already sent 2,000 troops to Bosnia. Incidentally, I am proud to say that I will go and visit them. I am leaving for Bosnia with two colleagues to see how things are going for the Royal 22nd Regiment.

We have already sent 2,000 troops and we are sending another 1,000 from the PPCLI. I am taking this opportunity to salute them. This is the light infantry regiment that came to my riding during the ice storm. I want to tell them that the people of Saint-Jean recognize the work that these soldiers did for them.

● (1525)

Are the army's structures and resources not already stretched to the limit? We begin to have reservations when the minister says that if we are asked to send more troops we will. I think this would generate an incredible amount of stress on members of the Canadian forces and their families, because their turn will come again much more often. This will be a problem until we have an adequate recruitment level to ensure that the stress imposed on members of the Canadian forces and their families, and on the army's ability to intervene, is not too big.

We have a bit of a problem with the vote issue, but we will support the government regarding the sending of 1,000 troops for humanitarian purposes. We will keep our fingers crossed and hope that these soldiers are not involved in a severe conflict. The term light infantry says it all. If the PPCLI is involved in hard and ferocious battles, it could suffer casualties. But we must make this commitment to now help civilian populations in Afghanistan.

*Routine Proceedings**[English]*

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, on behalf of my party and caucus colleagues I indicated publicly on Friday that the New Democratic Party was prepared to support the government's commitment of Canadian troops as part of the United Nations sanctioned stabilization force.

The New Democratic Party has been consistent and adamant that the United Nations must lead the response to these crimes against humanity as a result of the horrifying events of September 11. I appeal once again to the Minister of National Defence to give assurances that Canadian troop deployment would be carried out under the auspices of the United Nations. We have been equally adamant that the deployment of Canada's troops must be debated and ratified by a vote in the House of Commons.

Our insistence on these two points is based on two fundamental principles: first, the role of international law and, second, our commitment to democracy. These are more than theoretical abstractions as members well know. We must respect the rule of law and the right of Canadians to hold the government accountable through the democratic process if we are to avoid mimicking the evil that we condemn, uphold the values that we espouse and, simply put, practise what we preach.

The New Democratic Party is absolutely committed to rooting out terrorism. We are committed to rooting out the conditions that breed hatred, despair and hopelessness. We have been leading the call for greater humanitarian aid. We have been asking questions on behalf of the men and women of our military as well as their families and their communities.

I had many opportunities to talk with military personnel and their spouses over the past week in my home riding of Halifax. Like most Canadians, they have many questions they want answered. They understand best of all that asking tough questions about the terms of engagement and about the mandate of this mission is not some kind of disloyalty but rather a parliamentary duty. It is a right that previous generations of sailors, soldiers and air personnel have sacrificed their lives to protect. It is called democracy.

The government needs to show greater respect for our military families. It needs to put the question of troop deployment to a debate and a vote in the House. If the government knows what it is doing then it has no reason to fear that open debate and no reason to fear the judgment of military families. It becomes all the more imperative to maintain the democratic checks and balances at a time of heightened national concern.

It is obvious that not all the answers to these questions reside on the government side any more than all the answers reside with the generals themselves. There are legitimate questions and concerns about the precise nature of the deployment, particularly with northern alliance spokespersons stating their open hostility to the presence of Canadian and other foreign ground troops.

Canadians, especially military families, are seeking the assurance that this mandate is indeed humanitarian in nature, but they are also supportive of the efforts to put in place a transitional administration and that there be a commitment to the long term assistance needed for the reconstruction of a devastated Afghanistan.

I appreciate the minister's candour this afternoon in saying that the precise details of the deployment have not been worked out. I plead with the minister in the spirit of democracy and international law that is being invoked here to come back to the House of Commons when he has details to have a full debate and a vote on the deployment of military men and women to the Afghanistan mission.

• (1530)

Mr. Bill Casey (Cumberland—Colchester, PC/DR): Mr. Speaker, it is a pleasure to rise to enter into this debate based on the remarks made by the Minister of National Defence. There is strong support within the PC/DR caucus for deployment of our military to the conflict in central Asia.

We understand better than most the need for the Canadian armed forces to play a role in the ongoing terrorism war because we were in government during the gulf war and we learned a lot of lessons from that. Perhaps we did not learn enough, but we did learn some and we can understand the pressure on the minister, the department and his officials.

With all due respect to the minister I would like to say there are a few things that trouble me about this. I heard the minister this past Saturday on the CBC radio program *The House* or it might have been on television. When asked what our military would be doing, he said that we had not been told yet what they would be doing.

This bothers me because the Prime Minister during question period over the last few months, when asked the same question regarding Canada's role, has responded by saying that they had not told us what to do yet. We should be partners in the planning if we are to be partners in this exercise. We should not only be partners in the duties, the fighting and peacekeeping, but we should also be determining what the role is of our soldiers.

This comes down to leadership for our own people and we should reserve that right. I feel that right has been transferred to the United States and it will be deciding the role for our military in this battle based on comments made by both the Prime Minister and the minister. The minister and the Prime Minister have said that we have not been told what to do yet. Those words are troubling and discomfiting. Perhaps they could find another way to say it even if it is true.

We understand the need for our participation in the conflict. There are no more courageous citizens than those who volunteered to serve. Although the military is involved, and we are talking about military involvement, there is a role for Canada through diplomacy not with Osama bin Laden and Afghanistan militant people but with other people in the Middle East. I believe Canada has a role.

I recently visited Iran, Syria and Lebanon with the Minister of Foreign Affairs. Everywhere we went they were discussing the root causes of the conflict. Time and again they raised the issue of peace between the Palestinians and the Israelis. It was seen as one of the key problems in causing the excuse for terrorism. I say the excuse for terrorism because there is no reason and justification for terrorism.

I believe Canada has a role to play in helping resolve the differences between the Palestinians and the Israelis. While we are sending our military to battle we as politicians should be doing all we can on the diplomatic side to try to resolve the issues and try to help those two peoples come together to find answers.

We further understand in the PC/DR caucus that in times such as these there will be details that cannot be shared with us in the House and with the public because it would put the security of our military at risk. Even though we understand that, we want to be involved with information. We want to know what is the role for Canadians. We want to be comfortable that the Canadian leaders are in control of the Canadian soldiers. We do not have that level of comfort based on what the Prime Minister and the Minister of National Defence have said.

The government is realizing that cutbacks to the military since 1993 to the present are coming home to roost. We are sending our courageous, brave soldiers to central Asia to fight on our behalf, to represent our country, and they do not have the tools to work with and that is very clear.

We read in the newspapers today that our Sea King helicopters, which we talk about over and over in the House, now have less equipment in them than they had in the gulf war 10 years ago.

• (1535)

It is incumbent upon us as a parliament and as politicians, especially the government, to ensure that if we are asking our military people to go and do battle for us that we give them the very best tools to work with, not tools that risk their lives or make them unable to perform their duties.

Although we support this, we still have many questions. We hope the minister reflects on our comments when he makes his plans.

* * *

[Translation]

INTERPARLIAMENTARY DELEGATIONS

Mr. David Price (Compton—Stanstead, Lib.): Mr. Speaker, pursuant to Standing Order 34(1) I have the honour to present to the House, in both official languages, the eighth report of the Canadian-NATO Parliamentary Association which represented Canada at the 47th annual session of the NATO parliamentary assembly held in Ottawa from October 5 to October 9, 2001.

* * *

CANADA LABOUR CODE

Mr. Ghislain Fournier (Manicouagan, BQ): moved for leave to introduce Bill C-413, an act to amend the Canada Labour Code and the Public Service Staff Relations Act (scabs and essential services).

He said: Mr. Speaker, I am pleased to introduce, seconded by my colleague, the member for Joliette, a bill to prohibit the hiring of people to replace employees on strike or locked out who work for an employer covered under the Canada Labour Code, as well as federal public service employees on strike.

This bill is also aimed at ensuring that essential services are maintained in case of a strike in the federal public service.

Routine Proceedings

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

* * *

• (1540)

[English]

PETITIONS

NUCLEAR WEAPONS

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, I am very honoured to present a petition signed by constituents and others across Canada who are concerned about the buildup of nuclear arms in our society today. The petitioners point out that there continue to exist over 30,000 nuclear weapons on Earth. They believe that the existence of these weapons poses a threat to the health and survival of human civilization and the global environment.

The petitioners call upon parliament to support the initiation and conclusion of an international convention which would set out a binding timetable for the abolition of all nuclear weapons.

Hon. Charles Caccia: Mr. Speaker, I would like to seek concurrence in the House to substitute Bill C-319 standing in my name on the order of precedence for Bill C-407 standing in the name of the member for Ottawa—Vanier on the list of items outside the order of precedence.

The Acting Speaker (Mr. Bélair): Does the hon. member have consent to proceed this way?

Some hon. members: Agreed.

Some hon. members: No.

* * *

QUESTIONS ON THE ORDER PAPER

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

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

Some hon. members: Agreed.

Mr. Geoff Regan: Mr. Speaker, I rise on a point of order. If the House would give its consent to return to tabling of documents, I would like to table four responses to petitions on behalf of the government.

The Acting Speaker (Mr. Bélair): Does the hon. member have consent to return to tabling of documents?

Some hon. members: Agreed.

* * *

GOVERNMENT RESPONSE TO PETITIONS

Mr. Geoff Regan (Parliamentary Secretary to the 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 four petitions.

Government Orders

[Translation]

The Acting Speaker (Mr. Bélair): I wish to inform the House that, because of the ministerial statement, government orders will be extended by 28 minutes.

GOVERNMENT ORDERS

[English]

CANADIAN COMMERCIAL CORPORATION ACT

Hon. Pierre Pettigrew (Minister for International Trade, Lib.) moved that Bill C-41, an act to amend the Canadian Commercial Corporation Act, be read the second time and referred to a committee.

He said: Mr. Speaker, I am pleased to speak to the legislative changes that the Government of Canada is proposing to the act governing the Canadian Commercial Corporation.

Before I address the legislation directly, I would like to make mention of the extraordinary events that took place in Doha, Qatar last week. United in our resolve, WTO partners agreed to start a process that will lead to an effective integrated rules based trading system and greater market access for citizens, not just of Canada but of all member countries.

The only presence of the development theme in the ministerial declaration bodes well for wealth creation, not only in terms of growth but also in terms of equity. As the House knows, the Canadian government believes that contributing to greater equity in the world provides stability for long term and lasting peace. Moreover, the launch of the new round of negotiations at the World Trade Organization is good news for Canada, for our farmers and for agriculture producing countries around the world.

Agriculture touches a country's economic development, social development and food security as well. A stable, predictable market environment is important for a developed country like Canada, but even more important for those less developed countries looking to access international markets and provide economic well-being for their citizens.

Finally, I would like to make special mention of the lead role that Canada played and will continue to play on the issues of investment, competition, transparency in government procurement and trade facilitation.

As a government, we cannot only open new markets to our exporters. We must also provide the tools and support our exporters need to fully participate in these new markets. We must therefore continue to evaluate and improve tools, such as the Canadian Commercial Corporation, to ensure that they are competitive and responsive to world markets and the changing global environment.

● (1550)

[Translation]

Since its creation in 1946, CCC has acquired a unique expertise in the sale of Canadian goods and services to the public sector of foreign countries. It is well-known for its capacity to meet the needs of the defence and aerospace sectors of foreign governments, in particular the U.S. Department of Defense, its most important client.

However, the Canadian Commercial Corporation has become much more than a contractor in the area of defence. In the last few years, CCC has acquired significant capacities in other areas.

At the present time, 30% of its activity deals with areas like information and communication technologies, environmental services, transport and consumer goods. This being said, there are great opportunities to help Canadian exporters to have access to a much larger portion of international public markets outside the defence area.

The international public sector market is huge and could exceed \$5 billion U.S. a year. It offers huge opportunities to Canadian exporters, especially small and medium size business. It is also a specialized market, where success depends on experience, reputation and credibility.

This market is also characterized by the lengthy and complex contract negotiations, and payment schedules are often extended, to the point where many small businesses find themselves unable to meet payment terms.

That being said, this market cannot be ignored by Canada, simply because it has specialized needs. More than 45% of our GDP and a third of jobs in Canada depend on our success on international markets. We must seize all opportunities to explore and develop new markets. One of the main targets of Canada must be the international public markets sector, which offers huge possibilities to our exporters, including our small and medium size businesses.

The Canadian Commercial Corporation has the unique capacity to make Canadians access to international public markets and to target them. It has the contacts and the qualifications needed by Canadian exporters to conduct their commercial activity on international markets. Those contacts and qualifications give our exporters an important advantage in finding new contracts, respecting their criteria and obtain contracts in this competitive and specialized market. It is a good commercial activity, which leads to very good jobs and the creation of wealth across Canada.

The Canadian Commercial Corporation is focusing on three specific types of support for Canadian exporters: customized export sales and contracting services, a government-backed guarantee of contract performance for Canadian suppliers of foreign buyers, and finally, access to commercial financing for Canadian companies in need of working capital to finance exports before shipping.

Over the years, Canadians have come to expect from the government and public sector corporations not only unique services, but also efficient and cost effective services. They want these organizations to be self-sufficient, have a commercial approach and be ready to take advantage of new business opportunities, in a way that is relevant in today's business environment.

Government Orders

[English]

Bill C-41 is meant to update the act and provide for necessary changes to the corporation's governance and operating procedures, so that the corporation can serve the needs of Canadian exporters in a commercially responsible way and assist Canadian exporters to exploit the significant opportunities that exist in the huge public procurement market.

Bill C-41 proposes three changes. First, it creates separate job descriptions for the offices of chair and president of the corporation, bringing CCC's governance structure in line with treasury board guidelines. This is also consistent with modern corporate management practices.

Second, it allows the corporation to charge a fee for service that will balance the cost of providing the services with the value to client. The fee structures will be fair and will balance the price of service and the value received by clients.

Third, it expands CCC's borrowing authority which will strengthen the corporation's capacity to service large scale international contracts and make timely progress payments to Canadian suppliers.

It is true that from time to time the Canadian Commercial Corporation can face liquidity problems when its largest customer experiences delays in processing payments. This happened just recently when the United States department of defense payments were delayed because of the events of September 11. In the past this has meant that some payments to Canadian suppliers have been delayed. One solution has always been to borrow from the Government of Canada. However, with this legislation the corporation will be able to borrow from commercial lenders as well. This will decrease the corporation's reliance on the federal treasury and will improve its capacity to meet the cash flow needs of Canadian suppliers working on large scale international projects.

Overall, these amendments will strengthen the Canadian Commercial Corporation's capacity to deliver the specialized services that contribute to the success of thousands of Canadian companies in export markets and that have helped produce high quality employment for Canadians throughout the country.

Canadians recognize that trade is a necessary ingredient for economic growth and Canada's continued prosperity and social well-being.

With our economic success so tied to trade, Canada's continued prosperity depends on our exporters accessing an open world economy. Canada's engagement with the world through trade and investment contributes to our competitiveness and employment and helps create wealth. This enhances the ability of the Government of Canada to reinvest in education and innovation, in our universal health care system and of course in our youth.

Trade puts money in the pockets of Canadians who teach in our schools, work in our factories and run our hospitals. As well, Canadian consumers and producers can obtain a broader choice of cheaper and better goods and services through trade.

To put it simply, trade translates into better and higher paying jobs and increased opportunity and prosperity for all Canadians. It is in light of all this that we must ensure that our exporters are equipped to

compete in world markets and that the tools we provide to them are effective and efficient.

[Translation]

Over the years, the Canadian Commercial Corporation has proven the value of these services that are unique and customized for Canada and its customers in the export community. It has helped thousands of Canadian companies sell goods and services for more than \$30 billion to government buyers abroad. Just in the last year, it had record sales totalling \$1.3 billion for Canadian suppliers, 70% of which were small and medium businesses.

We know it is possible to raise the level of activity on international procurement, with an estimated value of \$5 billion a year, and we know that other Canadian companies are interested. That is why I urge the House to support Bill C-41.

• (1555)

[English]

Mr. John Duncan (Vancouver Island North, Canadian Alliance): Mr. Speaker, I was pleased to hear the minister make reference to the meeting last week in Doha, Qatar. It is a sign of the times that Canada had nine federal parliamentarians at the meeting, two from the official opposition of which I was one, as well as some provincial ministers. I was pleased to be there to see the process at work.

We met with parliamentarians from other countries while we were at the meeting. There are currently no terms of reference for parliamentarians at WTO talks so we came up with a resolution as a group that would see a parliamentary association attached to the WTO which would lend itself to increased transparency for the organization.

The resolution would need consensus approval from 144 nations. We are not yet there but the Canadian government is an advocate as is the European community. We can only hope that after the next ministerial meetings this will resonate and we will get there.

Bill C-41, an act to amend the Canadian Commercial Corporation Act, is largely a housekeeping bill related to the activities of the corporation. Unlike the Export Development Corporation, most Canadians do not know about the Canadian Commercial Corporation. Probably the prime reason is that the Canadian Commercial Corporation is generally involved in non-controversial projects. Canadian producers contract to the Canadian Commercial Corporation which then contracts to foreign governments and their agencies for Canadian goods and services.

Protectionism has been falling away and government procurement has been opening up considerably. With additional membership in the WTO governments need to harmonize their procurement rules with WTO rules.

Government Orders

While in Doha Canadian parliamentarians met with Taiwanese parliamentarians. One of the things they mentioned to us was that Bombardier had bid on the transit system in their capital, Taipei, and were unsuccessful. However the rules were different then. As part of the process of becoming a member of the WTO Taiwan had to change its government procurement rules. It has done that. It wanted in no uncertain terms for us to pass on to Bombardier that it is open for business.

Taiwan had looked all over the world and thought Bombardier's product was a good product in the marketplace. Taiwan wants to put transit into three more cities and does not want Bombardier to give up on it as a possible client. These kinds of meetings are potentially quite beneficial.

● (1600)

We also met with the delegation from the People's Republic of China. One of the things we wanted to scope out with them was how much potential Canadian demand there was for forest products. This looks very promising. It is an avenue Canadian suppliers and the Canadian federal, provincial and other governments are pursuing.

As the official government contracting agent established in 1946 the Canadian Commercial Corporation can sell Canadian products and services in foreign government markets. Without the corporation many of these markets would be much more difficult to access and we would lose opportunities.

The difference between the CCC and its partner Export Development Corporation is that EDC is a financial institution that provides loans and insurance whereas the Canadian Commercial Corporation is not a financial institution and does not issue commercial loans or sell insurance.

Bill C-41 would amend the Canadian Commercial Corporation Act by separating the functions of the chairperson of the board and chief executive officer and describing the roles and responsibilities of the chairperson and president of the corporation. It would also authorize additional borrowing. This would be a significant increase. It would go from the \$10 million that is currently authorized to \$90 million.

The bill would permit the corporation to charge an amount considered appropriate for providing services. The historical level is somewhere between 0.5% and 4% and has tended to be done on a cost recovery basis rather than through a commercial fee for service.

The Canadian Commercial Corporation was involved in \$1.338 billion worth of business last year. The corporation currently receives an annual appropriation of \$10.7 million for its operating expenses and is allowed to borrow up to \$10 million.

The CCC does not lend money. It acts as a facilitator between Canadian companies selling to foreign governments. The CCC generally acts as the prime contracting agency with the foreign government while the domestic producer contracts with the commercial corporation.

The Canadian Commercial Corporation is the custodian of the defence production sharing agreement, otherwise known as DPSA, with the U.S. which represents more than half its business volume. U.S. department of defence regulations specify that all U.S. defence

purchases over \$100,000 from Canadian suppliers be transacted through the Canadian Commercial Corporation.

The Canadian Commercial Corporation provides services to Canadian defence suppliers such as a waiver of requirement for U.S. cost accounting standards. In other words, the commercial corporation will accept standard accounting practices in Canada and translate them into U.S. requirements. That is a significant service.

The corporation also offers a waiver of requirements to submit cost and pricing data, a waiver of some of the regulations of the buy American act, and duty remittance for defence goods and services purchased outside NAFTA for fulfilment of the defence production sharing agreement.

The Canadian Commercial Corporation charges no fee for DPSA contracts. The \$10.7 million appropriation is linked to that part of its activity. In other words, if the CCC is not charging a fee it needs government appropriation to pay its operating and other costs.

● (1605)

This special defence arrangement dates back to 1956. It is in Canada's strategic interest to continue it. As custodian of the defence production sharing agreement the CCC is mandated to serve as the contracting agency in support of the procurement needs of the U.S. department of defence. It also deals with NASA.

In times of crisis or war the Canadian Commercial Corporation, in keeping with our obligations to the United States under the defence production sharing agreement, would serve as Canada's national contracting instrument associated with industrial mobilization of Canadian sources of supply. Accordingly the procurement regulations of the U.S. department of defence specify that all defence purchases from Canada above \$100,000 U.S. must be transacted through the Canadian Commercial Corporation.

The DPSA maintains special access for Canadian companies to the enormous and highly protected U.S. aerospace and defence markets. The other 46% of business volume consists of contracts with foreign governments for anything but defence production sharing arrangement contracts. Cost recovery is practised but it is ad hoc. Bill C-41 would allow preset commercial fees to be charged for commercial corporation facilitation.

Some of the things the commercial corporation offers are risk assessment of financial, managerial and technical competencies; advice on preparation and submission; assistance in contract negotiation; government backed guarantees of contract performance; and contract monitoring including auditing and closeout.

Government Orders

The Canadian Commercial Corporation guarantees that small and medium size Canadian companies will be paid by the foreign governments within 30 days. Foreign governments usually take longer than 30 days to make payment so the commercial corporation may have large cash outlays it recovers some time later from the foreign governments. As I understand it, this provision is the major reason the Canadian Commercial Corporation wants to increase borrowing.

I disagree with this. There is no reason suppliers should not have to wait for normal payment regimes from foreign governments when they do so in all other transactions that fall outside the business of the Canadian Commercial Corporation. Domestic suppliers supplying to the Canadian government do not get this kind of favouritism.

In summary, the Canadian Commercial Corporation has had a fairly narrow mandate. As a consequence it has been run until now in a fairly conservative fashion. It has been around since the post war period, 1946, and the defence production sharing agreement has been in place since 1956.

The first priority of the Canadian Commercial Corporation has been the DPSA. The second priority has been all other procurements. It has tended to run a fairly tight risk analysis. This is why in the last fiscal year the broad debt worked out to 0.1% or one-tenth of 1%. Any lender would consider this to be good performance in terms of reducing their risk. I have a concern that relates to the new borrowing powers the commercial corporation wants.

• (1610)

I could describe that concern this way. If it were to have this new-found borrowing authority one of my concerns would be that normal constraints would fall away and there would be a tendency for the commercial corporation to go for riskier business on the basis of its borrowing power. Second, suppliers would be attracted to the commercial corporation not for its technical abilities or its ability to help them gain entry to the market but because of its expedited payment. Essentially, everyone knows that when we deal with governments we do not get paid within 30 days.

I believe this corporation has an essential role to play but I believe that increasing the borrowing power from \$10 million to \$90 million is not in the taxpayer's interest and is not in the long term interest of the commercial corporation.

[*Translation*]

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, first of all, I would like to congratulate the minister and the official opposition's critic for having demonstrated such eloquence in describing a bill that is, all in all, relatively modest.

In examining Bill C-41, an act to amend the Canadian Commercial Corporation Act, I found that there are basically three amendments. I admit these changes seem quite in order, however, what is more disquieting is what the bill does not contain.

The first of the three amendments contained in the bill separates the functions of chairperson of the board and chief executive officer. The bill describes the new functions of the two officials in charge of this new Canadian Commercial Corporation.

The second amendment authorizes additional borrowing to allow the corporation to pay its bills to small and medium size businesses diligently, because, as we know, these businesses are often in need of liquidity.

The third amendment would permit the corporation to charge an amount that it considers appropriate for providing services.

After looking at these three amendments, one cannot help but agree with the minister when he says that the purpose of the bill is to ensure that the Canadian Commercial Corporation be more focused on trade, and be better able to respond to the needs of exporters and evolving competition on international markets. He referred to the Doha Conference, which may indeed lead to increased access to a certain number of markets that currently allow either limited, or no access, to international competition.

I must add that the Canadian commercial corporation's contribution is not negligible. I noticed that of the 264 Canadian suppliers that signed contracts abroad through the corporation, 69 were located in Quebec, which represents approximately one quarter of the contracts that were signed. Most of these contracts were in fairly strategic sectors of economic activity and of greater Montreal's economy in particular.

For example, the most sold products are rail equipment and vehicles, at close to 44.3%. As for aerospace as has been mentioned on several occasions during the debate on Air Canada and the current problems with civil aviation, this sector accounts for 18.4% of equipment sales under CCC contracts. Finally, there are armaments at 7.7%.

It is, moreover, important to keep in mind that the Canadian Commercial Corporation plays a key role in respecting the defence protection sharing agreement signed in 1956. As we speak, 60% of the CCC's activities are still governed by or relate to the DPSA.

Obviously, as the minister has said, for some years now the corporation has sought to redirect part of its operations to help Quebec and Canadian exporters to do business with governmental agencies in numerous countries. In this connection, it needs to be acknowledged that it could be playing a far greater role than it is at present.

A survey commissioned by the Canadian Commercial Corporation of 506 exporters in the year 2000 indicated that 82% of them did no business with a foreign government. Worse yet, 86% had never tried to do so. Yet in 1999 government contracts throughout the world totalled \$5.3 trillion U.S. in business. We are talking here of 18% of total world trade.

As we know, the coming round of WTO negotiations—and much vigilance is required in this connection—is likely to open up new market opportunities with public administrations. This represents a potential that is, obviously, not being exploited.

Government Orders

•(1615)

It is to be hoped that with the particular amendments the bill would introduce, the corporation could play this role of helping our exporters do business with foreign public administrations.

From this point of view, the Bloc Québécois supports the bill. It adds the necessary tools for access to these important contracts, as I mentioned earlier, although it could go further.

Where we have a problem is that as the corporation diversifies its activities while maintaining its original functions, and here we are referring to products, such as in connection with national defence, there should be an extremely rigid legislative framework to prevent the Canadian Commercial Corporation from helping a company to export weapons or strategic products to countries which are violating human rights, waging unjustified wars, or encouraging the presence of terrorist groups within their borders.

There is an inconsistency here in connection with weapons and strategic products in that there is no very specific legislative framework guiding the CCC's operations in this or any other bill.

There are a few lines in the Canadian Commercial Corporation's report about the environment and the CCC's social responsibilities, but this seems completely inadequate to us. It puts me in mind of the debate we had a few days or weeks ago in the House and in the Standing Committee on Foreign Affairs and International Trade with respect to the Export Development Corporation.

We read in the Canadian Commercial Corporation's 2000-01 annual report:

CCC voluntarily applies its environmental review framework (ERF) on all capital projects.

This bothers me. How can a crown corporation, as in the case, unfortunately, of the Export Development Corporation, adopt an environmental framework outside the Canadian Environmental Assessment Act? It seems to me that this should have been tightened up. We know that it is very important, particularly in light of the awakening global concern with environmental impacts, including from projects related to foreign investments, often by large international companies.

We find what we read here completely inadequate. We would have liked to see the bill include provisions requiring the environmental framework the corporation uses to assess the impacts of the projects it supports to be better defined and applied much more rigorously.

In the section on the corporation's social responsibilities, it states:

Beyond traditional concern for economic well-being, there is growing interest amongst consumers, shareholders and governments with respect to the effect that business activity can have on genuine social prosperity, good governance and human rights.

Therefore, it is mentioned. What follows is a sentence that I could not manage to understand. I do not know if it is a bad translation or simply that they do not want it to be understood, but it says, and I quote:

Corporate social responsibility speaks to the degree to which corporate business practices reflect ethical principles protecting the community, human rights and the environment.

It is incomprehensible. This corporation will, in the end, take an interest in these concerns that it considers particularly sensitive in terms of public opinion, if it affects its corporate business practices, which should reflect ethical principles that are unknown to us. The only law that this document refers to is the Corruption of Foreign Public Officials Act.

I hope that concerns regarding human rights, the environment and democratic rights as a whole are considered more important than issues of corruption, which must be adequately suppressed.

This document announces that the Department of Foreign Affairs and International Trade is currently undertaking a pilot project with Canadian businesses and representatives of the corporation to determine what the CCC's corporate social responsibilities are in the context of international trade transactions.

•(1620)

In this regard, I found the following statement absolutely shocking from the point of view of the interests of the minister himself:

The CCC continues to keep track of DFAIT's work in this area and will respond accordingly to relevant recommendations resulting from the process.

Again, I wonder if it is the French translation that is bad or if the wording is deficient. When the Department of Foreign Affairs and International Trade will have completed its process, will the corporation engage in cherry picking to determine what it deems relevant in the reports that the ministers will have before them?

In that respect too we expected something a lot more substantial concerning the review of the impacts of projects supported by the Canadian Commercial Corporation in terms of social, human and democratic rights.

In this context, it is clear that we agree with the proposed changes. However, this is not nearly enough. I hope that we will have the opportunity, either following a government initiative or our own initiative, to have a debate on these substantive issues.

These issues are all the more important because the corporation will assume its responsibilities with Quebec and Canadian businesses in a context where—and I think that last weekend's protests should, at last, serve as a lesson to this government and to other governments involved in negotiations to liberalize trade—we must be aware that the public is now getting involved.

It is not just those who protest in the streets and who did so in Ottawa this weekend—and I should mention that my daughter was there to show her solidarity with the others, something which reflects the involvement of our young people—and when they do get involved, it is not necessarily against the opening up of markets. The public wants to make sure that this opening up of markets, this globalization will serve people and communities, and not just economic interests, particularly those of large businesses.

Government Orders

We still have not had this substantive debate. The Liberal government has not yet given us the opportunity to do so, but I can assure it that in the future, especially following the WTO negotiations and the negotiations on a free trade area of the Americas, we will be present to ensure that human, environmental, social and labour rights are respected.

• (1625)

Mr. Svend Robinson (Burnaby—Douglas, NDP): Mr. Speaker, first I would like to congratulate the member for Joliette for his speech and tell him that I totally agree with his criticisms concerning this bill.

For example, he spoke about the annual report of the Canadian Commercial Corporation. He suggested that there may be a translation problem with regard to the responsibility of businesses that are funded by this corporation. But I must reassure my colleague from Joliette and tell him that it is not a translation problem.

[*English*]

In fact I had underlined, underscored, exactly the same section of the annual report of the Canadian Commercial Corporation.

The bill itself is an innocuous bill. There is nothing particularly significant or profound about the changes that are proposed in this legislation. I venture to guess that only a handful of Canadians even are aware of the existence of the Canadian Commercial Corporation. In fact even if we asked members of the House how many of them are aware of the Canadian Commercial Corporation, how many of them are aware of the mandate and scope of the Canadian Commercial Corporation, not a lot of them are aware.

It obviously does some important work. It facilitates sales by Canadian corporations overseas. In a number of those areas we welcome and support that important work, there is no question about that.

I want to say that in the area in which it has the greatest mandate, which is under the defence production sharing agreement with the United States, we have some very serious concerns about that and particularly about the transparency of those transactions. I will deal with that in a moment.

My colleague from Joliette highlighted the issue of corporate social responsibility. One would have hoped that the Canadian Commercial Corporation, as a government financed agency, something that is ultimately a cannibal to the taxpayers of Canada who finance this, would be at the forefront on the issue of corporate social responsibility. Here is what it has to say on that issue. I am quoting from its most recent annual report:

The Department of Foreign Affairs and International Trade has been chairing an ongoing process with Canadian business representatives on corporate social responsibility in the context of international trade transactions. The CCC continues to keep track of DFAIT's work in this area and will respond accordingly to relevant recommendations resulting from the process.

That is shameful. It is embarrassing that this is really the best the Canadian Commercial Corporation can do in the area of corporate social responsibility. It is absolutely unbelievable in terms of ethical business practices. It is facilitating the trade by Canadian corporations overseas. I think it has a special responsibility in doing that to

lead on issues of the rights of working people, of working men and women, of human rights, the environment and other basic standards.

I too had the opportunity to participate along with the minister and my colleagues from all sides of the House in the recent WTO ministerial in Doha. I want to thank the minister for involving parliamentarians in that delegation and enabling us to play an important role in our work there. There were a number of significant bilateral meetings with delegations from a number of different countries. I certainly found it a very valuable exercise.

What was the outcome of that fourth ministerial? What did it have to say in particular in responding to the longstanding concerns of the least developed countries on this planet, the poorest countries on this planet? Those countries in the Zanzibar declaration and elsewhere have pointed out that under the existing provisions of the WTO there are deep concerns. The gap between rich and poor has grown greater, it has not closed. Serious environmental concerns remain with respect to the impact of the policies of the WTO.

There are a number of major outstanding concerns in the implementation of the existing agreements under the Uruguay round. They pointed out particular issues such as access to our markets on things like textiles and agriculture, and particularly the European protectionist policies on agriculture. Certainly both our minister of agriculture and agri-food and the trade minister were very tough in terms of trying to break down some of those barriers. We saw some movement on that in the final declaration, although once again the commitment to ending those subsidies remains to be seen.

• (1630)

I was frankly surprised and pleased that we saw some progress on the issue of anti-dumping with the United States. The United States of course had been virtually isolated on this issue with tremendous domestic pressure but we did see some movement by the United States. Certainly when we look at the destructive impact of those policies on Canada, particularly in the context of the softwood lumber dispute, any movement at all is to be welcomed and we encourage that.

What about some of the key issues that not just developing countries are concerned about but many of the activists in the NGO community, in civil society are concerned about? What about the environment? What about core labour standards? What about human rights and the relationship between international human rights covenants for example and trade? On those areas I have to say that the progress was very disappointing.

Yes there was some modest movement on the issue of TRIPS but there was no change whatsoever to the TRIPS agreement. It basically was a political statement. Robert Zoellick, the U.S. trade representative, was right up front about that. Canada's position with respect to TRIPS was appalling. We along with a handful of other countries, including Switzerland, Japan and the United States were rightly seen I regret to say as putting the interests of multinational pharmaceutical companies ahead of the interests of the poorest on the planet, ahead of the interests of public health. There was some interpretive movement on that but that was about it.

Government Orders

On the environment there was no clear statement that MEAs, multilateral environmental agreements, must take precedence over trade agreements, absolutely none whatsoever. On the issue of human rights it was similar with virtually no movement at all in that area.

In the area of core labour standards which have been recognized by the ILO, issues such as forced labour, the exploitation of child labour, the whole issue of fairness in the workplace and the right to basic collective bargaining rights, Doha was a dismal failure. The best the international community at the WTO was able to come up with was taking note. The WTO ministers and member countries took note of the work being done at the ILO on the issue of globalization and some of the consequences of globalization.

If we can put the rights of multinational pharmaceutical companies into the heart of the WTO, why can we not put the rights of working men and women into the heart of the WTO as well, basic core labour standards?

When I look at the legislation on the Canadian Commercial Corporation, I look at it from that perspective. What is the role of the CCC in ensuring that the corporations that receive financial assistance from the CCC are promoting those basic standards, are showing respect for the ILO core labour standards, are respecting the environment and are respecting fundamental human rights concerns? The short answer to that is that according to the annual report of the Canadian Commercial Corporation it is not doing anything significant on that at all.

The corporation itself was established in 1946 with a mandate to "assist in the development of trade between Canada and other nations". I am going to suggest on behalf of my colleagues in the New Democratic Party that it should be providing that assistance while making sure that those basic standards are respected. I look forward to the opportunity when the bill gets to committee to make inquiries as to what steps the CCC is taking to reflect those important Canadian values in the work it does in financing global corporate transactions under its mandate.

I mentioned as well that an important part of its mandate is assisting in transactions under the 1956 defence production sharing agreement with the United States. Here again Canadians have many questions about just how this functions.

• (1635)

There is a lot of concern about the lack of transparency in the whole operation of the DPSA, the defence production sharing agreement with the United States. There are too many examples of that. Recently Canada sold something like 40 Bell helicopters to the United States military. Those Bell helicopters were sold to the U.S. military with Canada knowing full well, I suggest, that they were in turn to be used in the military component of Plan Colombia in Colombia.

Many Canadians totally reject the military component of Plan Colombia. They do not want to see Canadian helicopters being routed through the United States and then used in that military operation. This is one of the gaping loopholes in our defence sales policy so far: the fact that if the sales are to the United States there is no end use scrutiny whatsoever. There is no real opportunity

whatsoever to determine whether the United States is in turn selling to other countries which may have appalling human rights records.

We know that Canada itself has sold weapons and has had significant military contracts with a number of countries which have human rights records that have been condemned by Amnesty International, Human Rights Watch and others, and which are engaged in armed conflicts. Project Ploughshares has documented this. Other groups have documented this as well. Very clearly the concern is about the sale of military supplies to countries that are engaged in human rights abuses.

Press for Conversion has published a number of very powerful indictments of Canadian policy in this area, such as selling weapons to countries like Saudi Arabia which we know has a terrible human rights record or Turkey which is engaged in a brutal repression of the Kurdish minority. Surely there should be far greater scrutiny of these operations. To the extent that this corporation is facilitating and supporting these kinds of sales we would want to ask some pretty tough questions.

The Canadian coalition on the arms trade has raised some very important questions about Canada's policy on military exports, but I do not have the time to go through them at any great length. I just want to flag, for example, that when we look at the possibility of contracts for the national missile defence scheme, the new star wars scheme, would the Canadian Commercial Corporation be financing those contracts or supporting those contracts? Is it already engaged in preliminary work in supporting those contracts? If so, certainly we have to ask some serious questions about the role of this corporation.

In closing, I want to say once again that in terms of the actual substance of this legislation and the changes that have been made we in the NDP do not have any strong objection to those changes. There is one question I would ask. I note that one of the changes proposed in the legislation would allow the Canadian Commercial Corporation to charge fees for service on its non-DPSA business. That is a good thing and certainly in terms of cost recovery that is a positive thing, but I have to ask why only on that business? Why should we not be ensuring cost recovery as well on our defence production sharing agreement business? It seems to me that there is a double standard there. I do not understand. I know there is an agreement between the United States and Canada and I suppose that would be the response I would get from a minister of the government, that we have this agreement and we cannot charge for that. However, if we can charge private corporations for facilitating their transactions outside the defence production sharing agreement, surely it is not unreasonable to suggest that we can do the same under the terms of that agreement. Again, that is one of the questions we can raise when the bill gets to committee.

I think this debate, along with the committee hearings, which will not be lengthy hearings, will give Canadians an opportunity to shed some light on what has heretofore been an agency that very few of them, and I venture to say very few members of parliament as well, have been aware of. It is in that light that we will be looking closely at the legislation when it goes to the Standing Committee on Foreign Affairs and International Trade.

Government Orders

•(1640)

[*Translation*]

The Acting Speaker (Mr. Bélair): 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 Acadie—Bathurst, Employment Insurance; the hon. member for Cumberland—Colchester, Foreign Affairs.

[*English*]

Mr. Bill Casey (Cumberland—Colchester, PC/DR): Mr. Speaker, it is a pleasure to speak to this bill. Although it seems fairly innocuous there are some questions that will be raised in committee and should be raised here, similar to the questions we recently raised with respect to the bill concerning the Export Development Corporation, again referring to the comments by the hon. member for Burnaby—Douglas about the total lack of environmental standards and the standard for human rights being absent. There are no requirements for these issues that are so important in our country and should be important in other countries as well. We will be raising those questions.

As the hon. member and previous speakers have mentioned, the Canadian Commercial Corporation is almost invisible. Very few people know about it. The fact of the matter is that in the last year it has helped almost 2,000 small and medium sized businesses do business with other countries. It has 90 employees and operates with a fairly small base of capital, about \$25 million.

The amendments proposed seem to be very reasonable, but like it is with so many bills I often wonder what precipitated these amendments. Why suddenly are they required after 55 years of having the Canadian Commercial Corporation Act in place? Why do we have these changes?

Perhaps the very distinguished parliamentary secretary could answer these questions for me by explaining whether it was a cash crunch that the corporation recently experienced that caused these changes to the act. Was it that the United States could not, did not or chose not to pay? Were there complaints from the exporters that generated these changes to the act? Or was it Treasury Board? Does it want to divest itself of the responsibility for supplying the capital? Does it want to divest it to the private sector? Or was it the auditor general's report, which was extremely critical of crown corporations and castigated the government for mismanagement and poor governance in every way?

I will in fact refer to the report, if I may, and report some of the comments made by the auditor general with respect to crown corporations. Recently I was involved with the Department of Transport's auditor's report and I thought it was really bad. I thought it was something any government would be ashamed of, but I think this report may be even worse. I will read to members some highlights from the report with respect to the auditor general's criticisms about crown corporations, which is what we are talking about here today, and about changes to the government's outlook on crown corporations. I will read some quotes that I have highlighted.

The report states:

Crown corporations...have more autonomy to manage than most other government entities—

They are more powerful than governments in many cases.

Many chairs and CEOs are not satisfied with the mix of skills and capabilities of their boards. They do not like their boards. Why? Who appoints the boards? The government appoints the boards. The chairs and the presidents do not even like them. They say they are not capable. There are “gaps in skills and capabilities” that “undermine the board's effectiveness”, says the report. Another comment states:

Only 34 percent of Crown corporations have completed profiles outlining their requirements for director skills and capabilities.

Imagine: 34% define the job and the rest take the appointments of the government.

Mr. John Herron: The auditor general said this?

Mr. Bill Casey: This is from the auditor general's report. It states:

There is a need for better director training...Appointment decisions are not timely. In one Crown corporation 80 percent of the directors have continued in expired positions for over a year, and the chair position is vacant.

There is a board that continued with expired positions and no chair. Again it is a sign of lack of governance. The report continues as follows:

Chair appointments [are] often made with limited board consultation.

Each crown corporation has an audit committee. The report goes into the effectiveness of the audit committees. It states:

Half of the audit committees we examined were considered ineffective or only marginally effective...only one followed most of the best practices and was performing effectively;—

That was one out of 13 crown corporations. The report states:

The deficiencies in corporate plans undermine Crown corporation accountability... Many Crown corporations receive little or no feedback on their corporate plans from their responsible minister.

In fact there is supposed to be a direct correlation and a direct reporting back and forth. It goes on and on, stating that further improvement is needed in some important areas of crown corporation management, like strategic and corporate planning, that is, the basics, and the measurement and reporting of performance. Boards lack essential skills and capabilities that are required to effectively carry out their role. The government needs to meaningfully involve boards in their own renewal.

The report states that the auditors found “deficiencies” in many government approved corporate plans and “a limited capacity” in government to challenge those plans as a basis for their approval.

•(1645)

I could go on because the report is full of this. I just selected some highlights.

We have some amendments to the bill which we will propose in committee. We will focus on the governance issues as the auditor general did.

Government Orders

The bill proposes to separate the positions of chair of the board of directors and president of the Canadian Commercial Corporation. That makes sense. It should have been done a long time ago. We would like to add some requirements and will be proposing amendments at committee.

First, we would like to see a requirement that a majority of the board members has expertise relevant to the business of the corporation. It makes sense. It probably will not happen because it makes sense. However, it makes sense and we think the board members should know something about what they are talking about. They should have some experience and knowledge of the board of which they are a member. Second, we suggest that we should reduce the number of board members given that the chairperson is an added position. By adding a new chair, we should take one member off the board.

Third, we will ask for the requirement of the appointment of a president and chair to follow up consultations with the board. This will ensure that the board's directions are followed, which is not currently the case, as related in the auditor general's report. Fourth, we think that we should strike the clause that would allow the borrowing capacity of the corporation to be increased by a supply bill. We will be addressing all these issues when the bill gets to committee.

Again, this is an important crown corporation. It works with the EDC and the Business Development Corporation to help our small and medium size companies export and do business with governments in 30 countries around the world. We support the institution, but we want some changes made in the governance of the institution and in the process.

Mr. Pat O'Brien (Parliamentary Secretary to the Minister for International Trade, Lib.): Mr. Speaker, I am pleased to rise in debate on second reading of Bill C-41. I will be splitting my time with my hon. colleague from Notre-Dame-de-Grâce—Lachine.

Before speaking to CCC and Bill C-41 I wish to join others in congratulating the Minister for International Trade on his great success and the great success of the WTO at Doha, Qatar. I welcome the minister back from what was a very tiring schedule but a very successful ministerial meeting.

We see the launch of a new round of trade talks which is critically important, particularly in light of the tragedy of September 11 and the economic slowdown that so much of the world including Canada finds itself caught up in.

The Minister for International Trade showed great leadership in Doha. He was one of six facilitators who helped to cobble together the agreement, which meant many long days and evenings of work.

The Minister for International Trade is an indefatigable worker. He does not stop when it comes to pursuing a goal that he knows is very worth while. I congratulate him on his great work. It means hope for Canadian farmers. They may eventually, hopefully sooner rather than later, see a level playing field as we look at the issue of subsidies.

It means greater hope for the less developed nations of the world that stand to gain so much. Kofi Annan, the secretary general of the UN, said that the best thing we could do for the less developed

nations of the world was to globalize and liberalize trade and to bring down barriers, which would allow them to raise themselves out of poverty.

I look forward with great anticipation as does most of the world to the Doha development agenda proceeding over the next several years. I repeat the great pride I have in congratulating the Minister for International Trade on his leadership and the great part he played and will continue to play in this important matter.

I would like to lay out the historical CCC background in light of some of the comments made by opposition colleagues. The CCC successfully met specialized international contracting and service delivery needs on behalf of Canadian exporters for more than 50 years. The corporation has shown its value to Canada in times of both war and peace.

The corporation has served Canadian interests very well ever since it was first set up by the Government of Canada in 1946 to help with international rebuilding efforts following World War II.

Today we are thinking about the fight against terrorism and the need for Canada to play a full role in supporting that campaign. CCC is playing a key role on behalf of Canada as we respond to the increased demand for the goods and services needed to win the fight against terrorism.

However CCC is not just about supplying war material. Its origins were humanitarian and it has a growing reputation today for its success in negotiating contracts to supply the non-defence procurement needs of the governments of other countries.

In 1946 the corporation's task was to facilitate the participation of Canadian companies in the international rebuilding effort, the so-called Marshall plan, that was necessary and highly successful in rebuilding the economies of Europe and re-establishing international economic prosperity after the enormous devastation of World War II.

It was during that time of international rebuilding that CCC began to develop a special expertise in public sector procurement including for the military. The corporation first worked with Canada's Department of National Defence to meet Canadian procurement needs. CCC became a key link between Canadian suppliers and the U.S. military and other foreign buyers of Canadian products during the Korean conflict in the early 1950s.

● (1650)

A few years later, with the signing of the Canada-U.S. defence production sharing agreement in 1956, CCC became the official agency through which U.S. Department of Defense contracts were processed for the supply of Canadian goods and services to meet U.S. defence requirements. This special mandate to manage Canada's participation in the United States defence market provided CCC with a very unique capacity to act on behalf of Canadian suppliers to meet specialized procurement needs.

Government Orders

General Motors Defense Canada is located in my riding of London—Fanshawe. It repeatedly tells me how necessary CCC is to the success of its contracts. Some 80% of its business is in export sales. It is lavish in its praise of CCC and the necessary role it plays in helping it secure these important markets and keeping thousands of Canadians in my riding and across the country working at good, well paying jobs. General Motors would want me to make that point because it repeatedly makes it to me.

CCC created the base for the corporation to broaden its business scope and to use its expertise in public procurement to seek new markets for Canadian suppliers outside the traditional defence and aerospace markets. Today almost 30% of CCC's new business is in areas outside the traditional defence and aerospace markets. The corporation is working with an ever expanding range of clients to promote a broad range of Canadian capabilities in high technology, environmental sectors, transportation and consumer goods to public sector buyers all over the world.

CCC supports Canadian exporters in the following ways. First, it uses its special status as a prime contractor to the United States department of defence. One of our colleagues in the New Democratic Party alluded to this point. We will have an opportunity to explain more fully for colleagues the special nature of this relationship when we analyze the bill and debate it in committee.

Second, it facilitates access to international public procurement contracts for Canadian companies. Third, it provides a guarantee of contract performance to public sector buyers around the world on behalf of Canadian exporters. I alluded earlier to how critically important that is to firms like General Motors and many others. Fourth, it facilitates access to bank financing for Canadian companies that need working capital to finance export contracts.

These are four critically important ways that CCC supports Canadian firms hoping to export in a pretty competitive market. We need only reflect that some 43% of our GDP is directly tied to exports in goods and services to understand how important the work of CCC is to the healthy economy we are determined to see continue.

The availability of these unique services under one crown corporation roof provides Canadian exporters with an equally unique set of advantages in international markets. Last year CCC facilitated some \$1.3 billion in export business on behalf of Canadian businesses, 70% of which were small and medium size businesses.

Over the years CCC signed export contracts on behalf of thousands of Canadian companies. The corporation facilitated export sales of over \$30 billion to buyers in more than 100 countries. These export contracts created or maintained employment in many Canadian communities from coast to coast.

I do not believe the bill presents contentious changes. It presents necessary, common sense improvements. I noted with interest the remarks of colleagues opposite, particularly the member from the Progressive Conservative Party who made such positive points. We look forward to working with opposition members in committee to help make sure we have a strong bill that will make an even better CCC.

• (1655)

Mr. Bill Casey (Cumberland—Colchester, PC/DR): Mr. Speaker, I compliment the parliamentary secretary for providing us with such valuable information but he did not answer the questions I asked him previously.

I asked him what precipitated the bill and why it was here. In the meantime I had a call from one of my constituents and she is nervous. Nellie wants to know why 73% of the operating costs of the CCC is covered by parliamentary appropriations. Is it the plan to reduce that through changes to the act so that more of the fees and operating costs are recovered from the exporters and the users? Could the hon. parliamentary secretary help with that so that my constituent Nellie might not be so nervous?

Mr. Pat O'Brien: Mr. Speaker, I would like to help my colleague assure his constituent Nellie that things are pretty rosy all in all. I would like to specifically answer what precipitated the changes. As my colleague knows, and I think he has a couple of years of wisdom on me, we live in a changing world. The situation that we face internationally in the export market is much more competitive.

These are necessary changes to update the CCC. It allows for the separation of two positions which, as the minister said in his speech earlier today, is normal corporate practice and really should have been done before, I suppose. The government wants to make that improvement.

The member spoke about funds and so on. This would give the CCC the opportunity to charge for its services and make it more in keeping with an approach that is necessary and more productive in the new world in which we are living.

• (1700)

[*Translation*]

Mr. Robert Lanctôt (Châteauguay, BQ): Mr. Speaker, one thing surprises me today. We finally had an opportunity to do something in this bill. Even though the changes are minor, one thing is important, and we saw it with the EDC: we have an image to project to the world, and that goes for Quebecers as well as for Canadians.

It is essential to do an environmental assessment. We have environmental laws that enable us to assess the problem, but these laws are not applied in Canada and not even in Quebec.

In this bill, we had an opportunity to do the opposite of what we did with the EDC. For the CCC, why not apply the laws that exist in Canada? We go to other countries and we do not even apply our laws. What image can these other countries have of us in these circumstances?

[*English*]

Mr. Pat O'Brien: Mr. Speaker, there is an issue of extraterritoriality here which is just common sense. It comes into play and the member must be aware of that. If he is not, I invite him to come to committee where we can elucidate the facts for him and perhaps educate him on that point. I know he is not a member of the committee but we would welcome his attendance anyway.

Government Orders

[*Translation*]

Mrs. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.): Mr. Speaker, I am pleased to rise today to speak to Bill C-41, because I have companies in my riding that have made use of the services of the Canadian Commercial Corporation.

Over the past 50 years, the Canadian Commercial Corporation has built up a solid record of achievement and has served Canada considerably both at home and abroad.

As Canada's intermediary in sales in public markets in other countries, the CCC provides a unique contracting and export sales service that has given Canadians a solid reputation as a reliable suppliers in the context of large scale sales to foreign governments.

Over the years, the CCC has developed contracts with foreign buyers for the sale of goods and services worth over \$30 billion. These export sales have not only enabled thousands of Canadian companies, large and small, some of which are in my riding, to expand their sales, but have also helped promote high quality jobs for thousands of Canadians from British Columbia to Newfoundland and Labrador, including Quebec, which is part of Canada. These high quality jobs for tens of thousands of Canadians have been created, as I have just said, in communities across the country.

Since its inception in 1946, the CCC has developed unique expertise in the sale of Canadian goods and services in international government markets. The corporation is known especially for its role in defence and aviation orders of other governments, especially the U.S. Department of Defense, its biggest customer.

What is important to note is that today the CCC is much more than a defence specialist. In recent years, it has acquired considerable expertise in sectors of public markets that have nothing to do with defence.

The CCC is currently carrying 30% of its activities in the information technology and communications sectors, in environmental and transportation services, just to name a few. These non military sectors of foreign public markets offer great opportunities.

The CCC is now targeting foreign markets and sectors that offer potential and are of strategic importance to Canada. Besides traditional sectors such as defence and aviation, as well as the new priority sectors of information technology and communications, environmental and transportation technologies, the CCC is also focusing on oil and gas development, mining equipment, as well as housing and building.

As an organization supporting exports, the CCC helps Canadian exporters to research and get contracts through the following services: negotiation of sales and contracts, access to pre-shipment export financing by business sources and contract performance guarantee to foreign buyers.

In recent years, the CCC has established many contacts and has acquired a wide experience in foreign government supply markets. When the CCC acts as the main contractor in international markets, Canadian companies, as subcontractors, benefit from its expertise. The CCC provides Canadian exporters advice on international contracting, help during negotiations and support in dispute settlements.

Quite often, buyers from foreign governments want a contract performance guarantee that may be difficult to provide, particularly for SMEs.

● (1705)

This is very important, because the CCC counts the bulk of small and medium businesses among its clients. As we know, these are what keeps Canada, Canada's economy, rolling, and they are playing an increasingly large role in international markets.

In addition to the credibility offered by the CCC to foreign buyers, the corporation can also provide the financial guarantees demanded by government purchasers, thus conferring upon Canadian suppliers an advantage over the competition on the international level.

For example, under the progress payment program, small and medium businesses may draw against lines of credit of up to \$2 million in connection with a project, at a preferential rate of interest.

According to surveys of CCC client companies, these attach a great deal of value to the services they receive. The corporation has determined that a value could be set for invoicing these services, based on the value to clients.

As the Parliamentary Secretary to the Minister for International Trade has said, the corporation has already put into place a cost-recovery mechanism for certain of its services for the expansion of international markets.

The method proposed in this bill would be based on this experiment and would set a fee schedule reflecting a fair balance between applied costs and value received.

Even if approximately 70% of the corporation's clients are small and medium businesses, the new fee schedule will allow it to expand its clientele of such businesses with complete independence.

This bill will enhance the tools and trading flexibility the CCC requires, and will enable it to work effectively on behalf of Canadian exporters in foreign public markets.

The bill enables the corporation to set reasonable charges for its services, to become more self-sufficient and to expand its client base. Thus the CCC will be in a position to support higher levels of export by Canadian corporations, which will have the effect of increasing employment and adding to the wealth these corporations provide to Canadians.

I might cite the examples of three companies, clients of the CCC, that are located in my riding and have created jobs within that riding.

Government Orders

• (1710)

[English]

The first one is Anachemia Canada Inc. which is located in Lachine, Quebec. This company provides hazardous waste management and recycling services. It came into contact with the CCC a number of years ago through an original contract with CIDA. Since then Anachemia has done business through CCC in the United States, Europe and Australia. This is a success story. It is a success story for the company, the client, and also a success story for CCC and for Canada.

Another company is Canada Allied Diesel or better known as CAD, which is also in Lachine and is an example of CCC's expansion into new areas like transportation. CAD works on refurbishing railway cars and is currently working with CCC on a CIDA project with the Tanzanian Railway Corporation.

The last company in my riding that I would like to mention is Invensys Performance Solution. CCC is supporting Invensys on a \$9.5 million U.S. contract for an airport security and safety program in Bolivia.

Those are examples of how CCC is a success and how the amendments in the bill will improve its efficacy and its efficiency.

Mr. Ted White (North Vancouver, Canadian Alliance): Madam Speaker, I listened with interest to the member who just spoke. It was her final comment that particularly intrigued me because she implied that companies in her riding had only created jobs because of the existence of the CCC. I would argue that this does not necessarily follow.

Many studies have shown that whenever the government intervenes in the private sector it tends to transfer jobs from one place to another. It could well be that the CCC, by showing favouritism toward one company and helping it ahead of others, in other words unfair competition, simply transfers jobs from the riding of somebody else to hers. On balance, we have to ask some questions about whether the CCC is actually contributing to job creation or is simply just another bureaucracy set up for very little value at all.

It is with those comments in mind that I want to pose a few questions about the existence of the CCC and its mandate.

CCC stands for the Canadian Commercial Corporation, the mandate for which was established under the Canadian Commercial Corporation Act of 1946. Based on the paperwork that was provided to me by the CCC, its original mandate was to assist in the development of trade between Canada and other nations.

The fact is that things were a lot different in 1946. There were no free trade agreements. It was really difficult to trade between nations because there were all sorts of tariff barriers in place. Canada was not in the global type of economy that it is in today. I would definitely question whether the original mandate of the CCC is appropriate today. It is not, which is probably why it has such a very small role in the overall scheme of the economy.

The Canadian Commercial Corporation has borrowings of \$10 million a year and the amount of trade that goes through it is very small compared to the total gross national product. Instead of

granting the corporation another \$80 million in borrowing power, we should be questioning whether it is necessary to have the corporation in the first place.

In its own paperwork provided to me, the CCC gives an example of one of the companies that has been supported by it. It is a company located in Nanaimo, B.C. called Eclipse Technologies. The CCC provided it with access to working capital on two occasions to help it sell retractable screen doors and windows to a U.S. private company. The two contracts were worth \$406,000 U.S.

What business does a government agency or crown corporation have in helping sell retractable screen doors and windows? I cannot think of any good reason why any company should ask the government to help it do that. In fact, Eclipse Technologies should be embarrassed asking the government for help. There are plenty of other companies in North America selling retractable screen doors. I have some in my house that were not made by this company.

All the government did by setting up CCC and having CCC intervene on this company's behalf was pick winners and losers. It created a situation where a government agency unfairly helped a company at the expense of others.

Whenever I see these types of organizations like the CCC, it makes me think of New Zealand where I am from originally. In 1993 New Zealand hit the wall and basically went bankrupt. One thing the government tried to do was set its finances on a general accounting principles basis. The government first looked at the extent of loan guarantees that had been given by it to numerous companies. When all the loan guarantees were added up, it was discovered that the government of New Zealand had guaranteed more than the total worth of the country because loan guarantees were so easy to give. A piece of paper is written up and suddenly a company has a loan guarantee from the government and the taxpayers.

• (1715)

If we look at these things on a general accounting principles basis, we find that a lot of them are risks for the taxpayer. We see examples over and over again of how taxpayers have been left holding the bag for all sorts of grants and contributions given particularly by the government side, for example in the Prime Minister's own riding. I really cannot see that there is a place for organizations like the CCC.

Some people would argue that it is essential to have experience in writing contracts to a country like Bolivia or some other country where people want to sell retractable door screens but cannot make headway. They need someone experienced to help them with it. I would argue that they should go ahead and make the best contract they can on a purely commercial basis. If they find that the Bolivian government does not live up to the contract it signed to pay for the screen doors, then they should approach the Government of Canada.

Government Orders

Let us think outside the box for a minute. Instead of having a whole agency like the CCC set up, let us think about our international foreign aid. If we are sending money every year to a place like Bolivia and there are outstanding accounts to companies from Canada that have done business with Bolivia, maybe we should be tying in the payment of accounts to Canadian companies with our foreign aid instead of having a separate Canadian Commercial Corporation labouring away as the result of a bill passed in 1946 for a wholly different set of commercial operations.

The operation of the Canadian Commercial Corporation could most likely be compared to modern day factoring. In the private sector there are companies that do factoring. If I had a printing job done at a local printer and the printing company sent me the bill for the services, instead of paying the printer I would pay a different corporation which already has paid the printer minus a discount. The factoring company makes its living out of paying the printer, having the discount on the bill, and I pay the factoring company. That is really the way the CCC is set up. It guarantees payment of accounts to its clients within 30 days.

My colleague from Vancouver Island North mentioned that this is unfair because there are suppliers here in Canada supplying our own government that do not get paid in 30 days. When I was in the private sector prior to being a member of parliament I did business with the Government of Canada. I sold it telex machines and equipment. It was very rare indeed for me to be paid in 30 days. Usually it was more than 60 and sometimes 90 days. Here again is an example of unfair rules where some groups of the private sector will get treated a different way from other groups simply because they work through the CCC.

I would also argue that there is a role for our embassies abroad in making sure that people get put in touch with the right people to get contracts in place. If we use the Bolivian example again for want of a better country to choose, we have trade representatives at the embassy in Bolivia.

When I was in the telex business we used to send and receive telexes from many importers and exporters. They would ask us how to do trade in Hong Kong or how to make contact with a supplier in Thailand. We would often refer them to the embassy because that is where the trade representatives were and they knew the local contacts for those types of industries.

I would argue again that maybe there is no need for the CCC. I have difficulty believing there would be enough expertise in the CCC compared with the local trade representatives on the ground in the country concerned. I see the member opposite shaking his head so I will defer to his knowledge of the situation. If he feels that is not the case, I will accept that at face value but the fact still remains that we should be asking these questions. They are valid questions and need to be answered.

I understand that 54% of the CCC's mandate is tied into the U.S. Department of Defense procurement regulations. That has been in place for a long time and I understand that.

• (1720)

I would ask the government again to start thinking outside the box. We now live in a free trade environment, a global trading

environment. Is it not time to start thinking more in terms of trying to get these things into a free trade agreement? Around the world most countries, maybe all of them, are trying to keep things like defence outside of those global agreements. If we are truly serious about moving in the direction of free trade, we should be pushing those areas.

A big area of commerce for the country is to be able to do business with the U.S. Department of Defense. Again this was set up such a long time ago that surely the U.S. Department of Defense and the United States government would be open to discussion about whether we really need these types of agencies set up purely to facilitate trade that has been ongoing now for 50 years.

Access to working capital is also one of the functions of the CCC. My goodness, as if there are not enough sources of working capital out there already. There are lists and lists on the Internet and in the yellow pages of companies that specialize in working capital. There are many options open to private companies.

I have come from the private sector. When I was developing my company, sure it was tough to get money from a bank. Whenever we had a new idea, companies were not willing to back us. When the telex industry first became deregulated and the banks had never seen this before, they were not willing to advance me money for that. Once I was successful, making money, suddenly they wanted to lend me the money I did not need.

I certainly understand the difficulties that can occur in business. But I still do not believe that it is the role of a government agency or a government funded agency like this crown corporation to give some companies unfair advantage over others just because they happen to know that they can apply to a corporation like this.

On balance, we are probably going to vote in favour of the bill. I just felt that it was healthy to raise a few questions about what goes on at the organization and the types of companies that it services.

Even though we have been given examples from Nanaimo, and we have had one or two from the other member's riding, I cannot help thinking that a lot of the aid perhaps goes to huge companies like Bombardier which make such a huge amount of profit. They get all manner of government moneys dumped into them already. They should really be doing their own due diligence. They should be paying for their own legal aid and their own help and should not be getting paid in 30 days.

I bet the suppliers to Bombardier do not get paid in 30 days. I would be willing to bet that Bombardier often does not pay some of its suppliers for much longer periods of time, 60 or 90 days. If it is one of the clients, perhaps it could take a look at that situation as well.

That pretty much sums up the questions I would have. As I said, on balance, we are probably going to be pretty much speaking in favour of the bill. But it does not hurt to raise these questions, particularly the discrepancies in things like the paying of suppliers, the fact that if I am a supplier to the Canadian government it is highly unlikely I will be paid in 30 days but if I am supplying to the Bolivian government through the CCC, I will get paid in 30 days. It is simply unfair.

Government Orders

I talked about the New Zealand case. An assessment of all of the loan guarantees and factoring the New Zealand government did in 1993 exposed the fact that the government had guaranteed more than the total worth of the country. I often wonder if we did that exercise in Canada, if we added up all the loan guarantees and the non-repayable loans, whether we would have guaranteed more than the value of Canada itself.

A better job would have been to reassess the whole worth of the Canadian Commercial Corporation and to have looked at the possibility of doing away with it completely.

• (1725)

Mr. Roy Cullen (Etobicoke North, Lib.): Madam Speaker, I am sure the member for North Vancouver wanted to offer some constructive suggestions but I am afraid he missed the point. Canadian Commercial Corporation serves a very useful purpose in Canada's economy. I will give a specific example.

There is a company in my riding by the name of Soheil Mosun Limited. It is a small company that is noted for its excellence in what is called architectural decorative work. It bid on a project in the United States through a general contractor. It was a subcontractor. It was successful but it had to come up with a performance bond that was quite elaborate. It went to the private marketplace and could not find the performance bonding requirements that it needed. It had discussions with the Export Development Corporation. Finally, the Canadian Commercial Corporation provided the performance bond.

This company has gone from strength to strength to strength. It is now an international player. It has developed a credibility in the U.S. marketplace. It has been asked to bid on projects throughout the United States. Now one of its challenges is working capital, to make sure it has the working capital to keep pace with the growth in its business. It brought in some expertise.

The company is growing from strength to strength. It is a small company, a father and two sons. They have grown this business as a result of the support of the Canadian Commercial Corporation into an amazingly dynamic and successful business. It is creating jobs in my riding of Etobicoke North. Again the CCC helped create another company with an amazing reputation as a world leader in this particular niche.

Perhaps the experience of the hon. member for North Vancouver is somewhat different. Or maybe he just is not aware of the needs in that community and the way the Canadian Commercial Corporation can fill the very important gaps that the private sector for whatever reason is not able to fill. That is the very purpose and the reason we have these crown corporations, to move into those areas where the markets cannot meet the demand.

Would the member reflect on those comments, check his notes about companies in his riding and perhaps reconsider his views on this very important piece of legislation?

Mr. Ted White: Madam Speaker, as I mentioned during my earlier intervention, I was in the private sector as well. I was very successful in telecommunications. There were times when I did not get a sale of certain ones I had applied for. I would put in for tenders and I lost out. That is the way life goes in the private sector; sometimes we just do not get the sale we want. In the long term that

did not prevent my company from going on to become successful. What we do is move on to the next sale. If we are good we will make another sale. We do not need somebody, especially taxpayers, to come along and guarantee a bond for us.

I will not argue with the fact that the member has a very successful company in his riding. I would still say that on balance the government picks losers more often than it picks winners. There are long lists of companies that can be trotted out in this House and are trotted out. In the Prime Minister's riding money is poured into companies, taxpayers' money, other people's money, and they still go under. I would question the wisdom of any government guaranteeing the performance of private companies when the private sector will not do it.

Frankly, although members can come up with individual successes, I still think the principle of taxpayer assistance to the private sector in that way is wrong. I have been there. It is not as if I am arguing from a position of no knowledge. I have been there. I lost government contracts and opportunities in the United States, in Seattle, at the time when I was in business. I did not weep, cry and go to the government departments to give me money so that I could do it. I just went on to the next sale and built my company in another way.

• (1730)

Mr. Roy Cullen: Madam Speaker, the member for North Vancouver was describing it as though it is good enough to fail.

There are so many countries around the world that provide this kind of support because the risk is too great in the market or because of other compensating factors the governments support local companies.

I hope that the companies in his riding of North Vancouver were not listening. I am sure that to them failure is not good enough and "Oh, well, too bad" is not good enough. It is not good enough for the companies in my riding and I am sure it is not good enough for the companies in his either.

Mr. Ted White: Madam Speaker, I am so glad the member brought that up because the companies in my riding know exactly where I stand on their behalf and they do not believe in corporate welfare.

I come from an upper middle class business oriented riding and the business community does not believe in corporate welfare. That does not prevent them from taking it from time to time because it is out there and it is available. However the principle is they do not believe in it and they want me to voice that here. They would be completely happy if it was stopped for every company in this country.

Government Orders

When the members stand up over there and think for some reason we will be castigated or attacked in our ridings for taking these positions, they are wrong. Maybe they should show some courage and do it in their ridings. They would be surprised at how the business community would come out behind them and say that they agreed with them, that it had to stop and that it was the money of other people. The reason our taxes are so high is because the government is taking the money and giving it to other people.

With the programs in my riding, every year grants are given perhaps to one hardware store over another or one veterinary clinic over another. It is unfair intervention in the private marketplace. It has to stop.

The Acting Speaker (Ms. Bakopanos): Is the House ready for the question?

Some hon. members: Question.

The Acting Speaker (Ms. Bakopanos): The question is on Bill C-41 at second reading. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

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

Some hon. members: Yea.

The Acting Speaker (Ms. Bakopanos): All those opposed will please say nay.

Some hon. members: Nay.

The Acting Speaker (Ms. Bakopanos): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Ms. Bakopanos): The vote stands deferred until tomorrow at 3 o'clock.

* * *

● (1735)

CANADA NATIONAL MARINE CONSERVATION AREAS ACT

The House resumed from November 8 consideration of the motion that Bill C-10, an act respecting the national marine conservation areas of Canada, be read the third time and passed, and of the amendment.

Mr. David Chatters (Athabasca, Canadian Alliance): Madam Speaker, I am pleased to rise today to speak to Bill C-10. Certainly I have been following the bill for months and months and it seems I have not had the opportunity to address the bill from my perspective and from the perspective of my critic area, which is oil, gas and energy.

I believe it is very obvious that Bill C-10 has the potential to have a very negative impact on the rights of British Columbians to explore

and develop their offshore resources to the benefit of all British Columbians. It is indeed a privilege to be able to explore that side and those aspects of the bill.

Having listened for months and months to the debate around the bill, there are any number of clauses and intentions of it that I could spend a lot of time on. In particular, I find it difficult to understand how the bill ended up under the heritage portfolio. We could talk about that literally forever, in exclusion of everything else.

I would like to focus on the issues that are within my specific area of interest, that being oil and gas development and how that development is treated in these potential conservation areas. Clause 13 of the bill states:

No person shall explore for or exploit hydrocarbons, minerals, aggregates or any other inorganic matter within a marine conservation area.

As the official opposition critic for natural resources, I cannot help but have my attention drawn to that one clause. The more research we have done on it, the more I am convinced that the bill, and particularly that clause, is bad legislation. It really does not require any more description than that. It is just bad legislation.

The bill gives the minister of heritage the right to designate certain areas within the Queen Charlotte basin, beneath Eastern Graham Island, the offshore shelf of Hecate Strait, Queen Charlotte Sound and the Dixon entrance as marine conservation areas and by doing so blocks forever more the possibility of those areas being explored for oil and gas.

It is true that there have been federal and provincial moratoria in place in these areas for 50 years. However the province, particularly the new Liberal government in British Columbia, has been looking at the possibility of removing the moratorium to allow for exploration. Bill C-10 will remove the need for the province to even consider their actions as the government will simply designate the area a marine conservation area and so it will remain forever.

While unilateral decision making is nothing new to this government, this decision should at least be shared with the province as it could have dramatic economic results in a province that is already teetering on the edge of becoming a have not province thanks to the federal government's handling of the softwood lumber issue.

It should also be noted that the Geological Survey of Canada has estimated that the undiscovered potential for all of the plays in the west coast basins of Canada is between nine and ten billion barrels of in place oil and 40 trillion to 45 trillion cubic feet of natural gas. That means that the potential of the region could rival that of the east coast, an area where industry is well under way with extremely successful results. In fact the west coast could produce some of the largest gas fields ever found in Canada and with demand for natural gas sources increasing, such a potential provides exciting possibilities.

Government Orders

Using usual median projections multiplied by October 2000 world prices, specialists estimate that the value of oil could be as high as \$55 billion U.S. and gas at \$40 billion U.S. Furthermore, the total downstream value of the resource, including the additional wealth that would be generated in or attracted to the region by the arrival of an offshore oil industry, could be close to \$500 billion U.S. Spread over a 30 year period or longer, the annual revenues to British Columbia might be as high as \$3 billion U.S. directly from production and \$15 billion U.S. in total downstream benefits.

• (1740)

These figures cannot be ignored during a time when British Columbia is experiencing devastating layoffs and cutbacks due to the decimation of the softwood lumber industry there and the years of NDP extravagance and financial mismanagement, as well as the collapse of the softwood lumber industry.

I would like to give the House a few examples of how oil and gas exploration development could impact upon some of the local communities. Prince Rupert is a likely choice for the headquarters of any infrastructure that would need to be built to support the exploration and drilling phases. A report that was commissioned by the B.C. government and released in October of this year stated that the community of Prince Rupert, with a population of 17,000, had a 10 year growth rate average of .2% and that 25% of the district of Skeena, Queen Charlotte, which includes Prince Rupert, relied on forestry as its primary economic support.

Obviously forestry can no longer be counted on for economic growth as mills all over the province of British Columbia are closing, leaving workers and families without any means of financial support.

Another example of an area that could certainly use an injection of resource dollars is the community of Port Hardy, located within the regional district of Mount Waddington. With a population of 5,228, Port Hardy accounts for 35% of the region's population. In total over the last 10 years the region has experienced a .3% growth. The economy of Port Hardy relies heavily on forestry and will no doubt struggle in the coming days to find an alternative industry to support the community.

Certainly the discovery of offshore oil and gas resources would provide desperately needed economic injections into communities like Port Hardy and Prince Rupert. While the communities would not see any immediate financial improvements in the exploration phase, should the resources be found, the production stage could certainly see these communities flourishing from the various associated benefits such as infrastructure and training.

Within British Columbia, and particularly in the northern coastal communities, there is definitely public support for exploration of oil and gas. A recent general poll found that 64% supported offshore exploration. The number was even higher in the northern coastal communities. Obviously the support is there, but with this piece of legislation the government will permanently remove the possibility of exploration.

At this point I should not be surprised when the government turns its back on the needs and potential of western Canadian communities. I had hoped, however, that with such desperate hopes hanging on the possibility of oil and gas development, the

government might at least have kept the door open rather than slamming it shut on all the families who live in Prince Rupert, Port Hardy and so many other British Columbia communities.

Since his election, the American president has been making noises about a continental energy plan with the intention of reducing American dependence on Middle East oil. The events of September 11 and the war that has followed only gives further impetus to the plan of President Bush. I would imagine that the Canadian government will face enormous pressure from the U.S. in the coming days, months and years to meet its energy demands.

As we saw in the softwood lumber talks, the Liberals have a long tradition of rolling over to the demands of Americans. No doubt when the Americans come knocking, this Liberal government will be falling over themselves to find a way to meet those demands. Obviously the potential resource off the British Columbia coast could be a key component to that plan, but once the bill has passed the Americans will have to look to other communities for oil and gas resources.

I am certainly very proud of the contribution my riding of Athabasca makes to meeting the North American energy demand. However, as the potential resource of the oil fields exceeds the entire reserves of Saudi Arabia, I think we are in a position to certainly share the wealth. However, if the government decides that it will turn its back on potential community and provincial development for British Columbia, despite the many pleas that have come from those community representatives, there is little that we on this side of the House can do to stop it. After all, I am sure that the Minister of Canadian Heritage, in her role of advancing Canadian culture, celebrating our heritage, embracing our identity and her hectic schedule of hosting visiting dignitaries, has found the time to consider the plight of struggling northern coastal communities.

• (1745)

Except on November 21 perhaps she will not have time because she will be too busy celebrating world television day, which is certainly vital to those communities on the northern coast of British Columbia.

I am sure there are members in the House and environmentalists who will accuse me of ignoring the potential environmental threat that exists with our offshore exploration and development. I can say with full confidence that I am aware of the dangers of exploration having been involved in the industry myself for many years. If it is done in a manner that does not account for the particular ecosystem of the area there certainly could be some dangers.

However there have been exhaustive studies on the aquaculture and bioculture of the area in question and, evidently, unlike the Liberal government, I have the faith in our regulatory system and Canadian industries' ability to act in a responsible and sensitive manner.

Environmental concerns are certainly par for the course when we talk about exploration and production of oil and gas, yet worldwide, scientists, industry and governments manage to form partnerships that ensure the survival of the marine ecosystem. Canada has one of the best regulatory structures in the world and has a tremendous track record.

Government Orders

The Canada-Nova Scotia Offshore Petroleum Board and the Canada-Newfoundland Offshore Petroleum Board both require environmental assessment before any authorization for exploration is given and further assessments are required for every stage of the development and production process. The assessments are all triggered by the regulation under the Canadian Environmental Assessment Act so obviously the CNSOPB and CNOBP have the interests of the environment at the core of their activities.

While the operations on the west coast would be monitored by the National Energy Board, the National Energy Board would have similar structures in place to ensure the environmental integrity of the British Columbia coast.

The strict approach of the two offshore petroleum boards to all environmental issues have ensured that Canada's east coast development leaves the smallest footprint possible, and obviously the knowledge and ability exists in Canada to make sure that the same thing happens on the west coast.

Industry also willingly takes on the challenge of operating in a fashion that will not destroy sensitive environment, and the oil and gas industry in particular has a stellar reputation for developing technology to accomplish environmental goals.

The sharing of technology worldwide ensures that when exploration occurs, it is done with the most technologically advanced, environmentally friendly methods possible. I will not get into the various challenges that would certainly be faced on the B.C. coast but I would like to point out that in all reports that have been done off the B.C. coast, every single one states that there is not a single reason that would prevent industry from going ahead with exploration as long as it is done in a responsible and sensitive manner.

If Canada can drill off the east coast in a sensitive ecosystem that includes challenges, such as massive icebergs and terrible infrastructure crushing storms, and do it in a manner that is environmentally sensitive, I certainly have confidence that we can do the same off the west coast.

The report released in October by the British Columbia provincial government makes particular reference to the rapid technological advances that have been made in the last 20 years by the oil and gas industry. It also makes reference to how safety and environmental records of the offshore oil and gas drilling have improved significantly in recent years. It goes on to urge regulatory agencies to avoid excessive reliance on prescriptive regulations because such regulations could restrict innovative solutions.

It seems to me that Bill C-10, and in particular clause 13, is an excellent example of what could be called prescriptive legislation. The bill ignores the needs of communities that are literally dying in northeastern British Columbia. It ignores the advances in technology, experience and knowledge that allows the oil and gas industry to drill in a responsible manner. The element that disturbs me the most is that it totally disregards the advances that could be made in the future.

The government is always making noises about how much faith it has in the future of Canada and the ability of Canada to compete in a world market that progresses at breakneck speed.

● (1750)

The legislation would drive all international interests out of British Columbia because it would remove the potential for exploration in B.C.'s offshore forever and should foreign investors wish to take this as a sign of Canada's position on foreign investment spells even more difficult days for British Columbia and Canada in the future.

Furthermore, by refusing to allow the possibility of drilling for huge oil and gas reserves at any time in the future, the government is closing the door to business with the U.S.

Finally, I believe that clause 13 essentially tells Canadians that the government does not believe that our industries, in partnership with all levels of government, can operate in a responsible, progressive and environmentally sound manner despite evidence to the contrary that is proved every day off the east coast of Canada and around the world.

My colleague from Skeena has worked very hard to try to make changes to this bill that would ensure that it does not permanently cripple the offshore oil and gas industry off the coast of British Columbia and various other improvements to the bill. Unfortunately the government is not interested in the excellent ideas of the members across the floor. Instead, we have a piece of legislation called Bill C-10 that, thanks to the usual legislative tactics of the government, will pass whether it is good or not. Certainly that is typical of how the legislation goes through the system here. It is no different from other bills that I am dealing with and that we have dealt with in the past.

Therefore I certainly will not be supporting the legislation and I urge other members of the House to reconsider the value of the bill and the damage it could do to the economies of British Columbia and Canada and also oppose the legislation.

Mr. Clifford Lincoln (Lac-Saint-Louis, Lib.): Madam Speaker, is my colleague from Athabasca aware of the number of marine conservation areas that have been slated for British Columbia? He speaks as if marine conservation areas will be established on every part of the coast of British Columbia so that no oil and gas exploration will be possible. Nothing is further from the truth. He talks about international investment being driven out by Bill C-10. What a terrible exaggeration.

Maybe I should quote from the correspondence between the present minister of energy and mines in British Columbia, Mr. Neufeld, and the Minister of Canadian Heritage in which she explained that there were only three areas of interest for marine conservation areas along the Pacific coast.

The first one, Gwaii Haanas, has been a fait accompli since 1988. The second one, the Strait of Georgia, is the subject of a federal-provincial agreement and a matter of joint study in the coming years. The third one of interest is in the mid-coast area.

The Minister of Canadian Heritage has assured Mr. Neufeld that she will work together with his government as the item is studied. It takes eight years to set up one of these marine conservation areas.

The heritage minister's correspondence goes on to say:

Government Orders

It is not the federal government's desire to establish marine conservation areas in areas of high potential for oil and gas discoveries. We will work with you to avoid potential future conflict in this area.

The bill is full of caveats about building these new marine conservation areas. There are only three in B.C., two of which are now a matter of joint study. The third one will be a matter of joint study. In any case, clause 5 would require total agreement by the province. Clause 10 would impose consultation on the federal government with the province and there is referral to both Houses and to standing committees. I think the member will agree that his case is one of total exaggeration of the facts.

Mr. David Chatters: Madam Speaker, I would suggest to the member who just spoke that there is a lot in the bill that relies on trust between the federal government and the provincial government of British Columbia. I too met with Mr. Neufeld in Victoria to discuss his government's position on the bill.

Unfortunately, the history of federal-provincial relations, particularly when it deals with the energy industry, is not one that builds trust in the provinces. I could go through a long list but a couple of them come to my mind. One recent agreement was the federal-provincial agreement on the Kyoto accord on climate change in Regina. When the federal government went to Kyoto it totally abandoned the agreement it had made with the provinces and signed on to an agreement that was entirely different than what it had agreed on with the provinces.

Members can look at various phrases in the bill. I was part of some of the committee work and have read the transcripts of much more of the committee, and the same kind of rhetoric was flying around there about how the federal government would not act unilaterally and that it would consult the provinces.

Yes, if the government were wise it would do that. However, a lack of trust exists with the federal government because of its tendency to act unilaterally even though under the terms of the supreme court agreement dealing with the Hibernia project off the east coast of Canada, it is pretty clear that legally it has the right to act unilaterally and to move to ban the development of offshore development. I think the term was anything outside of the low water mark on Canada's coasts.

Given that the federal government has the legal right to do that and given its history and record, if I were a provincial minister or a premier it would be a cold day before I would accept as a fact that the government would negotiate, consult and act in the best interests of that province. I simply do not believe it.

• (1755)

Mr. Clifford Lincoln: Madam Speaker, is the member aware of an amendment proposed by the member for Dewdney—Alouette concerning consultation on any proposed agreement. Has the member read the legislation? Has he read clause 5 and clause 10 of the legislation?

Clause 10 states that “the minister shall consult with” provinces on any proposed agreement. Any proposed agreement means any agreement whether the federal government has total jurisdiction or not.

The member for Dewdney—Alouette had to concede that this was a big step forward. In fact because of it he decided to back the legislation. Is the member aware of the amendment and the fact that the federal government is bound to consult the province on any proposed agreement, whether the federal government has full jurisdiction or not?

Mr. David Chatters: Madam Speaker, I have read the bill and I concede that terminology is there. I guess the problem I have is what constitutes consultation.

As I said, the government has a history of a pretence of consultation and then acting unilaterally. On that basis I am sorry to say that I cannot accept the bill without some legal requirements that a marine conservation area cannot in fact be created and designated without the approval of the provinces. Should that be there then the consultation has some meaning.

However, the bill only states that the federal government shall consult. If those consultations break down or are not fruitful, it has the legal right to act as it chooses and it has demonstrated a willingness to do that.

• (1800)

Mr. Werner Schmidt (Kelowna, Canadian Alliance): Madam Speaker, I commend my hon. colleague for the way in which he analyzed the bill and the things he told the House.

There is one point that comes through loud and clear and I would like him to elaborate on it further. It has to do with the word balance, the balance between economic development and exploration of natural resources, in this case oil and gas, and the preservation of our ecology and our environment.

The hon. member opposite raised some very real questions that were similar to the ones I had. We do not want to destroy the environment. It is so easy to take the position and say that if one is opposed to Bill C-10, one is against the environment and one is against all that sort of thing. That is not the point at all, at least I do not think so, but I would like the hon. member to respond.

How does the hon. member bring about a balance and put that balance into legislation so that every possible step is taken to get that balance in place rather than to have the consultation going one way and the decision going the other way? The power then rests out here, which has nothing to do with the consultation in the first place. Would he care to comment on that?

Mr. David Chatters: Madam Speaker, that comes right back to the crux of the issue. That is the argument. One extreme is the preservationist movement that would ban all economic development because no matter how hard we try industrial development inevitably leaves a footprint. The other end of the argument is industry that would have it its own way and would harvest those resources with little regard for the environment. That has happened in the past and I have seen instances with my own eyes where that has been the case.

Government Orders

The reality is that what we have to look for in Canada in the interest of job creation, wealth creation and the ability to maintain the standard of living we enjoy is a balance between the two. We need a balanced approach to leave as light a footprint as we possibly can and at the same time maximize the return in jobs and wealth created from those resources. The people of British Columbia want to work at creating that balance rather than following the preservationist movement as far as this is concerned.

Mr. Joe Comartin (Windsor—St. Clair, NDP): Madam Speaker, it was interesting to listen to the last exchange between the Alliance and the Liberals and to their positions. Let me immediately put our party's position on the record. The legislation does not go far enough.

The balance we are talking about and to which my friend referred at the end of his comments has not been achieved. The bill is about a failed opportunity on the part of the government. The opportunity we had was to do what we did with our on land parks: to create reserves offshore much as we have over the last century onshore. The bill would not do that.

We had the opportunity to produce a bill which would provide real protection to marine habitat, species and delicate ecosystems. The bill does not accomplish any of those goals.

We all expect the bill will go through given the majority government, but when it becomes law it will leave us way behind where a number of other nations have gone up to this point. The whole movement in Europe, the United States, Australia, New Zealand and other countries that have similar economic development to ours started and got going quite strongly 20 or 25 years ago. However it followed a pattern we are not following and created reserves where there were no human footprints.

My friends in the Alliance and the government have missed this point. Activity by itself creates problems. We have seen it on land. We have seen it when we run a road through a national park or when we allow some incursion by forestry and mining companies. The same thing will happen if we do not prohibit manufacturing, industrial and commercial types of activities in these areas. The bill would not prohibit that.

I draw the attention of the House to a statement published by 161 leading marine scientists and experts on marine ecosystems. All signatories to the statement hold Ph.D. degrees and are employed in neutral settings. They are not employed by government, in industrial settings or involved in commercial activity. The only thing they were concerned about was the preservation of the natural environment in marine reserves.

The statement gives us some guidelines and targets to shoot at in what we should be doing with this type of legislation. It details some of the things we have learned by looking around the world at reserves elsewhere and what they have accomplished.

I will go through a few of those points. Reserves elsewhere have resulted in long lasting and rapid increases in the abundance, diversity and productivity of marine organisms. What they found when they did their research in the reserves was a decrease in mortality, a decrease in habitat destruction and an indirect positive effect on the ecosystem.

● (1805)

The statement showed there was a substantial reduction in the probability of extinction for marine species worldwide. I go back to some of the comments we heard from the Alliance. I do not know how we can put a dollar price on the extinction of a species. It is the wrong analysis and just does not work. A good deal of the positive effects the member was alluding to are not accurate in the sense that a good deal of those dollars do not end up in the communities. A great deal of those dollars goes offshore.

Let me go back to some of the other things the marine scientists found as they looked at reserves around the world. They said the size of the reserve was important but even small reserves were able to produce positive effects on the environment.

One of the major points brought out in the published statement was the importance of full protection. A major flaw in the bill is that full protection is not there. It is said that it requires adequate enforcement and public involvement. The study concluded that marine conservation areas, which is what the government is talking about, do not provide the same benefits as reserves because full protection is not there.

There was another interesting point made about adjacent areas from the results of the survey and studies that had been done. The study referred to the spillover effect into adjacent oceans beside reserves.

The same type of result was seen. The size and the abundance of species increased in the adjacent areas. Similar results were found if one went beyond the immediate adjacent areas referred to as buffer zones and into the general area called the regional area. The population of the species in that area was replenished to significant degrees even in a widely dispersed area.

Another part of the statement which the scientists tried to draw to the attention of the government when the bill was put forward was the importance of networks. We have seen the need for viable biodiversity on land and the need for the exchange that has to occur between species. It is important to look at the creation of a network of parks so that species can move back and forth. The bill before us does not address that.

Some conclusions were drawn and I would like to cover a few of them. I want to go back to the importance of the reserves and protected conservation areas. Using that type of analysis and approach is simply not sufficient. It does not accomplish the goals. If we had followed that process with our land parks in Canada a good deal of them would not be viable today. We will see the same thing happen in marine conservation areas if we follow the methodology proposed in the bill.

Scientists raised the importance of a dedicated program to monitor and evaluate both the impact within the reserve area and outside its boundary so we could see if it was having the same effect in our territorial waters as it had elsewhere in the world.

Government Orders

●(1810)

We also talked about the importance of the reserves acting as a benchmark. What we would be doing, and this goes back to scientific research in these areas, is that we would be using the reserves to compare what was happening in the rest of the seas and oceans adjacent to our boundaries. We would be able to say what we have been able to do by building this reserve and that it is not working out for the rest of the oceans. We could be asked why and perhaps do something to preserve species elsewhere.

Again I go back to the point about the networks. Their argument was very strong that without them and by isolating the reserves to one or two it simply would not be sufficient. We would lose the biodiversity we require.

I will now turn to some of the specific points missing in the bill. I will start by making a comment on some of the speeches given by members of the governing party. Two or three of them alluded to the fact that this was not an environmental bill, that it was not about the environment. I think they used that kind of terminology. That is very true. They were being honest and accurate in their appraisal of what the bill was about, because it is certainly not about protecting the environment. It does not do that.

I moved an amendment to the bill that would incorporate ecological integrity into the analysis whenever we were looking at developing one of these areas. It was not allowed by the governing party, which again reflects its attitude toward the bill.

I am not really sure what it is trying to do with it. I might suggest that it is mostly a charade or a bit of a farce in that it is putting forth to the country that it is dealing with the problem, that it has a concern about the environment and offshore waters, that this is what it is doing about it and that this will take care of it. That is not being honest.

I also point out some specific additional protections. Unlike my friends from the Alliance, I do not want to take out clause 13. I would like to put some more protections into the bill. I will go through a few of them.

Let me deal with some of the ones we proposed. One is at the top of my list because of what is currently happening off the east coast of Canada, in particular in the maritimes, and what has happened over the last few years. Specifically some major research has been done this summer about deep sea cold water coral that has been, I almost have to say, discovered.

For a long time there was belief within the scientific community that little or perhaps no coral existed in those cold waters, as opposed to what is found in southern climes where there are very large coral reefs. In fact they have been assessed and this summer in particular major research was done on them.

In fact submersibles went down quite deep and brought back pictures. Sadly the research showed big gaps in the coral reef. It was just all gone.

In their industrial operations deep sea trawlers were coming through and literally ripping the coral off the seabed as they did their dragging. This was seen repeatedly and researchers were able to demonstrate it in videos and photographs they took this summer.

●(1815)

Our party had sought an amendment to the bill that would prohibit this type of activity in these types of conservation areas. The amendment was defeated by the government. This type of trawling and dragging will be a permitted activity within the areas when we proceed to set them up. The destruction of coral within the areas will continue.

I will make one more point to set this in some kind of context. The coral has been assessed at being between 2,000 and 3,000 years old. It is only two to three feet high but it is 2,000 to 3,000 years old. We need only imagine what will happen to it if we continue to allow this kind of trawling and dredging.

We also sought amendments that would prohibit other activities. I recognize that not much time is left but I will touch on those.

Although the bill would prohibit the exploration and trapping of oil and mining deposits it would not prohibit oil or gas pipelines through these areas. We must appreciate the impact that kind of activity would have. We must appreciate what the construction of an oil or gas pipeline through a conservation area like this or, it is hoped, someday a reserve like this, would do to the ecosystem.

It is not a prohibited activity. It can be allowed at any time. There is no prohibition against the use of blasting or the detonation of explosives. A fair amount of it goes on during subsurface exploration for oil, gas and minerals.

The use of blasting equipment is particularly damaging to all species, whales, et cetera, which use natural sonar to guide them. It drives them out of the area. It literally destroys their habitat because they can no longer function in the area and they leave. It is total destruction.

This goes back to what my colleague from the Alliance said about the footprint. He can talk all he wants about the technology the oil and gas industry has developed. There is some accuracy to that. It is a much safer industry than it was 10 or 20 years ago. However the reality is that it still uses these types of devices in the exploration phase. This has an impact on the ecosystem and some species that is not minimal but major. It drives them out of the area.

There are few provisions in the bill to prohibit the depositing of foreign substances into these areas, although there are some. However there is a clause that would allow the government to waive any prohibition in that regard. It does not take much imagination to think of the impact if we began to dump sludge and a number of other items into these areas.

In conclusion I will go back to the commencement. There was an opportunity here on the part of the government to do something meaningful to protect our offshore ecosystems. By what it does not incorporate in terms of ecological integrity or prohibit in terms of activities in these zones the bill is clearly a missed opportunity, one the country will pay for during the next number of generations.

Government Orders

• (1820)

[*Translation*]

Ms. Madeleine Dalphond-Guiral (Laval Centre, BQ): Madam Speaker, I listened with interest to the speech of my colleague from the New Democratic Party. Once again, with Bill C-10, we are faced with what can be considered as a characteristic of the present government, that is a total inability to work in co-operation. Once more, this government will interfere in areas outside its jurisdiction to take over and to show the maple leaf flag, and to pose as the great protector of the environment.

I agree with my colleague when he says that this bill is not about the quality of the environment. I would still like to hear his comments on a topic that I am really concerned about.

Many departments are concerned with marine conservation areas and bodies of water. Fisheries and Oceans Canada deals with the marine protection areas and so is Environment Canada. And Heritage Canada is now joining in.

How can we justify the fact that three different departments are dealing with the same issue when we all know that the government can not work in co-operation with the provinces, and I am not talking only about Quebec, but about all provinces?

I would like my colleague to explain to me how this government could try to act in a united and intelligent fashion to protect the environment.

[*English*]

Mr. Joe Comartin: Madam Speaker, there are two parts to the question asked by my colleague from the Bloc, at least in my perception. I will address it in those two ways.

First, concerning the whole question of consultation I agree with the member. At the same time the bill has been working its way through the committee and now into the House we have also been working on a bill regarding endangered species, the so-called SARA legislation.

It is interesting to look at the amount of consultation that has been built into the endangered species bill. It is a lot longer than this one. It has many more sections and pages. A good deal of them address the issue of consultation. The consultative process provided for by SARA is much more meaningful than the process provided for by this bill. It has few provisions and quite frankly they are fairly superficial.

Second, I will give two answers to the question of why there are three departments; fisheries and oceans, environment and now heritage. It is an excellent question. I will not even pretend to defend the government's answer that we got at committee stage because there was not one. However I will make this point.

There were two other instances where we could have done something to protect conservation areas. We have not, even though we heard questions earlier about the ones off the east coast and the ones that are being worked on. There is little protection. The two departments have not done anything to protect conservation areas up to this point.

We need legislation. This bill unfortunately is not it. It would not provide the protection these reserves, if we could get them, would absolutely need. The bill would not provide it.

• (1825)

[*Translation*]

Ms. Jocelyne Girard-Bujold (Jonquière, BQ): Madam Speaker, I am pleased to rise today on the issue of Bill C-10, an act respecting the national marine conservation areas of Canada.

Before I begin, I wish to congratulate my colleague, the member for Québec, who has spent a lot of energy trying to make the government understand the importance of consultation about this bill. I congratulate her and I say "Well done and continue your efforts. Sooner or later, our position may prevail." I believe that is a positive way to work and improve bills.

Again, it is unfortunate. Members will recall that I was, for three years, the Bloc Québécois' environment critic. A similar bill had been introduced during a previous parliament, but it died on the order paper.

During all that time, I thought that the government would have the decency to take into consideration the work done by the committee, in order to see what suggestions we might make regarding a new bill, and thus ensure progress across Canada.

We must admit, however, that this government has not listened to members of parliament, not even its own members. We had very good discussions at the time. We truly were, as is usually said, for the environment, and I believe it is important to be. We were all acting in good faith.

Yet, when I saw the new bill, I said to myself "They have changed nothing. They have changed absolutely nothing from the previous two bills, either Bill C-8 or Bill C-44". In other words, they have learned nothing.

Consequently, I wish to say to Quebecers and Canadians that this bill, introduced by this government, does not contribute, as my colleague from the New Democratic Party said, to creating harmony favourable to the environmental agenda, namely marine conservation areas. The Liberals are not acting at all, but they are trying, through fine words, to interfere in jurisdictions that do not belong to them.

We must remember that, under the Constitutional Act of 1867, the seabed comes under provincial jurisdiction. That cannot be denied, it is in the Canadian Constitution. With this bill, however, the government wants to take over areas where it should act in harmony with the provinces and talk with them as it did in the case of the agreement it signed with the Quebec government concerning the Saguenay—Saint-Lawrence Marine Park. That was a model to follow.

It is too bad. I was rereading this agreement the other day and I wished the Liberal member had it in his hands. This agreement was made years ago. It has evolved and has now reached phase three. Each government put money in a concerted fashion to advance an issue.

Government Orders

Madam Speaker, I do not know if you have been to my neck of the woods to visit this marine park. I invite you to do so because it is an example to follow. I have always cheered at the fact that we had finally an example of co-operation, of mutual respect, in order to promote very important issues for present and future generations. Instead of taking this agreement as a model, the government is now trying to reinvent the wheel.

This semblance of willingness to do things for the advancement of a society saddens me. As my colleague was saying, I think they are deceiving the population and are deceiving each other. With this bill, not only are they invading areas that are not under their jurisdiction, they are not agreeing with each other.

● (1830)

All the departments concerned with this bill, Fisheries and Oceans Canada, Environment Canada, Parks Canada, have specific jurisdiction and their areas of responsibility clash.

I do not know whether members have read the Auditor General of Canada's report. I read it with interest myself. Nothing has changed, so the 1996 report still applies. The Auditor General of Canada published chapter 31 on the management of national parks by Parks Canada. I would like to highlight what he said in this chapter. It is very important, because Canadian Heritage is the department introducing this bill.

He said:

—in the six national parks we reviewed, Parks Canada's biophysical information was out-of-date or incomplete except for La Mauricie.

This is the auditor general. He also said:

—that, on average, the management plans for the 18 national parks were 12 years old, when they should have been reviewed every five years.

He added that:

The park management plans provide the strategic direction chosen for the protection of park ecosystems.

The auditor general also added:

Delays in preparing management plans and ecosystem conservation plans reduce Parks Canada's ability to preserve the ecological integrity of national parks.

I could go on reading quotes by the Auditor General of Canada about Parks Canada all night. I will quote another passage from his report:

We are concerned that Parks Canada's ability to preserve ecological integrity in national parks and ensure sustainable park use will be seriously challenged.

This was the auditor general's conclusion.

There is another reason, which Quebecers and Canadians should know about, with regard to why we in the opposition are opposed to this bill, and that is that there was no consultation. The minister said they sent 3,000 consultation documents to groups in Canada. That is quite something. I was really happy when I heard that.

Sixty-two people replied. Most of them did not comment on the bill; they gave their address so that they could be reached in future. That being the case, on what grounds can the Canadian government say that there was consultation? They will have to try again. Is this consultation?

Nowadays, there is great interest in the environment and ecology. I think that, right now, there are several groups in society interested in really being consulted on issues that will affect future generations. But if this is the kind of consultation they do, I can only say that it falls far short.

When young children fail in school, what do they do? They open up their notebooks again, they open up their textbooks and they start studying again. The Government of Canada should have said, "You are right, we failed. We are going to do our homework over again. We are going to look into why our consultations did not provide us with the results we were looking for. The answer we put down was incomplete for such an important question". But the government did not do this. They continued. They moved forward and said that they consulted.

What is important to say about this bill is that it has nothing to do with partnerships, nothing at all; it does not involve governments; it does not consult with the population as a whole.

Back home, people use the Saguenay—St. Lawrence Marine Park. People go to see it. This opportunity to create a park came from the grassroots.

● (1835)

I would like everyone to come and see it. We are talking about extraordinary spaces. It is a wondrous area. It is like being in another world. There are valleys and mountains that connect with the St. Lawrence; it is incredibly beautiful. We have no reason to envy other countries given what we have.

This came from the needs of the grassroots. People got together and called on governments and the governments sat down with them, which led to a phenomenal success.

Why not do the same thing with this bill? If the government wanted to draft another bill, why did it not use this model? This was a success. I am sure that for the 28 marine conservation areas that the government wants to create, there would surely be 28 local groups that would have sat down with them to keep their identity. That is important. We managed to maintain the identity of our beautiful little piece of country in Quebec. That is what we managed to do. But this bill works against any real consultation.

Today, November 19, is my colleague's birthday, the member for Châteauguay I wanted to take this opportunity to wish him happy birthday.

Today, we realize that what this government is doing is inappropriate. Sometimes, I ask myself if it is there to fulfill its election promises, to bring about progress in society or simply to reintroduce old bills and to ease its conscience.

It is not true that we should ease our conscience on environmental issues, particularly if they concern marine conservation areas. I do not go into the forest, I am not a fanatic, but I have an only daughter, and it is important to her. Madam Speaker, I am sure it is important for your children to preserve our natural sites, to develop them in their natural environment that evolved during many generations.

Government Orders

That is not what this bill is doing. I have seen and heard so many things. My colleague, the member for Québec, told me what happened in committee. What did the people who appeared before the committee say? That it is impossible that three departments can say that they have the same job to do.

Heritage Canada wants to look after marine areas. Environment Canada is also in charge of ecosystems, and DFO is involved in this as well. The fishing industry is now in a state of great turmoil in Canada. DFO and HRDC have a project that creates an uproar over the nationalization issue, a project that is ill adapted to the real needs of the industry.

With all this going on in the fishing industry, they would like to do the same for conservation areas. The government will have to do its homework, as the Canadian Alliance member is asking in his amendment, which provides that the government should withdraw this bill, and send it to committee so that it can do its homework. I do not agree with this amendment because I support their position, but because the government should do its homework.

Ministers keep talking about September 11. Every time they are asked a question in the House, they talk about September 11 and say that everything has changed since then. It is true everything has changed. So maybe this bill should be approached differently, in a different light.

• (1840)

Let us have discussions to come to an agreement so that all members end up saying more or less the same thing. The Canadian Alliance is defending a certain position. The Bloc Québécois cares about the environment and wants to protect the exclusive provincial jurisdiction over submerged lands. The New Democratic Party agrees with our views to a large extent. That is our position.

So, how is it that all of a sudden the truth is in the hands of the Liberal members? I do not think anyone knows the truth after what we experienced on September 11. No one knows the truth anymore. I think we have work to do in the communal sense, for the people and we must make it known to this government, not because we do not want marine areas.

It is not that I do not agree, because we succeeded in Quebec, in partnership with the federal government. The agreement is there. I will get you a copy, Madam Speaker, because it is important. You are a member of the Liberal government. I am sure you wonder about this bill. I think many of your colleagues do so as well. I think we should base ourselves on texts people spent years drafting to ensure we reach a positive conclusion.

I never dismiss out of hand an initiative from the community. That community had an idea and, over the years, was able to get the attention of both levels of government. The governments said "Your idea makes sense. We must sit down together to put that plan into action". That is what they did, and I congratulate them for having succeeded in doing that.

But why then is the government doing the opposite with this bill? I think we have not seen the last of this government's tricks. One day it says yes, the next day it says no. It is too important. There is a lot of money involved in environmental issues.

That is why the Bloc Québécois is totally against this bill and is asking the government to go back to square one. It has plenty of time to do so; this is not an urgent matter. It will have to resume consultations. It will have to speak to stakeholders and to come to an agreement with the provinces. It has a lot of work to do.

At this time, it is impossible to make any progress. There is simply too much division. I think we should be able to talk and to agree. If the government does what it can to achieve that, I will be the first one to congratulate it.

But congratulations are certainly not in order today. On the contrary, I am accusing the government of being a source of confrontation, of interfering and of not doing what should be done to protect our environment.

Mr. Yves Rocheleau (Trois-Rivières, BQ): Madam Speaker, first I would like to salute and congratulate my colleague from Jonquière for her excellent speech which was right on the mark and probably very convincing for those who are listening to us.

I would like to ask her what, in her opinion, is behind the federal government's action, something which is not new as we know. This is the second or third time, I believe, that Bloc Québécois members have to speak up on this matter, quite efficiently I might add. This is the second or third time we are preventing the government from going ahead, and rightly so.

This is part of the federal government strategy—let us not be afraid to call it that—to be firmly entrenched in Canada. We are aware of its recent intervention on young offenders, and prior to that its intervention in the area of privacy, its intervention through the millennium scholarships, in fact in every area where the Quebec government in its wisdom and efficiency happened to have programs which were and are working well.

They might not be working as well today because the federal government imposes its own vision, even if it's not an area under its jurisdiction, with money if it takes money or through its legislative power if it's what it takes.

I would like to know if my colleague from Jonquière sees things the same way I do. What is to happen to us as a people knowing that the social union, probably the cornerstone of the federal strategy, does not recognize in any way the special status of the Quebec people and where Quebec is recognized as a province just like any other?

I invite my colleague to comment on the direction this process is taking us and if the Quebec people really does exist and if it has a say in those different areas?

• (1845)

Ms. Jocelyne Girard-Bujold: Madam Speaker, I wish to thank my colleague from Trois-Rivières. His question and his answer covered the matter well.

By not consulting those who have a true interest in these issues, this government can only antagonize them by saying: "You do not wish to work with me, too bad, I will act unilaterally".

Government Orders

For the time being, the government is simply telling Quebecers and Canadians from other provinces: “No, we decide. You obey”. I think Quebecers can see that tonight. I do not need to say so since it is obvious the government is opposed to dialogue, no matter with whom.

I urge Quebecers to take this bill as an example. They will see for themselves that the government does not want to co-operate. All it wants is to interfere and meddle in other people's affairs.

The only solution left is to finally make Quebec a sovereign nation.

Mr. Clifford Lincoln (Lac-Saint-Louis, Lib.): Madam Speaker, while waiting for this sovereign country, I was listening very intently to my colleague, for whom I have great respect.

I would like to ask her where in the bill it says that the situation will be different from the establishment of the Saguenay—St. Lawrence marine park. From what I read very clearly in this bill, if a province has jurisdiction on the seabed, for example, which is the case that she referred to, no marine area may be established without a formal agreement between the federal government and the provincial government. This is the first point.

Second, the member said that several departments are involved, as if this was a great deficiency in this bill. When I was in the environment department, in Quebec, we used to establish coastal policies. We had to get the approval of the municipal affairs department. We had to get the approval of the agriculture department. There were always other departments involved. This is not new. Departments have sometimes conflicting activities. They must always come to an agreement, and some agreements must involve some departments.

Third, is the member aware of the case of Lake Superior? Does she know about the case of Bonavista? The consultations were so extensive in the case of Lake Superior—this is coming from the grassroots—that there might be a conservation area. As for Bonavista, there was no consensus, so there was no marine area.

Why would this be different in the future? How would this be different from the situation for Lake Superior, the Saguenay or Bonavista?

• (1850)

Ms. Jocelyne Girard-Bujold: Madam Speaker, I have a great deal of respect for the hon. member for Lac-Saint-Louis, who is a former Quebec environment minister. I have recognized many times when we both sat on the environment standing committee that he did work hard for Quebec. I congratulated him many times. He can attest to that.

Unfortunately, this time—

An hon. member: He has changed.

Ms. Jocelyne Girard-Bujold: I am not sure about that, but what our colleague who chairs the Canadian heritage committee is saying is true. In Quebec, municipalities have always been consulted. We also have MRCs, a comprehensive network of MRCs. Each region has its own environmental group. Where I come from, we have a very active environmental committee. It often questions the Quebec

government and takes it to task. I agree with this, because I think the environment is the top priority.

In the past, everybody could do just about anything to the environment. We should now make an about-face to better manage the environment. We can and we should do it. That is the position we are in now, and we would not take the means to do what needs to be done? We would be sidetracked again and just oppose instead of coming to an agreement together?

Personally, I do not want to yield on the seabed issue. It is out of the question. Under the Canadian constitution, this is a provincial jurisdiction. Why does the government refuse to take that as a basic fact? I think that the important thing now is the division of powers, joint action, the environment, and the respect of jurisdictions. Since this discussion should take a few weeks, it would be normal that the bill be sent back to the Canadian heritage standing committee so that this discussion can take place.

Mr. Robert Lanctôt (Châteauguay, BQ): Madam Speaker, I would like to add something to the question asked. It seems that the member has to leave the House. I find that unfortunate.

In establishing a marine conservation area, one of the basic conditions is that the federal government should own the land—

[*English*]

Mr. Joe Jordan: Madam Speaker, I rise on a point of order. That member knows it is unparliamentary to refer to the presence or absence of a member in the House.

The Acting Speaker (Ms. Bakopanos): That is true, but I do believe the hon. member said that he was on his way out. He did not actually name the member, but we will not debate the issue. The hon. member for Châteauguay.

[*Translation*]

Mr. Robert Lanctôt: Madam Speaker, this had nothing to do with the fact that he had left the House. I wanted him to hear what I had to say.

So, in response, in establishing a marine conservation area—

[*English*]

Mr. Joe Jordan: Madam Speaker, on a point of order, stop handing the floor to him.

The Acting Speaker (Ms. Bakopanos): We have a minute and a few seconds left on the question.

[*Translation*]

Would the member please refrain from referring to the presence or absence of members. It is the rule. We will go on with the question.

Mr. Robert Lanctôt: Madam Speaker, the comment I want to make is that, in establishing a marine conservation area, one of the basic conditions is that the federal government should own the land.

Adjournment Debate

Over and above the fact that it is mentioned in section 92.5 of the Constitution Act, 1867, which says that the province of Quebec and the legislature of every other province may exclusively make laws in relation to the management and sale of the public lands, we also have a law to that effect in Quebec. The member, who was once the Quebec environment minister, must know that that province has an act respecting the lands in the public domain, which applies to all public lands in the province, including the bed of waterways and lakes.

I would like to put a question to the member for Jonquière concerning a comment heard earlier, according to which nothing in the bill says that we can ask if an area is needed and if we are encroaching on a Quebec jurisdiction. Could she give more explanation on those facts and on the Constitution and Quebec laws?

• (1855)

Ms. Jocelyne Girard-Bujold: Madam Speaker, I want to thank my colleague from Châteauguay and again wish him a happy birthday.

It is true that within this bill one definitely has to yield some ground. I think that my colleague from Lac-Saint-Louis, whom I hold in great esteem, has not read the bill properly.

Let us get back into committee, where we will all be on the same wavelength to read it.

The Acting Speaker (Ms. Bakopanos): Resuming debate. There are three minutes left.

Ms. Madeleine Dalphond-Guiral (Laval Centre, BQ): Madam Speaker, three minutes is very little time, given the fact that this debate is exciting and that it is obviously dividing everybody in the House.

Considering that when people come back in the House they get applause, I ask for unanimous consent to be able to speak for ten minutes.

That is extraordinary. I do not hear anyone saying no; this has to be put on the record. Therefore I will begin.

The Acting Speaker (Ms. Bakopanos): I should be allowed to put the question. Is there unanimous consent of the House for the hon. member to be allowed to use the 10 minutes allotted to her?

Some hon. members: Agreed.

Some hon. members: No.

Ms. Madeleine Dalphond-Guiral: Madam Speaker, this is not the first time unanimous consent has been denied to me. If the bill is important, I think it is important to listen to people who have to speak to it. On a logical level, it could be decided that it is 6.58 p.m. or 7 p.m., given the fact that there is very little time left. Would that be agreeable to my hon. colleagues?

The Acting Speaker (Ms. Bakopanos): I still wish to indicate to the hon. member that she will have some time left when we resume debate on this matter next time. I have already asked for consent, but I will ask for it again.

Is there unanimous consent?

Some hon. members: Agreed.

Some hon. members: No.

Ms. Madeleine Dalphond-Guiral: I could perhaps read a poem. It would be interesting.

I am rising today at third reading of Bill C-10, an act respecting the national marine conservation areas of Canada. This bill is sponsored, surprisingly, by Canadian heritage — which already has many other subjects of interest. With this bill, Canadian heritage wants to regulate the creation of 28 marine conservation areas that are representative of each of Canada's ecosystems.

In 1987, the Saguenay—St. Lawrence marine park became the 29th marine conservation area. Interestingly enough, this park is not covered by the bill before us because it is the subject of its own legislation.

As this is all the time I have, I will leave off until the next time the House considers this issue.

ADJOURNMENT PROCEEDINGS

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

[*Translation*]

EMPLOYMENT INSURANCE

Mr. Yvon Godin (Acadie—Bathurst, NDP): Madam Speaker, on October 26, in the House, I asked a question to the minister responsible for the Atlantic Canada Opportunities Agency. My question was as follows:

The government decided to ignore the recommendations made by the members of the Standing Committee on Human Resources Development, which were supported by the Liberals, outlined in a report entitled "Beyond Bill C-2", regarding changes to the employment insurance program.

Given this decision, what steps does ACOA intend to take in order to help people who will have to deal with the gap next January?

The minister answered:

Mr. Speaker, ACOA continues to work together with the communities and provinces of Atlantic Canada to create jobs, which are long term, not short term and to promote sustainable economic development

The question here is a short term one. What happens to young people who do not receive any employment insurance benefits between January and May? What happens to these people? It is as if the Liberal government simply thought that problems could be sorted out in the long term, but that, in the short term, regions should be left to manage on their own.

I am not jealous. I am pleased that the government announced last week that it would put \$1 million in northwestern New Brunswick to deal with the gap problem. It recognizes that the gap causes a problem in that region, with an unemployment rate of about 4.5%. But we also have a gap problem in the northeastern part of the province. The unemployment rate there is about 18%; in fact, it is 18%.

Adjournment Debate

In his second answer, the minister responsible for ACOA said that he wished the member for Acadie—Bathurst would work with the government for the economic development of the region. Each time the Liberals visit the region to make announcements, they do not even have the courtesy to invite me, and then they want me to work with them for the economic development of the region.

Yes, I support economic development. I agree that infrastructures must be put in place. I am sure my colleague opposite, who is from Newfoundland, understands what I am talking about. They have the same problems in Newfoundland.

When the report entitled “Beyond Bill C-2” was tabled and changes to employment insurance were requested, a member from Newfoundland presented a petition asking the minister to amend the employment insurance program. I am sure that the members from the Atlantic regions understand that, even the Liberal members. There was a reason Liberals had unanimously said they wanted to see changes in the employment insurance program.

It is really a shame. It is sickening and disgusting to see that there is an \$8 billion surplus in the employment insurance fund for the present year alone. How can the government so easily ignore those problems that people are faced with? The suicide rate in my area is totally unacceptable. It is the government's fault, because of the changes it made, and because it is totally unable to show leadership and to change the employment insurance program, which belongs to the workers.

I have said it before and I will say it again, the government is stealing money from the workers and Canadians are paying for that. I am talking about whole families. That is part of the reason 1.4 million children are hungry in this country. There are 800,000 Canadians who do not qualify for employment insurance. It is the Liberal government's fault.

I am looking forward to what the parliamentary secretary to the minister of state responsible for ACOA will have to say to help these people.

• (1900)

[*English*]

Mr. Bill Matthews (Parliamentary Secretary to the President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Madam Speaker, I will follow up on the comments made by the member for Acadie—Bathurst recently and again tonight as they pertain to the Atlantic Canada Opportunities Agency and the creation of jobs for Atlantic Canadians. I begin by reiterating what the minister said initially at the time.

ACOA has invested in some 4,100 commercial projects over the past five years alone helping to create and maintain over 62,000 jobs in the region. The unemployment rate in Atlantic Canada is 2.8% lower as a result of ACOA programming. A 2.8% result is not insignificant. It is a significant result and yes, there is no doubt we would like to see better.

ACOA clients accounted for over 30% of the total net growth in business employment in Atlantic Canada. Net employment in ACOA assisted firms increased by 15% compared to 18% for all of Atlantic Canada firms. As well exports from Atlantic Canada

firms have increased very substantially, some 119% since 1993, going from \$8 billion to \$17.1 billion. A lot of the increase is largely as a result of the ACOA programs in place to help Atlantic Canada businesses.

Each dollar invested in federal-provincial tourism promotion activities has generated almost \$9 in tourism spending in Atlantic Canada. That is a tremendous return, \$9 for every dollar that governments have put forward.

Since 1997 ACOA has provided over 1,800 low interest loans to young entrepreneurs. These loans have helped create more than 2,400 new jobs in businesses that are run by young entrepreneurs in Atlantic Canada.

What is even more exciting is what is happening right now in Atlantic Canada as a direct result of the Government of Canada's investment in the region. The Atlantic Canada investment partnership will invest \$700 million over the next five years to help Atlantic Canadians innovate and compete in the global knowledge based economy.

We have had a tremendous response to our first request for proposals under the innovation fund. ACOA has received 195 proposals, very much proving that businesses and our research community are more than willing to work together to increase and invest in the R and D capacity of the region.

ACOA investments are directed at economic capacity building. They go into the start up and expansion of Atlantic businesses and into providing Atlantic Canadians with entrepreneurial skills. All of these activities are beginning to work. Not only are new jobs being created in significant numbers but a fundamental change is taking place in the attitudes of Atlantic Canadians. The region is becoming more entrepreneurial, more forward looking and more innovative. Atlantic Canada is becoming more confident in its ability to compete globally.

Addressing unemployment in the Atlantic region requires taking a long term view. The Government of Canada is committed to a long term view and it will stay the course.

In conclusion, I share the member's concerns for unemployment in Atlantic Canada. The government intends to work to try to deal with the problem.

• (1905)

[*Translation*]

Mr. Yvon Godin: Madam Speaker, I want to go back to my colleague, the parliamentary secretary, because he says that he understands our problem, since he had the same one. In the parliamentary committee, Liberals promoted changes and made recommendations.

But today, when he talks about ACOA programs, he says that this has allowed for a reduction of 2.8% in the unemployment rate, that this has created 62,000 jobs in the Atlantic region. But this does not change the problem in the short term. This does not change the problem: starting January or February, people will have to go on welfare. This is where they are going now. This is what I want to point out to the parliamentary secretary. What happens in that case?

Adjournment Debate

[English]

What happens to Newfoundland which has the problems we do in Atlantic Canada? We come from an area where there are seasonal jobs. I understand that we have to work on economic development. I understand that we have to put infrastructure in place. I understand, that we have to create business where people will be able to get jobs.

In the meantime employment insurance belongs to the working people of the country. It belongs to them when they lose their jobs. It is not acceptable that they are not allowed to have employment insurance. It is there for that purpose. We should work together for the infrastructure and put people back to work. That is what I believe.

Mr. Bill Matthews: Madam Speaker, I appreciate the hon. member's concern for the unemployed in his riding and in the Atlantic Canada region.

Initially when the member raised this question with the minister responsible for ACOA, the minister outlined to him the initiatives that had been taken by the Atlantic Canada Opportunities Agency to try and increase employment and to further develop business opportunities in Atlantic Canada to make it globally competitive. In that regard, through the Atlantic Canada Opportunities Agency, we have made great strides in Atlantic Canada.

We realize full well that we have a way to go but we have to become globally competitive and we have to be innovative. We have to encourage and promote business opportunities and strive to create long term employment. We fully realize that many people in Atlantic Canada are employed in seasonal industries. We have to strive to create long term employment through business promotion in Atlantic Canada.

• (1910)

FOREIGN AFFAIRS

Mr. Bill Casey (Cumberland—Colchester, PC/DR): Madam Speaker, I rise today to follow up on my question of June 7 directed to the Minister of Foreign Affairs in which I asked if the Government of Canada was going to ask Moscow to pay for the police investigation resulting from the accident by a Russian diplomat Mr. Knyazev. The minister did not answer my question. He said that the government would make every effort to resolve the issue, but we still do not know whether Canada did ask Russia to pay for this investigation.

Canada paid to bring the Russian police to Canada to do the investigation and that should have been the responsibility of Moscow.

We have learned that charges have been laid, although the defendant has pleaded not guilty. We also have word that the Russians came back again for a further investigation.

Did Canada ask the Russians to pay the first bill? Did Canada pay for the Russians to come back a second time to talk to the relatives of the victims? It is appropriate to ask these questions today because earlier we talked about Bill C-35 which would expand immunity to include foreign diplomats and foreign representatives from other countries who were never subject to immunity before.

Has Moscow paid the Canadian government for the first trip, as I asked back in June? Has the government asked Moscow to pay for the second trip to complete the police investigation?

Ms. Aileen Carroll (Parliamentary Secretary to the Minister of Foreign Affairs, Lib.): Madam Speaker, I appreciate the question from the hon. member for Cumberland—Colchester. The member is right in that the person has been charged and now within the Russian judicial system will proceed to indictment. At that point evidence will be laid to argue as to whether he should proceed to trial. This was as we anticipated.

Explanations have been given as to the assistance Canada lent to Russia initially in bringing police officers to Canada to allow the investigation to ensue. While there was some discussion of that, we have met the bar in responding. Obviously the concern of my hon. colleague in the opposition is that justice be rendered. If on this occasion, as on other occasions, there had to be a fiscal dimension to that, then for the greater good of justice of the matter it appeared to be a lesser cost and certainly one that we could undertake, and which we did do.

The horror of the incident was such that justice was what was utmost in all of our minds. Following the justice issue, which was foremost, procedures within the department were a priority for the minister. A zero tolerance policy, which is new and which is clearly laid out within the Department of Foreign Affairs, has been another result of this dreadful accident.

I believe that my answer might assist the hon. member with his inquiry.

Mr. Bill Casey: Madam Speaker, I do appreciate what the department has tried to do and what the minister has tried to do. I have always felt it was not appropriate for the Russian diplomat to take advantage of his immunity under the diplomatic rules we have and flee to Russia, and then we had to pay for the Russian police to come to Canada. If the Russians really felt that justice should be done, they should have at least paid for the police to come to Canada.

I have two questions for the parliamentary secretary. She said that they have estimated the cost of this investigation to Canada. What was that cost? Second, did Canada fund the cost of the second trip made recently?

Ms. Aileen Carroll: Madam Speaker, I cannot give the hon. member that figure, but I can undertake to do so at a later date since I have heard ministers undertake to do just that during question period.

Whether or not a second financial arrangement ensued, that too I do not have, but again I will do my utmost to deliver that information to my hon. colleague.

Adjournment Debate

●(1915)

[English]

[Translation]

The Acting Speaker (Ms. Bakopanos): The motion to adjourn the House is now deemed to have been adopted.

Accordingly, the House stands adjourned until tomorrow at 10 a.m., pursuant to Standing Order 24(1).

(The House adjourned at 7.15 p.m.)

CONTENTS

Monday, November 19, 2001

PRIVATE MEMBERS' BUSINESS

Canadian Wheat Board Act

Mr. Breitzkreuz	7231
Motion	7231
Mr. Serré	7233
Mr. Proctor	7234
Mr. Borotsik	7235
Mr. Anderson (Cypress Hills—Grasslands)	7237
Mr. Bailey	7238
Mr. Breitzkreuz	7239

GOVERNMENT ORDERS

Air Canada Public Participation Act

Motion for concurrence	7240
(Motion agreed to)	7240
Third reading	7240
Mr. Harvey	7240
Mr. Moore	7242
Mr. Laframboise	7246
Mrs. Desjarlais	7248
Ms. Wasylcyia-Leis	7249
Ms. Meredith	7250
Mr. Cullen	7252
Mr. Adams	7252
Mr. Lanctôt	7253
Ms. Girard-Bujold	7254
(Motion agreed to, bill read the third time and passed) ..	7255

STATEMENTS BY MEMBERS

Mining Industry

Mr. St-Julien	7255
---------------------	------

Nelson Mandela

Mr. Schmidt	7256
-------------------	------

Literary Awards

Mr. Lastewka	7256
--------------------	------

YMCA

Ms. Sgro	7256
----------------	------

YMCA

M. Lincoln	7256
------------------	------

Terrorism

Mr. Reid	7256
----------------	------

Nelson Mandela

Mr. Cotler	7257
------------------	------

Nelson Mandela

Ms. Dalphond-Guiral	7257
---------------------------	------

Nelson Mandela

Mr. McCallum	7257
--------------------	------

Tobacco Taxes

Mr. White (North Vancouver)	7257
-----------------------------------	------

Nelson Mandela

Mr. Drouin	7257
------------------	------

Nelson Mandela

Mr. Robinson	7258
--------------------	------

Parti Québécois

Ms. Bourgeois	7258
---------------------	------

Nelson Mandela

Mrs. Jennings	7258
---------------------	------

YMCA

Mr. Borotsik	7258
--------------------	------

ORAL QUESTION PERIOD

National Defence

Mr. Day	7259
Mr. Chrétien	7259
Mr. Day	7259
Mr. Chrétien	7259
Mr. Day	7259
Mr. Chrétien	7259
Mr. Pallister	7259
Mr. Eggleton	7259
Mr. Pallister	7259
Mr. Eggleton	7259

International Aid

Mr. Duceppe	7259
Mr. Martin (LaSalle—Émard)	7260
Mr. Duceppe	7260
Mr. Martin (LaSalle—Émard)	7260
Mr. Gauthier	7260
Mr. Martin (LaSalle—Émard)	7260
Mr. Gauthier	7260
Mr. Martin (LaSalle—Émard)	7260
Ms. McDonough	7260
Mr. Chrétien	7260
Ms. McDonough	7260
Mr. Chrétien	7260

National Defence

Mr. Clark	7261
Mr. Eggleton	7261
Mr. Clark	7261
Mr. Eggleton	7261
Mr. Anders	7261
Mr. Eggleton	7261
Mr. Anders	7261
Mr. Eggleton	7261

Employment Insurance

Mr. Crête	7261
Mrs. Stewart	7261

Mr. O'Brien (London—Fanshawe).....	7280	Ms. Dalphond-Guiral.....	7292
Mr. Casey.....	7281	Ms. Girard-Bujold.....	7292
Mr. Lanctôt.....	7281	Mr. Rocheleau.....	7294
Mrs. Jennings.....	7282	Mr. Lincoln.....	7295
Mr. White (North Vancouver).....	7283	Mr. Lanctôt.....	7295
Mr. Cullen.....	7285		
Division on Motion deferred.....	7286		
Canada National Marine Conservation Areas Act		ADJOURNMENT PROCEEDINGS	
Bill C-10. Third reading.....	7286	Employment Insurance	
Mr. Chatters.....	7286	Mr. Godin.....	7296
Mr. Lincoln.....	7288	Mr. Matthews.....	7297
Mr. Schmidt.....	7289	Foreign Affairs	
Mr. Comartin.....	7290	Mr. Casey.....	7298
		Ms. Carroll.....	7298

MAIL  POSTE

Canada Post Corporation / Société canadienne des postes

Postage paid

Port payé

Lettermail

Poste-lettre

**1782711
Ottawa**

If undelivered, return COVER ONLY to:

Communication Canada - Publishing
Ottawa, Ontario K1A 0S9

En cas de non-livraison,

retourner cette COUVERTURE SEULEMENT à :

Communication Canada - Édition
Ottawa (Ontario) K1A 0S9

Published under the authority of the Speaker of the House of Commons

Publié en conformité de l'autorité du Président de la Chambre des communes

Also available on the Parliamentary Internet Parlementaire at the following address:

Aussi disponible sur le réseau électronique « Parliamentary Internet Parlementaire » à l'adresse suivante :

<http://www.parl.gc.ca>

The Speaker of the House hereby grants permission to reproduce this document, in whole or in part, for use in schools and for other purposes such as private study, research, criticism, review or newspaper summary. Any commercial or other use or reproduction of this publication requires the express prior written authorization of the Speaker of the House of Commons.

Additional copies may be obtained from Communication Canada - Canadian Government Publishing, Ottawa, Ontario K1A 0S9

Le Président de la Chambre des communes accorde, par la présente, l'autorisation de reproduire la totalité ou une partie de ce document à des fins éducatives et à des fins d'étude privée, de recherche, de critique, de compte rendu ou en vue d'en préparer un résumé de journal. Toute reproduction de ce document à des fins commerciales ou autres nécessite l'obtention au préalable d'une autorisation écrite du Président.

On peut obtenir des copies supplémentaires en écrivant à : Communication Canada - Édition, Ottawa (Ontario) K1A 0S9

**On peut obtenir la version française de cette publication en écrivant à : Communication Canada - Édition
Ottawa (Ontario) K1A 0S9**