



CANADA

# House of Commons Debates

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VOLUME 136 • NUMBER 105 • 2nd SESSION • 36th PARLIAMENT

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OFFICIAL REPORT  
(HANSARD)

**Thursday, June 1, 2000**

**Speaker: The Honourable Gilbert Parent**

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# HOUSE OF COMMONS

Thursday, June 1, 2000

The House met at 10 a.m.

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*Prayers*

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## ROUTINE PROCEEDINGS

• (1010)

[*Translation*]

### GOVERNMENT RESPONSE TO PETITIONS

**Mr. Derek Lee (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, pursuant to Standing Order 36(8), I have the honour to table, in both official languages, the government's response to 13 petitions.

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### INTERPARLIAMENTARY DELEGATIONS

**Mr. Bernard Patry (Pierrefonds—Dollard, Lib.):** Mr. Speaker, pursuant to Standing Order 34, I have the honour to table in the House, in both official languages, the report of the Canadian section of the Parliamentary Assembly of the Francophonie, as well as the related financial report.

The report has to do with the meeting of the Commission on Parliamentary Affairs, held in Pnom Penh, Cambodia, from March 2 to March 4, 2000.

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### COMMITTEES OF THE HOUSE

#### CANADIAN HERITAGE

**Mr. Clifford Lincoln (Lac-Saint-Louis, Lib.):** Mr. Speaker, I have the honour to present, in both official languages, the first report of the Standing Committee on Canadian Heritage.

[*English*]

Pursuant to its order of reference dated Thursday, May 11, 2000, the committee has adopted Bill C-27, an act respecting the national parks of Canada and has agreed to report it with amendments.

[*Translation*]

I would like to take this opportunity to thank all of the hon. members and witnesses who sat for many long hours to make this report possible.

[*English*]

#### HUMAN RESOURCES DEVELOPMENT AND THE STATUS OF PERSONS WITH DISABILITIES

**Mr. Peter Adams (Peterborough, Lib.):** Mr. Speaker, I have the honour to present in both official languages the third report of the Standing Committee on Human Resources Development and the Status of Persons with Disabilities. This report is entitled "Seeking a Balance: Final Report on Human Resources Development Canada Grants and Contributions".

The report is the result of four months of very public hearings. The committee heard from witnesses from all over the country, from within government and outside of government. These witnesses were selected by members of all five parties represented on our committee.

I want to thank the members of the committee, the witnesses and the staff of the committee who assisted us in producing what I hope will be a very valuable piece of work.

**Mrs. Diane Ablonczy (Calgary—Nose Hill, Canadian Alliance):** Mr. Speaker, with respect to this report, the official opposition members of the committee are strongly of the opinion that the Liberal majority on the Standing Committee on Human Resources Development and the Status of Persons with Disabilities failed to fully report and constructively criticize the department's mismanagement and abuse of grants and contributions programs.

We believe that the committee is in dereliction of its responsibility therefore to hold the government accountable on behalf of Canadian workers, employers and taxpayers.

*Routine Proceedings*

The Liberal majority report does not impute any responsibility to anyone in the mismanagement of the department and blames other factors. Because the Liberal majority report denies the nature and scope of the problems at HRDC, the recommendations it makes fails to address the root cause of these problems and our dissenting report and 14 recommendations from the official opposition are appended.

[Translation]

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ):** Mr. Speaker, I would seek the permission of the House to explain the dissenting opinion of the Bloc Québécois on this report.

**The Deputy Speaker:** I regret to inform the hon. member that that requires the unanimous consent of the House. Is there unanimous consent for the hon. member to explain his party's position on this report?

**Some hon. members:** Agreed.

**Mr. Paul Crête:** Mr. Speaker, this is a very important report. It contains, among other things, a recommendation by the Bloc Québécois, which I myself proposed, that the department be dismantled because of the crisis we have witnessed.

We submitted a dissenting report because, if the government simply dismantled the department without getting to the bottom of things in this situation through an independent public inquiry, we would not have honoured the wishes of the citizens of Quebec and Canada in this matter.

I think government action must go a lot further, otherwise this will be seen as nothing more than camouflaging.

• (1015)

[English]

## AGRICULTURE AND AGRI-FOOD

**Mr. Howard Hilstrom (Selkirk—Interlake, Canadian Alliance):** Mr. Speaker, I move that the first report of the Standing Committee on Agriculture and Agri-Food, presented Tuesday, February 22, be concurred in.

We are here today to finish up a bit of unfinished business and ongoing business dealing with the farm income issue across Canada, in particular in western Canada.

I would ask if I could have the agreement of the House to share my time with the member for Battlefords—Lloydminster so that we would each have 10 minutes.

**The Deputy Speaker:** Is there the unanimous consent of the House to permit the hon. member to share his time?

**Some hon. members:** Agreed.

**Some hon. members:** No.

**Mr. Howard Hilstrom:** Mr. Speaker, I do not have concurrence to share my time. We should have a positive attitude in parliament and we should work together to address agricultural issues. I am very disappointed that my colleagues in the House feel that this spirit of co-operation is not necessary in addressing agricultural problems in Canada.

The majority report which was put forward by the Standing Committee on Agriculture and Agri-Food on March 13, in which I concurred, was inadequate and did not adequately address the issues, nor did it adequately examine the problems. I will address that as we go along. Primarily the problem was that the hearings were confined to three provinces, when I know very clearly from geography books and the history of the country that we have 10 provinces as well as the territories which have agricultural issues.

Since October 21, 1999, the House of Commons Standing Committee on Agriculture and Agri-Food has examined issues surrounding the farm income crisis facing farmers. I would like to point out that it was the Canadian Alliance and my motion which in fact got the hearings going on the farm income issue. As far as I know, had we not done that, the government would have continued on with the statements of the minister, saying "Relax, NISA and crop insurance are sufficient to address this crisis", when it soon became very apparent that the basic farm safety net programs would not do the job.

**Mr. John Duncan:** Mr. Speaker, it is my understanding that if the member for Selkirk—Interlake had simply stated that he was splitting his time, that indeed would be allowable in the House.

May I request that he simply make that statement at this time, that he would indeed be splitting his time with another alliance member?

**The Deputy Speaker:** Yes, that has certainly been the practice. The hon. member asked for consent and sat down, so I asked for consent and it was refused. I only asked for it because he asked me to.

If he wants to split his time, that is his business. Normally we do accept that a member can stand at the beginning of his or her remarks and say that he or she will be splitting his or her time.

• (1020)

**Mr. Howard Hilstrom:** Mr. Speaker, I will share my time.

In November 1999 the Canadian Alliance started a series of meetings across Canada to address this issue, which the Standing Committee on Agriculture Agri-Food and the Liberal government were unwilling to do.

In November 1999 the action for struggling agriculture producers committee was struck by the Canadian Alliance in response to the income crisis. The hearings were necessary because the ongo-

ing farm income crisis had not abated. In fact, as of this day it has not abated.

In Saskatchewan farm incomes have improved somewhat, but only because of farm subsidy programs. What we have not seen is an improvement due to the government addressing the root causes and the problems of farm incomes in Canada, including western Canada and southwest Ontario, which rely on export markets for many of their cash crops.

There are many root problems, but I will just mention two or three that are major and should be addressed right away.

First, the government has to get out of the way of the value added processing of raw agriculture, such as grains and meats, on the prairies and across the country. The Canadian Wheat Board at the present time is putting roadblocks in the way of pasta producers, who, in trying to do value added processing, find that they have to sell their grain through the wheat board and then buy it back, which makes it uneconomical. The organic farmers will also find that the wheat board is a tough customer to deal with as their organic products start to increase.

We have the problem of marketing, which I have mentioned. Farmers must have the ability to decide how best to market the products from their farms. In this regard the government has to move to make the Canadian Wheat Board a voluntary organization.

Later today we will be dealing with the transport reforms. I mention them here as part of the ASAP report, because farmers certainly said that they need to have transport reform. The transport reform needs to be toward the side of a commercial contract based system.

I would like to point out the current situation on the prairies. I would like to refer to people in Saskatchewan who have addressed this issue.

We have the general statistic that arrears on farm debt in Saskatchewan increased between February and March from \$6.3 million to \$8.2 million.

John Eberl, the administrator of the Rural Municipality of Antler, said that out of 15 farmers in his immediate area, three have gone bankrupt. After 30 years, Don Kincaid believes he is finished with farming. Don Kincaid lives about 60 kilometres southwest of Regina. He said the reason is that he could not risk losing more money. That is a sign of desperation. Farmers do not see any improvement in the immediate future. That is a big problem.

The issue of input is also paramount to the health of agriculture in western Canada. Between 1994 and 1998 farm cash receipts increased 7.5%. Meanwhile, operating expenses like fuels, chemicals and labour rose 9.4% and depreciation increased 15.8%. As a result, realized net income fell by 11.5% during the five year period.

### *Routine Proceedings*

Until these root causes of the problems for farm income are addressed, including high taxation by the government, farmers will not be able to have a real optimistic outlook. The government is perhaps hoping that there will be natural disasters around the world that will drive up grain prices, but that is not the way to do it. The way to do it is to start addressing the root causes in Canada.

• (1025 )

I would ask for the concurrence of the House to table, in both official languages, the report of the action for struggling agriculture producers committee, which I have compiled along with my colleagues in the Canadian Alliance. In particular, I would like to mention the outstanding work done by the hon. member for Battlefords—Lloydminster.

**The Deputy Speaker:** Does the hon. member have the unanimous consent of the House to table the document to which he has referred?

**Some hon. members:** Agreed.

**Some hon. members:** No.

**Mr. Rick Casson (Lethbridge, Canadian Alliance):** Mr. Speaker, I would like to thank my colleague for his presentation today and for bringing us up to date on the progress of the ASAP report. I know that he and the hon. member for Battlefords—Lloydminster have worked very hard on this, as have many of us. It is unfortunate that we did not get consent from the House to table that report, because it reflects the views of some 3,500 farmers with whom we met. It would be very wise of the government to listen and to have a look at what these people had to say.

I know that copies of the ASAP report were sent to the Prime Minister and to the Minister of Agriculture and Agri-Food. Could the hon. member comment on the response he has received from them?

**Mr. Howard Hilstrom:** Mr. Speaker, whilst I have not received a response, I certainly hope to receive it in the near future.

Members on the Standing Committee on Agriculture and Agri-Food voted down motion after motion which I brought forward to hold hearings across the country on safety nets. They refused to go to southwestern Ontario, which is the single biggest agriculture producing province in Canada. I can only conclude from that that the minister from Toronto and other ministers from the area thought that if they could keep the Canadian Alliance away from the people of Ontario it would be an out of sight/out of mind situation. Looking back, that seemed to be the whole objective of denying the standing committee the opportunity to travel to southwestern Ontario to talk directly with farmers.

That shows the crassness of the political objectives of this government. The farmers' interests come second, third or fourth. The government's political objectives are to get re-elected and to keep politicians from other parties out of southwestern Ontario.

*Routine Proceedings*

I am proud to say that the Canadian Alliance went to southern Ontario. We held six meetings. A lot of people who came to the meetings, who were of all political persuasions, questioned the representation they were getting from their members of parliament.

**Mrs. Rose-Marie Ur (Lambton—Kent—Middlesex, Lib.):** Mr. Speaker, I have listened very diligently to my colleague across the way this morning and to his response to the last question. I am a member from southwestern Ontario. I welcome his great initiative to travel in my area. He obviously recognizes where the quality of land in agriculture is very vital.

I am a member of the agriculture committee, as is he. Yes, indeed, the motion was put that we travel west and to southwestern Ontario. Does he remember, in that particular instance, that yes, I voted against it, but the motion was to travel to Ontario and the eastern provinces? Was there a political motive in that he only wanted to visit southwestern Ontario?

How many meetings did the hon. member attend out west?

• (1030)

**Mr. Howard Hilstrom:** Mr. Speaker, in answer to the question, we had great representation by the Canadian Alliance at every one of the Standing Committee on Agriculture and Agri-Food meetings. The meetings we held on the ASAP report were attended by provincial politicians from all parties. I did not see any federal Liberal members there who could have come out to listen directly to it. They seemed to rely on the minister from Regina to be the one to speak for them, telling the sheep in the background as to what the heck they should be voting on and saying.

The Standing Committee on Agriculture and Agri-Food had many opportunities and still does have the opportunity to consult farmers on the safety net programs. Agriculture is not out of the woods and the member's question indicates to me that the government does not intend to do anything more to address the root causes of the agricultural crisis in Canada.

We are going to be debating reforms to the grain transportation system that fall far short of the ideal and of the requests of the major farm organizations in western Canada. Who are those major farm organizations in western Canada with regard to the grain transportation issue? They are the five grain companies, three of which are owned and administered by farmers. Those people want to see a much greater commercialization of grain transportation than what we see today.

**Mr. Gerry Ritz (Battlefords—Lloydminster, Canadian Alliance):** Mr. Speaker, it is my pleasure to speak to the ongoing agricultural crisis in the country. As we see from the co-operation we are getting from the government side of the House, agriculture's biggest problem is that it is 90% politics and 10% production. Of course that goes to the root cause of what is happening out there now. There is a sad lack of cashflow due to government inattention and government cuts.

Since the government will not seem to co-operate and allow us to table this report, I will spend my 10 minutes on the 13 policy suggestions from farmers. These are primary producers. Some 3,500 to 4,000 primary producers came out to our town hall meetings and told us what they thought. We went straight to the horse's mouth, if you will, Mr. Speaker, rather than the other end that we see here in the House.

Policy suggestion number one: Farmers demand that promised disaster assistance be delivered on time. Of course that has not happened. The agricultural income disaster assistance program, AIDA, did not accomplish this goal. Less than 30% of the money allocated for 1998 got off the cabinet table out to the kitchen tables.

Emergency compensation programs must be structured in such a way as to target assistance to all farmers who need help. Again AIDA failed miserably.

Policy suggestion number two: National farm safety net programs must not only be maintained, they must be improved. Any long term safety net program must include an income disaster program, a crop insurance program and an income stabilization program such as NISA. The problem we had earlier on was that the agriculture minister, backed up by his colleagues, insisted that crop insurance and NISA were more than adequate to handle the problem. We knew otherwise.

An effective farm safety net would ensure long term stable protection for farmers and would eliminate the need for ad hoc programs such as AIDA in the future.

Policy suggestion number three: The majority of farmers are calling on the federal government to become more aggressive in trade negotiations. They want better access to world markets. Farmers have stated that the Canadian government has lowered its agricultural support much faster than other nations and much faster than we agreed to in the trade negotiations in the Uruguay round.

Farmers are demanding that the government not lower agricultural support any faster than our trade competitors and no faster than agreed to.

Policy suggestion number four: Governments must clearly define the future direction for agriculture policy in Canada. Is it sustainable? Do we need a good safe secure food supply? Of course we do. As part of this, government must define who falls into the category of farmer. This would help to decrease uncertainty in who qualifies for farm safety net programs and would reduce conflicts with farm income tax provisions.

We also saw this flaw clearly in the evidence in the election for the wheat board. Folks who were landlords from the United States got ballots. An immigrant lady who had been in Toronto for one week received a ballot. There were a lot of things like that. If we had a clear definition of who was actually farming, it would certainly go a long way to help the government define farmer.

*Routine Proceedings*

• (1035)

Policy suggestion number five: Farmers suggest that the federal government lower user fees charged by the Department of Agriculture and Agri-Food.

The Canadian Federation of Independent Business just completed a study. The findings indicate that farmers are another casualty of the government's cost recovery policies. It says that the government is adding to producers' problems with huge user fees, rising input costs, government debt and deficit reduction, which of course has hit the agriculture sector harder than anybody else, government regulations and the paper burden. Sixty-eight percent of those that replied to the survey say that one of the most heinous jobs they have is the paperwork that is required in sending all of this stuff to Ottawa when it does not seem to do any good.

Policy suggestion number six: Farmers suggest that the federal government immediately lower farmers' costs by enabling a competitive commercially accountable grain handling and transportation system.

That will go to the heart of what we are going to hear later today when the transport minister introduces Bill C-34 redoing the grain transportation act.

Policy suggestion number seven: Farmers are calling on the federal government to immediately allow producers to improve their income by moving up the processing chain. This would require the government to remove the regulations slowing direct farmer involvement in value added processing.

Prairie pasture producers wanting to create 100-plus jobs in southern Saskatchewan, wanting to upgrade the value of durum here at home rather than shipping it to the United States or other places to be processed, are the types of incentives we need to see. That is rural development. That is the type of thing the Secretary of State for Rural Development should be talking about in this House. It goes to the root cause of why farmers are not making any money. They are not allowed to handle and market their own product.

Policy suggestion number eight: The majority of farmers believe that western Canadian farmers should have the freedom to market their grain independently of the Canadian Wheat Board. Most farmers do not want the wheat board to disappear but believe it should be one of their marketing options that also includes but is not limited to marketing directly to farmer owned new generation co-operatives or any other access they find.

The problem we have with the wheat board is it is a monopoly. It is a closed shop. It is also spreading its tentacles into areas such as organic farming which is just starting to come on big in the west. That goes to the government's bill on pesticides and that type of thing. Organic farming is definitely part of the answer. The wheat

board does not really want to handle the product because it is a niche market and it is too small for it. Yet it still wants to control the pricing and have the buyback provisions. It is absolutely ludicrous.

When we see a farmer from southern Manitoba in shackles and chains because he marketed his own product across the line, it is absolutely abhorrent that type of thing can happen in a democracy such as Canada.

Policy suggestion number nine: Most farmers believe that overall farm income would increase if interprovincial trade barriers were removed. They are calling on the federal and provincial governments to actively pursue free trade within Canada.

It is great to have trading negotiations going on with all the countries in the world, but we have huge trade distortions within our own country from province to province. Numbers put that disparity at about \$6 billion a year. It is a horrendous amount of money that should be in producers' pockets.

Policy suggestion number ten: Most farmers maintain that any endangered species legislation must respect the property rights of landowners. That is a big item. There has to be adequate compensation and respect for the property owner. And it must include compensation for land if the habitat must be taken out of production. We have not seen that in any of the legislation that has been brought forward. It has to be there.

The majority of producers believe that the government could achieve more through co-operation with farmers and ranchers than through threats of punishment. We know how well that is working with the gun registration bill.

Policy suggestion number eleven: The majority of farmers demand that any legislation aimed at reducing greenhouse gases must not reduce farmers' income.

As we see, farming and agriculture in Canada is the only industry I know of that buys retail and sells wholesale. Any costs that are incurred by any one of the suppliers and so on are passed on to the farm gate. They cannot be added to the product price and shipped back out again, as we see in every other industry.

The environmental taxes that are now being collected not only hit the farmer himself but they also hit the machine dealer and the fertilizer dealer. Everyone else passes them on in increased costs to the farmer who must eat the increased cost and cannot pass it back in any way, shape or form. It is not fair.

Policy suggestion number twelve: Most farmers support giving Canadians the ability to choose and not to consume food that contains genetically modified organisms. Most farmers acknowledge that this will require some form of labelling on food containing those GMOs.

*Routine Proceedings*

• (1040)

We are saying that it cannot be a mandatory type of system. It just will not work. Voluntary should work quite well as it has in other jurisdictions.

Policy suggestion number thirteen: Farmers are asking for all levels of government to ensure that adequate counselling, support programs and such are available for farm families suffering through this farm crisis. That seems to be something government can intervene in and also be there to backstop farmers.

There has been talk of an escape clause for people who want to get out. In my home province of Saskatchewan the average age of farmers is approaching 60 years. These farmers are working away at their equity, shortening their retirement values and so on. It is just not right and it is not fair.

Thirty percent of the AIDA funds for 1998 are all that escaped from Ottawa and got out there to do any good. We are now seeing headlines that the 1999 program may not have enough cash in it. It is absolutely ludicrous. When family farms are not receiving the cash, where is the money going? Administration costs cannot be that high.

Huge rallies have been held in western Canada with farmers going out in their tractors, trucks or whatever to become part of a convoy. The very first one was held out west in my riding of Battlefords—Lloydminster in which 400 units took part just to show some support.

We are also finding a lot of intervention from past the farm gate suppliers. These fellows are carrying huge debt loads and farmers cannot afford to pay their bills. Bank credit has dried up. Farmers are asking for some long term, low interest loans as farm credit's mandate originally was. It has now become a quasi-judicial board separate from the government which those folks like to do to hide responsibility. We are not seeing the type of financial package the agriculture industry will need to sustain itself in the next millennium.

The farmers out there are in trouble. They are looking for some sort of leadership from the federal government and from their provincial governments. They are not seeing a whole lot.

**Mr. Paul Steckle (Huron—Bruce, Lib.):** Mr. Speaker, I have listened with a great deal of interest to what has been said this morning.

First, the member for Selkirk—Interlake commented about southwestern Ontario. As a primary producer in southwestern Ontario I find it offensive that some would suggest that we do not care about the farmers of southwestern Ontario. We care about farmers clear across the country.

I find it rather an oxymoron that a party that believes in cutbacks in all sectors would dare to say that the government has not spent

enough or that the money is not reaching the farmers for whom it was intended. That party does not support supply management which has supported and served our farmers well across the country in both the feather industry and the dairy industry, an industry that has not come to the government trough looking for help. Yet that party says "We do not support supply management". That party does not support the Canadian Wheat Board because it believes it is a monopoly.

If farmers in western Canada were allowed the option of going five years outside of the wheat board, and took responsibility for the crop produced in that five year period, would they be prepared to take responsibility for the crop and stay out of the system for five years even though they were not able to sell their crop? Who would they go to then?

**Mr. Gerry Ritz:** Mr. Speaker, both of the member's questions are very pertinent.

When it comes to supply management he is not reading our policy statement properly. We have never said to destroy supply management. This government has moved from a quota to a tariff base that is designed to come down over the next little while that will destroy supply management. That is exactly true. That is the government's policy.

Our policy is let us get the rest of agriculture up to that level. There has to be some return on the investment. We are not seeing that in any other agricultural sector. Good for supply management. They figured out the formula and they are trying to make it work. Good for them.

We have never said to do away with the Canadian Wheat Board. We have said to make it optional. If it is good it will continue to function. It is saying it will fall apart if it does not have a monopoly. No monopoly anywhere lasts forever. People will rear up and say they have had enough and will not go to it.

We see far less acreage dedicated to the Canadian Wheat Board now than we ever have before. We only have to look at its annual report which just came out. It shows that sales are way down and administration costs have gone through the roof. The wheat board does not have the anticipated acreage coming from producers that it had before. People are voting with their feet and growing different crops. We are seeing all sorts of things being developed to try to obtain cashflow.

• (1045)

We are also seeing organic grains being held back by the wheat board because it wants to control them but does not want the responsibility of marketing. There are many niche crops from which the wheat board could back off and allow these folks to fulfil, such as the pearling markets, the specialized feed wheats and all those types of things that could be grown.

We know they can do that. I do not know a producer who would not sign a contract to be taken out of the wheat board for five years. Producers will sink or swim on their own. They are doing that now.

**Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP):** Mr. Speaker, I have a very brief comment to make. We are now seeing from the Canadian Alliance something to which western farmers had better pay attention. It wants to get rid of the Canadian Wheat Board. It is also saying that it wants it opened up to competition to allow the Cargills of the world to get involved.

It is a matter of time before the wheat board disappears. The wheat board only succeeds if it is single desk marketing agency for Canadian grain. That is the way farmers in western feel. There is very strong support for the Canadian Wheat Board as a single desk marketing agency.

The Reform Party of Canada wants to destroy that agency for the farmers of western Canada. Western Canadian farmers had better realize that we have a throwback to the age of the dinosaurs and Neanderthals. They are coming out of their cage and they want to end the Canadian Wheat Board.

Canadian farmers fought for that year in and year out. They fought for it in the 1930s and 1940s. They fought to defend it against the forces of the extreme right. Those forces are now coming to the fore again. As a matter of fact there was a plebiscite on barley some time ago and over two-thirds of farmers wanted to market barley through the Canadian Wheat Board. What did the reform party do? It criticized farmers for supporting the Canadian Wheat Board.

**Mr. Gerry Ritz:** Mr. Speaker, talk about the Jurassic era. We just heard from it. The member talked about the thirties and forties. Agriculture has grown and changed since that time. People are marketing on their own now.

Has the member heard of crops like lentils, peas, canola, mustard, canary, spices and everything else? Those are not wheat board crops but they are doing very well. They are not having any problem marketing their products. They are not having any problem getting those products to port and not being charged demurrage on them.

There is definitely a need for a wheat board. We never said to destroy the board. We are saying make it open and accountable to the people it serves. There will be elections again this coming fall. We will see more open market people elected to that board.

**Mr. Derek Lee (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, following on that most interesting interchange, I move:

That the House do now proceed to the orders of the day.

### *Government Orders*

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

**Some hon. members:** Agreed.

**Some hon. members:** No.

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

**Some hon. members:** Yea.

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

**Some hon. members:** Nay.

**The Deputy Speaker:** In my opinion the yeas have it.

**Some hon. members:** On division.

**The Deputy Speaker:** I declare the motion carried on division.

(Motion agreed to)

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## GOVERNMENT ORDERS

[*English*]

### CANADA TRANSPORTATION ACT

**Hon. David M. Collenette (Minister of Transport, Lib.)** moved that Bill C-34, an act to amend the Canada Transportation Act, be read the second time and referred to a committee.

He said: Mr. Speaker, in my view today is a landmark day for the entire grain transportation industry and for the producers of the country.

Only a couple of days ago we introduced Bill C-34, an act to amend the Canada Transportation Act. It will put in place competitive measures which will assist all stakeholders to move to a better and more efficient way of moving grain in western Canada.

● (1050)

I thank my colleagues on this side of the House, in particular my seatmate, the member for Wascana, the minister responsible for the Canadian Wheat Board, and the Minister of Agriculture and Agri-Food. We have worked on this file for nearly three years. It has been very difficult. Sometimes the debate has been arduous, but the end result is a balanced approach to a very complex issue.

I also thank members of all parties on the other side of the House who the emotional dimensions of this debate which go back a long time in Canadian history and reflect varying points of view which are at times quite extreme.

*Government Orders*

In life we do not always get our own way. Everyone in the system, all the stakeholders and political actors, have put water in their wine, so to speak. They have come forward with measures that will bring us forward in the new century to a more competitive grain handling system.

A central theme of our transportation policy for the last number of years has been to modernize the transportation system by commercializing some institutions, providing more local control, reducing subsidies and updating legislation. Bill C-34 is no exception because it presents the legislative portion of a larger initiative that modernizes the grain handling and transportation system for the benefit of prairie farmers and the transportation system as a whole.

It represents three years of work. After two years of consultative studies and a lot of effort by my colleagues, we have a plan for change that will make a real difference in the lives of prairie farmers.

I talked about the co-operation I received from both of my colleagues, the minister of agriculture and the minister for the wheat board. As the lead minister on this file, I will be engaged in the debate today. The other two ministers will not speak, but the minister for the wheat board will be present for the rest of the day. He will certainly reply to questions this afternoon and engage in some debate if necessary. I believe the minister of agriculture will also attend at some point.

I thank both former Justice Willard Estey and Mr. Arthur Kroeger for their dedication and hard work on this very important issue. In my view their work is seminal. It has given us a thorough understanding of the issues and diverse opinions associated with them.

With this bill the government is initiating changes to an industry that exports \$6 billion worth of grain each year to markets all around the world. Unfortunately the system that moves the products from country elevators to ports suffers from periodic breakdowns, bottlenecks, inefficiencies, and quite frankly a lack of accountability and some may say a lack of credibility. That was demonstrated in the winter of 1996-97 when the system completely broke down in western Canada.

If our system is to be world class, if Canada is to be taken seriously on the world stage, we must have a means to transport grain that gives farmers the ability to take advantage of opportunities provided by the global marketplace. As a result we must be able to move grain from gate to port cheaply and efficiently. When things go wrong, lines of accountability need to be clear so that problems can be resolved.

*[Translation]*

Unfortunately, the system at the moment lacks clear lines of accountability, with the result that those involved point the finger of blame at each other rather than work together to resolve problems.

When the system breaks down, this lack of accountability obliges grain growers to bear the brunt of the problem.

Our grain handling and transportation system cannot utilize the latest techniques of logistics, such as just-in-time delivery. Grain takes too long to move from farm to port, and ships all too often have to wait for the grain. Worse yet, grain sits in storage facilities monopolizing them until it can be sold. All of these problems have cast doubt in the minds of some of Canada's clients on its reliability as a supplier of grain.

• (1055)

The aim of this bill is to improve the system of grain transportation in western Canada, but not just there, because we are very interested in the transportation of this commodity in Ontario and Quebec as well.

*[English]*

Before telling the House where we are going, it is important to know where we have been. In 1997 when I was appointed to this position it was quite obvious that we had a massive problem as a result of the breakdown in the transportation system I described earlier.

I went to Winnipeg with my colleagues and we met with all the stakeholders. That was an interesting meeting because the grain companies, the producers, the railways, the ports and other interested parties were represented. All stakeholders were represented. Everyone came to the same conclusion: that the system was broken, that we had to fix it, and that any delay or lack of action would be disastrous to everyone involved in the transportation system.

They also said that we needed a reference point. We needed some individual whose reputation was such that he or she could effect an impartial analysis and come forward with recommendations. This is important because there is a lot of hostility, a lot of division, which goes back 100 years or more in western Canada among the various stakeholders.

I have been around this place off and on for quite a long time. I had the honour to sit as vice-chairman of the transport committee between 1974 and 1978. I listened to the debates in that committee with people like Don Mazankowski, Jack Horner and Les Benjamin from three different parties. Jack Horner crossed the floor to the Liberals. At the time he was a Tory but then he saw the light and came to us, and he paid for his sin. They were giants on the stage in the House. They understood western Canada. They understood the enmities. They understood the disparities. They understood the need for accommodation on the part of everyone.

I learned a bit as a guy from Toronto about this issue, the divisions, and how sensitive one must be to finding an equitable solution. That is why we appointed former Justice Willard Estey. No one disagreed with that appointment. He is someone of

incredible reputation, born and bred in Saskatchewan. He understood the needs of producers, practised corporate law, and had been on the bench. He came forward with a report, the basic thrust of which we endorsed.

It was a report that was well based on consultation. He met with a thousand or more stakeholders. He convened 147 meetings. He listened to people. He applied his intellectual and physical energies basically full time to this issue. He submitted 15 recommendations on commercializing the grain handling and transportation system, and the government endorsed his vision.

That was not enough. It is one thing to have the conceptual framework. It is another thing to have the practical steps to implement a concept. Therefore I asked Arthur Kroeger, former deputy minister, again like Justice Estey a recipient of the Order of Canada and someone of high repute, to take the concepts and the recommendations of Justice Estey, flesh them out and try to put them in a manageable form so that we could implement the concepts.

• (1100)

Mr. Kroeger was well suited to this. Not only was he a former deputy minister of transport, but he was from a small town in Alberta near the Saskatchewan border and grew up with this issue. We had two individuals who knew the west, knew the history and had the intellect to deal with a very complex problem.

Mr. Kroeger was able to reach a consensus on a number of issues, which was quite an achievement given the difference of opinions expressed by participants. However no agreement could be found on the starting level for the annual cap on railway revenues, on the transportation role of the wheat board and on ways to achieve enhanced railway competition. In the end, Mr. Kroeger completed his terms of reference last September by providing his own recommendations for the three unresolved issues. I do thank him for that degree of initiative.

What we announced on May 10 was the government's response to the broad range of advice over the entire consultation period. As I said earlier, I realize that this has dragged on and that the introduction of legislation took longer than some people wanted. I truly regret, from the point of view especially of the members of the opposition, that the timetable is so short that full debate in the House will not be possible.

We had wanted this issue to be more fully aired but by agreeing today to have one speaking time per party, the opposition has shown that it wants to get this into committee quickly. I am prepared to go to committee next Monday to answer questions and deal with this bill in detail if the House chooses to agree to give it second reading today. I believe that is where the real discussions should take place. In regretting the fact that we do not have enough time to give the members the say they would like in the House, I would hope that we could somehow obviate that in committee.

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The government believes that when a policy is required in complex matters more consultation is the best option and an open dialogue is important. That is why we did not rush decisions. We worked diligently on the details until we found the right balance, one that will benefit all system participants. There was a range of views on this side of the House, it is no secret, as there is a range of views on the other side of the House. I personally met with many stakeholders a number of times over the last two years. Everyone really has been consulted and whatever one's position is on the bill and the proposals that we have announced, no one can fault us for at least consulting those affected.

We have heard the voices of the farmers, the grain companies, the wheat board and the railways. I know that this proposal and the bill does not please everyone but we have to start somewhere. We had to break the logjam and that is what we have done.

When we announced the policy framework on May 10, we focused on six main issues that would improve the system. I will outline these issues because they are very important.

I mentioned earlier that dealing with cost is one of the important steps to reach a worldclass grain logistics system. It is an area where Canada needs to improve. Currently the producers are facing escalating freight costs and not enough sharing by the railways and grain companies of productivity gains.

As a result, the government is repealing the maximum rate scale in section 147 of the Canada Transportation Act and replacing it with a cap on annual grain revenues earned by Canadian National and Canadian Pacific. A revenue cap in our view will promote price flexibility while safeguarding producers from rate increases. The change will see an estimated reduction of \$178 million from the estimated effective rate 2000-01. That is a lot of money and that is money that will find its way into the pockets of the people who need it, the grain farmers in western Canada.

• (1105)

Some people have argued that this reduction is only \$124 million because of the 4.5% inflationary adjustment that the Canadian Transportation Agency recommended some weeks ago. I want to remind those critics that should this bill not be implemented by August 1, less than three months from now, then the 4.5% rate increase would be very real to the farmers in western Canada.

All of us in the House have to make sure that this \$178 million decrease in railway freight revenues goes forward. I cannot believe anyone would stand and say that they would block an initiative that would give farmers money.

I listened to the earlier discourse by my friend from the Canadian Alliance, the agriculture critic from Manitoba, on a previous motion. He was talking about the farming crisis in Canada,

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especially in western Canada. Accepting the premise of his arguments that these are tough times for farmers, then let us do something about it. Let us start to improve the grain transportation system and let us put money on the table that the farmers desperately need.

I am not trying to imply in any way that there will be any attempt by members in the House to deny farmers the early passage of this bill so the money can start flowing on August 1. I do think everyone has to realize that this is extremely important.

The government feels that it is important for all farmers to have the opportunity to experience the cost reduction because the new revenue cap provisions we have announced will be monitored by the Canadian Transportation Agency. If a railway violates the revenue cap it will be forced to repay the excess revenue plus a penalty.

To further protect against possible price gouging on branch lines, we have introduced protection for these shippers in the form of a rate limit tied into grain rates on nearby mainlines.

Everyone in the House would agree that farmers deserve a break. They need a logistic system that will move their grain to market at the lowest possible cost.

We are also looking to the wheat board to help accomplish the task of triggering new competition. The question was how this should be done. The role of the wheat board is one of the more divisive issues in western Canada. Seeing it from afar, I can understand both sides of the argument.

Our friend from the New Democratic Party, in a comment he made during the previous debate on the motion, talked about the lessons of the 1920s and the depression, and the genesis for the creation of the wheat board in, I believe, 1943. Friends from the Alliance were saying that times have changed. Well, they are both right.

It is pretty tough for a Liberal to stand in the House of Commons and say that both the Alliance and the New Democrats are right on the same issue, but we cannot lose the lessons from the past. We cannot ignore what the New Democratic member was saying about the terrible deprivation and struggles that farmers had during the 1920s, 1930s and 1940s but, on the other hand, times change. There are modern technologies and new systems for logistics. The entire world has changed. The global trading patterns have changed. In that sense, the Alliance is right.

What we have done in this bill, perhaps not to the liking of the Alliance and some others, is that we are now starting to move the wheat board. We are moving to the recommendation of Justice Estey who said that the wheat board's role in transportation should be reduced. In fact he said it should be eliminated, but we can eliminate something by reducing it in various ways.

The question is whether or not, in the long run, the wheat board will still have a role in transportation, as Mr. Estey recommended, or whether there is some middle ground which takes into account the concerns raised by my friends on the New Democratic side and, quite frankly, the members on our side of the House, in particular my two colleagues from Winnipeg who are well versed in this subject and have been immeasurably constructive in this whole debate.

• (1110)

We are starting to move with the wheat board. Some have argued that the wheat board should be removed entirely, as I have said, Mr. Estey and others. Others have argued that we have just moved to democratize the wheat board and therefore it needs time to prove it can deliver benefits to farmers. We listened to both sides, weighed the pros and the cons, and identified a level of change that will allow the grain handling and transportation system to move forward.

The wheat board, through the introduction of a tendering activity, will drive costs out of the system. This increased competition between grain companies and railways will be beneficial. They will be held accountable and made competitive for logistic services provided for tendered grain. The change will allow the grain companies to better control their own assets and will increase overall efficiencies.

The details of this part of our reforms will be contained in a memorandum of understanding to be signed between my colleague responsible for the wheat board and the board before Bill C-34 comes into force. The MOU is a firm commitment from the board to introduce a more commercial system and once in place it will be made public at the earliest appropriate date.

It is my hope that we can make this public tomorrow so that the members on the other side can have the weekend to look at it before I go to committee on Monday. That is not a promise but that is something on which I have been working with my colleague responsible for the wheat board, because in fairness, the members on the other side whose role is to criticize the government must have the tools at their disposal.

We are working around the clock to get the consultations done. I hope my colleague responsible for the wheat board, in response to speeches a little later, will be able to clarify that. In a perfect world I would like to see my colleagues on the other side go home tomorrow afternoon with some weekend reading, which would be the MOU between the government and the wheat board.

Both the revenue cap and the new role for the wheat board deal with commercializing grain institutions that until now have been run as administrative and regulatory solutions. The government

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also wants to ensure that shippers are protected from the exercise of unfair market power to buy the railways. As a result, we are introducing changes to the final offer arbitration provisions.

The shipper community has stressed that the final offer arbitration is too long and expensive. At the same time, shippers have said that they would not support changes that would harm the effectiveness of this particular dispute solving mechanism. Again, we listened to the complaints and we are amending the appropriate provisions of the act to allow for simultaneous exchange of offers and a summary process that is shorter, less costly and will assist small shippers.

Many people, including my colleagues in the Liberal caucus from western Canada, are looking for changes in railway track access rules.

**Some hon. members:** Where?

**Hon. David M. Collette:** Mr. Speaker, my colleagues from western Canada were so exhausted by the advice they gave me that I told them not to worry, that I would carry the debate this morning and that they could come back this afternoon and have a repartee with the opposition. They have been remarkable. They have been up nights. The agricultural committee of the Liberal caucus and the northern and western caucus have been marvellous to work with. It has been one of the greatest experiences of my parliamentary life to have that give and take, that thrust and parry and to come forward with a consensus.

My colleagues are looking for changes in railway track access rules as a means to increase rail competition. As I say, it is a tough issue, especially in the rail sector where there are only two companies and obviously they dominate.

Justice Estey recommended enhancing running rights to allow any person to apply for the right to run on another railway's line. This change would effectively open up running rights to provincial short lines.

Mr. Kroeger suggested that further study was needed on all methods to increase competition, especially running rights. Other open access proposals came along late in the review process, including the idea of promoting a regional railway. We have listened to all these views, as we have listened to everything else, and have decided to refer this particular complex part of the equation of open access, including enhanced running rights and the regional railway concept, to the upcoming statutory review of the act which must begin no later than July 1.

• (1115)

We are now busy working on the terms of reference for this review. The terms of reference will state unequivocally that the issue of open access, joint running rights and regional railway

concepts are to be examined on a priority basis with an interim report no later than six months after it starts.

I know that some people have said that we should deal with this right now. Let us not plunge into a system-wide experiment that may affect the reliability of our entire system just for the sake of saying that our industry is competitive. If we want to do what is right for our national transportation system and for the grain farmers, we need to examine this particular component closely in a forum that allows all stakeholders to express their views. Some stakeholders have already indicated they are looking forward to providing representation on ways to enhance competition in the railway sector.

While it is extremely important for farmers to have a logistic system that moves their grain quickly and inexpensively, it is also important that railways are able to make appropriate choices to cut costs and increase investment and productivity. Equally important is the ability of smaller operations to increase their chances at continuing business and to provide competition in the rail sector.

One of our objectives when we introduced the Canada Transportation Act in 1996 was to establish a regime that would see short line railways come forward. This has been really quite successful.

Eighty per cent of all the lines filed for abandonment under the 1996 CTA have been short line, including in western Canada. That of course is not satisfactory for those communities on those railways that have been abandoned and not taken up by short lines. However, I do not think anyone can dispute that there was a degree of overbuilding by the railways, especially in some parts of western Canada. There could be no economic justification, in our changing times, with access to motor vehicle transport and better roads, for some abandonments to take place. However, 80% of those that filed for abandonment by CN and CP going to short line rail is a pretty good accomplishment.

This bill addresses a number of problems that were identified during the grain consultation process. The amendments to the act will help to further encourage the establishment of short line railways in all parts of Canada. It will also help out communities that lose a grain dependent line by having the railways provide transitional compensation.

As an aside, I must say that I am very sympathetic to the members from western Canada who have drawn attention to this aspect of the 1996 act. This will be a focus in the first six months of the review because there are ramifications in other parts of the country, especially in large urban areas like greater Toronto, greater Vancouver and big cities like Montreal where the railways, by virtue of changing patterns and better highway system, are moving out of the core. They wish to abandon lines in the centre of these cities.

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In my view, it is folly to rip up track if there is a potential use whether by a short line or a freight operator, as we have seen under the act, in parts of western Canada, Ontario, Quebec and elsewhere; or if those rights of way can be used for commuter and urban transit. A municipality in Halifax right now is considering the purchase of a line that CN wants to abandon. This would alleviate congestion in Halifax. The same thing is happening Toronto. It is the same in Vancouver with the Arbutus line which is a potential corridor from Vancouver airport to the downtown core.

This is something we have to be very sensitive to. I am certainly very cognizant of getting a better handle on the abandonment process.

• (1120)

The government does recognize that when we do abandon, especially trackage in western Canada, it puts increased pressure on rural roads. As a result, the Government of Canada will be prepared to make a contribution of \$175 million over five years to help address this problem.

Not only do these provisions help us move toward a worldclass system but they will provide a better protection for communities. Too many communities in western Canada have suffered because their rail lines have gone. The way of life represented by these towns is an important part of the fabric of this country and must be preserved.

That is why we are giving communities a new chance to take a direct involvement in the operation of their local branch lines. That is why we want to improve grain roads to assist these communities and to keep them thriving.

It is no good if this country ends up having all its population living in Halifax, Montreal, Ottawa, Toronto, Winnipeg, Calgary, Vancouver and other large cities. Rural Canada is an indelible part of who we are as a people and it must be preserved. The Liberal Party will preserve it and this bill does preserve it.

In this type of environment, it is important that the benefits of reforms are seen by all system participants. That is why we are introducing a monitoring mechanism. Continuous monitoring will be designed and implemented by an independent, private sector third party that will measure and assess the impact of reforms on farmers, on the wheat board, on the efficiency of the system, including the ports, and on the overall performance of the grain handling and transportation system.

This mechanism of monitoring will help the government determine if changes are making the appropriate impact. As I have said, the grain industry is too important to Canada's economy and to our way of life for us not to monitor these changes closely. The fact that it is being done at arm's length will put paid to any notion that somehow this is an inside evaluation done by the government for

its own nefarious reasons. We would never do that. The fact that this will be independent, arm's length monitoring underscores our sincerity. I know the hon. members on the other side understand that the government is sincere about continuous monitoring.

Clearly, the wheat board, the grain companies and the railways will have to work together to develop new industry procedures that reflect the changes. If they choose to compete and if they choose to manage the system effectively, then the system will reach its full potential and farmers will benefit.

The government has introduced this bill which is the main part of a reform package that will modernize the grain handling and transportation system. If we want a worldclass grain logistics system, then we need to move forward. We need to make the system more accountable, more efficient and more cost-effective. The package within this bill is part of a move to bring us closer to that goal of efficiency and competitiveness. Canadian farmers deserve this type of system. They need it to maximize their advantages in the global marketplace.

I am aware that we have a narrow window of opportunity in terms of the parliamentary time to get this package in place. Again, I want to thank the members on the other side for their support and co-operation in getting this bill through. I truly believe that by embarking on this step we will see competition improve in the years to come.

As a member from outside of western Canada, if I can make the observation, I think there is an element of fear based on history and past practices of stakeholders that inhibits the embracing of total reform. That is understandable. When people have been at the mercy of the elements and at the mercy of big institutions, like the railway companies and the grain companies, they know that the farming they are engaged in is always fraught with difficulty.

• (1125)

I think it was U.S. President Roosevelt, going back to 1932-33, who said that the greatest fear is fear itself on the part of the people. I understand that fear. I understand those people who say that the wheat board is their only guarantor of fairness and equity. It is the only one that will be there to regulate the system.

The wheat board has an important role and will continue to have an important role in the marketing of grain, but what is at issue in this debate is its role in transportation, logistics and to what degree it should remove itself in the name of greater competitiveness. It is not inconceivable that once we start along this path those people who had fear in the past will see that their fears are now assuaged in a way that will permit them to introduce even greater flexibility and competitiveness down the road. I really believe that.

I think there is a dynamism in western Canada and in the farming community that is really quite admirable, especially among youn-

ger farmers going into other crops, into lentils, peas, barley, soya and all these various non-grain crops. There is now more food processing being done in western Canada.

Back in the old days, when I was first a member, it was always the point that we had to change the Crow and make changes to the transportation regulatory system so that competitive forces could be unleashed and secondary manufacturing processing could be done in western Canada. That is now happening. Diversification of the farming community and greater processing is being done, and we welcome that. Meat processing is not done in the stockyards in Toronto on St. Clair Avenue anymore. It is done in places like Calgary and other cities in western Canada.

Not only is that right from the point of view of economics, but it is right from the point of view of social equity as a nation. For too long too much of the production was done in the large centres in the east. Now we are seeing a greater diversification and a greater equality in the economic activity across the country.

In that vein, this act, if passed, and I hope it will be passed expeditiously, will be another landmark reform that enables producers, other interested parties and stakeholders in western Canada to gain better economic solidarity, better prospects, become more prosperous and ensure Canada's reputation as one of the greatest farming nations in the world and certainly one of the greatest grain producing farmers in the world.

**Mr. Roy Bailey (Souris—Moose Mountain, Canadian Alliance):** Mr. Speaker, it is not often that the minister would lead off a debate on a bill like this one, which is probably more important to the people in western Canada than the finance minister's budget speech because they have been waiting for this since 1996.

• (1130)

I want to do something which is rare and congratulate the Minister of Transport. The minister admitted that he does not always get his own way. We in western Canada, all of the farmers in western Canada, wish that he had gotten his own way because the minister tried to bring about what Chief Justice Estey along with Mr. Kroeger recommended. That was denied to him by his seatmate, the minister in charge of the wheat board, and a few Liberals from the city of Winnipeg. That is a fact and it will not be missed by the people of western Canada.

I congratulate the minister for his vision. A minister from the great city of Toronto could see the problems in western Canada, but the minister in charge of the wheat board and other hon. members refused to look at the future.

We are in the year 2000, but this bill in many ways will take us back to the 1950s. Hospitals do not use 1950s X-ray machines. We do not see farmers running around with Massey-Harris 17 com-

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bines. We do not see a DC Caterpillar building roads. With this bill the Canadian Wheat Board will be empowered with a role it was never designed to have in the first place. The wheat board will now have a dual role. It will be involved in a more intricate way with transportation.

I watched what happened in 1996 with the railways. For the record, the instructions given by the government to Chief Justice Estey were "To ensure that Canada has the most efficient, viable and competitive grain handling and transportation system". He did just that. However, when the report came back indicating that there would be more openness and more competitiveness which would allow the grain industry in western Canada to let the wheat board play a role in direct negotiation with the railways, the Minister of Transport got shot down by his own party.

The minister in his speech referred to hundreds of meetings during a two year period. Mr. Estey and Mr. Kroeger never changed their reports. These learned gentlemen recommended in language which everybody understood that Canada needed a commercially driven system. These learned gentlemen were not interested in protecting the status quo. That had failed. They were not interested in protecting an institution. They brought back a report which would ensure that Canada had the most efficient, viable and competitive grain handling and transportation system. These gentlemen were not out to penalize the railways. They wanted the cheapest freight rate possible to deliver grain to market.

I can assure the House that this will not last. This issue will come back to us in a few years. We will have to go through this whole issue again simply because this does not meet the needs of this century.

• (1135)

Mr. Speaker, I forgot to inform you that I will be sharing my time with my colleague from Selkirk—Interlake, if that is permissible.

**The Deputy Speaker:** That will take unanimous consent because the hon. member is seeking to split a 40 minute speech. Is there unanimous consent to permit the hon. member to split his speech? I assume it would be on an equal basis.

**Some hon. members:** Agreed.

**Mr. Roy Bailey:** Mr. Speaker, this bill will not bring grain transportation into this century. As a matter of fact, I would suggest that this bill demonstrates the failure of the government to honestly look at the recommendations of Estey and Kroeger. It has really put those recommendations through the shredder. It has paid little or no attention to them.

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It is bad enough for the farmers in western Canada, who are fighting a subsidy war, to have their input costs driven up 98%, but I want to look at a few other figures to demonstrate what has happened in the last 15 years. Grain elevation costs are up 52%. Canadian Wheat Board costs are up 56%. With all due respect to the big bad railways, their freight rate has actually decreased, due to other measures, some 5%.

I mentioned one time in a speech in the House that when a person is in grade six in Saskatchewan they have to take as part of the curriculum a course to learn to hate the railways. Again, that is a very popular theme. However, let us say that both Canadian Pacific and Canadian National are not so irate as the minister mentioned because of the forced 18% reduction. What they are irate about is that they are being forced into a contractual agreement not with the elevator companies, not with the grain companies, but with a government agency. That is what is wrong.

Would the minister of minerals interfere with potash or coal? Would the minister interfere with the shipment of those products to market? No way. That is exactly what Justice Estey and Mr. Kroeger recommended. Get out of it. Both the CPR and the CNR would tell us "Give us a completely commercialized system and we will show you further freight rate reductions". That is what Justice Estey said.

What happened? His report was put through the shredder. I have given credit to the transport minister. However, he had to concede to his colleagues, and that is too bad.

I suggest to everyone in the House that the amount of money which will be saved because of the 18% reduction will be short lived. I also suggest that in a few short years we will be right back discussing this issue in the House again.

I acknowledge what the minister said about the memorandum of understanding. I would have liked to have had that sooner. If the Canadian Wheat Board is to enter into the negotiation process through the ports of Vancouver, Prince Rupert, Thunder Bay and Churchill, then I want to get into the age-old problem of who decides which port. It has been said that wheat is 16% protein and the rest is politics. Now it will become more politics, not less.

• (1140)

Let me give the House an example. If we have a sale of No. 2 milling flour for the Asian market, it is then up to anyone who has any degree of responsibility to move that shipment and the tonnage required through the port which will represent the least cost. If it should happen to be that the least cost would be to ship it through Prince Rupert, that is where it should go. If, for instance, they are servicing the South American market and that same grain can be moved at a reduction in the freight cost through Port Churchill, then that is where it should go. That has not happened in the past

and I do not think it will happen in the future. I know that is not in the best interests of those who produce the grain.

It might be of interest to know that the same union which handles the facilities at Lakehead is the same union that handles the facilities at Port Churchill. They hate each other now. They do not want each other to have any more grain. Where is the biggest interest? I see my colleague from Thunder Bay. There is more interest in Thunder Bay. There are more MPs. There are more votes. That is where politics gets into grain, and it always has.

No requirements have been specified. There is nothing within this bill in respect of the conduct of the Canadian Wheat Board in the process of tendering or operating under the contractual system. We have some questions.

The wheat board is taking on a new role. It is getting into the shipping business. I would like to ask these questions. Will the wheat board fall under the Canada Transportation Agency? Will it fall under the agency that deals with fairness in competition? To whom will the wheat board report? Certainly not to the House, because information we want from the wheat board is protected under the Privacy Act. It and CSIS are the only two institutions which are so protected.

Will the producers, the grain companies and the railways know outside the tendering process what the implications will be? I understand from the railways that they are going to have to provide to the wheat board certain information which is strictly confidential to the railway's operation, but the wheat board, in turn, does not have to provide that information to the industry. We have a real problem with this.

I would like to talk briefly about the regulatory powers to control car allocation. Gone are the days of the order book. In three years the old block ordering of cars will be obsolete. We are in a brand new era. The wheat board knows exactly what elevator, what commodity, what grain and what type of grain is in every elevator in Saskatchewan and across the west.

• (1145)

All it has to do is provide those elevators, those companies that have the grain, with the shipping order. Let them bid and see who can get the cheapest rate to get that grain to market. That is what the report said. That is what Estey said. That is what Kroeger said. They wanted to bring Canada into this new century. Unfortunately that is not going to happen.

I know that the Minister of Transport's colleague would like us to say that the Canadian Alliance is going to oppose the bill. That is what he would like but he is not going to fool anyone. We are going to oppose the bill through motions in committee. We will support the bill because it is the end of the crop year and because of the August 1 deadline. It is a temporary measure to save the farmers some money but it is not the answer. We will be back and back until

they bring us into this century to provide us with what Kroeger and Justice Estey recommended.

I am sorry the minister did not get his way on this. I wish he had. Certainly the people in western Canada wish he had. They feel very much betrayed by the minister in charge of the wheat board and those ministers opposite who live in the city of Winnipeg. They will not forget this. It will be forever on their minds. I will do my part as a representative not just of my party but of my constituency and those across Canada to let them know that once more the thousands of dollars that went into the report literally went through a paper shredder.

**Mr. Howard Hilstrom (Selkirk—Interlake, Canadian Alliance):** Mr. Speaker, I am pleased to speak on probably one of the most important issues to affect western Canada and in effect the whole country with the reform of the rail transportation pertaining to grain handling.

As the minister said, all those involved in the western grain handling and transportation system agree that the system is broken and it must be fixed. This includes farmers, grain companies and yes, even the regulators like the NFU and the Canadian Wheat Board. They agree that something has to be done because the system is not great.

The western Canadian grain industry however has not been well served by the legislation that is being brought in today. The problem is not the consensus among the farmers and the farm community. The problem is clearly the difference between those who highly regulate the grain industry and farmers through the use of monopolies and those that would use the democratic free market system to attain the most efficient and effective grain transportation system. Clearly that is what the debate is about. It is sad to see that once again the regulators held sway with the Liberal government.

When we talk about who speaks for farmers, we should make one quick point that the farmers own two grain companies, the Saskatchewan Wheat Pool and Agricore which represents Alberta and Manitoba. Also, farmers are on the board of directors of the United Grain Growers. Representatives of private industry are primarily James Richardson with Pioneer, Cargill, Louis Dreyfus and the Patterson grain company out west.

• (1150)

These people and organizations identified very clearly to the minister on behalf of farmers, the very people that would make or break from changes to the grain transportation system, that the whole system has to move to a commercial contract system of moving grain. They did not ask to move an inch. They did not ask to move a foot. They asked to move the whole yard to the goal line.

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That is why I say today that this solution will not work in the best interests of farmers in the long term.

As my colleague said, the Canadian Alliance will support this legislation only with the recognition that the Liberal government is only capable of dealing with the western grain industry through regulation and cannot see its way clear to move to the marketplace to have it improved.

The current system is rigid, unaccountable and does not efficiently serve the needs of the participants including farmers. Severe systemic breakdowns in the handling and transportation system which recur every few years are demonstrations of this need.

The system does not just cost farmers. When the problems reach the news it costs them money every day. The inefficient use of our grain handling and transportation system means that every day farmers pay far too much to get their grain to port. It is not because of the fact that there is not enough regulation, it is because there is too much regulation.

Because of the control the Canadian Wheat Board exerts over the system, grain companies and railways cannot manage their facilities and equipment in the most efficient manner. For example, railways and grain companies have tried to set up regularly scheduled grain trains that would cycle between primary elevators on the prairies and the terminal elevators at the ports. These types of dedicated trains would be able to bypass railway switching yards, would make more efficient use of railway and grain company staff and would allow grain companies to better plan the arrival of ships and save farmers millions of dollars.

The minister referred to just on time deliveries. The rest of the Canadian economy has moved to that system. A regulated system is being imposed on the western Canadian grain industry when the rest of the country is benefiting.

It reminds me of the famous free trade debate. Ontario and Quebec were most fortunate over the years to have had the auto pact agreement and eventually the free trade agreement which included the rest of the country. Here again, why can western Canadian grain farmers not be included along with the rest of the industries of this country?

After the debacle in the winter of 1997 former Justice Willard Estey was asked to review the western grain handling and transportation system and to recommend changes to the government. Much to the government's surprise, he did exactly what it asked him to do and recommended changes to improve the system. The underlying theme of Justice Estey's 15 different recommendations is the need for a more open, market based grain handling and transportation system.

One of the key recommendations from Justice Estey involved the role of the Canadian Wheat Board. I would like to point out that neither Justice Estey nor Mr. Kroeger nor the Canadian

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Alliance is recommending that the Canadian Wheat Board be disbanded. In the case of these amendments to the Canadian Transportation Act the recommendation, including our position, is that the Canadian Wheat Board should be at the port level doing what its job is, marketing grains on behalf of farmers and doing the best job possible. That is where it can increase the farmers' income.

• (1155)

The Canadian Wheat Board reduces the farmers' income when it arbitrarily, for decision making purposes known only to it, uses rail allocation to maintain control of an industry with no market signals coming in whatsoever indicating to it where efficiencies could be gained, should be gained, and how to do a more effective job.

It is like a government sitting in Ottawa trying to micromanage the Canadian economy. That is what the government is trying to do through the wheat board with the Canadian grain industry. One cannot run a grain industry from the backrooms of parliament.

If the recommendations Mr. Estey put forward were implemented, the Canadian Wheat Board would hire the grain companies to move grain to the port through an auction process, a tendering process, and the grain companies would be responsible for arranging freight with the railways. Producers would sign contracts with grain companies for the delivery of the grain. This recommendation is required if we are to replace the current centrally planned system with a commercial contract driven system. However, as I pointed out, the Liberal government did not like the recommendations which would have softened the Canadian Wheat Board's ironclad hold on western grain farmers.

I will just say one last thing about the Canadian Wheat Board. The farmers should be able to have a vote with the delivery of their grain to the marketer of their choice. It may be according to the Canadian Wheat Board in particular that all the farmers, knowing the big advantages the wheat board puts out, would continue to market the farmers' grain, but let us let the farmer decide that for himself based on his own farm's best interests.

Mr. Kroeger appeared before the Standing Committee on Transport. He stated, "My conclusion was very much along the line of Justice Estey's, that unless you went to a more commercial system, you could not really achieve major improvements". Mr. Kroeger gave the federal government a progressive report that if implemented, would be a step toward a more efficient, commercial, accountable western grain handling and transportation system.

At some point I have mentioned all the grain companies, the railways, many farmers, and the two gentlemen who did special studies and held massive consultations across the country. To me the evidence is overwhelming as to where we should have moved as a country and where this legislation should be today, but it is not.

Western farmers repeatedly said that freight is one of their major costs, approximately one-third of the expenses in most cases. Over and over again farmers ask why they are the only commodity group where the producer pays the freight and is responsible for the condition and any added cost for the product throughout the shipping network. The farmer consistently ends up holding the bag in this whole system. That should have been changed, could have been changed, but it has not.

The Prairie Farm Commodity Coalition estimates that reforms to the current grain handling transportation system could have saved farmers over \$300 million annually. That figure can be argued either way a bit, but it is certainly more than the estimated \$178 million the minister is talking about.

I would like to point out that the figure of \$178 million is based upon the idea of about 30 million tonnes of grain delivery in a year. The fact is that in 1998, the figure was only about \$26 million. Once again, just like in the AIDA program, the government is throwing out figures that sound great and glorious, but when it comes down to the final crux and the farmer sees his final bill, we may see that the saving to farmers is not the \$178 million the government is putting out to the newspapers.

The effects in the long term and even in the short term of two or three years may soon come home to roost and show that this legislation has done little or nothing for farmers, as they see the loss of exports, if this system does not improve. I question that this will improve the system sufficiently for our customers to consider us to be a reliable exporter.

• (1200)

The government is claiming that the system will be more commercial and accountable because it is reducing the role of the Canadian Wheat Board in grain transportation. Sadly this is not the case. Key to the government's plan is a memorandum of understanding that will detail how the Canadian Wheat Board will carry out the tendering process.

We should remind everyone interested in the debate who is listening, including many city people, that the Canadian Wheat Board is simply an arm of the government. It is directly under the control of the resource minister and the Canadian Wheat Board minister whom I call the Regina minister. We have recently found in this debate that we have the Toronto minister. Now we also have the Regina minister. I do not know exactly what handle has been attached to the minister of agriculture yet, but we will wait and see.

We hope to see the MOU entered here. We have asked and had conflicting statements from the ministers with regard to it. I think we will find it difficult to pin down the triumvirate of the agriculture minister, the transport minister and the wheat board

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minister as to who will be the real spokesman. I encourage the Prime Minister to allow the transport minister to be the spokesman for this legislation and to have the minister of the wheat board step back and let the responsibility fall where it should with the transport minister.

I do not believe that the Canadian Wheat Board will draft any proposal that will reduce its ironclad control over the grain handling and transportation system. Under the MOU the Canadian Wheat Board will likely still be directly negotiating with the railways for hopper cars, even for the 25% of grain movement that will be tendered to the grain companies.

In short, nothing has changed. The Canadian Wheat Board is still between the grain companies and the railways. This system is neither commercial nor accountable. The Liberal government's decision comes after the Canadian Wheat Board launched an estimated \$200,000 advertising campaign against the changes proposed by Justice Estey and Mr. Kroeger.

At the recent Liberal policy convention, the Liberal delegates overwhelmingly passed a motion calling for the Canadian Wheat Board's continued involvement in the grain handling and transportation system. Instead of listening to Canadian farmers, the Liberal transport minister has listened to Liberal delegates, the majority of whom come from outside western Canada. He has listened to the Canadian Wheat Board lobby.

The big players, the players that are actually being affected by the legislation, were relatively unanimous. From the level of farmer through to the grain companies and the railways, those who were direct players in this system were not listened to as we see from the legislation.

Many farmers are appreciative of having regulated freight rates lowered. I have stated already that I agree it will be beneficial to have those rates lowered, but I do not think that many farmers totally agree with the Liberal caucus and the Canadian Wheat Board.

The ad hoc coalition for transport reform actually represents 14 farm organizations in five provinces. There are officials from the grain industry. I did not mention this, but the people at the ports of Vancouver, Prince Rupert and Thunder Bay are also concerned. The government of Alberta is involved. The Canadian Industrial Transportation Association and the Northwest Corridor Development Corporation are involved in advocating on behalf of this system. The coalition stated:

We are firmly convinced that reforming the grain handling and transportation system will lower transportation costs to farmers, increase competition and make Canada's grain delivery system more effective for our farmers. But a balanced package is needed. If the government only acts on the railway issues, it will accomplish nothing and could make the system even worse. That is why we want the government to take immediate action on the most important issue and to end the role of the Canadian Wheat Board in transportation.

• (1205)

I do not know how much more overwhelming it could be to the government than all the documentation it has received from the coalitions, grain companies, farmers and many others. Surely the weight of opinion should have carried the day. Even someone not knowing anything about the grain handling system and talking pure economics would have told the minister that regulating a commercial enterprise was the most inefficient way of doing it.

We need only look at many crown corporations. I think of the B.C. ferries and the wonderful things governments have tried to do in the area of commercial enterprise. It does not work.

We need only look back to when the government owned Canadian National Railway. Why oh why did our grain not move in the most efficient and cost effective way when the government owned Canadian National Railways? It was because when the government owned that railway it was highly regulated. There were no market signals to bring efficiencies into it. Every time there needed to be a wage settlement, pay raises and that kind of thing, there was no relation to market forces. It was just that it was the government and it had taxpayer money. The government could take that money from taxpayers whether or not they wanted the government to have it.

As a result, we ended up with Canadian National Railway dragging down Canadian Pacific Railway into the same mediocrity. That is what is wrong with the whole regulated system. If it could have worked, it would have worked when the government owned CN Railway.

With those comments I think I have made the point quite clearly that the highly regulated system being imposed on Canadian farmers, the rail industry, the grain companies and the ports will not work.

I will leave this last message. We in the Canadian Alliance will be continuing to advocate and pressure for the real changes needed to make our western Canadian farmers economically self-sustainable and for the whole industry to prosper and contribute to the well-being of Canadians across the country.

[*Translation*]

**Mr. Odina Desrochers (Lotbinière, BQ):** Madam Speaker, it is with pleasure that I rise today to speak to Bill C-34. My remarks will focus on the following three areas.

First, I wish to immediately say that the Bloc Québécois is opposed to Bill C-34 for the following reasons: as we see it, this bill authorizing financial assistance to western producers is a form of subsidy in disguise. I will explain why.

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Second, we believe that the government's timing in introducing Bill C-34 is nothing but a play for votes in western Canada, where the Canadian Alliance has a strong base.

Third, I will show that this government is inconsistent and that there is no link with Canada's transportation policy because the measures in this bill address western issues only.

I will, if I may, give a short background. A few minutes ago, the Minister of Transport said that there had been broad consultation and that he had worked closely with Justice Estey and reviewed the Kroeger report. However, there seems to be a real dichotomy between what this report says and the results we saw a few weeks ago.

• (1210)

First of all, on October 5, 1999, the Minister of Transport thanked Mr. Kroeger for his great effort in trying to solve the problem of grain handling in Western Canada. He also said that this report would be followed up with a study and that he was going to address the 12 to 15 recommendations contained in the report. After the report was tabled, three public information sessions were held. Finally, the federal government's policy was released a few weeks ago.

I will address one of the recommendations of this voluminous report. This report was submitted to the three ministers who announced the federal government's intentions a few weeks ago.

It was submitted to the Minister of Transport, the Minister responsible for the Canadian Wheat Board, and the Minister of Agriculture and Agri-Food. At that time, the three of them said that they were going to take into consideration all of the recommendations made in the report in question.

I will read the first recommendation contained in the report's conclusion. It says:

The Estey report urges special measures be taken to revitalize some of the ports in the grain handling and transportation system; the Ports of Prince Rupert and Churchill, and the St. Lawrence Seaway.

The report in question is the one from October 1999.

The same three ministers turn up again on May 10, 2000—the same three tenors, namely the Minister of Transport, the Minister of Natural Resources responsible for the Canadian Wheat Board, and the Minister of Agriculture and Agri-Food—to announce to us that the policy will apply to the ports of Vancouver, Prince Rupert, Thunder Bay and Churchill.

The St. Lawrence Seaway was forgotten, yet it is, as hon. members are aware, an important link for the economy of Quebec. How can the Minister of Transport come this morning to announce to us with great fanfare that he was acting on the Estey report, when

one of its recommendations is not even included in the May 10, 2000 press release?

I wondered if there had been a mistake, if perhaps the three ministers had not read certain parts of the report. I like to point out the things the Liberals do. Often, by putting documentation together, we can see that things get lost.

On May 29, 2000, the Minister of Transport introduced a bill to reform legislation on grain. Once again, the minister said he had consulted and acted on the Estey report and that this was all being done in collaboration with his colleagues. Here is the conclusion of the press release that explained in broad terms the content of Bill C-34, which we are debating today:

A memorandum of understanding between the Canadian Wheat Board (CWB) and the Minister responsible for the CWB will be in place by the time the legislation takes effect.

We are at second reading today.

The memorandum will provide for the phasing in of more competitive tendering by the CWB for logistical services for its grain shipments through the ports of Vancouver, Prince Rupert, Thunder Bay and Churchill.

Once again, the government has forgotten the first recommendation of the report, which said clearly they would be through the ports of Prince Rupert and Churchill and the St. Lawrence Seaway.

• (1215)

Do members know what that means? It means that once again the Liberals opposite are ignoring the existence of Quebec. The entire policy turns on the people in the west.

In the short term, for the entire economy of Quebec and the ports that operate along the seaway—Montreal, Quebec City, Baie-Combeau, Port-Cartier and Sept-Îles—this means major economic losses. In the short and medium terms, it means the government wants to eliminate the seaway and follow other avenues, so as once again to put Quebec at a disadvantage.

Today, we are considering Bill C-34, the grain bill. But all what this government has done with respect to transportation since 1997 is close control towers in small airports and hand back aging ports requiring major investments to municipalities, without throwing in any interesting subsidies.

This government promised to return ports to municipalities and other paramunicipal agencies, but the ports it is giving back are in terrible shape. With this policy, it is actually further reducing the effectiveness of these five ports, which underpin the economy of the St. Lawrence Seaway.

There is talk of savings and development. This decision even hurts Ontario, because the Great Lakes will now be bypassed. There are also ports on the Great Lakes.

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What does this government want? The crisis now facing western producers is also related to the rules of international trade. We know that these rules are strict and that they do not allow any leeway for governments trying to provide support.

The Canadian government promised the WTO to reduce export subsidies and domestic measures and, at the same time, open up the market. What are they doing with Bill C-34? They are taking \$175 million, sending this amount to help with grain transportation, and this becomes a subsidy in disguise designed to placate western producers who are mad at the federal government.

The federal government has always turned towards western Canada. If this government had used the normal means of intervention to help these people in crisis, the World Trade Organization would have said "You are not entitled to do so". With Bill C-34, this government, which specializes in camouflage, managed to use a disguised subsidy of \$175 million to help westerners.

What did that same government do when the Quebec pork producers were in crisis? Nothing. It hid behind the framework agreement between the federal minister of Agriculture and his provincial counterparts. What did the federal government do to help Quebec sheep producers with the scrapie situation? Nothing. What is it doing now to help the very many cranberry growers in my riding? Nothing, once again. On the other hand, it managed to find \$175 million to help western producers.

When I hear this government talking about its national vision, its vision from east to west, I find that the vision of Bill C-34 starts at Manitoba and runs west to the Pacific, with the entire eastern part of the country having been left out.

• (1220)

As well, they are attacking the port infrastructures of Quebec by not even including in this bill the St. Lawrence Seaway, which directly links Ontario and Quebec with the United States and beyond. It does not take an advanced course in economics to understand that things do not operate east-west, but that what needs to be developed is north-south.

Once again, this government continues to repeat its historical errors. It has no national vision. That is why the Bloc Québécois is opposed to Bill C-34. It is a vote-seeking bill. There have been election rumours for the past few weeks. The Bloc Québécois is dying to get out there against the federal Liberals. The Bloc Québécois is eager to settle its accounts with them.

We saw this in the case of the Young Offenders Act with the Minister of Justice including standards in the legislation, once again in deference to the west. Today, with Bill C-34, we see the Minister of Transport is continuing the same practice in an effort to mollify the west. But Quebecers will not be taken in by the pre-election manoeuvring of the government opposite.

The Minister of Transport should reread the entire Estey report, especially the first recommendation. The Minister of Transport should also think nationally—one policy from east to west and not one for just four provinces.

His colleague, the Minister of Agriculture and Agri-Food, should be made aware of the problems of Quebec producers, take his courage in hand and help them too—which he has not done.

I can understand the third member of the trio, obviously. He is one of the few Liberals from western Canada who is established in his riding and, in addition, he is responsible for the Canadian Wheat Board. I understand he supports this and that he is happy to have the Minister of Transport and the Minister of Agriculture and Agri-Food support Bill C-34.

All we have seen since the report is a sort of process in which this government is once again neglecting the east and forgetting Quebec.

I would also like to point out what this means for transportation. This week, the Commissioner of the Environment and Sustainable Development came down quite hard on the current Minister of Transport. I am going to talk about the Minister of Transport's policy. I am no longer talking about the agricultural sector, about grain, or about ports, but about the airlines.

This minister does not even have the courage and leadership to sit down the two parties involved, Canadian International and Air Canada, so that they can try to harmonize the various collective agreements governing their employees. What do we have right now in airports all over Canada? Complete chaos, and the frustration can be seen in employees' eyes. Who is getting hurt? Consumers, the people using the airlines.

This shows that this government and this Minister of Transport bungle everything they touch. We know that the airports are in a mess right now. The St. Lawrence Seaway is being ignored. The government is introducing western-oriented policies. Eastern Canada and Quebec are being forgotten. It is high time that this Minister of Transport started paying attention to these issues and finding solutions.

In conclusion, the Bloc Québécois is opposed to Bill C-34 and I will again give the reasons why.

• (1225)

We feel that \$175 million for western producers is a form of subsidy in disguise, a way to get around the rules of international trade. It is also nothing more than a play for western votes.

In addition, the bill completely ignores the reality of Quebec's economy, and the first recommendation in the Estey Report, by failing to address the issue of the St. Lawrence Seaway.

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[English]

**Mr. Dick Proctor (Palliser, NDP):** Madam Speaker, I listened to my colleague from the Bloc with great interest. I think he has chosen an unfortunate day to talk about the disparity between Quebec and the rest of Canada given the news about sponsorship of money and where moneys are going from the government. I am talking about the fact that on a province by province basis, some 71% of the money is going to la belle province. As the newspaper suggests, the money is going into Quebec by the truckload and into the rest of Canada by the teaspoon.

We are here today to speak about the grain transportation bill. I am pleased to take part in this debate on behalf of our caucus. Before I get into the thrust of my remarks, I want to acknowledge the fact that the Minister of Transport paid tribute to three former senior members of parliament who knew a lot about grain transportation, one of them being Les Benjamin, a 25 year member of parliament for the New Democratic Party. I am sure Mr. Benjamin is watching this debate at his home in Regina this morning.

Three weeks ago and a day, the Minister of Transport and his colleagues announced some changes to the grain handling and transportation system, a number of them at a news conference across the street. They included replacing the rate cap with a revenue cap and reducing railway revenues by 13.5% per tonne. They actually said that it was 18% but it is only 13.5%.

The Canadian Wheat Board control over transportation and logistics has been sharply curtailed. It must tender at least 25% immediately and 50% by the third year.

Madam Speaker, I apologize for not informing you at the beginning of my speech, but I will be sharing my time with my colleague, the member for Saskatoon—Rosetown—Biggar.

A number of other things were contained in that press release: \$175 million for prairie roads and highways; changes to final offer arbitration when shippers and railways cannot agree; the CTA was being amended to facilitate branch line transfers to short lines; and monitoring and reporting, by as yet an unidentified private sector third party, to assess all of these impacts.

Bill C-34, as it was drafted and presented to us this week, does not deal with a number of issues. Money for prairie roads was alluded to by the Minister of Transport earlier in his address. We have been advised that a memorandum of understanding is being negotiated separately between the minister responsible for the wheat board and the wheat board itself and that this agreement will be in place when the legislation takes effect on August 1, if the government gets its way.

I should say, just as a quick aside, that we in this caucus are concerned about moving to at least 50% of transfer to the wheat board. This may be too much too fast.

I think everybody has exhibited some frustration over the timing involved. We have talked about Mr. Estey's report which came out in December 1998. We have talked about Mr. Kroeger's recommendations in September 1999. Absolutely nothing happened on this file between September and May 10. Even then, it took the government 22 days after the major announcement to actually bring forward legislation for parliamentarians to look at and consider. Despite that, its intention is to ram the bill through and have it ready for the new crop year. With great respect, it is contemptuous not only of producers but of parliamentarians as well.

• (1230)

Aside from the arbitrariness of the government's actions, we have some significant concerns with the bill as it is drafted. There is no productivity sharing formula. I will take a minute to explain what that means.

Before 1992 farmers shared in efficiencies with the railroads. In other words, when we had more fuel efficient locomotives and larger hopper cars, when the railroads laid off staff, when we built inland terminals and had unit trains, windfall profits accrued. Those prior to 1992 were shared with the producers. They have not been shared with them since 1992. The estimate, and nobody seriously disputes it, is it is about \$700 million in windfall profits. There is no suggestion in this legislation that that productivity gain sharing, either in the past or in the future, is about to be shared with the producers. We have a major concern with that.

A second concern deals with the rate differentials between the branch and the main lines. As I understand the bill, the differential rate cannot exceed 3% between a single car on a branch line and a single car on a main line. The question that needs to be asked is how many single cars are likely to be loaded on a main line? The answer is not many. As a result of that, we are fearful that the costs on the branch lines will be uneconomical and will accelerate branch line abandonment. In our opinion, the rate differential should be no larger than the actual differences in the costs. As an aside, we also say that the short lines will unlikely be able to negotiate fair revenue sharing with the railways. This too needs to be addressed.

Lower freight rates should have been developed immediately after the Kroeger report came down in September. Grain transportation is an extremely complex subject, as the Minister of Transport readily acknowledged in his address. Yet this is being rushed through in the dying days of this session of the 36th Parliament. It is impossible for us to assess this legislation when we do not even know for example the details of the wheat board tendering process.

How can anyone say this is good or bad until we see what the government has in mind on railway competition? Since before

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Saskatchewan and Manitoba existed as provinces, we had the Crowsnest Pass freight rate agreement which came into effect in 1897. It came into effect because the Canadian Redpass region was a long way from tide water. Governments, at that time and subsequently, recognized that if we were going to take advantage of it we had to provide subsidies to offset the long distances and the high costs of transportation.

The government and the current minister responsible for the wheat board put the final nail in the Crow coffin in 1995 and paid out on what it thought was a one time basis. Of course last year it had to augment that because the input costs and the transportation costs are so significantly high for ravaged western Canadian farmers.

The bill does not involve the government any longer in helping the producer. It says it is up to the private sector, the railways and the grain companies, to do that. If I may be permitted an old adage, it is a little like putting Dracula in charge of the blood bank. It is unlikely to be a good outcome for producers.

The bill also fails to address what will happen if and when Canadian National and Canadian Pacific are acquired by U.S. rail lines. If it was not for the Surface Transportation Board in the United States, we already know that a merger would be in place between Canadian National and Burlington Northern Santa Fe Corporation. CN refers to it as a merger, but it is really gobble-ization by Burlington Northern.

What happens if we end up with two Americanized railways? We already have the American flag on the Canadian Pacific locomotives and on a couple of grain companies. How will that result in any effective competition that farmers can take advantage of in order to access the best price?

• (1235)

We are concerned about NAFTA. Time will not permit me to deal with that, but we certainly are going to be dealing with it.

Let me sum up this way on the bill. Over the last decade the federal government has eliminated the Crow, repealed the Western Grain Transportation Act, altered the car allocation policy and privatized Canadian National. In each announcement there were soothing words by the government that this was in the best interests of the producers, that it would benefit them. The reality is that in each of these four instances and others, farmers have been hurt.

The minister spoke this morning about everyone having to compromise and everyone having to mix a little water with their wine. I can say that the farmers were deluged by the water and the grain companies and the railways have enjoyed most of the wine.

Our position is why should producers and opposition politicians believe the government this time after having been disappointed so many times in the past? We are about to embark on 48 hours of virtually non-stop hearings on the bill beginning next Monday. We think there are a number of improvements that can and should be made. We will be introducing those amendments and we hope that they will find favour.

Just by way of conclusion, while we will not be obstructionist and hold up the bill, we are not prepared to support Bill C-34 as it appears now.

**Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP):** Madam Speaker, I want to make a brief comment and then end with a question.

One of the concerns I have about the bill before us today is that the powers of the wheat board stay intact and the wheat board remains the single desk selling agency for the grain of the Canadian farmers. That is extremely important. Having been born and raised in Saskatchewan, having seen the plight of the farmers over the years and having heard the stories of my grandfather many years ago about the fight for the wheat board, it is extremely important that we maintain the wheat board as a single desk selling agency.

One concern I have is that the new forces of the extreme right in the country, the Reform Party, which now calls itself the Canadian Conservative Reform Alliance Party, wants to put an end to the Canadian Wheat Board as we know it. It says it wants to allow competition. I read in the Regina *Leader-Post* this morning that Tom Long who is running for the leadership of the reform alliance party is saying he wants to "put an end to the Canadian Wheat Board monopoly". We heard the same thing repeated in the House this morning by members of the Reform Party.

That goes against what Canadian farmers have fought for, believed in and have lived for, for many years, that we have a very strong Canadian Wheat Board that is a single desk selling agency that markets all the wheat for the Canadian farmers across the prairies.

I want to ask my colleague whether or not he shares the same concern I have about this extreme right-wing movement of the Reform Party, the Canadian Alliance party, that wants to gut the Canadian Wheat Board in effect by allowing competition to the Canadian Wheat Board, and end the Canadian Wheat Board in the role we have always known which is to protect the farmers of this country.

**Mr. Dick Proctor:** Madam Speaker, I thank my colleague, the member for Regina—Qu'Appelle for his question. I say to him that I am proud to belong to a party that has always believed, as the member himself indicated in his comment, in the power and the

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need for the Canadian Wheat Board to assist farmers and ensure that there is price pooling at the best price available to them. It is something the farmers in western Canada have fought for for decades.

The notion of a voluntary board is heresy. It is impossible to envisage how that would work. I find it difficult to swallow the idea that the Canadian Wheat Board is falling out of favour after seeing the election results a couple of years ago. I expect when we see the next round of elections the folks that were elected in those elections by farmers were by and large very strong supporters of the Canadian Wheat Board and I think that will continue in the future.

**Mr. Howard Hilstrom (Selkirk—Interlake, Canadian Alliance):** Madam Speaker, certainly the extremist NDP is quite clear in that central planning and socialism is the way to accomplish things. That the NDP has never become the official opposition in parliament throughout its long history is testimony to the fact that Canadians do not buy into a central planned economy the way the NDP would have us believe.

• (1240)

If 75% of farmers want to be involved and sell their grain through the Canadian Wheat Board, I have no problem with that. But why would we force the other 25% who do not want to market their grain through the Canadian Wheat Board to do something that is against their economic best interests? Can the hon. member explain that to me? Why would they be put in jail for doing that?

**Mr. Dick Proctor:** Madam Speaker, it is an interesting question but it needs to be dissected.

For example, if a person lives in Lethbridge, Alberta or somewhere along the border between Canada and the United States, there may be a lot of good arguments for that person wanting to market his grain himself perhaps south of the line. If a person lives in northern Saskatchewan or in Debden, Saskatchewan, it is a much more difficult thing. That is what the Canadian Wheat Board has always been about. It is about price pooling and getting a fair share and a fair return for people regardless of where they live in western Canada.

In terms of whether it is 75%, there is a majority government sitting over there that was elected with 38% of the vote, so let us talk reality on this topic.

**Mr. Dennis Gruending (Saskatoon—Rosetown—Biggar, NDP):** Madam Speaker, it is a pleasure to speak to Bill C-34, amendments to the Canada Transportation Act.

This bill has a great potential to influence the income of western Canadian farmers. It is in this context that I wish to begin speaking to the bill.

We know that the incomes of western Canadian farmers in the past couple of years have been at Depression era levels. It was distressing to learn within the last couple of weeks that in Saskatchewan the income in the early part of this year dropped a further 10%.

When we look at where farmers spend their money, we find that grain farmers spend at least one-third of their gross income from grain on transportation. Any improvements that can be made to help them on the cost side in transportation are very important indeed.

The legislation does offer farmers a break on freight rates. In that respect it is very important. I might add that this is a break the railways can very well afford. CP Rail announced for the first quarter of 1999 profits of \$187 million on rail. That is a 33% increase over the previous year. Can the railways afford to give farmers a break on transportation costs? You bet they can. This legislation promises that but the question we have to ask ourselves is at what cost to these same farmers in the medium and long term?

We heard from my hon. colleague from Palliser about the Crow rate and the Crow benefit. When the Liberal government took away the Crow rate it did something very similar to what it is doing here. It said it was going to give farmers a payout. The government gave them a payout for one or two years and took away the Crow rate in perpetuity. Farmers are huge losers on that score. In Saskatchewan we estimate it is to the tune of \$320 million every year in perpetuity scooped out of our economy.

That is what we fear here. The government is giving us a carrot. It is giving farmers a carrot of \$178 million in freight reductions next year, but we ask ourselves what is going to happen in two, three, five, ten and twenty years? It is for that reason the NDP caucus is going to oppose this bill as it is currently written.

I would like to explain our parliamentary rationale for this. It goes to the heart of our role as an opposition party in the parliamentary system. We believe that this is flawed legislation. It is our responsibility to point out those significant flaws and to try to get some improvements in the legislation. That is what we are going to be doing. It is not simply for parliamentary reasons.

• (1245)

This bill has the potential to affect farmers' income for many years to come. We believe that it has to be as good a bill as possible. That is the reason, as a parliamentary opposition party, we feel disappointed with the bill. We will oppose it at this reading. My colleague from Palliser has indicated that we will not try to delay this process, but we want and are obligated to point out the flaws in the bill because it is in the financial interests of tens of thousands of Canadian farm families.

My colleague from Palliser has spoken about how squeezed and telescoped this whole process is. It was two and a half years ago that Mr. Estey was appointed to study the whole matter of grain

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freight rates. We have come to the point now where we have two or three weeks left before the parliamentary summer break. This is when the government decided to introduce the legislation, in the full knowledge that it will not receive a thorough airing, and that the committee process, which is often where amendments and improvements are made, will be severely hampered. It will be difficult, if not impossible, for the opposition parties to squeeze any decent concessions out of the government on the most important aspects of the legislation. We are keenly disappointed by that.

My colleague from Palliser has talked about some of the big problems with the legislation. I want to give a bit of context and background. Mr. Estey did his job and was followed by Mr. Kroeger. From our perspective, Mr. Estey listened to the last best offer of CP Rail and put it into his report, saying that it would freeze freight rates for six years, that it did not want them dealt with in the longer term. There has been a rate cap in place. My colleague has indicated why it has been so important over time to have a rate cap in place. The railroads did not want that. It was our observation that Mr. Estey gave the railroads almost everything they wanted. Interestingly, it was pressure put on the government by members of this party and farm groups which led to a mini revolt in the Liberal western caucus at the Liberal meeting last spring, which began to wring out a few concessions. I believe that is why we actually have a decrease in freight rates rather than a simple holding of the line.

I might also add that the railroads are always talking about the need, as do our colleagues in the Canadian Alliance, for competition. They do not want regulation; they want competition. They do not want regulation when it applies to them, but they do not want competition either. We were calling for open running rights, where anybody who could put together a rail company could use these lines, just as we all use the telecommunications infrastructure. Of course the railways did not want that because that would introduce competition. I note in this legislation that we do not have that. We will have somebody look at open running rights in the long term.

Let us be clear. The railways do not want regulation; they want competition, or so they say. What they really want to do is maintain an oligopoly, which they have done for the last 100 years. That is precisely why the government has to intervene with some form of regulation. We are in a situation, which will not change, of monopoly and duopoly. In this type of situation, if we cannot introduce competition, which so far has not happened, the government has to play a role.

In the remaining few minutes I want simply to talk about the two or three things that are most important from our point of view about this new legislation. First, it significantly removes the Canadian Wheat Board from its role in co-ordinating the transportation of grain for export. We believe now, as we always have, that removing the board from a transportation role will erode the power of farmers within the system and will undermine and cripple the board's ability as an exporter of grain.

I will not go into more detail on that because I want to get to what is the single most important thing, and that is the replacement of the current freight rate cap with an annual revenue cap. There are two problems, which my colleague from Palliser outlined. We saw this happen, if I might say, this past April when the railroads were granted a 4.5% increase in freight rates based on the cost of things like fuel. That is fair enough. What did not happen is that we did not look, and the Canadian Transportation Agency is no longer mandated to look, at what are the railways' real costs.

As my colleague mentioned, they have made great savings through efficiencies. They have fewer and fewer elevators all the time, so farmers have to bear the cost of hauling the grain farther. The railways save money. The farmers pay more money. However, when it comes to the rates, that is never reflected.

• (1250)

That is the single most important problem. We have a situation set up where there is a revenue cap, but the government will not look at what efficiencies the railways manage to capture, and they do not have to share those with farmers. If we set up a system like that for the long term, farmers will be set up in perpetuity as losers.

My colleague has mentioned that the estimate is that since 1992 the railroads have saved approximately \$700 million in efficiencies. They did not want to share any of it. They are now having to share \$178 million. When we look ahead, they will win in perpetuity and farmers will lose in perpetuity.

I might simply say in closing that when the Estey report came out our colleagues in the Reform Party, or the Canadian Alliance, came out with a news release saying "Do it all and do it right away. We cannot do it fast enough". I wonder why they always end up on the railroads' side. I wonder if that could have anything to do with the fact, for example, that, in the last year I looked, Canadian National donated \$70,000 to the Reform Party.

It is people on this side of the House, people in our party, who are looking out for the best interests of farmers, and I dare say not those groups who are taking funding from the railroads, the banks and probably the international grain companies as well.

We believe this is flawed legislation. We cannot support it at this time. Our interest is in the income of farmers and the health of farm communities.

**Mr. Howard Hilstrom (Selkirk—Interlake, Canadian Alliance):** Mr. Speaker, it never ceases to amaze me that the New Democrats end up not ever speaking on behalf of farmers or representing farmers. I believe from their speeches that they

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represent the National Farmers Union, which they believe to speak for farmers, and the Canadian Wheat Board, which is a government organization.

I would like to quote a portion of a letter to the minister:

It is now time to move forward on these recommendations and create an environment that fosters competitiveness so that we can achieve our potential in international trade. If you do not act on these recommendations we can only expect ongoing regular disruption of the transportation system. This will result in continuing damage to our reputation as a reliable exporter, and the continued loss of international market share trade. We must have the vision to act now to ensure a better future.

It is signed by Neil Silver, president of Agricore, Leroy Larsen, president and chairman of the Saskatchewan Wheat Pool, Ted Allen, president and chairman of the United Grain Growers, among others.

These people speak for farmers. What do you have to say about that?

**The Deputy Speaker:** What does “he” have to say about that?

**Mr. Dennis Gruending:** Mr. Speaker, I thank my colleague for that question.

I believe that people in the farm organizations are looking at this and saying “We do not like this, but it is the best we think we can get at this time and we will settle for it”. I respect them for doing that.

It seems to me that our role as an opposition party would be to squeeze as much as we can out of the legislation for farmers. I am quite surprised, frankly, that the Canadian Alliance members are not trying to do the same thing. I wonder if this is not because they have an ideological predisposition which hampers them.

Every time we get into any situation where we want to support farmers, all Canadian Alliance members can talk about are tax reductions. As a matter of fact, to use another example, the New Democratic Party caucus on the farm income issue has been arguing strenuously for the last two and a half years that we have to support farmers in their time of need.

The Canadian Alliance, which was until now of course the Reform Party, in its taxpayer budget of 1997—and I have it in front of me, but I will not hold it up because that would be using a prop—would take \$1.2 billion out of the departments of agriculture, forestry and fisheries. This is how those members want to help farmers.

When we ask who speaks on behalf of farmers, I am not about to say that we speak on behalf of farmers, and I would hope members of the Canadian Alliance would not say they speak for farmers, although they always do. I think the question we might want to ask

is, why are they not proposing the kinds of policies that would help farmers? That is a question they should ask. I ask again if it might have anything to do with the corporate friends they keep, including Canadian National.

• (1255)

**Mr. Rick Borotsik (Brandon—Souris, PC):** Mr. Speaker, I will get an opportunity to talk to this, but I would like to ask a question of my colleague from Saskatoon—Rosetown—Biggar.

He talked about ideological predispositions. I recognize that the NDP certainly believes in a different role for the Canadian Wheat Board than perhaps do I, my party and certainly the Reform Party, but I would ask a very simple question.

I recognize and understand the member’s desire to keep the Canadian Wheat Board as a single desk marketer. He and I will argue about that point. However, why is it that the Canadian Wheat Board sees the necessity of controlling the transportation of that commodity when all it is looking for is to be a single desk marketer? It needs to sell the commodity. Why is it that it must have control of the transportation in order to simply sell it and market it internationally?

**Mr. Dennis Gruending:** Mr. Speaker, I thank my colleague for that simple question.

Perhaps I could answer by way of discussing, and my colleague knows this situation well, the case which was brought before the Canadian Transportation Agency within the last couple of years about whether or not the railroads were fulfilling their obligations for moving western grain. Without going into all of the details, after a lengthy process in which everybody had a chance to say their piece, it was deemed that the railways were not meeting their obligations to move western grain.

I believe that the railways would take any chance they could to improve and increase their leverage. That is what we saw in the kinds of recommendations which came out of the Estey report. I argue now, as I have argued in the past, that if we take away that entire function from the Canadian Wheat Board of marshalling cars to move its own grain, we will severely cripple its ability to market grain on behalf of Canadian farmers.

This legislation already takes away much of that power and authority from the Canadian Wheat Board. I would ask my colleague, who will speak next, how much of that authority he wants to strip away from the board.

**Mr. Rick Borotsik (Brandon—Souris, PC):** Mr. Speaker, I will open my comments by answering the question from the hon. member for Saskatoon—Rosetown—Biggar. I would suspect that smarter people than I, Mr. Kroege and Mr. Estey particularly, have

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indicated that all of the transportation component should be taken away from the Canadian Wheat Board. That is not coming from me; that is coming from learned people who understand the system certainly better than I and the member.

First, let me say to the people who are listening to this debate that it is not a terribly sexy debate. It is not terribly romantic. It does not have a lot of real substance to it with respect to eastern Canada and people in Ontario and Quebec. It is a western Canadian issue. However, this is terribly, terribly important to producers and farmers in western Canada. It is all about getting more money for a commodity produced.

It costs producers in my area of western Canada one-third of the total commodity price to transport their commodity from point A to export markets. One-third of what they receive for their commodity is eaten up by transportation costs.

We are speaking of the opportunity of a savings on that horrendous cost. Those savings will not go into some frivolous netherland. The savings will go to pay bills that farmers and producers have acquired over the last growing season. The savings will pay for shoes for their children, gas for their automobiles and for ongoing living expenses that a lot of people in this great country of ours take for granted with a paycheque that comes in every two weeks.

This is an uncontrollable cost that producers have to face every time they put a bushel of grain on a railcar. They cannot simply go to the shipper and ask to pay less or negotiate a lower price, because they do not have the ability to do that. What they have, unfortunately, is a control that is thrust upon them, and in this particular case a control that is put on by the government.

• (1300)

Let us talk about grain transportation. This debate has been going on for decades. The government had a golden opportunity to put into place some changes that would actually benefit the producers, the growers of that commodity. It lost that opportunity.

Unfortunately the Minister of Transport knuckled under to the minister responsible for the Canadian Wheat Board. He knuckled under to the minister of agriculture for whatever reason. He knuckled under to self-interest groups that still believe there must be 100% control of the Canadian Wheat Board in transportation.

He made a serious mistake. He is now putting forward to parliament a piece of legislation that is truly flawed. He holds up the \$178 million potential savings, and I underscore the term potential, to producers. We will support any amount of money that can be saved and passed on to producers. However the \$178 million is simply a proposed amount that can be saved by producers. We will talk about that a little later.

The minister came here this morning with quite substantial crocodile tears and apologized on behalf of the government for putting the opposition in such a position where it had to deal with this type of legislation in a very short period of time. Between now and when we rise is about two weeks. It is unheard of to put a piece of legislation through the House in that short timeframe.

Why is it being forced upon us as the opposition in such a short timeframe? The minister said that he did not have time to bring it to the House. Mr. Estey and Mr. Kroeger, in particular Mr. Kroeger, tabled the report on September 29, 1999. We now stand in the House on June 1, 2000.

What happened in that timeframe? Why was the legislation not put before us so that we would have the proper amount of time to take it to committee to listen to the stakeholders the minister said he listened to and talked with. He had the opportunity of taking into consideration and bringing into play all their opinions before putting the legislation forward. We as the opposition, we as the heart and soul of parliament, should have had the same opportunity. Unfortunately we did not because the three ministers, the troika, put their hands together and said they should just wait until the final moments of the House to bring forward the legislation and really stick it to the opposition.

They are really sticking it to farmers. They are sticking it to the producers in my area. In a very short period of time we will try to put forward some amendments to the legislation to make it better and more palatable to the producers we would like to see being served by the piece of legislation.

Mr. Kroeger put forward a report. The report was very specific. He said that grain rail transportation should be commercialized. It was pretty simple. It should be commercialized, taken out of the hands of the Canadian Wheat Board. However, what we have in the legislation is something totally outside what Mr. Kroeger wanted to attempt to put into place. If Mr. Estey and Mr. Kroeger were here right now they would be biting their tongues for not speaking against what the government has put forward.

The efficiency of the grain handling and transportation system in Canada, which moves \$6 billion worth of grain to market each year, has been the subject of debate for many years. Many contend that the current system cannot continue to operate as it is to maintain the competitiveness of the international world market.

In the past inefficiencies in the management of the Canadian grain transportation system have caused serious damage to the Canadian grain export industry and the prairie economy. Delayed 1997 shipments, primarily of wheat contracted to international customers, resulted in demurrage charges of \$65 million, paid for primarily by producers.

It has been estimated that an additional \$35 million were lost in potential sales because of Canada's inability to deliver. Not only is

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the reputation of my producers in western Canada affected. All of Canada's reputation is now being affected internationally.

• (1305)

The reports came forward and we wanted to change the inefficiencies that were built into the system, particularly in 1997. The cornerstone of the legislation before us is the \$178 million which the government has held up and said must get through by July 31, August 1 being the new crop year, or farmers will lose \$178 million.

It is a projected \$178 million, as I said earlier. It is based on a revenue cap on the railroads of \$178 million less, based on the transportation of 30 million tonnes of grain last year. We only moved about 26 million tonnes of grain. The \$178 million is a projected saving that may be slightly higher than what the actual saving may well be with that revenue cap.

It is also not quite understood as yet whether that \$178 million will translate into producer savings. We do not know where that \$178 million will end up. It may end up in the grain companies. It may well end up in the bank accounts of the Canadian Wheat Board, but it may not end up in the pockets of Canadian producers. We must confirm where the dollars will end up.

The legislation speaks of 25% of the contracts being tendered to railroads. That is a very good step. Mr. Kroeger decided that 100% should be tendered as a commercial system, but 25% is being proposed in the legislation. It will be 25% commercialized tendering next year. It will be raised to 50% tendering three years from now.

The Canadian Wheat Board will enter into a memorandum of understanding with the minister responsible for the Canadian Wheat Board that will set the parameters, the constraints the Canadian Wheat Board will follow with respect to the 25% tendering.

There has been some conflict. The minister responsible for the Canadian Wheat Board said that they have not quite negotiated the MOU. Now we hear from the Minister of Transport that the MOU may well be available to us tomorrow. I hope the Minister of Transport is correct. It will be very difficult to deal with the legislation in committee next week if we do not understand what the role of the Canadian Wheat Board will be with that 25% tendering capability in the system. We need that MOU. We hope to get it for next Monday when we head into committee.

The government also says that even with the Canadian Wheat Board having an influence in the 25% tendering, there must be for room the board to manoeuvre. It decided to contract an arm's length third party to monitor the 25% commercialization of the system. That is a wonderful step but I would suggest two points.

First, the terms of reference of the arm's length monitoring of the system should be dealt with by committee or by parliament so that we recognize what the terms of reference will be. We would then know exactly what the the company that gets the tendered contract is looking for to make the system work.

Second, the company doing the monitoring should report to parliament, not to the three ministers. Heaven forbid, if some of the information that came forward suggested perhaps the Canadian Wheat Board was not doing its best to make this system work, perhaps that information would not become public. The information should be public. Any reports from the monitor should come directly to parliament. Then we would find out how the system is operating or whether there is some manipulation to make it fail. That is something we could certainly talk about when we are discussing the legislation.

I am happy to see the minister responsible for the Canadian Wheat Board here. I know he will listen to me very carefully when we debate the bill in committee next week and make the necessary changes to the legislation so that Canadians will be comfortable that the system will be given a very good chance to succeed.

• (1310)

If the minister had been here earlier he would have heard me say that I am not quite convinced \$178 million is the right number. It is a projected number based on a fictitious number. Maybe we should consider placing a real number in the legislation so that there will be guarantees that \$178 million is the amount to be passed on to producers. Maybe that is something we should look at.

As part of the little carrot dangled by the three ministers on May 10 was a suggestion that \$175 million be placed into rural roads. The government neglected to mention that the \$175 million would over five years. The government has a tendency not to come out with that kind of the information. That amounts to \$35 million a year.

I stood in the House not many months ago and suggested that the government should put into place a rural roads strategy. The amount of \$175 million over five years is not even close to what is needed for rural roads. The Minister of Transport, the minister from Toronto with his crocodile tears, stood to say he was sorry that he did not have an opportunity to bring forward the legislation earlier. He also said that he understood rural Canada. He does not want all people to live in major urban centres and knows that there is a need for rural Canada. The minister from Toronto would not know rural Canada if it bit him on the nose.

Rural roads are absolutely vital to the lifeblood of rural Canada. Everything we do comes down to transportation on our roads in most cases. Our roads are currently being beat up, almost to the point where they are impassable, because the railroads have abandoned rail lines and grain is transported on rural roads to inland terminals.

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Based on the legislation \$175 million over five years is a pittance, a drop in the ocean. Not only that. There is no method by which it will be implemented. Let us take that with a grain of salt from the three ministers. They are dangling a carrot so that they can suggest there should not be any opposition to their legislation, that it should just go through because it is the best thing since sliced bread.

The Canadian Wheat Board's control of the rail car allocation is probably the most serious factor in the whole legislation. Having only 25% of the rail transportation tendered, or commercialized as it is known in the industry, allows the Canadian Wheat Board an opportunity to sabotage the whole process. The Canadian Wheat Board has total control of the system right now. It has the opportunity of allocating rail cars to certain grain companies and to certain areas of the provinces of Saskatchewan, Manitoba and Alberta. It unfortunately has a lot of control that no one can really understand, particularly the producers of western Canada.

They would like an open, honest and transparent transportation policy so they can negotiate with shippers and know who was at fault if a product does not get delivered where it is supposed to get delivered. Right now there are so many fingers in the pie and so many people pointing fingers at each other that there is no accountability within the system. That in itself is part of the downfall of the whole transportation system.

We in the Progressive Conservative Party would like to make three points. First, we will not prevent this piece of legislation from going forward between now and committee and third reading stages. Second, we wish to put forward many amendments to make it a much better piece of legislation than what is before us today.

• (1315)

Third, I will say right now, because I may not be here in three, four or five years, that I can assure the House the legislation will be coming back. This does not solve the problem. It will exacerbate the problem. Ultimately producers will stand up and revolt. They will say, in unison, that they do not want to have these controls placed on them because they are not working. Producers will not work forever for no return on their investment, which is exactly what is happening right now. It is happening because there are too many governmental controls on what it is they can and cannot do. This is just the final straw that will break the producer's back.

This piece of legislation will be back in the House in the very near future. It will have to be debated and dealt with again. Eventually the government may get it right. Better yet, there may be a different government and a different party on that side of the House that will in fact do what is right for producers in western Canada. I do hope that I will stand on that side at some time and have the opportunity to have the input that is necessary.

The Minister of Transport stood up and said that change is difficult to embrace. He quoted the fact that there was nothing to fear but fear itself. Why did he not embrace that change? Why did he not fear fear itself and put forward what Mr. Kroeger wanted him to, what Mr. Estey wanted him to and what was right for Canadian producers? He cannot have it both ways.

The official opposition was right. The minister was spooked by the Minister responsible for the Canadian Wheat Board. He was spooked by a couple of members sitting in Winnipeg who would not know the difference between a field of canola from a field of wheat. He was spooked and he did the wrong thing.

I hope I will have the opportunity to make the necessary changes to this piece of legislation that will make it better for all producers in western Canada.

I thank you, Mr. Speaker, for the opportunity to slag this particular piece of legislation. In saying that, we will support having it go forward to committee so that we can look at the MOU to see just how the negotiated settlement between the Minister responsible for the Canadian Wheat Board and the Canadian Wheat Board have decided how they are going to control transportation.

**Mr. Pat Martin (Winnipeg Centre, NDP):** Mr. Speaker, the hon. member for Brandon—Souris, in his rather lengthy and long-winded address, raised a number of points, some of which actually had some merit. However, I would like to ask for some clarification and comments on a couple of those points.

The hon. member raised a very legitimate and valid point about the state of rural roads in the prairie provinces. Both coming from the prairie provinces, we share the concern of the state of rural roads. He pointed out that \$175 million has been allocated for the prairie provinces over five years. Is this to be equally distributed among the three prairie provinces or is it just for one prairie province?

We all know that the federal government collects literally billions of dollars per year in fuel taxes. When these fuel taxes were introduced to placate the critics, the promise was "Yes, we are going to charge you a tax on all the fuel you purchase, but we are going to reinvest that into the road and highway systems of the country".

I have a question for the member, even though I run the risk of allowing him to talk longer. With \$3 billion per year in revenue and \$175 million paid out over five years in road construction, is there not something fundamentally wrong with this picture? When I take \$3 billion a year, that is \$250 million a month in fuel taxes that the federal government takes in, and, in its largesse, it will give us on the prairie provinces \$175 million. Would the hon. member comment further on what he knows about that?

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**Mr. Rick Borotsik:** Mr. Speaker, the hon. member made mention that I was speaking long-windedly and that perhaps I did not have a lot of substance. He asked me the same question three times. Perhaps the next time he could be a bit more detailed.

• (1320)

There are actually two questions. How is it to be distributed? It is my understanding—and I certainly will not hang my hat on this—that it is to be distributed based on a percentage of the grains that are being transported from the provinces. I will give a percentage breakdown. As I understand it, of the \$175 million, \$35 million per year for five years, Alberta will receive 19%, Saskatchewan will receive 62%, Manitoba will receive 18% and B.C. will receive .4%. This is how it is to be allocated for western Canada.

As for the excise taxes on fuel with respect to dollars put back into the highways of western Canada, it is absolutely deplorable the billions of dollars taken out of our economy and not put back into the road systems. I have stood in the House many times and asked for a long term, well thought out, well financed plan to work tripartite with municipalities, with provincial governments and with the federal government to put dollars back into the rural road infrastructure.

The government, unfortunately, does not see that expenditure in rural Manitoba or in rural Canada as a priority or even a requirement, which surprises me because the Minister of Transport has said that he is now an expert on rural Canada. I suspect that he would recognize that is a bigger issue than the \$175 million over five years.

**Mr. Pat Martin:** Mr. Speaker, there was one more point that came to mind after I listened with great interest to the member's lengthy address. I made note of one comment he made, which I agree with. He said that Bill C-34 was being sold to us as a bill that is supposed to benefit producers. That is the guise under which it was introduced and the face the government is trying to put on it.

However, would the hon. member not agree that over the past decade the federal government has done the following things: It eliminated the Crow, which was supposed to benefit producers; it repealed the Western Grain Transportation Act, which was supposed to benefit producers; it changed the grain car allocation process in the guise of benefiting producers again; and, it privatized CN? All these major restructures were supposed to result in a benefit. Why would we believe the government now about Bill C-34 to radically change the aspects that it will be changing?

Does the member for Brandon—Souris have any confidence that Bill C-34 will in fact benefit producers, and will the \$4 per tonne that the government is talking about even translate into a benefit to producers that will help the family farm survive on the prairies?

**Mr. Rick Borotsik:** Mr. Speaker, as a small clarification, it is \$5.92 a tonne that is being expected to translate into savings to producers.

I agree with the hon. member. I do not believe that the \$5.92 will find its way into the pockets of producers. I feel, somewhere between the railroads, the grain companies and the Canadian Wheat Board in particular, that a lot of that \$5.92 may well disappear. I am not so sure that the \$5.92 a tonne is the real number. I am not sure if this \$178 million that is being held up as the rationale for pushing the bill through the House so quickly is the real number.

The government has not convinced me that this \$178 million is there, although it does say that it is an 18% reduction in the revenues. I appreciate that but I am not so sure it will get to the producers.

As for his question on whether I believe this will help producers, the member obviously did not listen to my lengthy debate. I said that was not going to happen. I do not believe this legislation will in fact help producers.

We disagree on the rationale for that. The hon. member believes it will not help producers because 25% of the control will be taken away from the Canadian Wheat Board. I feel it will not help producers because enough of that control has not been taken away. I feel it should be a truly commercial system. There should be competition within the system. There should be main line access by other competitors. It should be open because that truly would help producers.

We disagree on the reason and rationale, but I think both of us agree that it will not help producers.

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

**Some hon. members:** Question.

**The Deputy Speaker:** The question is on the motion. Is it the pleasure of the House to adopt the motion?

• (1325)

**Some hon. members:** Agreed.

**An hon. member:** No.

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

**Some hon. members:** Yea.

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

**Some hon. members:** Nay.

**The Deputy Speaker:** In my opinion the yeas have it.

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

**The Deputy Speaker:** I declare the motion carried. Accordingly the bill stands referred to the Standing Committee on Transport.

(Motion agreed to, bill read the second time and referred to a committee)

\* \* \*

[*Translation*]

### BUDGET IMPLEMENTATION ACT, 2000

The House resumed from May 31, 2000 consideration of Bill C-32, an act to implement certain provisions of the budget tabled in Parliament on February 28, 2000, as reported (with amendment) from the committee, and of the motions in Group No. 1.

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, we ought to have been able to rejoice with a projected budget surplus over the next five years of what, according to the minister's own analyses, will be \$95.5 billion. For the first time, we can anticipate, for such a considerable length of time, some amazing surpluses in federal public finances. The last budget by the Minister of Finance is, however, a great disappointment. Why? One has to think about where those \$95 billion have come from.

There are three main sources for the Minister of Finance's budget surpluses of the past two years and the next five to come. A surplus of that size is not good news when one learns its sources.

First of all, since 1993, since this Minister of Finance has been in that portfolio, things have been arranged so that the taxpayers of Quebec and of Canada have paid \$30 billion more in taxes without the Minister of Finance having to announce any increases. This was done by not indexing the tax tables.

In the last budget, he announced that he was going to start indexing. It will, however, take years and years to correct the tables to reflect inflation, years before the Canadian taxpayers can see any difference in their pockets as far as a tax return is concerned. We are talking \$30 billion in additional taxes here.

Another significant source of the Minister of Finance's surplus is the employment insurance fund. Year in and year out for the past four years now, he has been dipping into the employment insurance fund to find surpluses ranging from \$6 billion to \$7 billion annually. These funds are made up of the contributions of employers and employees to the employment insurance fund, not the federal government's contributions, for it has not put a cent into it since 1992. So one part of the surplus the Minister of Finance is so

proud of comes from the surplus in the employment insurance fund.

There is another major source of these surpluses. The Minister of Finance, who is full of compassion for society's disadvantaged and who blithely puts his hand to his heart as he thinks of Canada's poor children, is the same Minister of Finance who, in 1994, put a budget mechanism in place that year after year ensures systematic cuts are made to the Canada social transfer, without any announcement of them. This transfer enables the provinces to fund social assistance, income security, post-secondary education and health.

Even with the minor adjustments he made in his latest budget, the 2000 budget, by 2003, the Minister of Finance will have withdrawn no less than \$32 billion from these transfers to the provinces.

When we take a look at the Minister of Finance's evaluation of the surpluses over the coming years and the evaluation of what he has systematically stolen from these three budget items, we cannot miss the striking similarity of the figures. He will take the \$90 billion from taxpayers as disguised tax increases and from the Canada social transfer by cutting it on the backs of the provinces. He will take it as well from the surplus in the employment insurance fund.

We should be pleased with what he calls good management of public finances and what we call robbery of taxpayers, the most disadvantaged in society and the unemployed.

• (1330)

We must not forget that the surplus in the employment insurance fund is not just an over-contribution by employers and employees. It is also the product of a tightening of the criteria under which unemployed workers may benefit from this plan.

Are members aware that only 42% of those unemployed can benefit from the employment insurance plan? It no longer covers the majority of the clientele it serves. This has got to change.

With surpluses coming out his ears, the Minister of Finance should be thinking about showing real compassion, instead of deliberately waiting until an election campaign is in full swing before announcing any sort of relief.

Since the government knows perfectly well that it will have a \$95 billion surplus over the next five years, according to the minister's estimates, and over \$140 billion according to ours, it is unconscionable to wait, while the problems of poverty and the problems in the health care system throughout Canada and not just in Quebec grow worse.

There has been an anti-Quebec campaign since we came here. We are more aware of it in the Bloc Québécois, since we are the

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only ones defending the interests of Quebecers in this House. We are very aware of the systematic attacks and anti-Quebec propaganda around here.

With respect to poverty, when we see the latest figures provided by such bodies as the National Council of Welfare, it is outrageous, scandalous and unacceptable that a Minister of Finance, who will have surpluses coming out his ears over the next few years, does not introduce drastic measures to do something about this poverty, does not restore the Canada social transfer, and does not make the EI system more flexible in order to benefit unemployed workers.

When we look at the issue of poverty since the Liberal government has been in power, the government led by the little guy from Shawinigan, it has increased for all categories of the population. Let us look at the case of children alone.

In 1993, during the election campaign, the Liberal Party of Canada was critical of the Progressive Conservatives because, at the time, there were one million poor children in Canada. The latest statistics indicate that there are 1.5 million poor children in Canada, an increase of 50%.

If there are poor children, this is because there are poor parents, and if there are poor parents, this is because the Minister of Finance, the Prime Minister and this Liberal government have blithely slashed the Canada social transfer, and have accumulated a stupendous surplus, with plans to accumulate still more in coming years, on the backs of the poor.

When we look at the incidence of poverty among female seniors, it comes close to 50%. What is this government doing to remedy poverty in this group, in Quebec and in Canada? Nothing. It is swimming in surplus funds and is proud of it, but is doing nothing to remedy the situation.

As far as seniors are concerned, according to the Canadian Council on Social Development, we are seeing the reversal of a trend that has been in place for the past 30 years, which was to ensure that seniors had a decent income. Now we are in the process of quietly impoverishing certain sub-categories of seniors, while we ought to be continuing along the path of ensuring them a stable and fair income in a society that claims to be full of compassion and justice.

When we look at the new forms of poverty this government has created, we see that even now there is a new phenomenon which is impoverishing the employed. Now we have the working poor, a phenomenon we had not seen for several decades. People work, but because of a variety of factors, including government inertia when it comes to correcting injustices, such as in federal taxation, they are becoming poorer.

I will give an example. A couple with one child and a single income starts paying federal income tax once their income reaches

\$13,700, whereas in Quebec, this family would pay income tax only once their income reached \$30,000.

Is it reasonable, when they have surpluses coming out of their ears, for the government to start taxing poor families with a dependent child at \$13,700? In Quebec, the situation has long been rectified, and income tax is not applied until the income threshold of \$30,000 is reached.

• (1335)

Is it reasonable for this man, who is boasting about having surpluses—and the money is here, not in the provinces—to continue to brag about these surpluses, with his Prime Minister bragging about the Canadian model around the world, while no thought whatsoever is given to reforming taxation for Canada's poorest families as the Bloc Quebecois has been requesting since 1993? It is deplorable.

Federal taxation is now contributing to the impoverishment of society, and that is serious. When the Minister of Finance sits on his behind doing sweet nothing and ignoring our requests, despite all these surpluses in his budget 2000 forecasts, that is completely unacceptable.

Not to mention, and I will conclude with this, that the money we give this government, the \$32 billion Quebec taxpayers hand over every year to this government, is being used to pay off their buddies in the HRDC scandal, in the form of grants to friends of the Liberal Party for the ministerial tour around Quebec to spread anti-PQ propaganda.

Their buddies are getting money. But it is money from our pockets—\$32 billion from Quebecers—that is paying for this anti-Quebec propaganda, for ministers to parade around singing the praises of federalism and squandering our tax dollars.

We are going to vote against this bill at report stage now before us. The Bloc Quebecois is here to defend the interests of Quebec and of Quebecers, because they are very ill served by this government.

[*English*]

**Mr. Hec Clouthier (Renfrew—Nipissing—Pembroke, Lib.):** Mr. Speaker, unlike the previous speaker, I am definitely here to defend the rights of all Canadian citizens. I want to make that perfectly clear to you, Mr. Speaker, and to the entire House.

I have some great concerns about the amendments that are proposed to Bill C-32. In particular, clause 35 of Bill C-32 is consequential on clause 36, the substantive provision of this act. I will therefore speak to why the government cannot accept the motions to delete clauses 35 and 36 of Bill C-32.

Clauses 35 and 36 amend the Excise Tax Act to address the issue of tax evasion. These measures are intended to deal with exception-

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al circumstances where there is clear and unequivocal evidence of an intention to evade the payment of tax and where the collection of taxes is therefore in perilous jeopardy.

There are important safeguards in the use of this measure. In particular, the Minister of National Revenue must apply to court for judicial authorization. The court can place whatever condition it deems appropriate on that order. The court order is then subject to appeal by the taxpayer. There is a process in place that is to be followed and can be followed by each and every taxpayer in this country.

A similar provision relating to income tax already exists in the Income Tax Act. The proposed measure would give the Minister of National Revenue the same tools to protect against tax evasion under the Excise Tax Act as he has for income tax purposes.

For these reasons and many more, the government believes this is an important measure and we cannot accept this motion. Although it is not surprising, considering the fact that the hon. member for Medicine Hat said he wants to in some way, shape or form, actually delay, under Bill C-32, the delivery of over \$2.5 billion in increased payments under the CHST. That in itself speaks volumes for the hon. member for Medicine Hat and his party for their basic thinking of the way Canada should be run and the way we should evolve under our taxation system. Without a doubt, they are unequivocal in their support of the scandalous and scurrilous flat tax. My dad used to say that if something is too good to be true, it usually is. That is definitely the case with this flat tax system.

We all know that the vast majority of the MPs in the Canadian Alliance, not counting a few of them present here today, basically think along the American tradition. They want to Americanize our country Canada especially with regard to the taxation system and the way we distribute the taxpayers' hard-earned dollars to make the social fabric of our country the best in the entire world. But they do not want to do that. They want the Napoleonic version of life where might makes right; look after the rich and forget about the middle income people and most assuredly forget about the poor people.

• (1340)

Let me tell hon. members who will benefit from the flat tax. The rich will benefit, because under the flat tax proposal, people making about \$40,000 a year will pay about the same tax that they are currently paying under our system, but those people making \$100,000 would pay approximately \$4,000 less. Does that seem fair? It certainly does not seem fair to me and I know it does not seem fair to the Canadian public.

If it was such a great tax, why would the American friends of the hon. member for Medicine Hat not embrace this tax with open arms? The ultra right-wing of the Republican Party, Newt Gingrich himself, has decried this flat tax saying it will not work. The reason it will not work is simply that under the flat tax system there will be less money brought in to the revenues of this country. Therefore,

we would not have the same amount of taxpayers' dollars to distribute, to make Canada an equitable place for all citizens to live in.

Under the flat tax we would not be bringing in as much money, so what does the Canadian Alliance plan to do? The CA most assuredly plans to eviscerate our social system. CA members have already said that. They are on the move. One of its members currently sitting here is running for the CA leadership. He is talking about a two tier health care system. Let us Americanize the health care system. There is a bright idea. He must be a 100 watt bulb. In America 38 million people as we speak are not covered under health insurance. The single public payer use system we have in Canada is recognized around the world as the very best there is on planet Earth.

Many other countries, including the United States of America, would like nothing better than to move to our medicare system. Under the flat tax we would not be able to have that because we would not be bringing in the proper amount of money to look after our medicare system. Why would we not have enough money? Because the rich people would not be paying near the income tax they should be paying.

I for one believe that the more that we gain out of the country, the more that we prosper, the more that we should be willing to share with our fellow citizens. But not under the flat tax system. Under the flat tax system the rich pay less and the poor get more. By more I mean they get more right in the ear. They would not get a darn thing extra out of the flat tax system. They lose, they lose and they lose, because there would not be money in there to make the system work.

The hon. member for Medicine Hat espouses the great benefits of the flat tax but maybe he should join the flat earth society because it just will not work. He knows it and hon. members opposite know it. That is part and parcel of their amendments to Bill C-32.

I have got the ire up of the big fellow across the way, but he knows we are right. He knows that the Liberal government is reducing the taxes. We have reduced taxes by \$58 billion in the last three to four years and we will further reduce them. We are on the road to economic recovery.

Canada is recognized without a doubt as the best country in the world in which to live. The former leader of the hon. members opposite is now running as the leader for a new party. He happened to be flying around the world on taxpayers' dollars a couple of years ago and said, "Canada is a third world country. Do not come to invest in Canada". Is that the type of person we want running this tax?

I just noticed that the hon. member for Medicine Hat is listening to what I have to say. I do not know if he will get up and make a comment but I would like him to make a comment on the flat tax system.

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**Mr. Rick Casson:** Mr. Speaker, I rise on a point of order. I know we are all enraptured with the dissertation we are receiving from the member opposite, but maybe while you are checking on whether or not what he is saying is relevant, we could have a quorum call.

*And the count having been taken:*

• (1345)

**The Deputy Speaker:** Call in the members.

*And the bells having rung:*

**The Deputy Speaker:** I see a quorum.

**Mr. Hec Clouthier:** Mr. Speaker, members opposite know very well that I speak the truth. That will be the end of what I am saying today because I cannot indulge in any mendacity from the other side.

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

**Some hon. members:** Question.

**The Deputy Speaker:** The question is on Motion No. 1. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

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

**Some hon. members:** Yea.

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

**Some hon. members:** Nay.

**The Deputy Speaker:** In my opinion the nays have it.

**Some hon. members:** On division.

**The Deputy Speaker:** I declare Motion No. 1 lost.

(Motion No. 1 negatived)

**The Deputy Speaker:** The next question is on Motion No. 2. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

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

**Some hon. members:** Yea.

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

**Some hon. members:** Nay.

**The Deputy Speaker:** In my opinion the nays have it.

**Some hon. members:** On division.

**The Deputy Speaker:** I declare Motion No. 2 lost.

(Motion No. 2 negatived)

[*Translation*]

**Hon. Stéphane Dion (on behalf of the Minister of Finance)** moved that the bill be concurred in at report stage.

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

**Some hon. members:** Agreed.

**Some hon. members:** No.

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

**Some hon. members:** Yea.

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

**Some hon. members:** Nay.

**The Deputy Speaker:** In my opinion the yeas have it.

*And more than five members having risen:*

**The Deputy Speaker:** Call in the members.

*And the bells having rung:*

[*English*]

**The Deputy Speaker:** At the request of the chief government whip the division is deferred until tomorrow, the effect of which is to defer it until the conclusion of Government Orders on Monday.

• (1350)

**Mr. Bob Kilger:** Mr. Speaker, I rise on a point of order. There have been negotiations and discussions among representatives of all parties in the House and I believe if you were to seek unanimous consent that the House would consent to pass report stage of Bill C-32 on division.

**The Deputy Speaker:** Is there unanimous consent to rescind the deferral of the division on Bill C-32 and that the bill be concurred in at report stage at this time?

**Some hon. members:** Agreed.

(Motion agreed to)

\* \* \*

#### IMMIGRATION AND PROTECTION REFUGEE ACT

The House resumed from May 9 consideration of the motion that Bill C-31, an act respecting immigration to Canada and the

granting of refugee protection to persons who are displaced, persecuted or in danger, be read the second time and referred to a committee.

**Mr. Rahim Jaffer (Edmonton—Strathcona, Canadian Alliance):** Mr. Speaker, it is a pleasure to see democracy in action in this place. I always take pride in standing up to speak to immigration issues. I often remind the House of my family's background and how proud I am as a Canadian to be able to serve as a member of parliament.

I came to Canada in the early seventies as a year old child. My family was forced out of our home country of Uganda as refugees. We came to Canada with mixed feelings. We were coming to a brand new country, a new place, as strangers. We left home where I was third generation born. Unfortunately we were leaving under the tyrant regime of Idi Amin. They were not pleasant circumstances. Members of my family lost everything when they left that country: their businesses, their homes and all their money. They came to this country as penniless refugees.

On one note we were saddened having to leave that country. On the same note we were very fortunate to be embraced by this great country where opportunity and freedom are often taken for granted. This is something I know the Canadian Alliance takes very seriously. I am glad to be able to serve as a member of parliament 28 years later and to be able to stand up for those things about which I feel so dearly. I know a number of Canadians feel proud to stand up for democracy and freedom.

We have to take steps back from time to time to remind us of how important those ideas are, especially in light of what happened to my family and what happens to millions of people around the world in unfortunate regimes where human rights and democracy are taken for granted.

As Canadians we can be leaders and show the world how diversity and strength in diversity exist in Canada. We can share that information and be leaders around the world, hopefully bringing democracy and human rights to a lot of countries that do not have those practises.

That is neither here nor there. Today we are discussing at second reading Bill C-31, the immigration and refugee protection act. When reviewing this bill and the changes being proposed, the Minister of Citizenship and Immigration touts the new legislation as being tough. It is to fix many of the problems currently faced within Canada's immigration system today. The truth is that the bill will not accomplish its objectives. It is likely to significantly slow down the entire immigration system.

• (1355)

At this time resources are limited. We have problems within the refugee process. We have problems of immigrants wanting to go through a fair process to be evaluated before they come to Canada. The last thing we need is for our immigration system to slow down,

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which would unfortunately encourage the illegal entrance of immigrants. We will see more problems like the Chinese boat people and people profiting from trying to get people into the country illegally. That is something we want to try to stop. The best way to do it is to look at ways that will speed up the process and attach more resources to the immigration system, not slow it down.

No matter what is contained in the new act, it will never be effective if the government does not ensure improved management of the system, better training, tighter auditing and more emphasis on enforcement. This is what I was referring to, especially when I mentioned the problems we faced in our immigration and refugee system over the last number of years. They were ever so present last summer when we saw many problems with refugees coming to the country illegally and many people profiting from that.

This is the first complete overhaul of Canada's immigration laws in 24 years. It was a good attempt to try to improve our current system. Some amendments have been made to the current Immigration Act, introduced to the House of Commons in 1976, the most notable of which were changes to Canada's refugee determination system in the late 1980s with the creation of the Immigration Refugee Board. This change was brought about by the controversial 1985 Singh decision that stated all refugee claimants were to be allowed an oral hearing of their claim and the right to appeal a negative decision.

Since that time successive governments have interpreted the decision to mean that all refugee claimants, in fact any foreign national on Canadian soil, should be given the full protection of the Canadian Charter of Rights and Freedoms. This interpretation of the Singh decision is a major contributing factor to Canada becoming the number one target for people traffickers and asylum seekers the world over. It has allowed our immigration and refugee system to become overly bureaucratic and prone to legal delays. The minister of immigration had a real opportunity—

**The Speaker:** Order, please. I will interrupt the hon. member at this point. He will have 15 minutes remaining after question period.

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## STATEMENTS BY MEMBERS

[Translation]

### UNESCO INSTITUTE FOR STATISTICS

**Mr. Yvon Charbonneau (Anjou—Rivière-des-Prairies, Lib.):** Mr. Speaker, it gives me great pleasure to salute in this House the decision recently made by UNESCO to establish its new institute for statistics in Montreal. The institute will be the first of eight UNESCO units to be located in North America.

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The presence of this institute in Montreal will have an economic impact of some \$60 million over 10 years. Some thirty jobs will be created within the next year, and the number of employees could quickly double.

Our Minister of Foreign Affairs said that “the dynamic character of Montreal and its many research centres, complete with state-of-the-art facilities, will prove to be a crucial factor in the development and growth of UNESCO’s new institute”.

This project also received the support of the Friendship Group of Parliamentarians for UNESCO, which believes that the establishment of this institute could help substantially raise UNESCO’s profile in Canada and North America, while also ensuring it desirable international influence.

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[*English*]**HEPATITIS C**

**Mr. Grant Hill (MacLeod, Canadian Alliance):** Mr. Speaker, the hepatitis C scandal from tainted blood has not been forgotten. Let me summarize this tragedy.

Contaminated blood was not tested in Canada when other countries were carefully screening theirs. Canada imported dirty blood from prisons in Arkansas. Thousands of Canadians are sick because our watchdog, particularly the federal watchdog, failed them. Judge Krever’s study recommended helping every sick victim. Yet federal Liberals chose to compensate victims only between 1986 and 1990.

Over two years after that promise only the lawyers have been paid any compensation. The Harris government in Ontario has agreed to compensate all victims, which is quite a contrast. Federal Liberals were forced to vote against the forgotten victims outside the 1986 to 1990 period. My question is why.

\* \* \*

• (1400)

**DISABILITY AWARENESS WEEK**

**Hon. Andy Scott (Fredericton, Lib.):** Mr. Speaker, I am pleased to rise in the House to bring to your attention that my home province of New Brunswick is celebrating Disability Awareness Week through June 3.

The overall theme for the week is “Full Citizenship for All”. It is intended to draw attention to the progress made to date in the community toward the inclusion of citizens with disabilities, and to highlight the barriers that still remain to be overcome.

Canadians with disabilities deserve to live life to its fullest. It is a fundamental human right and the responsibility of the federal government. Each day there are thousands of New Brunswickers

who struggle to cope with their disabilities while trying to get an education, a job, have a family and enjoy living in the community. Remember all of those heroes by celebrating Disability Awareness Week.

Congratulations to Lynn Haley and Randy Dickinson at the Premier’s Council on the Status of Disabled Persons, who are co-ordinating all activities.

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**BERLIN CONFERENCE**

**Mr. Rey D. Pagtakhan (Winnipeg North—St. Paul, Lib.):** Mr. Speaker, the Prime Minister will present at the Berlin Conference on Progressive Governance for the 21st Century, which begins tomorrow, Canada’s way of governance to achieve the highest quality of life for Canadians and to promote our values internationally.

The governance of Canada is rooted in two democratic principles—representation in the elected House of Commons based on population and in the appointed Senate based on regions.

This reconciles Canada’s vast geography with the uneven distribution of her diverse people and reflects our founding vision of a society committed to caring and compassion.

That is why we have entrenched medicare and equalization payments in Canada, where geography is no barrier to need and opportunity, prosperity is shared equitably, the poor are not oppressed and the rich are not privileged.

Therein lies the success of the Government of Canada, not in anything of itself, but in the attachment of a nation, and in the interest citizens feel to support it—the very essence of Canadian federalism that will help realize the human purpose in our global society.

\* \* \*

**STEPHEN TRUSCOTT**

**Mr. Pat O’Brien (London—Fanshawe, Lib.):** Mr. Speaker, 41 years ago Stephen Truscott was the victim of a miscarriage of justice. This young man lost his freedom, was almost executed, and spent many years under an assumed name.

Because this case occurred in Clinton, close to my home of London, Ontario, I have researched it thoroughly for many years on several occasions. I visited the scene of the crime. From all the evidence that I have read, it is my personal belief that Stephen Truscott is innocent of this heinous crime. Millions of Canadians also agree.

There are many questions that need to be answered and many problems surrounding this trial. The investigation of this crime has been less than thorough, to say the very least.

I add my voice to all those other voices calling on the Minister of Justice to review this case when the minister receives the application so that Stephen Truscott can reclaim his good name.

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[Translation]

### CANADIAN ALLIANCE

**Mr. Rahim Jaffer (Edmonton—Strathcona, Canadian Alliance):** Mr. Speaker, yesterday the Minister of Finance enlightened us all when he said that it is not in the Canadian mentality to question this government's support for a group of Tamil rebels determined to destroy a culture.

I am proud of a country that is as diversified as Canada. I am proud of the vision the Canadian Alliance offers Canadians, a vision that celebrates our diversity in unity.

We will soon be proud of having a new Prime Minister, who knows where to find the Middle East on the map. The Canadian Alliance is proud to be an avant-garde party that puts forward new ideas.

If the Liberals want to question the Canadian mentality of some members of this House, the Canadian Alliance is quite willing.

\* \* \*

[English]

### GLENDALE HIGH SCHOOL

**Mr. John Finlay (Oxford, Lib.):** Mr. Speaker, today I congratulate a group of students from Glendale High School in Tillsonburg who are joining students from four other schools of the Thames Valley District School Board to visit France for D-Day ceremonies next week.

Accompanying the students will be six veterans, three of whom fought at Normandy, and our colleague from London—Fanshawe, the chair of the defence committee. The trip's organizer, Robin Barker-James, a history teacher at Glendale, is to be commended for his efforts in making history come alive for his students.

I want to tell these students how proud we are of them for taking part in these ceremonies. They will better understand the sacrifice made by our soldiers—not much older than themselves—who fought and died on those beaches in a fight for their nation and for freedom.

In the words of their teacher “Freedom isn't free; it's bought”.

\* \* \*

• (1405)

[Translation]

### GASOLINE PRICING

**Mrs. Suzanne Tremblay (Rimouski—Mitis, BQ):** Mr. Speaker, yesterday the price of gasoline reached a new high. In Montreal

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it went up 10 cents within a couple of hours, to 85 cents. Yet the federal government sits on its hands.

For the past few weeks, the Canadian oil companies have been releasing quarterly reports showing record profits. Yet the federal government sits on its hands.

Consumers can no longer put up with seeing 14% price hikes in a single day, and 60,000 of them have signed a petition against exorbitant gas prices. Yet the federal government sits on its hands.

Since the Liberals seem to be running low on ideas, we are once again calling upon them to fill up their tank with suggestions from the Bloc Québécois aimed at improving the situation in the short and long term. These are: suspending the federal excise tax, ensuring healthier competition within the Canadian oil industry, putting pressure on oil producing countries, and finally investing in research into alternative energy sources.

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[English]

### SKILLS CANADA

**Mrs. Karen Redman (Kitchener Centre, Lib.):** Mr. Speaker, more than two dozen Waterloo region high school and college students will be heading to Quebec City to participate in the Skills Canada national competition this weekend.

Recent studies suggest that in the new millennium 40% of new jobs will be in the skilled trades area.

Skills Canada strives to increase awareness about careers and skilled trades and technology, and underscores the important role for youth in filling the skilled labour needs of Canadian industry.

Skills Canada is a not for profit organization which receives federal support through the youth employment strategy. Student participants tell me that this competition raises self-confidence and opens doors for many of them. It is also an extremely valuable competition for many Canadian employers.

I would like to wish all students from Kitchener-Waterloo the best of luck this weekend. Bring home the gold.

\* \* \*

### HOUSE OF COMMONS STAFF

**Mr. Jay Hill (Prince George—Peace River, Canadian Alliance):** Mr. Speaker, on behalf of the official opposition, I would like to take this opportunity to extend our sincere appreciation to the House of Commons staff. Without the hard work and dedication of the hundreds of staff, each doing their own part, this institution would not function.

We, the MPs, are the ones who present the finished product to the public. However, behind the scenes, technicians, translators,

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researchers, cleaning staff, catering staff, security guards, administration and maintenance staff, pages, clerks, messengers and legislative counsel work together in service to the Canadian public and their home of democracy.

This morning the official opposition hosted a breakfast for the House of Commons staff in the West block as a small token of our appreciation. The vast majority of the staff were in attendance. Unfortunately, some were bound by duty to work. To all the staff who were unable to attend this morning I say, thank you, merci. Their services do not go unnoticed.

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[Translation]

### THE LATE RHÉAUME “ROCKY” BRISEBOIS

**Mr. Denis Paradis (Brome—Missisquoi, Lib.):** Mr. Speaker, Quebec has lost another sports personality. Rhéaume “Rocky” Brisebois died suddenly at the age of 75 at his home in Lac-Brome, after many years involvement in the community of Venise-en-Québec in Brome—Missisquoi.

“Rocky” Brisebois was a close friend of Maurice Richard. Well-known for his colourful expressions and his frankness, “Rocky” Brisebois worked for the newspapers *Le Canada* and *Le Devoir*, before joining the CJMS broadcast team in its glory days of the 1960s and 1970s.

I wish to express my sincere condolences to Mr. Brisebois’ family and friends, and to all of his faithful listeners during all those years.

\* \* \*

[English]

### CAPE BRETON DEVELOPMENT CORPORATION

**Mr. Peter Mancini (Sydney—Victoria, NDP):** Mr. Speaker, this week, while gearing up to discuss trade and democracy at the OAS meetings in Windsor, the federal government has been busy quashing democracy and workers’ rights here at home. The government rammed Bill C-11 through committee after virtually no consultation and refused to consider any amendments.

The legislation not only delivers a serious blow to the coal miners and people of Cape Breton, but it has international implications as well. While Cape Breton miners lose their jobs, Canadian companies that once relied on Cape Breton coal will be buying more of it from countries like Colombia, where miners live in virtual poverty and over 900 trade union activists have been murdered.

The passage of Bill C-11 will result in the loss of jobs for Canadians, the underdevelopment of Canadian resources and financial rewards for Colombian murderers.

[Translation]

### SINGLE CURRENCY

**Mr. Serge Cardin (Sherbrooke, BQ):** Mr. Speaker, last fall, the Bloc Québécois launched a political debate on a single currency in North America. In May, the Bloc Québécois initiated a debate in the Standing Committee on Finance on this issue.

Our concerns echo the discussions of a myriad of analysts, economists and financiers, who are debating the future of the Canadian dollar.

In this context, a new player, the winner of the Nobel prize in economics, Robert Mundell, waded into the debate last Thursday with the statement that a fixed rate between the Canadian dollar and the American dollar was only a question of time.

• (1410)

In the meantime, what are the Liberals doing? More concerned with their image than with real debate, they are hiring public relations consultants, funding their propaganda office, or keeping quiet so as not to add to their already long list of blunders.

But let us take heart: voters are not stupid. They will remember.

\* \* \*

[English]

### NATIONAL CANCER SURVIVORS DAY

**Mrs. Rose-Marie Ur (Lambton—Kent—Middlesex, Lib.):** Mr. Speaker, on Sunday, June 4 the Canadian Cancer Society is encouraging everyone to celebrate National Cancer Survivors Day.

It is the 13th anniversary of the event in North America and is a day when we honour survivors who are living with and beyond cancer. It is a day to acknowledge the important role family and friends play in the lives of cancer survivors, and also to recognize the professionals who are helping fight the battle against cancer. In doing so we communicate to all Canadians the message that life after a cancer diagnosis can be a reality.

Cancer touches almost all of us. One in three Canadian women and 50% of men will be diagnosed with cancer during their lifetime. Today, thanks to improved detection methods, more available information and enhanced methods of treatment, more than half of all people diagnosed will go on to achieve a full recovery in terms of work, recreation and family life.

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### HIGHWAYS

**Mr. Mark Muise (West Nova, PC):** Mr. Speaker, on Tuesday, as we have done so many times in the past, the Progressive Conservative Party called on the federal government to immediately enter into negotiations with the provinces to create a new joint national highway program. This program would give all provinces

access to money that the federal government has collected through its fuel tax and use it toward improving safety on our highways.

Driving on our highways is fast becoming a growing concern for our safety. With more than 3,400 fatalities on Canada's roads every year, action must be taken to ensure safety on our highways. In Nova Scotia there have been some 50 fatalities on Highway 101 between Mount Uniacke and Digby since 1993.

The twinning of this section of Highway 101 would cost approximately \$250 million, money the Nova Scotia government simply does not have. Yet Ottawa collects over \$5 billion annually in fuel tax and spends a mere \$300 million on roads. What is going on with the balance of \$4.7 billion?

Each day that the government continues to ignore our deteriorating highway system another life is put at risk. I call on the Minister of Transport to immediately—

**The Speaker:** The hon. member for Bramalea—Gore—Malton—Springdale.

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#### AIRCRAFT APPLIANCES AND EQUIPMENT LIMITED

**Mr. Gurbax Singh Malhi (Bramalea—Gore—Malton—Springdale, Lib.):** Mr. Speaker, a firm in my riding, Aircraft Appliances and Equipment Limited, was the recipient of an award of merit at the 1999 Brampton Outstanding Business Achievement Awards.

Founded in 1949, A.A.E. is a world-class supplier of aircraft and naval products in my riding of Bramalea—Gore—Malton—Springdale. It provides expertise in design engineering and the manufacturing of products.

I would ask my colleagues in the House of Commons to join me in applauding this award-winning firm on its high level of commitment to both its employees and its clients.

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#### BERLIN CONFERENCE

**Mr. David Chatters (Athabasca, Canadian Alliance):** Mr. Speaker, the Prime Minister is off to Berlin at great expense to the Canadian taxpayer to focus test his next election campaign. According to news reports, he will present a paper prepared by Eddie Goldberg and senior bureaucrats called "Progressive Governance". If that is not an oxymoron, to have the king of status quo presenting a paper on progressive governance.

#### Oral Questions

The Prime Minister will be talking about how he shares opportunities with all Canadians in all parts of the country. That should be interesting. How about how the Prime Minister maintains a high quality health care system, yet ours is currently 25th out of 27 OECD countries?

On second thought, taking his message to Berlin where the people do not know the seven year record of the government is probably much safer than trying to sell his message to Canadians.

\* \* \*

[Translation]

#### JACQUES PARIZEAU

**Ms. Caroline St-Hilaire (Longueuil, BQ):** Mr. Speaker, it is a great honour for me and for the Bloc Québécois to draw to members' attention the presence in the gallery of a leading figure of contemporary Quebec.

A forerunner and visionary, he was for more than 30 years the tireless architect and builder of institutions which have, over the years, become powerful economic and financial forces in the development of modern Quebec.

His accomplishments include helping to establish the Caisse de dépôt et placement du Québec and the Société générale de financement, the effectiveness and usefulness of which are recognized both in Quebec and abroad.

His many achievements and public activities have instilled in Quebecers a confidence in their own abilities and a well-grounded determination with which they are today calmly taking up the challenges of an increasingly global economy.

I urge members of the House to give a warm welcome to the former Premier of Quebec, Jacques Parizeau.

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

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#### ORAL QUESTION PERIOD

• (1415)

[English]

#### HUMAN RESOURCES DEVELOPMENT

**Mr. Jay Hill (Prince George—Peace River, Canadian Alliance):** Mr. Speaker, the Liberals on the human resources committee have dealt a body blow to their very own minister. They released a report today that recommends the dismantling of the human resources department in the wake of the billion dollar bungle by the minister. They want the department carved into

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several smaller pieces so the amount of damage that the minister can do in the future will be limited.

How can the minister continue in her position when even her own Liberal colleagues have lost confidence in her?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, the report has just been made public. Under the rules of the House, we will study it and we will make a reply.

As a government and a caucus, we certainly have complete confidence in the Minister of Human Resources Development, an outstanding minister and an outstanding parliamentarian.

**Mr. Jay Hill (Prince George—Peace River, Canadian Alliance):** Mr. Speaker, I think the Deputy Prime Minister is the only who still has confidence in her.

The human resources minister has lost the confidence of Canadians, the opposition and now her own Liberal colleagues on the committee. Her very own colleagues think she is incapable of managing HRDC unless large portions of the department are taken away from her. It is a damning indictment.

In light of this, how can the minister justify keeping her job?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, I thought the hon. member was going to get up and congratulate this government, including the minister of HRDC, for the fact that the real gross domestic product was 4.9% in the first quarter, the 19th consecutive quarter of growth and the longest string of uninterrupted gains since the mid-1960s. These are achievements of this government, including the minister of HRDC. The hon. member ought to recognize this if he has any ethics at all.

**Mr. Jay Hill (Prince George—Peace River, Canadian Alliance):** Mr. Speaker, obviously the Deputy Prime Minister picked up the wrong briefing note, that had absolutely nothing to do with the HRDC department.

The Prime Minister has come up with a new and innovative way of dealing with incompetence. Instead of answering the demands of Canadians and the opposition to remove the HRDC minister from her department, he intends to follow the urging of his very own caucus and remove the department from the minister, piece by piece, bit by bit until all that remains is her image consultant.

Why does the minister not save the Prime Minister from going to all this trouble and do the honourable thing, resign?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, after listening to that question I now know why the former Reform Party is hiding its incompetence by trying to change its name, but it will not get away with it.

**TREASURY BOARD**

**Mr. John Reynolds (West Vancouver—Sunshine Coast, Canadian Alliance):** Mr. Speaker, access to information documents we have just received reveal that treasury board officials are more concerned about hiding the results of internal audits than about the fact that HRDC bungled a billion dollars.

A memo from a treasury board senior policy analyst to the deputy comptroller general warns about government managers' "backlash" in the wake of HRDC's damning internal audit. The senior policy analyst then states that managers are planning to be more careful about the wording of future audits.

Why are treasury board officials more concerned about the political spin than about fixing the problem of their billion dollar bumbles?

[Translation]

**Hon. Lucienne Robillard (President of the Treasury Board and Minister responsible for Infrastructure, Lib.):** Mr. Speaker, the Treasury Board Secretariat is always very involved in the government policies that relate to financial practices.

It is perfectly normal that, over the past two years, we have conducted a full review of the responsibilities of managers in the public service to update them.

It is in that context that, just today, we issued a new policy on transfers. We are also currently reviewing the internal audit policy.

• (1420)

[English]

**Mr. John Reynolds (West Vancouver—Sunshine Coast, Canadian Alliance):** Mr. Speaker, it is pretty obvious that treasury board is more concerned about managing the spin than managing taxpayer dollars.

Officials are now suggesting that future audits need to be massaged to ensure that damning information is whitewashed. Senior policy analysts warn that it will be necessary to keep a closer eye on what is written in future audits.

I will ask the minister my question again. Why is the government more concerned about the political spin than about solving the problem of the billion dollar bungle?

[Translation]

**Hon. Lucienne Robillard (President of the Treasury Board and Minister responsible for Infrastructure, Lib.):** Mr. Speaker, it seems to me that the Canadian Alliance member should at least be able to recognize that it is a Treasury Board policy to allow, as soon as they are fully completed, internal audit reports to be made public without anyone even having to submit a request under the Access to Information Act.

*Oral Questions*

If that is not a transparent policy, then what is? This is very clear, and this is how we intend to continue to improve our policies at Treasury Board.

\* \* \*

**CANADA INFORMATION OFFICE**

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, the Minister of Public Works and Government Services has said that, since the CIO has been under his responsibility, no contracts have been awarded without tender. We would have to conclude that, before him, it was standard practice.

We have learned that, since he became responsible for the CIO on June 4, 1998, hundreds of thousands of dollars in contracts have been awarded without tender.

How much longer is the minister going to go on denying the facts, the figures, the numbers from his own department?

**Hon. Alfonso Gagliano (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, I repeat that the Canada Information Office has always awarded its contracts according to Treasury Board policy.

In addition, I would say to the leader of the Bloc Québécois and to the House that on March 8, 1999 I sent a written directive to the CIO informing it that, effective April 1, 1999, any contract over \$25,000 had to be put out to tender. Those are the facts.

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** That is very interesting, Mr. Speaker.

In other words, what the minister has just said is that he assumed responsibility for the CIO on June 4, 1998, and that the directive was issued eight months and six contracts later in March 1999.

Yesterday, the minister said that no contracts over \$25,000 had gone out without tender. Will he admit today that it was only as of March 1999, and for practically one year, that he awarded contracts without tender? As for those after March 1999, we are still waiting on access to information, and we will see the outcome of that.

**Hon. Alfonso Gagliano (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, I repeat that the CIO has always complied with Treasury Board policy and guidelines with respect to the delegation of authority. All contracts have been awarded in accordance with this policy.

In addition, it was on March 8, a few months later, that I said why we had to change this policy. On March 8, I issued a directive that any contract over \$25,000 had to be put out to tender.

I can assure the House that, since April 1, 1999, all contracts in excess of \$25,000 have been put out to tender.

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, since the minister has just said he rigorously observes Treasury Board policies, I will point out that there are two main circumstances under which tenders are not called: when national security is at issue and when market conditions indicate that nothing would be saved by calling for tenders.

When the CIO awards a \$27,000 contract without calling for tenders to Groupe Cible's Serge Paquette, a former Liberal candidate, to monitor the media, is this a matter of national security or market conditions?

**Hon. Alfonso Gagliano (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, I repeat that the CIO has always followed the delegation of authority policies of the Treasury Board with respect to contracts.

For two days, Serge Paquette has been the subject of discussion. I would remind the Bloc Québécois House leader that Mr. Paquette was a candidate in 1988. Is he not entitled to earn a living, like other Canadians?

**An hon. member:** Not all Canadians get contracts.

• (1425)

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, I am happy to forget that Mr. Paquette was a candidate in 1988 if the government will forget it as well and have him go through the tender process. That would be fine. It would be excellent.

I ask the minister if he is prepared to forget all former candidates and Liberal members who systematically circumvent the tendering process and use public money to organize government propaganda in Quebec at our expense?

**Hon. Alfonso Gagliano (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, I would remind the member that contracts are awarded according to the ability of the individual and not his or her political stripe. He should take a look at the mother house in Quebec.

On the subject of the tour, allow me to read a few quotes from people who met the ministers during their tour, in a riding of the Bloc, the riding of Lévis-et-Chutes-de-la-Chaudière.

The president of the chamber of commerce of Quebec City's south shore, Réal Auclair, expressed his satisfaction at the results of the meeting held in Lévis between five ministers of the Chrétien government and some thirty representatives of the greater Quebec City area, gathered together in the Quebec committee—

**The Speaker:** The hon. leader of the New Democratic Party.

*Oral Questions**[English]***HUMAN RIGHTS**

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, with Canada chairing the upcoming OAS meetings in Windsor, the government has an opportunity to put human rights, not the free trade agreement of the Americas, front and centre.

Half of all trade unionists murdered in the world last year died in Colombia. Francisco Ramirez, the Colombian Mine Workers president, who met recently with foreign affairs officials, lives under constant threat from military sponsored death squads.

At this weeks OAS meetings what will Canada do to address the labour and human rights issues and, in particular, the case of Francisco Ramirez?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, the issue of a free trade agreement of the Americas is not on the agenda of the OAS meeting in Windsor. In fact, the very kinds of issues she is talking about will be on the agenda.

I ask for her support to ensure that the discussions on strengthening human rights and strengthening democracy in the Americas will go forward in a constructive and peaceful fashion. Will she give that commitment today?

*[Translation]*

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, still in the context of the OAS meeting, with respect to the elections in Peru, the secretary of state said, and I quote:

Respect for democracy in the hemisphere is of vital importance to Canada.

These words, which we support, must be followed with specific action. What action will Canada propose to its OAS partners following the illegal elections in Peru?

**Hon. David Kilgour (Secretary of State (Latin America and Africa), Lib.):** Mr. Speaker, I have to say to my colleague that the OAS meeting to be held in Windsor this weekend will give careful consideration to the question of Peru. It was the unanimous opinion of the permanent council yesterday in Washington that this matter must be considered in Windsor in the coming days.

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*[English]***FOREIGN AFFAIRS**

**Mr. André Bachand (Richmond—Arthabaska, PC):** Mr. Speaker, for decades our foreign diplomats have served this country proudly and with distinction. However, last night the Prime

Minister's nephew violated the fundamental rule of diplomacy and openly endorsed a U.S. presidential candidate.

Can the Deputy Prime Minister tell us when the government of Canada changed its policy to allow our diplomats to engage in partisan political politics of another country? Why not recall the nephew for a small chat about diplomacy?

**The Speaker:** I do not know that it is particularly pertinent that we have relatives in one place or another, so I ask hon. members to please state the titles of the people to whom they are referring.

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, our ambassador to Washington is a professional diplomat of great distinction and long standing for many years dating back well before this administration took office.

I understand that our ambassador to Washington did not take a position on candidates in the American elections. In fact, his whole point was that whoever the American public chose, we would work with the government of that person and continue our strong and friendly relations with the United States.

• (1430)

*[Translation]*

**Mr. André Bachand (Richmond—Arthabaska, PC):** Mr. Speaker, it is clear that the Deputy Prime Minister did not watch the program yesterday and that he did not review the tape this morning, as was urgently asked by officials from the Department of Foreign Affairs.

To ridicule a candidate while supporting another one and putting him on a pedestal is to make a choice. This goes completely against Canadian policy.

What does the ambassador want? Does he want the Democrat candidate to support the current Prime Minister during the next election campaign in Canada? What do we want here in Canada?

*[English]*

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, my hon. friend is misstating what I understand the ambassador to have said.

He made some general comments about candidates and their approach in the past to Canada, but he was not stating a preference for one or the other. In fact his whole point was that whoever the Americans choose, Canada will continue its friendly relations with the United States and will work with the government in question.

The hon. member should recognize that instead of trying to engage in unworthy personal smears.

*Oral Questions***TREASURY BOARD**

**Mr. Grant Hill (Macleod, Canadian Alliance):** Mr. Speaker, the treasury board memo on internal audits was written on February 18.

Barely a month after the billion dollar boondoggle was revealed, government managers in all departments were already trying to whitewash future audits. Let me quote, "From now on it will be necessary to keep a closer eye on what is written in these reports".

Why is the government trying to whitewash future internal audits?

[Translation]

**Hon. Lucienne Robillard (President of the Treasury Board and Minister responsible for Infrastructure, Lib.):** Mr. Speaker, again, we are absolutely transparent regarding our internal audit reports. We release them without anyone having to submit an access to information request.

Because of this policy of transparency, it is perfectly normal to demand that these reports be drafted by competent people and that Canadians be presented with well written reports.

[English]

**Mr. Grant Hill (Macleod, Canadian Alliance):** Mr. Speaker, that kind of accountability sounds more like censorship to me.

The treasury board memo warns about a government-wide backlash against internal audits. It was so concerned that it was planning to control the contents.

Why is the government more concerned about damage control than it is about spending control?

[Translation]

**Hon. Lucienne Robillard (President of the Treasury Board and Minister responsible for Infrastructure, Lib.):** Mr. Speaker, it is only normal that we would be concerned by the financial practices used in every federal department. It is the Treasury Board's role to support all the departments and to ensure that policy is properly followed.

We are also reviewing the internal audit policy to improve it and to provide even more information to parliamentarians. We are currently changing the financial information system for accrual accounting.

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**CANADA INFORMATION OFFICE**

**Mr. Ghislain Lebel (Chambly, BQ):** Mr. Speaker, yesterday, in the House, the Minister of Public Works defended the federal

government's right to promote Canadian federalism through the Canada Information Office.

Yet the government had already transferred tens of millions of dollars to the Council for Canadian Unity for that same purpose.

Can the minister explain to us why the government created the CIO, the Canada Information Office, when the Council for Canadian Unity was created precisely for that purpose?

**Hon. Alfonso Gagliano (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, the CIO was established to co-ordinate the communications of the Government of Canada as a whole and to inform Canadians on what the Canadian government is doing for them. That is its main role, a role that is continuing to develop and that it continues to play.

As for the ministers' tour of Quebec, which so bothers the hon. members from the Bloc Québécois—and we can understand why—this enables the Quebec ministers of the Government of Canada to—

• (1435)

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

**Mr. Ghislain Lebel (Chambly, BQ):** Mr. Speaker, that is all very well, but since the CIO looks after matters of Canadian unity, why does it report to the Minister of Public Works and not the Minister of Intergovernmental Affairs?

Might the real reason be that the Minister of Public Works is also the chief Liberal Party of Canada organizer for Quebec?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, it is a matter of government organization. I think it is obvious that the Minister of Public Works can look after the CIO, since he is there to build Canadian unity—

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

**Hon. Herb Gray:** Why is the separatist party opposed to Canadian unity once again?

\* \* \*

[English]

**CULTURAL HERITAGE**

**Mr. Ted White (North Vancouver, Canadian Alliance):** Mr. Speaker, the May 20 edition of the *Tamil Guardian* newspaper carried a report about the now famous new year dinner. It states that the presence of the finance minister and the international co-operation minister "has sent shivers down the spine of the ruling circles in Colombo". It also states that the Sri Lankan High Commissioner has expressed shock and disbelief at the attendance of the ministers.

I would like to ask the Minister of Foreign Affairs how he is explaining away this mess to the Sri Lankan High Commissioner

*Oral Questions*

and whether or not he has asked the Minister of Finance to stay away from any more FACT events.

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, in reply I would ask the hon. member why is he criticizing an event that was attended by one of Mike Harris' cabinet ministers, that received personal and warm congratulations from Mike Harris himself and that was even attended by the city editor of the Toronto *Sun*? Is the hon. member saying that all these people are doing something unworthy? That is the implication in his foolish question.

**Mr. Ted White (North Vancouver, Canadian Alliance):** Mr. Speaker, I think the Deputy Prime Minister is forgetting who is asking the question. I am assuming that the solicitor general has read the reports from CSIS, the U.S. state department and security agencies from Scotland and Australia with respect to the Federation of Associations of Canadian Tamils.

I would like to ask the solicitor general, does he accept as accurate the content of the CSIS reports? If so, what further action is he intending to take? If he does not believe the reports of his own department, exactly why does he not believe them?

**Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.):** Mr. Speaker, I think what my hon. colleague has to realize is the difference between legitimate gatherings and active support of terrorists. This country supports legitimate gatherings, and that is exactly what has taken place.

\* \* \*

[Translation]

**BANKING SECTOR**

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, the Minister of Finance is getting ready to reform the Canadian banking sector.

By redefining the rules of ownership, his plan encourages the takeover of small and medium size banks by single individuals and by foreign interests.

Will the Minister of Finance explain why, under his plan, the largest bank in Canada would be completely exempt from foreign takeover, while the largest bank in Quebec would be offered up on a silver platter to foreign investors? Is this how the federal government is going to strengthen the Canadian banking sector?

**Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.):** Mr. Speaker, for the past year, we have tried to promote a system that gives much more flexibility to our banks, so that they are competitive at home and internationally.

The minister has said that, in the case of banks concentrated in regions or in special provinces, he will take into consideration the

interests of the inhabitants of that region or province, i.e. in the case of the National Bank, the interests of Quebecers.

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, we must be clear and serious about this.

The minister's white paper protects Canadian banks by limiting foreign ownership to 20%. It is important to Canadians to control their banks and we are in full agreement.

But why would it not be just as important to the government to protect Quebec's banks in the same way? Why would what is good for Canadians not be good for Quebecers as well? Where is the problem? What is behind the government's policy?

• (1440)

**Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.):** Mr. Speaker, that is not true at all. There is a proposal whereby small banks will have much more flexibility and this will help consumers and SMBs throughout Canada.

With respect to the National Bank and the Laurentian Bank, which have done very well, the minister explained that, in the case of a transfer of controlling shares, the interests of Quebecers would be taken into consideration.

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[English]

**CULTURAL HERITAGE**

**Mr. Monte Solberg (Medicine Hat, Canadian Alliance):** Mr. Speaker, according to CSIS the Federation of Associations of Canadian Tamils is one of the more active fronts for the Sri Lankan group the Tamil Tigers. CSIS claims on its website that they are responsible for the assassination of Rajiv Gandhi in India and also the president of Sri Lanka among many others.

My question is very simple. When did it become government policy to send our finance minister to fundraising events that benefit groups like FACT?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, the policy of this government is very much against terrorism. This is definitely clear. I have a feeling that the hon. member is misstating what is on the CSIS website. I think what he is referring to is an article which CSIS specifically said on the website it neither endorsed nor is taking responsibility for.

**Mr. Monte Solberg (Medicine Hat, Canadian Alliance):** Mr. Speaker, I think the Deputy Prime Minister should get up to date and check that website himself. He will find in there that CSIS condemns exactly the sort of event that the finance minister went to.

The fact is that FACT is a fundraising organization for the Tamil Tigers. That is well established. Even though our own security

*Oral Questions*

agency has made that very clear, the finance minister and other ministers go to these sorts of events and put money into that organization.

When did it become government policy to allow those things to happen?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, I challenge the hon. member to table in this House anything on the CSIS website which refers on the part of CSIS itself to FACT.

I ask the hon. member, when did it become Canadian Alliance policy to smear 180,000 Canadians because of possible questionable conduct by a few? That is a shameful way to act.

\* \* \*

[Translation]

**HUMAN RESOURCES DEVELOPMENT**

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ):** Mr. Speaker, mismanagement in Human Resources Development Canada has led to at least a dozen RCMP investigations. This scandal has even led the members of the Standing Committee on Human Resources Development to call for the breakup of the department. However, if we want to get to the bottom of things, a public and independent inquiry is required.

Does the government acknowledge that the breakup of the department without a public and independent inquiry could be considered a cover-up?

[English]

**Ms. Bonnie Brown (Parliamentary Secretary to Minister of Human Resources Development, Lib.):** Mr. Speaker, the committee tabled its report just this morning. The government will respond at the appropriate time to all the recommendations within that report.

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**CRIME PREVENTION**

**Ms. Judy Sgro (York West, Lib.):** Mr. Speaker, my question is for the Parliamentary Secretary to the Minister of Justice.

Constituents in my riding and in urban centres across Canada are concerned about the incidence of crime. What is the government doing in the area of crime prevention?

**Mr. John Maloney (Parliamentary Secretary to Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, the government supports communities as they devise innovative ways of making our homes and streets safer. Earlier this week the Deputy Prime Minister and the Minister of Justice announced 46 projects in Ontario alone for roughly \$1.9 million. Since its inception in

1998 over 1,000 projects have been put into effect for roughly \$28 million.

The government's crime prevention strategy succeeds because it works with and draws its strength from Canadian communities.

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● (1445)

**NATIONAL DEFENCE**

**Mr. Peter Goldring (Edmonton East, Canadian Alliance):** Mr. Speaker, one thing was missing from the response of the chief of defence staff today to the Stopford report and that is an apology.

According to the report, the chain of command knew about the alleged poisoning of Matt Stopford and did nothing for seven years. Matt Stopford may not receive any justice, but he should at least receive an apology.

Will the Minister of National Defence rise today to apologize to Matt Stopford on behalf of his department and on behalf of the Government of Canada?

**Hon. Arthur C. Eggleton (Minister of National Defence, Lib.):** Mr. Speaker, it is most regrettable the suffering that Matt Stopford has gone through over many years. I am sorry that it has taken some seven years for this information to come out on the disgraceful action of a few people.

The matter is now being examined by a special review board that the chief of defence staff appointed today. It will report within two weeks so that we can then proceed to deal with the issue of both the perpetrators of this matter as well as those in the leadership who failed at that point in time.

I am sorry that Mr. Stopford has gone through all of this and has gone through the illnesses he has experienced over the years.

**Mr. Peter Goldring (Edmonton East, Canadian Alliance):** Mr. Speaker, I thank the minister for his apology. It was long overdue.

What specific concrete decisive action will the minister take to ensure that the soldiers involved in the Stopford Affair, no matter where they are in the chain of command, are held accountable?

**Hon. Arthur C. Eggleton (Minister of National Defence, Lib.):** Mr. Speaker, no matter where people are in the chain of command, if they have done something that is in violation of the code of conduct of the Canadian forces we will in fact weed them out.

Let me say that we are on a direction now that will move quickly, fairly and decisively to do that. Let me also point out that we should not smear the many because of the actions of a few. Most of the men and women of the Canadian forces provide vital and essential services to Canadians and do so with great honour.

*Oral Questions***ORGANIZED CRIME**

**Mr. Peter Mancini (Sydney—Victoria, NDP):** Mr. Speaker, the government may have given itself a standing ovation a little too early on the issue of crime prevention. In the fall of 1997 I rose in the House and called for an investigation into allegations of corruption and the spread of organized crime in our ports resulting from the disbandment of the ports police.

At the same time I raised concerns about important investigative case files that were being destroyed or lost while biker gangs took control of the ports. Those concerns have not gone away. In fact they have resurfaced this week.

After three years of warning, will the minister admit that we were right and that he was wrong? More important, will he take steps to re-establish the ports police?

**Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.):** Mr. Speaker, as I said a number of times in the House, our number one law enforcement priority is fighting organized crime. In fact the RCMP backs up any provincial or municipal port police or any other police force in the country in order to fight organized crime. That is what the RCMP does.

**Ms. Libby Davies (Vancouver East, NDP):** Mr. Speaker, the response from the solicitor general is just more of the same old excuses. He might as well put up a neon sign in Vancouver saying that it is open season for the international drug trade. I have been fighting tooth and nail to help stem the drug crisis in the downtown east side. Without the port police, people in that community are threatened by crime and corruption.

Where is the commitment? Will the minister commit today to reinstate the ports police so that people in this community and all communities will be safe in terms of the waterfront?

**Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.):** Mr. Speaker, I am very surprised my hon. colleague would even challenge our support to policing when this government allocated \$810 million of new funding to my department. Before that \$115 million were put in place to make sure that CPIC was up to date.

We want to be sure that all police forces in the country have the tools to do the job and to be able to fight organized crime, and that is what is happening.

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● (1450)

**NATIONAL DEFENCE**

**Mrs. Elsie Wayne (Saint John, PC):** Mr. Speaker, an RCMP source has informed us that the problems with the Delta Company

go much deeper than with six soldiers. We have had a conspiracy. We have had confessions. I am now concerned we might have a cover-up.

Why is the Minister of National Defence afraid to do the right thing and launch a fully independent public inquiry into this scandal?

**Hon. Arthur C. Eggleton (Minister of National Defence, Lib.):** Mr. Speaker, I have indicated quite clearly that we will do what is necessary to get to the bottom of this matter. We will leave no stone unturned. We will ensure no matter where the fault lies, in whatever rank, that we will in fact seek out that information and weed out any people who have not been properly following the procedures that are expected of them.

We will do that expeditiously. I do not rule out or rule in any particular mechanism at this point, except that over the next two weeks we will have a special review group, of which one is a regular military person, one is a civilian with links into the reserves and two are totally civilian.

**Mrs. Elsie Wayne (Saint John, PC):** Mr. Speaker, the RCMP witness tells us that there were severe command problems in Delta Company seven years ago. Why will the Minister of National Defence once again allow senior officers to investigate themselves?

Things must not only be right. They must appear to be right, so why is the minister afraid to authorize an arm's length inquiry to investigate every aspect of this out of control company? Then the military will have a positive picture of them.

**Hon. Arthur C. Eggleton (Minister of National Defence, Lib.):** Mr. Speaker, all allegations will be looked into. As I pointed out, the four person review group has one regular military officer, General Joe Sharpe, who did a good job with respect to the previous inquiry on Croatia, plus other civilians who will be part and parcel of determining what action is necessary.

We will get to the bottom of it and ensure that all information comes out and the right remedial action is taken.

\* \* \*

[Translation]

**UNESCO INSTITUTE OF STATISTICS**

**Mrs. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.):** Mr. Speaker, after fierce competition with Great Britain and France, Canada has been selected to be the site of the UNESCO institute of statistics.

Could the Minister of Canadian Heritage tell us what the presence of this institute in Montreal will mean in economic terms for Canada and the Montreal region?

*Oral Questions*

**Hon. Sheila Copps (Minister of Canadian Heritage, Lib.):** Mr. Speaker, we are thrilled with the choice of Montreal as the site of the UNESCO institute of statistics, especially since this also comes under a policy whereby Montreal will become an international site for both the environment and statistics.

I think it is thanks to the work of several MPs and ministers that Montreal, Canada, was chosen by UNESCO to create jobs in Canada and to raise our international prestige.

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[English]

**AGRICULTURE**

**Mr. Gerry Ritz (Battlefords—Lloydminster, Canadian Alliance):** Mr. Speaker, earlier today we saw the government deny a simple request to table the report on our assistance for struggling agricultural producers.

This report is the result of 70 public meetings, and that means open to everyone who wanted to come, across the country which heard from nearly 4,000 farmers about the issues that affect their livelihood.

What is the government afraid of? Is it the fact that the minister's AIDA program is a flop? Some 90% of farmers told us that, or is it that the Liberal government is seen more as the cause than the cure of our agricultural problems? In other words, are the Liberals afraid of facing a grassroots report card on their failing grade agricultural policies?

• (1455)

**Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, the answer to the last question raised by the hon. member is obviously no. The government is proud of its achievements.

If the government were to be asked by the opposition to table a report, it has every liberty to do so at the meeting of House leaders when consultations are regularly held. I can just imagine that he either did not have the time or perhaps he is not on speaking terms with his own House leader.

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[Translation]

**HEALTH**

**Mr. Réal Ménard (Hochelaga—Maisonneuve, BQ):** Mr. Speaker, two days ago, the provincial health ministers reaffirmed the strong consensus that exists among them regarding health care funding. Minister Pauline Marois reminded the federal government

that it will have to answer for its actions during the next general election.

How can the minister claim that he is defending the principles of the Canada Health Act when his government now contributes only 14 cents out of each dollar spent on health in Quebec? This is a shame.

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, that is false. We ourselves invited the provincial ministers to discuss the future of our health care system.

I remind the hon. member that it is this government that added more money to transfers, to the tune of 25% over the past four years. We increased transfers and we are prepared to put more money in, but under a plan of action developed with our provincial partners.

\* \* \*

[English]

**NATIONAL DEFENCE**

**Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP):** Mr. Speaker, two weeks ago the court martial case against Winnipeg Sergeant Mike Kipling was dismissed. The judge made this decision based on a finding of the fact that the particular batch of anthrax vaccine that Mike Kipling was ordered to take was unsafe and dangerous. The judge actually said that the government could never be justified to impose the inoculation of soldiers with unsafe and dangerous vaccines.

How could the government make the unbelievable decision to appeal this decision? Is that what the minister means by leaving no stone unturned?

**Hon. Arthur C. Eggleton (Minister of National Defence, Lib.):** Mr. Speaker, the director of military prosecutions within her jurisdiction has filed an appeal. Quite frequently there are decisions of courts in both civilian and military courts where one side just simply does not agree with the judge's ruling and therefore appeals it.

There are implications here in terms of the conduct, the cohesiveness and the discipline of the Canadian forces that are felt by the director to be important. Therefore an appeal has been launched.

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**TAXATION**

**Mr. John Herron (Fundy—Royal, PC):** Mr. Speaker, earlier today I contacted the office of the Minister of Finance to find out what it was doing to eliminate policies that discourage sustainable forestry practices on small private woodlots. Those inheriting woodlots are taxed on the value of the tree land, which encourages clear-cutting. In addition, unlike farmers woodlot owners are

*Business of the House*

unable to deduct maintenance expenses from their income or claim the capital gains exemption.

In a letter to woodlot owners the Minister of Finance agreed that the tax system should not produce environmentally perverse practices. This has been a 12 year chase for 420,000 woodlot owners. When will the government sort it out and get it right?

**Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.):** Mr. Speaker, I thank the member for Fundy—Royal for his notice to me on this issue and for his very valuable ongoing input.

I know that some of these issues were addressed in the information bulletin put out by the CCRA. I also know there are ongoing issues such as, as the member mentioned, intergenerational transfers and the ability to deduct expenses incurred on the woodlot from other sources of income.

I understand there are ongoing consultations with the Canadian Federation of Woodlot Owners and with individual owners. I will be happy to keep the hon. member abreast of our discussions.

\* \* \*

[Translation]

#### FRANCOPHONE ENTREPRENEURS IN WESTERN CANADA

**Ms. Raymonde Folco (Laval West, Lib.):** Mr. Speaker, my question is for the Secretary of State for Western Economic Diversification.

Could the secretary of state explain what his department is doing to meet the needs of francophone entrepreneurs in western Canada?

**Hon. Ronald J. Duhamel (Secretary of State (Western Economic Diversification) (Francophonie), Lib.):** Mr. Speaker, we have jointly defined the priorities for francophone communities in western Canada.

• (1500)

We have determined how to meet their needs and, together, we have decided to set up, in each province, an economic development office to ensure capital access. We have also determined that these communities needed to put the emphasis on entrepreneurship.

Finally, all the provinces have created a francophone corridor for tourism which will soon be linked to the Canada-wide tourism corridor.

\* \* \*

[English]

#### PRESENCE IN GALLERY

**The Speaker:** Today we have a very special group of young Canadians with us. I want to draw the attention of members to the

presence in our gallery of 11 boys and girls, the Children's Miracle Network 2000 Champions from across the country. These youngsters have overcome life-threatening illnesses or injuries and have been chosen to represent the two million children who are treated annually by the Children's Miracle Network hospitals and foundations across Canada.

[Translation]

Today, these young people will receive a medal to recognize their courage and their efforts at a reception in my office. I invite hon. members to join them in room 216-N, after oral question period.

[English]

I will read the names of the 2000 Champions, and I would ask that members hold their applause until I have finished. The names are: Daniel Alexander Ennett, Edmonton; Adrien Gagnon, London; Michael Korenowski, Calgary; Matt MacDonald, the Maritimes; Leah McLoughlin, Newfoundland; Simone Pabreza, Toronto; Laurelee Philippe, Ottawa; Crystal Rondeau, Manitoba; Jennifer Vail, Saskatchewan; Matthew Williams, British Columbia; and, Melissa Woodard, Quebec.

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

\* \* \*

• (1505)

#### BUSINESS OF THE HOUSE

**Mr. Jay Hill (Prince George—Peace River, Canadian Alliance):** Madam Speaker, I wonder if the hon. government House leader has any idea what legislation he will be bringing forward over the next week or so. I would also like to know if there is going to be a fall session of parliament or an early election.

**Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.):** Madam Speaker, once I have finished answering the question perhaps I could ask my own supplementary.

This afternoon we will resume consideration of Bill C-31, the immigration bill.

The business for tomorrow will be report stage of Bill C-11, respecting Devco, and report stage and third reading of Bill S-3, respecting international tax treaties. If that business finishes early tomorrow I do not intend to call other business at that point.

On Monday we shall return to Bill C-32, the budget bill that was passed at report stage earlier this day. We will do that bill at third reading. That will be followed by resumed consideration of Bill C-31 if it has not been completed today. In the event that it has, which I understand is possible, then we will resume consideration of Bill C-33, the species at risk legislation.

*Government Orders*

Tuesday, June 6 shall be an allotted day during the normal sitting hours. There have been consultations with other House leaders and there is agreement that we would sit Tuesday evening, under special provisions to be agreed to in the form of a motion, to complete the third reading of Bill C-11.

On Wednesday I expect that the House shall consider Bill C-25, the income tax amendments, and Bill S-10, the DNA data bank legislation.

Thursday, June 8 shall be an allotted day. At the present time it would be my intention to call Bill C-19, the war crimes bill, at report stage and third reading.

That is the business of the House until the end of next week, at least to the extent that we can determine at the present time.

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## GOVERNMENT ORDERS

[English]

### IMMIGRATION AND REFUGEE PROTECTION ACT

The House resumed consideration of the motion that Bill C-31, an act respecting immigration to Canada and the granting of refugee protection to persons who are displaced, persecuted or in danger, be read the second time and referred to a committee.

**Mr. Rahim Jaffer (Edmonton—Strathcona, Canadian Alliance):** Madam Speaker, prior to question period, I was talking about the changes being proposed to Canada's immigration and refugee laws. For the benefit of those who are tuning in now, we are talking about Bill C-31. I was also talking about how proud I am as a refugee myself, coming here almost 28 years ago, to be a Canadian and about how disappointed I am to see our immigration system not being able to keep up with the demands that have been placed on it and the problems that has created.

We cannot keep up with the pressures on our immigration system and the unfortunate spin-off of problems. People are fed up waiting to go through the application process, either on the refugee process side or on the general immigration side.

We have seen many problems over the last number of years because of the lack of resources that have been placed in this particular area of the government. We hope this will be changed.

• (1510)

Even though the Minister of Citizenship and Immigration touts the new legislation as being tough and fixing many of the current problems facing the system, it will not accomplish its objectives and will likely to significantly slow down the entire immigration system. This is a big concern for us in the official opposition and for Canadians.

No matter what is contained in the new act, it will never be effective if the government does not ensure that there is improved management of the system, better training, tighter auditing and more emphasis placed on enforcement.

I want to touch on the idea of enforcement in light of the people smuggling and the number of refugees who have come from China in the recent past. This has raised a lot of questions about our immigration system and specifically the track record of the government on the management of the department. We do need to seriously address these questions.

The passage of Bill C-31 would be like signing a blank cheque to a government that has proven incapable of managing Canada's immigration system. The regulations will actually determine how the new immigration laws are applied and enforced. As I said, the immigration minister had the opportunity to make this bill work better but she has not done so.

The area I want to touch on specifically is where we saw some really tough talk from this minister, especially when it came to describing the new legislation. The bill will not deliver the necessary changes to re-establish the integrity of the immigration system and protect our borders from organized crime, terrorists, people smuggling and illegal immigration. These are things that are very important to Canadians in light of some the things that have happened recently. They want to see their immigration system work and their borders patrolled effectively. They want to see the resources needed to process immigrants and refugees put into the department to make the system work more effectively.

The bill provides for higher maximum penalties for the crime of human trafficking. On the surface this appears to be strengthening our laws, and it does, but it will have little or no effect on the flow of illegal immigration to Canada.

The stiffest penalties would apply only to those in charge of people trafficking operations. They are untouchable under Canadian laws as they operate primarily outside the country. The biggest problem is how to actually bring to justice the people who are profiting from the illegal trafficking of people. If the bill does not even begin to address this issue, then we have failed. The government has failed to strengthen this particular part of the bill and to stop the problem of illegal refugees and immigrants coming to this country.

*Government Orders*

The mid-level organizers who may live in Canada are protected by organized crime rings and are rarely caught and seldom convicted. Once this bill comes into force, it would be surprising to see even one person convicted and given a harsh penalty for the crime of human trafficking.

The current maximum penalties have never actually been applied to anyone convicted of people smuggling. In fact, as of 1999 the highest penalties ever handed out were 10 months in jail and a \$3,000 fine. This is hardly the type of justice that should be put down on these sorts of people who are creating the crimes specifically pertaining to immigration.

With respect to enforcement, Bill C-31 mirrors the current Immigration Act. All that has really changed is how the act is laid out. The minister's strong message should not fool Canadians into believing this piece of legislation will fix the system. This bill lacks the necessary teeth to seriously address Canada's growing illegal immigration problems.

The bill is touted as the result of extensive consultation with the Canadian public, industry experts, law enforcement agencies and parliamentarians. The fact is that successive studies and reports were ignored by this minister. She would be hard-pressed to point out where even a handful of the recommendations can be found in the bill.

• (1515)

We have seen over and over again that when recommendations are made through the public process, through inquiries, through a number of different channels trying to involve the public to improve legislation, to be reflective of what Canadians want in this country, that the government seems to ignore grassroots Canadians. It seems to ignore the people that this type of legislation affects the most.

This is unacceptable to Canadians. It is unacceptable to the official opposition. We see legislation continuously pass through this place that could go a step further, that could be better, that could help Canadians. However, unfortunately, with the government's lack of response to grassroots Canadians, we do not see legislation being improved the way we would like to see it improved and the way Canadians would like to see it improved.

Even if the new immigration bill were good legislation, which it is not, it would not be effective until the government implements better management, training, auditing and enforcement within the system.

For 10 years the auditor general has stated that Canada's immigration and refugee system is in serious need of repair. The government has continually failed to listen to Canadians as well as potential immigrants and refugees.

The auditor general in his recent evaluation of Canada's immigration department states:

On the whole, we are very concerned about the Department's ability to ensure compliance with legislative requirements in this area. We noted serious deficiencies in the way it applies admissibility criteria related to health, criminality and security. It is somewhat disappointing to note the limited progress it has made since our 1990 Report. . . . We believe that the Department needs to take corrective action without delay to ensure the integrity and effectiveness of the Canadian Immigration Program.

This is the auditor general speaking about Canada's immigration department and still the government refuses to acknowledge some of these criticisms, even from its own advisers.

This is something which Canadians need to take note of, especially when we are dealing with a bill that hits so close to home, the immigration and the refugee matter. It is a shame that this government will not even listen to its own auditor general.

Considering the abysmal track record of the government and its management of the department, this is a very dangerous piece of legislation. Much of the regulation in the bill is left to the regulation side and is not included in the legislative process in the House.

I also want to talk, generally, about what Canadians want to see when they look at their immigration system and the things that system should provide. Canadians want an immigration system which will accommodate independent immigrants who will quickly add to our economy, which will welcome genuine refugees and which will reunite these people with their families as soon as possible.

The government has failed to deliver what Canadians want in this new bill. There are a total of two clauses in Bill C-31 that refer to independent immigration. The rest is left to the regulations, as I said. Regulations will give the minister and her department the authority to determine, without guidance from the legislation, the definition of the terms child and common law partner; how to apply to amend the point system; how many of these applications would be approved every year; the number of immigration applications accepted each year; and the designation of classes of people such as spouses, foreign workers or foreign students who would be eligible for landing.

This raises a few concerns for Canadians to have this sort of discretion left to the regulations and not defined specifically in the legislation.

Through the committee process my colleague from Lakeland, who is our immigration critic, put forward a number of amendments to deal with this area, trying to strengthen this legislation to make it more responsive to some of the things I have mentioned, and especially trying to put some teeth into it.

In the committee process we would hope there would be an effort made by all members of this place to be non-partisan and to put

forward amendments to improve legislation, no matter what side of the House they sit on. Committees are supposed to represent democracy and bring forth good ideas to make legislation better. They should not be involved in partisan politics.

• (1520)

However, we have seen committees continuously deteriorate to become havens of partisan politics, where we do not try to help one another improve legislation, especially when a member of the opposition puts forward amendments which could make government legislation better. Government members continuously vote down those amendments. It is not that opposition members want credit for those amendments, they just want to see Canadians well served. They want to see legislation improved and they want to see the committee process work.

Time and again we see the government continuously slap opposition members in the face. It slaps the committee process in the face and does not allow the committees to work the way they are supposed to. It is disheartening. It is disheartening to members of the opposition who are trying to serve their constituents and trying to improve legislation for Canadians. It is disheartening for Canadians who sometimes have the opportunity to tune in to committees. We do not even open up that process as much as we should. It is disheartening to Canadians to see their parliamentary system not working the way it should to improve legislation. We in the official opposition continue to fight to improve the transparency of this place, to improve the way the committee system works and hopefully to even have freer votes in the House to improve legislation. No matter what side of the House members sit on, if they have good ideas which can improve legislation, those ideas should be heard and endorsed in the House.

Canadians are concerned with how immigration will benefit Canada. This legislation provides no clear or firm laws to govern immigration. Once again, Canada's immigration system will be left to the hands of bureaucrats and the government, leaving very little room for accountability to the Canadian public.

I would like to summarize some of the points I have made in my speech today, especially in light of this bill and the changes that have been proposed to the immigration and refugee protection bill. The Minister of Citizenship and Immigration touts this legislation as being tough; that it will fix many of the problems Canada's immigration system faces today.

As I and many of my colleagues have demonstrated, this bill will not accomplish its objectives and is likely to significantly slow down the entire immigration system.

That is the result Canadians do not want. The result we were fighting for was to make our immigration system work better. We want to have a system which focuses its resources properly, which makes this process work more effectively and which processes

### *Government Orders*

legitimate refugees and immigrants more effectively, not a system which is bogged down by a government that fails to lead and fails to make its system more transparent.

As I mentioned at the beginning, as an immigrant to this country it disappoints me greatly that this government will not act to implement the changes which Canadians want.

[*Translation*]

**Ms. Raymonde Folco (Laval West, Lib.):** Madam Speaker, I really wonder whether the hon. member for Edmonton—Strathcona and I read the same bill.

All in all, his understanding of the bill strikes me as rather minimal. Since he mentions the fact that he is an immigrant, I am proud to say that I am no longer one—I am now a Canadian. I will therefore speak as a Canadian, but one who knows what immigration is because I have been through it myself.

I would like to pick up on a few points. I should say that there are so many errors and misunderstandings about Bill C-31 on immigration and refugees that it is simply not possible to touch on all the points raised by the member.

But there are four I would like to examine, the first being the fact that this bill is intended to strengthen immigration, people's plans to immigrant to Canada.

We know, for instance, that the minister has already concluded co-operation agreements with international agencies throughout the world for the specific purpose of stopping illegal immigration to Canada, not when these people land illegally in Canada, but at the source.

• (1525)

We also know that the minister has already travelled, to the People's Republic of China for instance, precisely in order to try to negotiate agreements with the government of that country to dry up illegal immigration to Canada at the source. I believe that the hon. member for Edmonton—Strathcona has forgotten these points, which are to my mind very important ones.

I would also like to mention that there have been some very extensive consultations on this bill, and on Bill C-16 on citizenship. We know that the minister and her predecessor in the House of Commons both held consultations across Canada. From speaking to a good many of my constituents, since my riding contains a large number of Canadians who were born elsewhere, I know that they are extremely pleased with this bill the minister has introduced, and totally support it.

When the hon. member for Edmonton—Strathcona speaks of there having been consultations which the minister did not heed, I have to object. I can see that my constituents are very pleased.

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I would like to remind this hon. member, who benefited from generous legislation, who was able to come here to Canada with his family and who perhaps was able to bring in other relatives, that Canada is a generous country. We do not want illegal immigration, but we do want to continue our tradition of generosity toward people, be they refugees or immigrants, to welcome them and later welcome their relatives when they want to bring them over.

There is room here in Canada. We are all from somewhere else. Either we or our parents or great-grand parents came from another country and we want to continue that great tradition of which Canadians are proud and for which we are known throughout the world.

[English]

**Mr. Rahim Jaffer:** Madam Speaker, I do not know exactly where to begin to address some of the comments the hon. member raised. She raised some interesting points. I will, however, try to address at least the last of her comments before I attack some of the other things she said.

I do not think anyone would argue the fact that the immigration system should be generous. The immigration system should work in favour of potential immigrants and refugees coming to this country, as it did when my family came, as she so rightly pointed out. Unfortunately, things have deteriorated.

Also, under this government's leadership things have become worse, especially when it comes to processing refugees.

**Ms. Raymonde Folco:** Prove it.

**Mr. Rahim Jaffer:** Madam Speaker, I am being heckled from across the way about proving this point.

We have seen more cases of people profiting from the trafficking of illegitimate refugees. They have become more numerous, as we have seen from the news. We have seen it more than ever.

As I mentioned in my speech, we do not have the proper resources and efforts are not being made to allow our immigration system to process refugees as well as immigrants expeditiously. That is why there is so much pressure for people to jump the queue, to look at illegal ways to enter this country. That would not be the case if our system worked effectively. The proof is in the pudding. This is common knowledge to many Canadians.

This is why we in the opposition have proposed many changes to the legislation which would focus resources more effectively to allow our system to process potential immigrants and refugees more effectively.

My hon. colleague opposite referred to the minister's trip to China to try to deal with this situation. Unfortunately, her travels

ended up to be mostly a joke. She did not accomplish anything which she set out to do. If travelling would solve the problems, we would not have to be here.

We need to take a good look at this. I addressed the case of how this bill failed to meet the immigration minister's tough talk in describing the new legislation.

As I said, when it comes to the integrity of the immigration system to protect our borders, to fight organized crime, terrorists, people smuggling and illegal immigration, this bill falls short.

• (1530)

**Mr. Dale Johnston (Wetaskiwin, Canadian Alliance):** Madam Speaker, I listened to my colleague's very well reasoned and delivered speech and I could not help but wonder if he gets as much concern about immigration problems in his constituency office as I do.

Not to put words in my colleague's mouth, but just to give Madam Speaker and the rest of the House an idea of the kind of concerns I hear from constituents regarding immigration, the people who come to see me have gone through all of the legal requirements to immigrate into Canada. They have dotted all the *i*'s and crossed all the *t*'s and it seems that roadblock after roadblock is thrown in their way.

By the time they have come to see me they have been everywhere else. By the time anybody comes to their MP usually they have gone through all of the other bureaucratic channels and then they try the political route. By the time they come to our door they are extremely frustrated. Usually what I hear is that they are trying to do everything through the proper legal channels and within the parameters set out in the Immigration Act and they are having a terrible, tough time getting into Canada but people who arrive here by illegal means are brought ashore and embraced. Would my colleague remark on that?

**Mr. Rahim Jaffer:** Madam Speaker, there is no doubt that in my own experience, in my short time of being in this place, immigration is one of the biggest concerns that comes to my office.

Unfortunately it seems that the problems people are facing when it comes to bringing their own family members or various other people to this country, have grown ever so numerous. As I pointed out during the course of my speech, most of it seems to be that the immigration department cannot process immigrants properly. It takes forever. People are frustrated. It seems that the resources are not being allocated effectively. We are not doing our job and the government is not doing its job in trying to serve the public and Canadians who are trying to go through the legal process, who go through the proper application process to get their friends, family or other immigrants to this country.

*Government Orders*

I see the frustration every day in my office. Constituents are complaining about different parts of the immigration system. They complain that they have exhausted all the channels. Some of them are in tears because they do not know where to turn.

Why is the government not responding to the needs of immigrants, to families and trying to be charitable or generous as my hon. colleague mentioned? This is the last thing many constituents in my riding who are coming to me with immigration problems feel. They feel that the government is not being generous, that it is not dealing with immigration files expeditiously. That is one of the great failures of this bill. I wish we could have improved it.

**The Acting Speaker (Ms. Thibeault):** I must inform the House at this stage that we are entering into a new phase of the debate. From this point on speeches will be of 10 minutes. There will be no questions or comments.

**Mr. Pat Martin (Winnipeg Centre, NDP):** Madam Speaker, I am very disappointed to learn that we are limited to 10 minutes because we are finally on a subject that we can really engage in some necessary debate, on the matter of policy relating to immigration and refugee issues. After struggling through Bill C-16 endlessly, it now seems we have very scant opportunities to really debate issues of substance regarding immigration policy.

Having said that, I think it is a mistake to enter into any serious policy debate on the subject of immigration until we first answer the question, how big a country do we want? How big should Canada be? Why should we be setting policy if we do not even know what the goals are? This debate has never really taken place in any meaningful way in the country. Should Canada be 100 million people? Is there room for 200 million people or 50 million people?

Sir Wilfrid Laurier at the turn of the last century said Canada should be 100 million people by the year 2000. Frankly, given the birth rate and the demographics of the time, his statisticians and demographers were correct. Had we maintained the same birth rate in 1900 throughout the whole century, we would be at 100 million people today. He was correct, but things have changed. The birth rate has dropped dramatically.

• (1535)

Those are the two things we have to look at if we are serious about growing our population and moving our population forward. Birth rate and immigration are the two factors that demographers build into their models when they are trying to see what Canada will look like 10, 20 and 50 years from now.

At the current birth rate without any immigration, in 100 years time we would be a country of 18 million people. We are 32 million today and 100 years later we would be 18 million people. Cities

like Minneapolis will be bigger than that 100 years from now. The computer models show that without immigration our population would shrink. It cannot afford to shrink if we are going to be competitive in the new global economy.

Having said that, obviously everyone in the House accepts that immigration is necessary for Canada for future economic growth, but how much? We have not had that debate. How can we set law and policy dealing with immigration if we do not know what our targets are, if we do not know what our goals should be?

I wanted to preface my remarks with an urgent call that we should be having an honest non-partisan debate about what we want Canada to look like in the coming years. It is very hard to say if Bill C-31 has any merits or if it meets our needs because we do not have any clear goal of what those needs are.

Some people have serious reservations about Bill C-31 and I share some of those feelings. I have heard it said that it really asks more questions than it gives answers because, as was pointed out by the previous speaker, it is just a framework document. All the meat and potatoes, all the guts, are going to be left to regulation.

Regulations are not things which are debated in the House. It is a dramatically undemocratic process to let us figure out what colour to paint the lunch room and let someone else do all the important decision making, like how fast the assembly line should go. I feel slighted that we are not going to be debating the issues of substance. That is all going to be within the regulations and within the purview of the minister and not within the purview of the House of Commons. We are very concerned about that.

The bill does contain a number of positive measures. The consolidation of all the protection related decisions in the Immigration and Refugee Board will be a positive move. Ultimately however, critics we are talking to are saying that by inconsistently applying human rights norms in some context and then violating them in others, the bill fails to demonstrate any underlying commitment to justice and to our international obligations in the various institutions like the United Nations.

On the negative side I want to point out that the bill demonstrates an unhealthy obsession with criminality without any safeguards to protect the wrongly accused. I believe this stems directly from the hysteria associated with six boatloads of illegal migrants who drifted up on the shores of British Columbia this summer.

I should point out that other countries are coping with this as well and coping with it in a more mature way. Australia had 88 boats of illegal migrants last year. We had six. It expects 150 this year, but we do not see the same hysteria or the same urge to crack down, get tough and change immigration laws and policies based on what is really an anomaly.

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There is a saying that it is a poor sailor who sets his course by the lights of a passing ship. What happened last summer was lights of a passing ship, and here we are prepared to permanently change our whole immigration policy based on that. That worries me and it worries a lot of the people we have been talking to.

There are a number of issues I would like to go through. One of the things we have to deal with, and it is a necessary evil I suppose, is the penalties which have to be increased for the trafficking of humans. It is by international agreement more or less that all the countries of the world are starting to crack down on the illegal trafficking of human beings. It is one of the most reprehensible things going on in the world today. It is tantamount to slavery and bonded labour. These things cannot be tolerated in our country. Therefore we approve the increase in the penalties for illegally trafficking people and the exploitation that is often associated with it.

• (1540)

We draw a cautionary note however. I point out that in part of our history we were very proud of illegal trafficking and smuggling of human beings. We had the underground railroad which, breaking all the laws of the land, illegally smuggled slaves from the deep south and brought them to Canada. That is a part of our history we are very proud of.

All over the world there are modern day underground railways taking place where people are being delivered from persecution by people who are breaking the law to do it. I remind the architects of this legislation that we should not ignore the very real, courageous work that is going on in terms of smuggling people. Sometimes people are being smuggled out of danger to save their lives. There is a line we have to view there.

There is one thing I must mention. The bill makes reference to the best interests of the child. We believe that incorporating that language is a step in the right direction. It shows up at various points in the bill. But we do not believe it goes far enough. Canada has stipulated to the UN Convention on the Rights of the Child and the language is far stronger within that convention. We believe that the language in the legislation should accurately reflect the language we are already bound to under the UN convention.

I must comment on the aspect of criminality. I have noted before that we are disappointed in how much the bill concentrates on this aspect. To bar anyone making a refugee claim who has ever been convicted of a "serious crime" is a terrible mistake. This is something we will call to be corrected.

Under this clause Nelson Mandela would not qualify for immigration into this country because he was convicted of what was thought to be a serious crime in his home country. He would not be allowed into this country. The government and the Liberals were fawning all over themselves to touch the hem of his garment when

Nelson Mandela graced us with his presence and now they are passing legislation one year later which would effectively bar that same man from ever becoming a Canadian or even taking sanctuary in this country.

Let us think this through. There are some places with corrupt dictatorships where people are persecuted and put in prison for political ideology or any number of other reasons when they do not deserve to be. Those people should not be barred access to Canada if they seek refuge here because they may have committed crimes under a regime that we do not even agree with.

Along those same lines we should be very careful that when we do revoke citizenship or turn people away from this country we never ever send them back to places that are known for torture or where they run the risk of being tortured because again, we are stipulated to the United Nations convention on torture. We must make sure that our rules would never force such a thing to happen.

The last thing I will mention in my final minute is that this government is missing a valuable opportunity to do something about the racist head tax. The right of landing fee is absolutely racist. It is racist because it economically discriminates against those who come from third world developing nations and who are often people of colour. For those from West Germany it is not that hard to raise \$975. For those from the Sudan it is three years income and is impossible. Therefore, whether by action or omission, we are inadvertently selecting people based on race. The head tax should be eliminated if we are to welcome people to this country.

I wish I had more time.

**Mr. Lee Morrison (Cypress Hills—Grasslands, Canadian Alliance):** Madam Speaker, I would like to begin by complimenting the member for Winnipeg Centre for his very reasoned comments about the over-reliance of this new legislation on regulation rather than having the rules clearly stated and built into the bill. This is just another of hundreds of examples that we have seen in the last seven years of the gradual erosion of the powers of parliament and the handing over to either the centre of the government or the bureaucrats, or both, the powers which should be exclusive to us in this Chamber.

• (1545)

As the son and grandson of immigrants I have a very keen interest in what I see happening around me these days. We have become, for the third time in a century, an immigration dependent country, an immigration dependent economy. I do not think anyone would deny at this point that in order to keep the pump primed we do have to bring in more people, preferably people with skills, people with ambition, and people who can contribute physically and financially to the maintenance and growth of our economy. This should be the prime purpose of immigration. This is what Canadians want.

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For the record I would like to quote the policy of the Canadian Alliance Party on that particular point:

We should have an immigration system that will accommodate independent immigrants who will quickly add to our economy; a system which will welcome genuine refugees and which will reunite people with their families as soon as possible.

The government has failed to deliver that, and I do not see any sign in the new act that it is on the line for the future.

I should like to address briefly the question of refugees, which seems to be the part of the Canadian immigration system that is attracting the most public attention and is causing the most concern to the general population. It really hurts me as a Canadian to see how our country has been made a laughing stock of the world because of the way we handle refugee claimants.

Migrants get their toes on Canadian soil, say the magic word refugee, and they are in. That is a wonderful setup for criminal traffickers in human beings or for plain scofflaws and queue jumpers. This is not the way to run a country. If we do it that way, why have an immigration department at all? This issue is that it is becoming a rubber stamp. It makes no sense.

This goes back to a court decision in 1985. The Singh decision made very clear that once people gets their toes on the ground they have all the rights and privileges of a Canadian citizen, or at least that is the way the decision was interpreted by the immigration department.

The government extended the Singh decision to mean that all refugee claimants, in fact any foreign national who lands on Canadian soil, should be given the full protection of the Canadian Charter of Rights and Freedoms. That interpretation is certainly a major contributing factor to Canada becoming the favoured target all over the world for people traffickers, for scofflaws, for people who cannot be bothered to go through the formalities of proper immigration procedures.

This new legislation will outsize Singh. According to the new act anyone who applies for entry into the country, no matter where in the world, automatically gains protection under the Canadian Charter of Rights and Freedoms. There is no other country on the face of the earth that gives citizenship rights, or rights equal to those of citizens, to foreign nationals outside its borders. People trying to get into this country will think we have lost our minds.

I have talked to immigration officials who have read the bill and see what is coming. Obviously I cannot quote their names but they are appalled. They are asking what they are going to do now when what looks like a spurious applicant comes before them and they say no for a good reason. The person will then immediately invoke

the rights our citizens would have under our constitution to challenge the decision made by these officers.

• (1550)

If the officers are confronted with this often enough, they will simply throw up their hands and say "It is no use. We cannot keep bailing. The hole in the boat is getting bigger all the time. Our jobs are without purpose. We will just have to open the floodgates and let people in".

I sincerely hope that clause in the legislation will be amended out before we finally get to vote on it. It is an absurdity. I do not know who makes up these things, but it must be somebody with a fine imagination.

I have talked about the idiocy of the new legislation, but there are some good things in it. There is the stiffening of the penalties for trafficking, for example. However, if we look at that closely, those clauses are without much meaning.

If someone is a big time people smuggler, that person will not come to Vancouver, set up a booth on Hastings Street and say "Come now and we will arrange your illegal immigration". He will reside either in his home country or in a third country where we cannot get at him. We have a law that says one could get a million dollar fine or a year in jail. So what? It has no effect.

I have heard today a couple of times about how our minister has presumably partially stopped the flow of illegal immigrants by going to source, making trips and talking to officials in the source countries of illegal immigrants. I am sure, oh so sure, that really deterred a lot of people. In the real world how many do we think it deterred when we have legislation coming up that will give people the right and the opportunity to say that if we do not want to let them into our country they will appeal again and again and eventually get in. What is our minister doing?

I deeply regret that I have only 10 minutes. I wanted to tell the House a whole bunch of horror stories on the other side of the coin about legitimate immigrants, people who have come here with the best will and intent. They have good jobs and are contributing to the country. However, after years and years of effort, they have been unable to get landed. I have a number of them in my constituency. Even though I am in a rural and so-called remote area, I get more of these kinds of cases than of almost anything else but income tax.

**Mr. Roy Bailey (Souris—Moose Mountain, Canadian Alliance):** Madam Speaker, following on my colleagues I think it would be best if I asked a question in relation to Bill C-31. We have had many different waves of immigration in our history. From the Irish to the Chinese, to *The Last Best West*, we have had waves and waves of immigration. Why is it that in the last 10 or 15 years we

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have had more problems than in the previous 150 years? That is the question Canadians want addressed.

• (1555)

To try to make the claim that this party is against immigration is absolutely false. We have to put this department in its proper place so that it can function properly. On a scale of one to ten Canadians might rate health care at five or police protection at two, but when it comes to immigration Canadians probably rate it at minus three.

Two doctors in my constituency, a husband and wife, were brought into the country. They laboured long and hard, day in and day out. They applied to go back to South Africa for a break and tried to get a permit to re-enter Canada. They were two very honourable and trained physicians.

I will find out this weekend when I return home if they were allowed re-entry into Canada. They have tried their very best. They came to their member of parliament. I tried everything I could, and finally on the day of the departure they said if they were denied they would never return to Canada. These people came here and slaved it out in our hospitals, and that is the kind of treatment they receive.

I will give one more example. Last week a girl in Ukraine had gone through everything legally. She travelled 12 hours on the train to Kiev. When she got there she thought all her papers would be in order. Instead of just walking up and taking a card for the line up to get in the queue, she had to buy a place in the line in front of the Canadian embassy, right before the immigration officials. What made it worse was that her application form was stamped rejected before she even completed the inquiry.

I could go on, but this is what Canadians are telling me. Like my colleague for Cypress Hills—Grasslands, I find these people come to their members of parliament when everything else breaks down.

Every case has been proven to be overly bureaucratic and prone to excessive legal delays. Why is it that we are so absolutely tough and ignore those people who not only would make good citizens but are well trained and ready for a job in Canada. One gentleman said:

Unless this department becomes more effective in implementing better management, better training, better auditing and more enforcement within the system, it will continue to fail Canadians.

• (1600)

I do not know why the government keeps bragging about this department. It is atrocious. I have files in my constituency to prove that this is so.

Another person who recently came to this country said, "The integrity of Canada's immigration system to protect yourselves

from crime, terrorists and people smuggling is disgraceful". As my hon. colleague just mentioned, when we pick up the paper, it is unbelievable to see who is granted status immediately when they come into the country. Yet, there is file after file on people who have been denied access and on cases which are still being looked at.

What do Canadians want? We want the system we had in the last century that brought people into the country. We had no immigration problems with law. We had no immigration problems with unemployment. What do we have to have? We want an immigration system that will accommodate independent immigrants. We want the process of coming in to be improved. Not only that, we do not want them to suffer unnecessary delays. We need these people because they quickly add to our economy. We welcome genuine refugees. They know and have been told all around the world to get their feet on Canadian soil and they will be protected by the charter. Our legal immigrants do not even like what they see. Those who have come here are insulted by this. The government has failed to deliver what Canadians want and expect of this department.

In attempting to be all things to all people, we have disgraced immigration in Canada. We need to take the bill back, redraw it and go outside this Chamber to get information from people who are concerned about immigration. We are not doing it. Until we make big changes to this bill and to the approach taken by the department, we will continue to have an immigration scandal well into this century as well.

**Mr. Gary Lunn (Saanich—Gulf Islands, Canadian Alliance):** Madam Speaker, I am pleased to rise on Bill C-31. My hon. colleagues from Souris—Moose Mountain and Cypress Hills—Grassland focused on how immigrants who are trying to come into the country are frustrated by the process. They spoke very eloquently. I am going to focus on a few other areas specifically within the refugee process which I am very familiar with. I was there last year when 600 Chinese boat people landed in Victoria and on Vancouver Island.

The name of the bill, the immigration and refugee protection act, suggests that the government wishes to protect refugee applicants. I suggest that it makes Canada the easiest target for abuse of the refugee system in the world. I will show the specific details in the bill. That is not what Canadians want.

Canadians want an immigration system that will allow immigrants to come into Canada efficiently and quickly. Immigration built Canada and our economy thrives on it. Canadians want a system that welcomes genuine refugees, like people from Kosovo, East Timor and other places that are in conflict or danger. What we do not want is a reputation for receiving economic refugees, or queue jumpers, or people who are abusing the system. Also once we get that reputation, people will want to come to our country through this process for illegitimate reasons and use it as a corridor to get into the United States. They could have other reasons that could be illegal.

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• (1605)

I do not understand why our government has absolutely no interest in stopping what is going on. We heard the minister of immigration say to us in recent months that her focus was one that was going to make the process easier for refugees and to go after the snake heads, organized crime, the people who are smuggling people into Canada and making millions of dollars.

Ironically nine of those are going through our justice system now were practically thrown out the front door of the courtroom last week by a justice in Victoria who was prepared to drop all the charges. That has not happened, but it shows there is grave concern about the system and there is no leadership coming from the government.

I will focus on the specifics. There are two key flaws in the bill which neutralize any possible positive changes the government could make.

The first one relates to the Singh decision, the 1985 Supreme Court of Canada decision which states that genuine refugees, and I want to emphasize genuine refugees, would be afforded protection under the charter.

I would argue that when these people come to Canada they are not genuine. They are in fact economic refugees who are abusing the system and therefore should not be afforded the protection of the charter. The government's interpretation of the Singh decision is that if someone puts one toe on Canada's soil and says they are a refugee, they are going to get charter protection. That is not what the Singh decision says. It says that if a person is a genuine refugee under the definition of the Geneva convention then they would be afforded all the rights and protections of the charter.

What is worse is the government is putting its own interpretation of that court decision into legislation. Clause 3 of the bill states, "This act is to be construed and applied in a manner that ensures any person seeking admission to Canada is subject to the standards, policies and procedures consistent with the Canadian Charter of Rights and Freedoms". That is appalling. It is an utter disgrace and an abuse of power. Any person. They could be convicted criminals, terrorists, or queue jumpers.

We want to a process where we honour our commitment to the Geneva convention. To give any person who shows up in this country and says "I am a refugee", regardless of their past and how they got here all the protections of Canadian citizens, we do not give that to people who are trying to come into this country legitimately. There are people applying to our embassies abroad saying, "I would like to immigrate to Canada". We do not give them the protection of the charter for crying out loud, but a person who gets their toe on our soil does.

People get on planes and rip up their passports. I do not know how many hundreds of flight attendants have told me as I commute

between Ottawa and Victoria on a weekly basis that when they do international flights it is a big problem. Passengers destroy their documents on the plane and they get off the plane and say, "I am a refugee," and here they are. That is one flaw. It is absolutely unconscionable the government would even consider that.

The second is the bill expands the definition of who can become a refugee in Canada. Canada's definition goes well beyond what our commitment is to the Geneva convention. Again we are a signatory to that convention. We in the Canadian Alliance would like to honour that and we would do our fair share when we need to step up to the plate. However the government is putting into legislation that any terrorist, any criminal, anyone for any reason who puts a toe on this soil, has the protection of the charter, which is absolutely wrong. We are ensuring that Canada is going to be the world's number one target for human smuggling operations.

• (1610)

The nine Koreans who are on trial right now in Victoria and who came within a hair of being released and sent home to continue their business were laughing. They were waiting for us to fly them home in one of our jets so they could fill up more boats.

It is absolutely unbelievable that the government cannot see a problem. I want to emphasize that the problem is not the 600 refugees who came on boats last year; it is the 20,000 or 22,000, I do not have the exact number but it is in that neighbourhood, who each year cross our borders or come through our airports. It is wrong.

There are cases in my office where Americans have come across the border saying, "I am a refugee. I have my toe on your soil". They are afforded all the rights. It takes anywhere from two to five years to process them. They come here for various reasons, whether it is health care or whatever. They get processed. We provide for them. In my opinion there is not a genuine refugee from the United States who is facing political persecution.

What is worse is that they leave and then they come back into Canada. They only have to be out of the country for three months before they can come back in and start a new claim. I have files in my office of people coming from the United States on their third refugee claim. The only thing they have to do is leave the country for 90 days. It is wrong.

I speak to immigration officials in Victoria all the time. They are equally frustrated that the government has taken no leadership. They do not have a clue what is going to happen this year. They have no money in the budget to deal with it. More refugees are expected to arrive on a regular basis.

How has the government shown leadership? By expanding the definition of refugees and bringing in legislation to guarantee charter protection when the Singh decision actually states that it is only for genuine refugees.

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I argue that when these people arrive here, we should have concerns of whether they are genuine refugees and detain them until we can determine very quickly, whether it is weeks or months, if they are genuine refugees. If they are not, then they are not going to be afforded those charter protections. We can interpret the Singh decision in that manner.

It is time for action. The bill is full of empty threats of maximum penalties for snake heads and organized crime. Does the minister of immigration believe that she is going to go over to China and apply our laws to people over there? I do not know if she thinks she is a keystone cop. It is ridiculous.

There is only one way to send a message to stop human smuggling and stop the pain and misery of the people coming over in those rusty old ships, to stop them from dying en route. There is only one way and that is when they arrive here, bring them ashore, help them out for a few days if they need medical attention, then put them on a plane and send them home. We would be doing them a service.

I urge the government to consider that and to quit trying to play politics and trying to score political points. Canada's reputation is becoming an absolute disgrace in the international community as we are opening our borders up to who knows who.

[*Translation*]

**The Acting Speaker (Ms. Thibeault):** It is my duty, pursuant to Standing Order 38, to inform the House that the question to be raised tonight at the time of adjournment are as follows: the hon. member for Bras d'Or—Cape Breton, Scotia Rainbow.

[*English*]

**Mr. Ken Epp (Elk Island, Canadian Alliance):** Madam Speaker, it is an honour to enter the debate on the immigration and refugee protection act.

Unfortunately I had to leave for a while to attend a committee meeting, but I listened to as much of today's debate as I could. I was taken back in my memory to the early days of my life, when the fact that we were immigrants to Canada was burned into my brain and into my heart.

I am one of those very fortunate people who is here because my grandparents made the decision to immigrate into Canada. I am a first generation Canadian. My parents, though they did not know each other when they came to Canada, were each in their very early teens when they came here. I believe my dad was 12 years old.

• (1615)

I remember listening to the conversations of the adults in our family. We were supposed to be sleeping, but we would listen to

them talking about life in the old country, the hardships they endured and the way in which they escaped. They were very grateful to be in Canada.

I am one who fundamentally is supportive of the idea of immigration. I like the idea that in Canada we can move from province to province freely, especially because my family came from a country where to go to a neighbouring city to visit relatives they had to get a permit from the government.

**An hon. member:** It sounds like Saskatchewan.

**Mr. Ken Epp:** I grew up in Saskatchewan and we do not have those rules in Canada.

One of the great freedoms that should accrue to human beings is the freedom of movement within the land they are going to and the land they are coming from.

My grandmother often expressed gratitude because her family grew up in Canada instead of Russia, from which they had escaped. Even though I did not experience it firsthand, the stories were repeated frequently in my youth and I learned them.

It was very important that in the early 1920s Canada extended an open hand of welcome to my family. I am one who believes that if I have received a benefit, I should pay it back. It is the old maxim of do unto others as you would have them do unto you. I do this even at home. When I picked up a hitchhiker the other day I told him that I was not giving him a ride because I was looking for points. Long before I ever ran for elected office I picked up hitchhikers because I was a hitchhiker myself when I was a young student.

Having had my family come to Canada as immigrants, I believe we should do everything possible to admit people who have the potential to be good citizens, who will contribute to our society by working hard, providing for themselves and others.

Bill C-31 is supposed to address some of the problems that we have within our immigration system, but as some of my colleagues have pointed out in earlier debate today it falls far short of the goals that most Canadians want for our immigration system.

When I think of the people who come to Canada as bona fide good people, it really is an affront to them that we would do anything less than protect their integrity entirely by making sure that those who are not qualified to be here, who are here on illegal or dishonest pretences, should not be permitted to stay, and thereby to tarnish the reputation of others.

Sometimes we in my party are charged with not being immigrant friendly. That is a totally false accusation. Whenever people say that they are distorting the truth about what we believe in. We in the Canadian Alliance believe that there should be a very orderly immigration system and that people who meet the qualifications

should be able to enter our society in Canada, enjoy it and contribute to it.

I am very concerned about the fact that some people who come to Canada are given exceedingly excessive opportunities to rip off the system when it has become very clear that they are not honest immigrants. They do not come under the classification of being people who would satisfy the needs of Canadian society.

• (1620)

How does one handle this? I believe the intent of the bill should have been that in the event people are shown to be, for example, trafficking in people, we should have taken very strong measures against the traffickers. It was not done. I am concerned that, with our very weak policies, Canada will become the worldwide haven for international criminals. It is totally unconscionable that these immigrant smugglers take large amounts of money from people who need to escape from their own country, for whatever reason. These illegal people runners take large amounts of money from them and then, to add insult to injury, put their lives at risk by putting them into vessels which are not seaworthy.

Canada, being a very compassionate nation, rightfully opens up its doors to them when they come to our shores. I do not think anybody would suggest that we should not look after their immediate physical needs, but as long as we have a very soft policy on this kind of immigration it will continue and it will grow. The only way to stop it is to make sure that those who are doing it do not have the reinforcement of having success in their illegal enterprise.

I believe that the government should take very strong measures in this area. This is not our party policy, but one of the things which I personally think we should do is use radio transmissions to communicate directly with people in the countries from which these people come. We should put out a message which says that for those who are not genuine refugees, just simply coming to our shores will not mean automatic access to our country. That would dry up the source of business for mercenaries who trade in human beings.

What most Canadians want, certainly the ones I have talked to, is an immigration system that accepts refugees who are genuine refugees, and accepts with open arms immigrants who are capable. One of the shortcomings in our country is that when we are not able to train our own citizens in certain skills, Canadian immigration laws become a huge barrier to our business people and manufacturers who want people to come from other parts of the world where they have received the training. They are not permitted to come here. Yet other people, with all sorts of nefarious motivations, are allowed to come and we do not have the mechanisms to get rid of them.

I stand as a proud Canadian, as one who believes that we should show compassion and care for those people who genuinely need it. I stand simply to encourage the government to improve the refugee

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and immigration policies, bills, motions and laws. This bill will not do that.

**Mr. Peter Mancini (Sydney—Victoria, NDP):** Madam Speaker, I had not intended to speak to this bill today, but having listened to some of the debate and seeing the importance of the issue, I felt compelled on behalf of the people I represent to stand and speak about some of the issues which have been raised.

• (1625)

First, let me start by picking up on what was said by my colleague from Winnipeg Centre who was in the midst of delivering what I thought were some interesting remarks when his time ran out.

He started with the question: How big should Canada be? What should the immigration number be? What should the population be before we add—

**The Acting Speaker (Ms. Thibeault):** I am sorry to interrupt, but I have just been advised that the hon. member for Sydney—Victoria has already spoken in this debate.

**Mr. Peter Mancini:** I apologize, Madam Speaker. I had much more to say.

**Mr. John Duncan (Vancouver Island North, Canadian Alliance):** No, it is Vancouver Island North, Madam Speaker. I want to get it right, just to ensure that I am not put in the position of being told I have already spoken.

**Mr. Lee Morrison:** And with such an important riding.

**Mr. John Duncan:** Yes, such an important riding. As a matter of fact, from a citizenship or immigration perspective, perhaps my riding was rather pivotal in bringing this issue to parliament because that is where the boats carrying the Chinese migrants landed last year.

What are Canadians looking for in our immigration act? That is the key question we should be asking. The official opposition has a very clear picture of what that is.

Canadians want an immigration system which will accommodate independent immigrants who will quickly add to our economy, which will welcome genuine refugees and which will reunite these people with their families as soon as possible. This government has failed to deliver what Canadians want in this new bill. That is a pretty simple equation, but it is a very important question.

The fabric of our country and the future of our country is dependent on people. We all know that. People are what make this

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place. We all came from somewhere. We are all basically immigrants from somewhere, or progeny of immigrants.

The minister is saying that the changes to the act we are debating today are the result of consultation. All I can say is that it is pretty selective choosing from that consultation. I cannot find in my heart or in my head where the changes being brought forward reflect the concerns of Canadians when it comes to our immigration system. Those concerns are many.

People are not concerned about the level of immigration; people are concerned about the components of immigration. People want assurances that we are bringing to Canada people who will benefit Canada in the long run and people who need the safe haven of Canada. We want to do good for the world, but we also want to look after the best interests of the future of our society and of Canada. That means we have to put some safeguards in place, and those safeguards are very important indeed.

As members of parliament we all work with immigration cases every day of the week. Our administrative staff work on immigration cases every day of the week. We also work with immigration officials. We know what the problems are in the system. We probably know the problems in the system better than almost any other group of Canadians as a collective.

• (1630)

A major question right now is how to take whole issue of people smuggling and turn it on its head. Canada, as we know, has become a target. There are two ways to do it. We can use the hammer and try to penalize the people smugglers or we can remove the incentive to smuggle people.

Canada is not particularly good at using the hammer. As a matter of fact, we are terrible. We have an international reputation for it. One way to describe the posture of successive governments in Canada when it comes to this kind of issue is to say that we are not warriors, but boy scouts

All things being equal, an incentive is always better than a penalty if the same results are achieved. It usually costs less and is much more effective. People do it because that is the natural course of events given the set of rules and the circumstances.

We are operating under a perverse system when it comes to immigration in Canada. The way our immigration act is construed and the way these changes have been made still lead us to the very same place where the likelihood of penalty that is meaningful to a people smuggler is almost nil and the likelihood of a major reward is infinitely large. The consequence of that is like a government subsidy. If something is subsidized, we get more of it. There is nothing here to tell me that we will reduce people smuggling as a consequence of this bill.

This is a status quo document that the minister is using as a public relations message in order to defend the Liberal love of the status quo while at the same time trying to sell to the public the fact that she is actually doing something when we know that this is not going to work.

We have a larger problem here. The United Nations has defined a refugee and we signed that convention. Canada, in its wisdom—and I am being facetious when I say Canada in its wisdom—has chosen not to follow the UN convention on refugees. If we had followed that convention, most of the people who have arrived and declared refugee status would not be refugees because they arrived through a safe country.

Part of the UN convention says that refugee status is declared at the first safe country of arrival. If Canada has refugees arriving in large numbers there can be only one reason: we are being targeted and it is symptomatic of a bigger problem.

The bigger problem we have is that we have the easiest, most vulnerable, most generous and easiest acceptance ratio of any western nation community. That is not doing us a favour.

What it is leading to is that we are not getting the average or better than average client refugee profile. There is a tendency, when creating a system such as ours with all those vulnerabilities, that we will end up with a lesser group. We will particularly end up with that element, a small element admittedly, but an element with criminal intent to a larger degree than countries with tougher standards. I think the Canadian public has again been sold a bill of goods. The changes in this bill will ensure that Canada remains the number one target for human traffickers and queue jumpers.

• (1635)

The 1985 Singh decision has led to all sorts of problems in the way we apply our immigration and refugee system. It is a prime example of how parliament has been usurped by the courts. Parliament has been complicit in allowing that to happen. It is time for the government to reverse that trend, that tendency and, in this case, that decision. That will allow us to fix our system and retain the sovereignty on immigration and refugee determination that Canadians deserve.

**Mr. Paul Forseth (New Westminster—Coquitlam—Burnaby, Canadian Alliance):** Madam Speaker, I have been granted a few minutes to speak to this bill. One of the first things I look at when I see this bill is the grand hyperbole at the beginning of the bill, especially in the summary. In the sections it lays out, in lofty terms, what the bill intends to do, but when I begin to flip through the bill I see that the substance is not there. Certainly the image makers have had a great time.

I wonder if this bill has more to do with advertising or with the writing of a novel rather than with the writing of a statute.

*Government Orders***The bill says:**

This enactment replaces the Immigration Act, providing clearer, modern legislation to ensure that Canada's immigration and refugee protection system is able to respond to present challenges and opportunities.

Is that the language of legislation? That sounds like the language of a press release, as far as I am concerned.

**It goes on to say:**

- (a) objectives that reflect the values of Canadian society;
- (b) effective reporting to Parliament through a complete, consolidated annual report;
- (c) agreements that facilitate cooperation with governments of provinces and foreign states;
- (d) a description of the major classes of foreign nationals—the economic, family, Convention refugees overseas, Convention refugees in Canada, persons in need of protection and humanitarian classes;
- (e) recognition of Canada's commitment to the principle of the "best interest of the child";

We know that the government has been very poor on legislating under that one, especially under the Divorce Act.

**The bill goes on to say:**

- (f) clear, objective residency requirements for permanent residents;
- (g) a strong, effective refugee protection system that allows for decision-making on protection grounds including the Geneva Convention and the Convention Against Torture and on grounds of risk to life or of cruel and unusual treatment or punishment;
- (h) a more efficient refugee determination process through greater use of single member panels;
- (i) a Refugee Appeal Division within the Immigration and Refugee Board to enhance rigour, fairness and consistency in decision-making;
- (j) ineligibility of foreign nationals who are serious criminals, security threats and repeat claimants to the refugee protection process of the Immigration and Refugee Board;
- (k) formalization of a pre-removal risk assessment to review changed circumstances related to risk of return;
- (l) inadmissibility provisions for foreign nationals who are criminals, security threats, violators of human rights or who should not be allowed into Canada because of fraud and misrepresentation or for health or financial reasons;
- (m) clear detention criteria with authority to further clarify detention grounds in regulations;
- (n) a security certificate process and an admissibility hearing to deal effectively with threats to security;
- (o) offences for human smuggling and trafficking with a maximum penalty of life in prison;
- (p) penalties for assisting in obtaining immigration status through fraud or misrepresentation; and

(q) an immigration appeal system that enhances integrity and effectiveness while maintaining fairness and legal safeguards.

• (1640 )

When one reads that clause it sounds laudable, does it not? It sounds like a great process.

Last summer the telephone in my riding office was ringing off the hook when those people arrived by boat and our system was unable to deal with them in an expeditious manner. Yet here we find on page 18 of the bill, subparagraph 33(2)(b), that a person will not necessarily be ruled inadmissible. It says:

—does not lead to a determination of inadmissibility by reason only of the fact that the foreign national entered Canada with the assistance of a person who is involved in organized criminal activity.

In other words, that is a neon sign to the world saying that foreign nationals just have to plead their innocence. If they come here on a boat, they will be okay. Canada will say that it may get after the captain of the boat to whom the foreign nationals might have paid money, but the foreign nationals, being so-called innocent passengers, the traffic or the merchandise, it will not necessarily exclude them at all. In fact, come one come all is the essence of what that says.

Then we have the problem with the clause that talks about the charter of rights and freedoms. Certainly we want to deal with processes of decision in an orderly manner with hearings, rights of appeal and so on under the spirit of the charter of rights and freedoms, but there seems to be a difference between the ability of someone who comes to the border in a car and pulls up to the kiosk. At that point the customs person asks a few questions and what an individual says through that car window is later taken into consideration if the person is called into the office. What the individual says to those questions on the statement of purpose: who are you, are you a citizen, and whatnot, are admissible and can be used to further assess the individual's admissibility or whether they should be arrested.

What happens if someone is found on a boat floating on to the western coast of Canada? The statements made to the questions who are you and what are you doing here can be inadmissible because the foreign nationals did not have their charter warning or did not have access to a lawyer who knew what would go on in a later hearing. The ability of officers or anyone to ask or investigate in the beginning to find out what has happened gets struck down because it will be later argued that the person's charter rights were violated.

One of the other clauses that I have a particular problem with is the proceeds of crime section. I notice that clause 123 on page 53 is particularly good. It says:

No person shall possess any property or any proceeds of any property knowing that all or any part of the property or of those proceeds was obtained or derived directly or indirectly as a result of the commission of an offence under subsection—

*Government Orders*

It then provides the penalty. The penalty of course is a stiff fine or up to 10 years in jail. We have to wonder, by the way, when anybody has ever been significantly prosecuted for trading in people.

The international reputation of Canada is very poor in that regard. The motive is high because the profits are high. It is much safer to deal in people than it is to deal in drugs because the penalties are not there. Of course the act already says that the commodity that they are dealing in will be legal and accepted rather than being contraband, such as drugs.

Canada's reputation on prosecuting and acting as a deterrent to those who are involved in what I call the modern day version of the slave trade really is not there.

When I look at this clause I see that there is a fine and jail, but what about all the proceeds of the crime? We have proceeds of crime legislation under the criminal code but not under the immigration sections. We cannot go after the various houses, lands, vehicles and all the rest of it that may be owned legally through a holding company or whatever, but upon any ordinary investigation could be traced to the proceeds of this type of crime.

In other words, we need to go after more carefully the tremendous financial incentives that cause people to get involved in this kind of business: the human misery of trading in people. This is a great deficiency in the bill itself. I have attempted to deal with that in a private member's bill which is currently in the system to be drawn.

• (1645)

Canadians need to have confidence again in the immigration system. Governments, both through the Conservative years and since 1993 with this administration, have failed to bring anything forward of substance to deal with the tremendous disrepute that our immigration system has fallen into. Average Canadians have observed case after case of how the system has not responded as they want, or as they see their country and how they define themselves as Canadian. They have seen illegals come into the country and abuse the system, which has carried on for ever and ever.

We want to restore confidence in the Canadian immigration system so that when someone says he or she is an immigrant, the person can immediately command respect because of the knowledge of the orderly and high standard system. We know that the person has come through a system which brings great respect to the individual. I hope the government will restore confidence in the immigration system again.

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

**Some hon. members:** Question.

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

**Some hon. members:** Agreed.

**Some hon. members:** No.

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

**Some hon. members:** Yea.

**The Acting Speaker (Ms. Thibeault):** All those opposed will please say nay.

**Some hon. members:** Nay.

**The Acting Speaker (Ms. Thibeault):** In my opinion the nays have it.

*And more than five members having risen:*

**The Acting Speaker (Ms. Thibeault):** Call in the members.

*And the bells having rung:*

**Mr. Derek Lee:** Madam Speaker, I rise on a point of order. Discussions have taken place between the parties in the House and I believe you will find agreement, pursuant to Standing Order 45(7), to defer the recorded division just requested on the second reading of Bill C-31 until the end of Government Orders on Tuesday, June 6, 2000.

**The Acting Speaker (Ms. Thibeault):** Is there unanimous consent to proceed in such a fashion?

**Some hon. members:** Agreed.

**Mr. Derek Lee:** Madam Speaker, there might be consent at this time to see the clock as 5.30 p.m.

**The Acting Speaker (Ms. Thibeault):** Is there agreement that we see the clock as 5.30 p.m.?

**Some hon. members:** Agreed.

[*Translation*]

**The Acting Speaker (Ms. Thibeault):** The House will now proceed to the consideration of Private Members' Business as listed on today's order paper.

*Adjournment Debate**[English]*

The hon. member for York South—Weston is not present to move the order as announced in today's notice paper. Accordingly, the bill will be dropped to the bottom of the order of precedence on the order paper.

**ADJOURNMENT PROCEEDINGS***[English]*

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

## SCOTIA RAINBOW

**Mrs. Michelle Dockrill (Bras d'Or—Cape Breton, NDP):** Madam Speaker, I rise again in the House to raise the issue of Scotia Rainbow. I find it unfortunate that I still have to do this but it is the reality.

There are still too many unanswered questions with regard to the operations of Scotia Rainbow. There are questions like how much money did it receive by way of federal and provincial sources and how many people is it employing? We would think that these would be easy questions to answer. It looks like the government cannot do it or does not want to be held accountable.

- (1650)

It would be easy for the government to put this issue to rest once and for all if it would just give us the answers. Why does it continue to protect Scotia Rainbow? What stakes does it have in this?

This drama continues under the guise of economic assistance for Cape Breton Island. We all agree that Cape Breton's economy is in desperate need of help. After the government's devastation of the fishery, the devastation of the coal industry, and the devastation of employment insurance, health care and post-secondary education, all caused by the Liberal government, Cape Breton Island needs to rebuild its economy.

What did the government do in return? It sent money to the tune of \$20.9 million to a company. Is this the thanks Cape Bretoners get for working hard and building this nation? It amounts to a slap in the face.

The people of Cape Breton are not looking for handouts. All we are looking for is a commitment from the government to long term, well paying, sustainable jobs on the island. There is no doubt that the federal government has sent a lot of money to Cape Breton. The

only problem is that there is nothing to show for it. Large numbers of initiatives have been co-opted by a few with self-interests. These self-interests are costing Cape Breton its economy.

What I am asking is quite simple. How many jobs were created at Scotia Rainbow, and how much money did it receive from the federal government? That is all. The government keeps saying that it has nothing to hide. It is all very simple. If there is nothing to hide then show us the facts.

**Mr. John Maloney (Parliamentary Secretary to Minister of Justice and Attorney General of Canada, Lib.):** Madam Speaker, I am pleased to respond to the question of the member for Bras d'Or—Cape Breton regarding Scotia Rainbow Incorporated.

Scotia Rainbow Incorporated is an aquaculture operation headquartered in Arichat, Nova Scotia, and operating a number of sites throughout Cape Breton Island and northeastern Nova Scotia. The community of Arichat lost hundreds of fish processing jobs as a result of the groundfish moratorium and a corporate decision to demolish the fish plant, the community's largest employer.

Last year Scotia Rainbow employed up to 250 people on a seasonal basis at various sites on Cape Breton Island. The company projects employing up to 300 people on a seasonal basis this year. Scotia Rainbow is one the largest aquaculture operations in Nova Scotia. It is an export oriented company with products sold in Japan and the United States.

Recently Scotia Rainbow encountered financial difficulties. On February 28, the Bank of Montreal issued a demand notice pulling its \$10 million line of credit. The bank obtained court approval for the appointment of an interim receiver on March 2.

In response, Scotia Rainbow filed a notice of intention to file a proposal with the Supreme Court of Nova Scotia on March 10. This notice of intent effectively prevents the bank from proceeding with the liquidation of the company's assets until the court determines that there is no likelihood of Scotia Rainbow being restructured into a viable company.

On May 19, the Supreme Court of Nova Scotia extended the deadline for the filing of a restructuring proposal until June 30. At present the company is working to find further private sector investment in order to restructure its financing and effectively replace the financing provided through the Bank of Montreal.

The federal government has to date invested approximately \$8.8 million into Scotia Rainbow. The \$8.8 million was provided through a \$1 million repayable contribution or loan from the Atlantic Canada Opportunities Agency, an interest bearing loan from the Farm Credit Corporation of \$5.8 million, and a \$2 million

*Adjournment Debate*

investment from the transitional jobs fund administered by Human Resources and Development Canada.

Of this total, \$800,000 have been repaid to the Farm Credit Corporation. Of the \$8.8 million, \$5 million were provided for the initial startup of the company. The remaining \$3.8 million from the Farm Credit Corporation were provided for the expansion of the company, which was partially completed prior to the Bank of Montreal sending its demand letter.

**The Acting Speaker (Ms. Thibeault):** I am sorry to interrupt the hon. parliamentary secretary but his time has expired.

[*Translation*]

The motion to adjourn the House is now deemed to have been adopted. Accordingly this House stands adjourned until tomorrow at 10 a.m., pursuant to Standing Order 24(1).

(The House adjourned at 4.53 p.m.)

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**Publié en conformité de l'autorité du Président de la Chambre des communes**

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