



House of Commons Debates

VOLUME 133

NUMBER 151

1st SESSION

35th PARLIAMENT

OFFICIAL REPORT
(HANSARD)

Monday, February 13, 1995

Speaker: The Honourable Gilbert Parent

HOUSE OF COMMONS

Monday, February 13, 1995

The House met at 11 a.m.

Prayers

PRIVATE MEMBERS' BUSINESS

[*English*]

AGRICULTURE

Mr. Allan Kerpan (Moose Jaw—Lake Centre, Ref.)
moved:

That, in the opinion of this House, the government should immediately pursue negotiations with the provinces and agri-food industry in order to reassign jurisdictional responsibilities in agriculture and eliminate overlap and duplication.

He said: Mr. Speaker, today I am pleased to introduce debate on this votable motion. In discussing this motion I would like to share with the House a proposal that I refer to as reconfederating agriculture.

Today I will discuss the proposal in broad terms. Later in the debate I will suggest what the proposal means in practical detail about the policies, programs and budgets for governments, the agri-food industry and farmers.

Let there be no doubt about it, there has to be and there will be significant change in the way we do agriculture in the future. I hope it will be change for the better and that we will have an agriculture sector that is more market oriented, knowledge based and more productive and efficient.

I believe that we are at a time in our history when we must debate very basic ideas. We must ask ourselves, if we had to start all over again at square one knowing what we know now, what kind of agriculture sector would we design?

Someone has said that the difficulty is not in developing new ideas but in escaping from old ones. For too long we have let past ideas about how things have been determine future courses of action. New ideas are important for progress.

My motion is based on the premise that it is time to examine not only how government works but also what government does. At the end of this millennium our priority task is to determine areas where government should be involved and play a role and then seek to improve performance in those areas. In other words,

we must be effective and do the right things and then we must be efficient and do the things right.

(1105)

My proposal today builds on statements and ideas put forward in this House by my colleagues beginning in May of 1994. It also reflects the ideas which are being generated by many farmers, academics and farm leaders across the country. There is a real momentum building to radically alter and redesign how governments and industry function together in agriculture, in other natural resource sectors and in many other sectors of our society. This is an issue on which people are ahead of the governments in their thinking, in their ideas and in their proposals. It is time to bring those ideas and proposals to the legislative table, to look at them honestly and openly, to have the debate and discussion needed and to move forward. I am not suggesting what I will share today is the first or final word but it is a starting point for discussion and dialogue.

I want to ask three basic questions about agriculture in Canada in my remarks today. One, what does it mean to reconfederate agriculture and why do we need to do it now? Two, what should governments do in agriculture? Three, what should the agri-food industry do?

In answering the question of what it means to reconfederate agriculture and why we need to do it now, we are talking about outlining a more effective and efficient division of responsibilities between the federal government, the provincial governments and the agri-food industry.

The federal and provincial governments are both heavily involved in supporting the agri-food industry through expenditures. Because of the concurrent jurisdiction under the constitutions of the two levels of government, both federal and provincial resources tend to be allocated to similar activities. This is the basic reason for overlaps, duplications, excessive red tape and costly bureaucracies. Complicated regulations are confusing and intimidating for many farmers and processors. Confusion creates frustration and mistrust between governments and industry.

By way of current illustration of government involvement, in 1994-95 the 10 Canadian provinces will spend a total of almost \$2.2 billion of taxpayers' money in support of agriculture. The federal government will kick in an additional \$2.2 billion with the 10 provinces for a total of \$4.4 billion. The 10 provinces had just over 10,000 agriculture civil servants employed in their agriculture departments this year, as well as the federal gov-

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ernment in its department, for a total of over 20,000 full time equivalent people on the public payroll in support of the private sector agriculture and agri-food industry. This translates into one agriculture civil servant for every 14 farms in Canada, or one person on the public payroll for every 19 farm operators.

We must examine the effectiveness and efficiency of these manpower and financial expenditures and what the return on investment is. For example, I have examined each province's current share of agricultural gross domestic product with the public dollars which are being spent supporting the agricultural industry in that particular province. This allows us to see how many public dollars are spent for each 1 per cent of the province's agriculture GDP share. Expressed another way, it shows how effective the agriculture industry is in a particular province by taking that public dollar and multiplying it into a share of GDP.

I have also compared the number of agricultural civil servants in each province with the number of farms and farm operators in that province. I have also compared the departmental organizations of each province with each other and with the federal department of agriculture.

The purpose of these comparisons is to see how we might be more effective and efficient. By honestly looking at these things we can learn from each other and get agriculture done smarter and cheaper. It is time to get past the political turf wars. We must address the spending of our governments in a co-operative and bold way with the vision of a new way of doing agriculture. The legal advice that I have received is that we do not need to open the Constitution. All we need to do is develop a shared vision and the political will.

I realize that we cannot just analyse organizational and economic facts and figures. Each province also has unique natural endowments such as climatic conditions, proximities to markets and the selling power of products.

(1110)

It is mother nature who is not bound by geopolitical borders that determine farming activity, productivity and policy. Nevertheless, a comparison of the factors I have suggested can be helpful in determining how to do agriculture better.

Reconfederating agriculture means that we will develop a system of government in which more decisions are made at the local levels and at the farm gate. It means the devolution of some federal government responsibilities to the provincial and local levels, to the agriculture industry and to the farmer.

Why to we need to do it now? For the first time in a long time good economics and good politics are converging. We now live in a global trading environment made accessible by our market oriented, knowledge based, technologically equipped farming industry.

Developing a new system such as this does not mean an absolutely watertight allocation of responsibilities among players. We must try to reconcile competing tendencies. For example, there is a need to be global in outlook but local in application, to be small and big, to be centralized and decentralized, and to be capable of generating both economic freedom and justice for all the players. This process of reconfederating agriculture will therefore be an ongoing process of learning.

This leads to the second question. What should governments do in agriculture? I begin by reiterating what my colleagues and I have said previously in this House when we have proposed a clearer division of jurisdictions between the federal and provincial governments. It is my thinking that the jurisdiction of the provincial governments be in the physical and human resource areas. This is because those are the elements that are most unique to each province or region and are most manageable by them.

I have then proposed that the responsibility of the federal government be in one, trade policy and trade distortion adjustment support; two, whole farm income stabilization programs; three, health and safety standards; four, macrophysical, monetary and taxation policy.

These responsibilities reflect the true nature of the federal government. They assist lower levels of government by taking responsibility for those elements that span provincial boundaries and are common to all farmers and concern the whole farming industry right across the country.

We propose that the federal and provincial governments have more distinct areas of jurisdiction. This will result in public cost savings by reducing overlap and duplication. It will result in industry expansion and competitiveness by reducing the regulatory and tax burden.

Proposing this clear division of responsibilities between levels of government as well as between the public and private sectors is based on some basic assumptions about what government should do in agriculture.

I want to now briefly discuss six functions that government can most appropriately perform in support of agriculture or, for that matter, in support of other industries in the private sector. The first is research and development, an information sharing function. The purpose of basic research is to ensure we have a thing of value before we attempt to add value to it. This is often also called precommercial research and is thus usually done by the public sector.

Basic research deals with Canada's physical resources. Canada's agriculture industry is oriented on an east-west basis and covers three distinct climatic zones. The provinces that span this east-west orientation are thus blessed with different physical

resources. This is why I argue that the provinces should be more directly responsible for the physical resources of our country.

In pre-commercial basic research and development the provinces should work jointly with the federal government. This is where major public dollars should be spent. All the intellectual resources of our country should be harnessed together for pre-commercial R and D. Both government partners would also have a role in the sharing of information about the resources.

Second, governments have a limited commercial function. I assert that if we expect governments to maximize their pre-commercial activity we should also expect them to minimize their commercial functions.

A limited commercial function for governments means that they should provide a good or service that is normally not capturable by the private sector. These are called public goods or services. Their nature is that they are non-rival and non-excludable and thus not capturable for commercial purposes. Usually an entity like government is needed to identify the demand for these public goods and services, make arrangements for their provision and impose a payment on their beneficiaries.

(1115)

This matter of the appropriate commercial function for government is one of the most salient and important discussions taking place today in countries and economies right around the world.

Many are saying that the obligation to provide a particular good or service should be assigned to the public or private sector based on this differentiation between non-commercial and commercial interests. Debate about which sector should provide the good or service should focus on the complementarity that each sector can bring to the society. The operative word is not compete but complete.

The choice between private and public sectors should not be one of politics but a seeking of balance, cost effectiveness and efficiency. Government should clearly invest mostly in the pre-commercial and non-commercial provision of public goods and services.

The third function that governments have is a regulatory role. All levels of government are needed to provide an appropriate and acceptable minimum level of regulatory policy upon the private sector. They should regulate in their separate areas of jurisdiction so as to minimize overlap and duplication.

One of the immediate improvements we could make in agriculture is to take all legislation that affects the industry directly and indirectly both federally and provincially, rewrite it in simple terms under one set of guidelines and administer it

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through a highly trained, effective single system of regulation throughout the industry.

I want to emphasize minimum level of regulatory burden. Farmers and agricultural players up and down the food chain want governments off their backs as much as possible.

The fourth function that governments perform is service. Service to the agri-food industry and general public is the sole reason for the governmental departments of agriculture and agri-food. The system of government should be of the people, by the people and for the people. Government is simply the chosen way that citizens have determined to manage their collective affairs.

The services provided by governments can be varied, however the basic role of government is to facilitate the private sector. In recent times this has come to be known as third party government, that is, an effort by elected representatives to raise resources and set social priorities through a democratic political process while leaving the private sector to do what it does best: organize for the production of goods and services.

It is not government's obligation to provide all services but rather to see that they are provided. To provide their service, governments have a taxation role, a corporate organizational role, and a spending role.

Governments should establish as low a level of taxation regime as possible. Taxation policies should not create dependency on the public sector but rather facilitate private sector entrepreneurs. Tax policy should ease the intergenerational transfer of assets. Tax money should be used primarily as investments in pre-commercial productivity and marketing enhancing programs like research and development and physical infrastructure.

In providing their services governments must efficiently and effectively organize themselves. There is lots of room for improvement in that area. The spending of public funds must be done effectively and efficiently. Public servants are stewards of funds entrusted to them by private citizens.

It is absolutely essential that taxation, spending and regulatory policy be set democratically, be clear and simple and be fair and equal for all the players. Governments should develop a taxation, spending and regulatory climate in which a free market system can flourish with justice. Governments should act as the referee who adjudicates a fair set of rules binding upon all.

The fifth function that governments have is a mediation role. Democratic governments are needed to mediate and attempt to reconcile specialized and sometimes competing interests among the sector players.

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Sixth and finally, governments have an education and training function which I have already indicated is most appropriately handled by the provinces.

These then are some proposals about what governments should do in agriculture.

Finally, the third question I ask is: What should the agri-food industry do? I reiterate that we are proposing a clearer division of responsibility for the agri-food industry than what exists now. Government is too involved in the commercial business aspects of agriculture.

(1120)

The basic responsibility of private industry stakeholders is to supply the demand for private goods. The industry has a commercial interest in providing a private good or service for exchange and profit. The entire life cycle of a private good or service from its envisagement through its development to its sale provides opportunities during which and from which financial benefit can occur to the provider of that good or service.

The vast majority of these private sector responsibilities and decisions should be made by the industry with minimum involvement by the government. At the commercial research and development stage private industry could profitably research and develop all material and non-material goods and services related to agriculture, including foods, animals, plants, genetics, biotechnologies, non-food products, machinery, equipment, and climate and weather forecasting, et cetera.

At the production stage private industry could profitably provide for the acquisition, preparation, planting, feeding, controlling and harvesting of livestock, plants and lands. This includes value-added initiatives.

At the processing stage the private industry could manage all matters related to goods or service, storage, inspection, grading, packing, assembly, pricing, marking and labelling.

At the transportation stage the private sector can profitably provide for the orderly process of an agri-food good or service from farm or processing gate to point of sale or export.

At the marketing stage the private sector can profitably provide for the advertising, promoting and selling of an agri-food good or service. This includes the concept of individual and/or group marketing.

Last, farm financing and insurance could profitably be done by the private sector. This includes all matters relating to securing, managing and the accounting of funds needed for the agri-food good or service life cycle and the ensuring of the material assets of the farm, including crops and livestock in the food processing industry.

There may be small niche roles for public financial services. However, the vast majority of these private sector, commercially profitable responsibilities should be handled by the private sector with minimal involvement by the government.

As I mentioned, later in the debate I will propose how we need to transfer specific policies, programs and involvements that governments now have to the industry.

The private sector is better suited to performing the six business functions than government is. These functions include the commercial function which is the provision of goods and services that are capturable by an entrepreneur and can provide him or her with the profit upon provision and sale. In other words, we want to have a free and just market system. This again is one of the most salient issues occupying the attention of economists and politicians around the world today.

That is why my colleagues and I insist on the importance of direct farmer and businessman involvement in developing agricultural policy. We must work from the bottom to the top. Business and governments alike are realizing that the more democratic they are, the more economically and socially successful they are.

Industry stakeholders should be able to democratically organize, carry out their activities—

The Acting Speaker (Mr. Kilger): Recognizing that the mover of this bill has 20 minutes, I am under the impression that the member for Moose Jaw—Lake Centre might require a few additional minutes to conclude his intervention. I wonder if there might be consent to allow the member for Moose Jaw—Lake Centre to conclude his remarks?

Some hon. members: Agreed.

Mr. Kerpan: Mr. Speaker, I appreciate that support from my colleagues.

I want to conclude at this point. Certainly in the next two or three hours I will have the opportunity to go into much more detail than I have done.

I began by saying it is time to reconfederate agriculture in Canada. The time is right and the need is now. I have suggested that we cannot just tinker with policies here and there. There must be a whole new way of doing agriculture based on more distinct and co-operative roles for both levels of government, as much as possible separate from each other and separate from the private sector industry. These suggestions are based on sound economic, organizational and democratic principles.

(1125)

The first act our Fathers of Confederation passed some 125 years ago was the Agriculture Act of 1868. At the end of this century perhaps we as parliamentarians could have the foresight

and vision our predecessors had, the boldness, the courage, the openness and the good will to develop a new vision of responsibilities for agriculture.

I have sketched out a modest proposal. However, I would urge that we all look at this matter seriously and that we see how we can work smarter and cheaper and that we continue to provide Canadians and people around the world with the highest quality agriculture products possible.

I look forward to discussions with all my colleagues and for the House to vote in favour of this motion. More than that, I hope that serious dialogue will begin immediately with the provinces and the industry.

Mr. Lyle Vanclief (Parliamentary Secretary to Minister of Agriculture and Agri-food, Lib.): Mr. Speaker, first I would like to thank the hon. member for Moose Jaw—Lake Centre for giving me and my colleagues in the next hours of debate on this motion the opportunity to tell the House how the government has been working with the provinces and the industry to advance agriculture and the agri-food sector.

I appreciate his concern for the viability of this important sector of our economy, one that employs 1.8 million Canadians and 15 per cent of our Canadian workforce. It is a concern I share, a concern the minister shares, and a concern our government and all of us on this side of the House share.

We also share his concern about overlap and duplication, not just in agriculture and agri-food but in all areas. That is why the government has launched a process to improve the efficiency of the federation.

The hon. member will be pleased to know that the objectives and the successes of this process are certainly ones that have gone unmatched before. The objectives and the successes are in these areas: to reduce overlap and duplication, as the hon. member is pointing out; to improve effectiveness of programs through federal-provincial co-operation; to reduce administrative costs through streamlined program arrangements; and to improve client services so that all Canadians receive the best service possible as efficiently and as effectively as we can possibly deliver to them.

In agriculture and agri-food this process is resulting in a number of important activities. All of us know the first major issue this government had to deal with after taking office somewhat over a year ago was the General Agreement on Tariffs and Trade, or GATT.

I am pleased to say I was able to join the Minister of Agriculture and Agri-Food in those last few days in Geneva. We returned from Geneva in December 1993 with the new agreement. Before we arrived back in Canada the minister had invited all of the provincial ministers of agriculture and agri-food to Ottawa for a meeting which took place less than 24 hours after

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we returned. This meeting was held to discuss the implications and to plan together how we could and would meet those obligations.

As a result of that meeting I was asked to head a federal-provincial task force on orderly marketing which reported to the ministers during the middle of last year and again in December 1994. As a result of everyone pulling together to get the job done, our supply managed sectors are moving forward to meet the challenges of the new trade regime. That job is not yet complete but again I want to thank everyone, every stakeholder in the industry, who got together around the same table to talk about how we can all go forward to strengthen and encourage the supply managed sectors in Canada.

The new GATT also brings the opportunity for us to take advantage of the new trading rules to expand our markets and especially to broaden our horizon beyond the United States.

Last July federal and provincial ministers of agriculture reaffirmed their commitment to work to see the Canadian agri-food exports reach \$20 billion per year by the year 2000. They added a further target in a further challenge which is to regain Canada's traditional 3.5 per cent share of the global agri-food trade. When we put that challenge forward that goal moves on from \$20 billion per year to \$23 billion per year. With the advances made the last number of months, everyone is becoming more and more confident that we can meet and hopefully beat the \$23 billion target.

(1130)

The Federal-Provincial Market Development Council has developed a comprehensive work plan to accomplish these goals and both levels of government are working actively and effectively to eliminate overlap and duplication. The provinces and the federal government are also co-operating to develop a single window point of access for federal and provincial marketing programs.

Another area where we are making progress and reducing duplication is in the provision of financial services to the agri-food community. We know this is very important. Agriculture is an industry that takes a tremendous amount of capital. We must assist primary producers in all sectors to put their business plans together so they can be successful.

The Farm Credit Corporation and interested provinces are discussing strategies to reduce duplication of government services. As part of this process the Farm Credit Corporation has acquired the New Brunswick Agriculture Development Board's \$37.4 million portfolio. In addition a Canada-Alberta pilot project was launched last June to combine the lending services of the Farm Credit Corporation and the Alberta Finance Services Corporation into a single delivery point. Needless to say, that makes a lot of sense. We are continuing to hold discussions with other provinces to improve efficiencies in this area.

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I would like to make it clear that this is simply not a government to government process. The examples I have used so far have been primarily that. Agriculture and Agri-Food Canada is working closely with the private sector and the universities on research. Last year the department ran a pilot project called the matching investment initiative, matching dollar for dollar the money industry was willing to put up for research and research projects. The department and the private sector have been doing this in a collaborative way for a number of years with great success.

There are some other areas where that co-operation is working very well. We have safety nets, the Canada food inspection system. I could go on but I will leave those examples and a few more words to some of my colleagues who will be taking part in the debate as time goes on.

These two initiatives are significant achievements in that they show federal, provincial and even municipal co-operation to reduce overlap and duplication and to improve service.

In conclusion, I would like to again point out to everyone that agriculture is a shared jurisdiction between the federal government and the provincial governments under the Constitution. This has meant that the two levels of government have had to work together since Confederation, which is 127 years ago.

In recent years federal and provincial governments have focused on working together to make the management of this shared jurisdiction as effective as possible. A report prepared for and by the Government of Quebec last year showed that the two levels of government work well together and that the overlap and duplication is minimal. The report put the cost of overlap and duplication at 1 per cent of combined federal and provincial spending in agriculture in the province of Quebec. That is not very much.

However, I would be the first to agree that is probably 1 per cent too much. We will continue to work constantly in co-operation with all provinces and with the industry to ensure that the Canadian public gets the maximum value for its tax dollars.

In order to keep within my allotted time, I have had to reduce the number of examples I could use. However, I know that my colleagues will express more of those as we go on in the debate. We look forward to comments from everyone and suggestions as to where we can continue to make improvements.

The facts presented here today should show clearly that if we were to adopt the hon. member's motion to "immediately pursue negotiations with the provinces and agri-food industry to eliminate overlap and duplication", we would be reinventing the wheel. We are all doing that at the present time. I appreciate the emphasis and the encouragement he has given. On behalf of the government I can assure him that we will continue to move

in that direction and make the federal role with our colleagues in the provinces, industry and universities even more effective than it is at the present time.

(1135)

[*Translation*]

Mr. Jean Landry (Lotbinière, BQ): Mr. Speaker, before I start, I would ask for your consent and that of the House. I have a 20-minute speech and I will be the only speaker during the three-hour debate today. Therefore, I ask for unanimous consent to deliver my speech in full.

[*English*]

The Acting Speaker (Mr. Kilger): Our colleague from Lotbinière has explained to us his predicament. He wishes his intervention to be of 20 minutes' duration, which is twice as long as usual.

He gives his assurance to the House, and as the presiding officer I take the undertaking from the hon. member for Lotbinière that no other member of the Bloc Québécois will speak on this bill during its duration, which is three hours.

The hon. member for Lotbinière is asking, as the only spokesperson from the Bloc Québécois on this bill, that he be allowed to speak for 20 minutes. He assures us he will be the only member from the Bloc Québécois to speak on this bill.

[*Translation*]

Did I explain the situation correctly?

[*English*]

Is there unanimous consent?

Some hon. members: Agreed.

[*Translation*]

Mr. Landry: Thank you, Mr. Speaker and all members of this House. I am pleased to rise today to speak to Motion M-314 put forward by the Reform Party. Allow me to read the motion in question:

That, in the opinion of this House, the government should immediately pursue negotiations with the provinces and agri-food industry in order to re-assign jurisdictional responsibilities in agriculture and eliminate overlap and duplication.

There is no need to reiterate my party's position regarding overlap. It goes without saying that the Bloc Québécois has been fighting against all these unnecessary and, above all, extremely costly cases of overlap since its arrival in this House. That is why the motion put forward by my Reform colleague is quite acceptable and even desirable.

Yet, common sense seems in short supply in this government. We find ourselves repeating over and over again why it is essential to eliminate overlap between Ottawa and the provin-

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ces. The Minister of Finance should listen to us instead of going after the most disadvantaged and the middle class when he tables the budget in a few days. It is never too late to make amends.

In agriculture as in all other sectors, the federal government's presence in areas of shared jurisdiction creates unnecessary and costly overlap, as I was saying a moment ago, not only in terms of administrative costs but also in terms of duplication of policies, which often compete with or contradict each other. This, in turn, reduces the effectiveness of government measures. Measures adopted by two different levels of government regularly cancel each other out. Each level wants its priorities and objectives to prevail, and the tugging back and forth is endless as neither will let go.

But Quebec has been asking for years for control, not only over agriculture, but also over regional development, natural resources, manpower training and so on. There are also problems in areas other than areas of shared jurisdiction. The federal government does not respect the provinces' exclusive jurisdiction over areas of provincial jurisdiction, and never did.

The Reform member's motion is relevant, but does he realize that the federal government has always been, and continues to be, centralizing? Quebec knows that this government turns a deaf ear to even the most sensible suggestions when it comes to decentralizing powers to the provinces. Let us be wary of transfers of administrative responsibilities in lieu of jurisdictions. With the former, the provinces are at the mercy of the federal government which can, at any given time, cut budget allocations. In the present situation, the Liberals are likely to suggest such transfers, when we know full well that it is just passing the buck to the provinces.

(1140)

The provinces are asking for responsibility, of course, but also for the income tax points that come with it. We know that the so-called flexibility of the federal government is nothing but a sham, an empty word that the big guns of federalism use to deceive us once again.

Only by becoming sovereign can Quebec exercise any real control over its socio-economic development. So, when I say that we support the motion, this means that we realize that the federal government never paid any attention to this.

The federal-provincial division of powers issue will become irrelevant once Quebec has achieved sovereignty. However, you will agree that, for some provinces, including Quebec, a federal Department of Agriculture and Agri-food is more of a burden than a benefit.

In Quebec we have two departments of agriculture, each with its own farm income stabilization scheme; we have federal and provincial involvement in marketing board systems; and we

have two levels of government involved in agricultural research and farm credit. The result? The kind of overlap that causes constant friction between both levels of government, with federal decisions being made at the expense of Quebec, and that generates major costs in the agriculture and agri-food sector, a sector that has to live with two regulatory levels and meet the requirements of programs that do not reflect the same policies.

To support this motion means putting an end to the friction caused by unclear jurisdictional divisions. For years, Quebec has received from Ottawa only half or as little as one third of federal taxes earmarked for the agricultural sector.

The several hundred million dollars foregone annually could be used to create jobs in an industry that is responsible for 11 per cent of total employment in Quebec. In 1993, Quebec received \$372 million of the \$3 billion budget of the Department of Agriculture and Agri-Food, a meagre 12.4 per cent, and this was better than usual.

Between 1986-87 and 1991-92, Quebec's share was 8.3 per cent, according to Agriculture and Agri-Food Canada. Interestingly, Quebec's revenues in the agricultural sector represented 16 per cent of total Canadian revenues in this sector. Furthermore, in terms of added value, the Quebec food industry represents 25.4 per cent of the Canadian food industry, according to Statistics Canada.

The following is an example of the utter confusion caused by the involvement of two levels of government in health standards and meat inspection. At the present time, at least three inspectors visit farms to get exactly the same information, which is then transferred to Health Canada, to Agriculture and Agri-Food and to the Quebec Department of Agriculture, respectively.

The federal government spends \$275 million each year on inspection and regulatory procedures, in an area that is covered almost identically by the Government of Quebec. For Quebec, this outright duplication means an annual loss of \$64 million.

If the provinces were given jurisdiction over agriculture and agri-food, Quebec could stop subsidizing the central government, whose policies are based on the needs of the west, as we have repeatedly pointed out in the House. These policies are based on the needs of a grain export industry, whereas Quebec's supply management policies are designed to support the livestock industry. One advantage for us would be not having to invest so much energy in Ottawa any more to establish the legitimacy of our own programs.

At this point, the short sighted view of the federal government would indicate dark days ahead for agriculture. We remain at the mercy of Ottawa's unilateral cuts. The upcoming budget provides for major cuts to the Department of Agriculture and Agri-Food, cuts that are likely to affect service to the industry and to the public.

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(1145)

These cuts are the result of Ottawa's wastage of public funds. This is what happens when unnecessary overlap continues unchecked.

It would be appropriate to recall here the position taken by the Union des producteurs agricoles du Québec in its brief to the Bélanger-Campeau commission in December 1990. It stated that, in the area of agriculture, Quebec wanted to take its legitimate share of federal funds and invest it according to its own priorities, policies and programs. It wanted to continue to develop agriculture in the province with the federal funds granted to it on the basis of the four forms of support to agriculture: supply management, income stabilization, farm credit and crop insurance. Each time, energy was wasted in confrontations, for the most part to no avail, trying to assert its point of view on this matter.

Obviously, Quebec is entirely prepared to assume its responsibilities in respect of agriculture and agri-food. We have all the tools to develop our industry and a strategy to do so. I myself have described this strategy to the House on more than one occasion. I would like to review its main points.

The stakeholders and parties in Quebec interested in regional development and agri-food matters met in February 1991 in Montreal and decreed that the community should take charge of its own future. The following objectives were identified during these rural estates general: respecting and promoting regional and local values; dialogue with regional and local partners; protecting and renewing resources; redistributing political power from the top down.

Thus round tables on the food sector were established in Quebec. During the conference in Trois-Rivières in June 1992, they came to an agreement on the main areas to be emphasized to ensure development of the agri-food sector in Quebec. These included, in particular, recognizing, developing and supporting human resources training; ensuring continuity, development and growth in agri-food companies; readjusting current income security programs on the basis of production costs; developing income security programs consistent with the rules of international trade; promoting funding for agricultural businesses and their transfer without incurring massive debt; providing for support for non-viable businesses likely to be reorganized within the sector and providing assistance to persons getting out of the agricultural business. Stakeholders in the Quebec agricultural community have taken measures to control decision-making in their area.

All the while, the federal government is gearing its agricultural policy to the needs of farmers out west. The agricultural bills that have been introduced in the House over the past year all dealt with the grain sector. In addition to Bill C-61, there has

been Bill C-49 to amend the Department of Agriculture, Bill C-50 on the Canadian Wheat Board, Bill C-51 on Canadian grain and, now, Bill C-66 on western grain transportation.

Yes, Quebec is ready to assume full responsibility for its agricultural and agri-food sectors, but we need adequate financing, which we can only get by recovering our share of taxes earmarked for those sectors.

If by some miracle the federal government should adopt the motion and agree to transfer jurisdiction over agriculture and agri-food to provinces that want it, the provinces will have to be involved throughout the process. Therefore, the governments which will assume responsibility for the jurisdiction will have to be included in discussions on the transfer of responsibilities and in negotiations with the industry.

We must be on guard: the federal government cannot enter unilaterally into negotiations with the industry to make major changes in responsibilities between it and the industry while it is in the process of transferring jurisdiction to the provinces.

(1150)

And the government should make no mistake: we are not talking about a transfer of responsibilities, but of jurisdiction. We will not be dumped on. In the case of agriculture, the power will be strictly provincial when administered by the provinces.

In Quebec, we know from our experience with fisheries that a transfer of responsibility can be unilaterally cancelled by Ottawa. We must avoid, at all costs, repeating this catastrophe in the agricultural sector.

Thus, we say yes to the motion. We would also like to say that we, the Bloc Québécois, are able to say yes to any motion that is good, whether proposed by a Reformer, a Liberal or a Conservative. Yes to a transfer of jurisdiction, but no to transferring responsibility without transferring tax points.

[English]

The Acting Speaker (Mr. Kilger): I know there were some discussions with the Chair as to who would speak next. During private members' hour the Chair has a great deal more flexibility in terms of recognizing members alternating from the government to opposition parties.

In this instance, just to make sure I sustain debate, I wanted to be assured whether the member for Lotbinière was going to be speaking for or against the motion. Having spoken for the motion, I will now go to a speaker who I suspect will be against the motion. I should not assume that; in private members' hour it is a free-for-all.

Mr. Gary Pillitteri (Niagara Falls, Lib.): Mr. Speaker, the hon. member for Prince Edward—Hastings has already referred to the work the government has done with the provinces and industry to develop a whole new farm safety net program.

I would like to elaborate. The problem that had to be resolved in this process was to design a national whole farm safety net program that would still meet the specific needs of each province.

In December 1994 federal and provincial ministers received the final report of the national safety net consulting committee. A consensus was reached consistent with the recommendations of the committee. The farm income protection policy centred on three key elements: crop insurance, a national farm income program, and specific companion programs.

The new whole farm program will be built on the existing net income stabilization account, NISA. A number of changes will be reviewed with the industry to make the program trade neutral and cost effective. Companion programs would derive support tailored at provincial levels to allow for flexibility to meet specific provincial circumstances.

What is most important in this consensus is that the provinces will be able through the companion programs to identify where they want to spend their money in co-operation with the federal government.

Currently provincial and federal officials are completing the necessary details for a multilateral memorandum of understanding. The policy is based on a 60 per cent federal and 40 per cent provincial cost sharing arrangements, monitoring and management process. Once it is completed we will develop federal-provincial bilateral arrangements with each province to allow for specific companion programs.

What I have just outlined is but one example of how federal and provincial governments are continuing to work together to reduce overlap and duplication. In view of the work that is being done, I urge my hon. colleagues to reject Motion No. 314.

(1155)

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, I rise to speak on the private member's motion of the member for Moose Jaw—Lake Centre on jurisdictional responsibilities in agriculture. The motion encourages a complete rethinking of the role and scope of governmental involvement in the agricultural industry.

Like most farmers everywhere in Canada I believe agricultural support is not always delivered in a way that is beneficial to farmers. Taxpayers are consumers. Some of the activities performed by both federal and provincial governments are duplicated, counterproductive or even working at cross purposes. It is high time a thorough overhaul of the system was done.

Within my province of Alberta many federal programs and provincial programs are in place. Therefore the case for consolidation is clear. What started out as a way of helping farmers through the rough times has grown into a top heavy bureaucracy that needs to be pared. As a result of the growth of the

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department there is now one agricultural bureaucrat for every 14 farmers, which ratio is unsustainable in the long term. We owe it to both farmers and the public service to design a stable and sustainable system.

The overlap and duplication in the system make clear the case for consolidation. There are two forces pushing on the farm industry providing the impetus for making changes now. They are trade agreements with our international partners and the country's fiscal situation. However the most important reason for making the kinds of reforms the motion proposes is that farmers will receive better service from the government. It will cost less and we will all be far better off as a result.

It is important to remember that the well-being of the farming community is at the heart of why we have agricultural support programs. They are not make work programs for public servants or regional development initiatives or even ways of competing with trading partners. It is vital we keep the welfare of the farm and the farm family at the centre of our focus.

The recent trade agreements we have entered into with other nations, such as NAFTA, GATT and the World Trade Organization, have created a set of international subsidy and transportation rules to which we are a signatory. It has become clear to us that many of our current programs will have to be altered dramatically to comply with international trade rules. Being as we have to change our programs anyway to fit the new world trading system, it makes sense to take this opportunity to overhaul our approach to agriculture.

Another reason for systemic reform as I mentioned earlier is that our national finances are in a mess. We all know that. The cost of administering these programs, hundreds of them from coast to coast, is unsustainable even in the short term.

Farmers are not seeing any benefit from much of the moneys spent by the ministry of agriculture because far too much of it is spent on administration. Taxpayers are growing weary of paying more and more for less and less. The time for revolt is coming close. We hear about it in the papers every day: a tax revolt here or a tax revolt in Toronto. All across Ontario, Saskatchewan, Manitoba and Alberta, everywhere, we are hearing about tax revolts.

(1200)

If we can reduce the number of program overlaps with the provinces, bring better service to farmers and save taxpayers' money, that is sufficient reason to carry out an industry wide review. There is considerable evidence that government intervention and programs designed from the top down are very often not in the best interest of farmers.

Those of us who have been in the industry for a while will remember the LIFT program from the early seventies. This was a program designed by the minister of the day to deal with low grain prices caused by a glut of grain. Farmers were given financial incentives to leave land out of production in an attempt

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to firm up demand for the product. Demand did rise dramatically because right about that time the Soviets, among others, began buying vast amounts of grain on the international market. The price of grain rose dramatically.

Unfortunately most of the farmers could not take advantage of the higher prices because they had been encouraged by the government to take the land out of production. They lost the revenue. Most grain farmers ended up worse off financially as a direct result of government intervention. Farmers were told to stop growing grain. As soon as that happened, the price of the grain went up. Taxpayers paid farmers to stop producing and they could have made more money if they produced and sold it on the world market.

This is a typical situation of government intervention at the wrong time, in the wrong place, in the wrong way, that totally distorts the whole market. We end up being much worse off because of it.

Another of the great government flip-flops in agricultural policy has been the GRIP. This has been a dud from the word go. The initiative that spawned GRIP was the growing together exercise, as it was billed by the then minister of agriculture Mazankowski "a great consultation with farmers that would discover their needs and develop programs to deal with them".

When introducing the GRIP program to the prairie pools, the minister referred to it as an unprecedented exercise in partnership. He said that people on the prairies want the government to consult with them before making major decisions.

The motion put forward by the member for Moose Jaw—Lake Centre is admirable, should be given every consideration and should be supported.

The Acting Speaker (Mr. Kilger): When we come to the debate during second hour on this motion someone from the government side will lead off that hour of debate.

The time provided for the consideration of Private Members' Business has now expired. Pursuant to Standing Order 93, the order is dropped to the bottom of the order of precedence on the Order Paper.

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[English]

INCOME TAX ACT

The House proceeded to the consideration of Bill C-59, an act to amend the Income Tax Act and the income tax application rules, as reported (with amendments) from the committee.

SPEAKER'S RULING

The Acting Speaker (Mr. Kilger): There is one motion in amendment standing on the Notice Paper for the report stage of Bill C-59, an act to amend the Income Tax and the income tax application rules.

[Translation]

Motion No. 1 will be debated and voted on.

MOTION IN AMENDMENT

Mrs. Francine Lalonde (Mercier, BQ) moved

Motion No. 1

That Bill C-59 be amended by deleting Clause 33.

She said: Mr. Speaker, in the last budget, the federal government decided to reduce the age credit. As we know, all taxpayers aged 65 and over can ask for a tax credit equal to 17 per cent of \$3,482 at the federal level and 20 per cent of \$2,200 in Quebec.

This credit is non-refundable, that is, it applies to the tax payable; the excess portion is non-refundable but can be applied to the spouse.

The amendment made in the last budget is aimed at reducing this credit for seniors with a net income exceeding \$25,921. This threshold will be indexed annually to the increase in the consumer price index, and this measure will be implemented gradually.

(1205)

We oppose this measure because it reflects, in our opinion, a deliberate effort by the government opposite to go after the middle class, as demonstrated by the so-called social program review and by a proposal to cut UI benefits, since some recipients can earn between \$25,000 and \$50,000.

By targeting only those with incomes under \$25,000 or \$18,000—we are not against helping them, quite the opposite, as you know—by cutting off ties between those with incomes over \$25,000 and those making less than \$25,000, the government goes beyond simply bringing universal measures to a sudden end. It is more serious than that. Universality is not just a buzzword; it also means solidarity.

Does the government think that a senior citizen with an income of \$25,000 is a rich taxpayer? Yet, it is attacking this very group, who can now enjoy themselves a little after working hard all their lives. But on \$25,000 a year, you still need to manage your money carefully throughout the year if you want to enjoy yourself. It is those people who are targeted by the amendment to this tax credit.

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For government that claims to be liberal to be attacking the middle class is a serious matter, because the middle class is the one largely responsible, by its work, for the financial support of government and, more importantly, the one responsible also for creating solidarity. But the middle class does not want to be the only group to pay. What is happening? Instead of reforming the tax system, as is urgently needed, the government attacks the middle class, the unemployed and the less affluent. We were non-equivocally reminded of this fact at the rally held yesterday in Montreal by community groups and central labour bodies denouncing the fact that the proposed Axworthy reform—and it is the same thing with this change to the age tax credit—attacks the middle class, the unemployed and the less affluent instead of attending to the much-awaited review of the Canadian tax system.

Let me remind you that speaking of the budget, Lloyd Axworthy himself stated in 1985, when he was—

The Acting Speaker (Mr. Kilger): I just want to remind the hon. members that, in addressing a minister, they should refer to his position: the Minister of Human Resources Development, the Minister of Finance, and so forth.

Mrs. Lalonde: Thank you for reminding me, Mr. Speaker. I have been on a long Canada-wide tour, as you know; some of the veneer of parliamentary procedure may have worn off. I do not think I will need to be reminded again.

The current Minister of Human Resources Development, who was opposition critic at the time, said it was a fact that the buying power of seniors had been cut substantially and retroactively. First the government had taken their income assistance away, and now it was taking their buying power away. As if this were not enough, they were struck a third blow with a \$2 billion cut in provincial transfers by 1990. He added that it was clear the budget was an attack the income of seniors in many regards.

(1210)

What would this same Liberal critic say, were he a critic for the opposition, not only about a so-called reform of social programs, but also about this important age tax credit? If the Liberal government wishes to maintain throughout this country, which we crossed as members of the human resources committee, the slightest faith in some fairness in the taxation system, it must move swiftly to truly examine that system, ensuring that the unemployed, the poorest and the middle class are not saddled with the burden of the deficit and the debt.

Yes there is a debt, but certain parties who remain in the background are not worried, and in fact are helping, perhaps

even cheerfully, to dismantle what provided some well-being to so many such people who are slaving away, struggling, having difficulty paying their rent or affording to take a vacation. These are the people who are threatened at this time by the proposals as a whole, both for reforming social programs and those contained in this amendment. This is why we are asking the House to adopt our amendment, and thus amend the bill.

[English]

Mr. David Walker (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I would like to address the amendment put forward by the official opposition.

It is correct that Bill C-59 will subject the age credit to an income test. Canada's debt and the burden of high taxes and interest rates it imposes on all Canadians, including seniors, demands that government spending be both fair and effective.

This measure meets that test by ensuring that assistance goes to seniors who need it but not to those with annual incomes hitting \$50,000. Under the current tax system, all Canadians 65 and older are eligible for the age credit. It delivers a combined federal-provincial tax reduction of about \$950 a year.

Under the proposed legislation, individuals with net incomes below \$25,921 will retain their full credit. For people with net incomes above the threshold, the credit will be reduced at a rate of 15 per cent of their net incomes exceeding \$25,981. The threshold will be indexed.

[Translation]

I would like to make it very clear that 75 per cent of all seniors, 2.6 million people, will not be affected. In addition, most of the people who are affected will continue to receive partial benefits. In fact, only six per cent of all seniors, those whose income is over the \$49,134 threshold, will stop receiving benefits altogether.

It is also important to note that the reduction will be staggered over a period of more than 12 years. In 1994, the reduction would reach half of the figure that otherwise would have been set. In addition, people will still be able to transfer the age tax credit to a spouse.

[English]

Let me assure the House that we do not take this measure lightly. It is today's senior citizens who built this country into what is considered by many the best place in the world. Our government will never forget the obligation it has to helping seniors and why.

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(1215)

We also must remember the obligation we owe to all Canadians to restore the fiscal responsibility that makes possible lower taxes, easing in interest rates and more jobs.

The Toronto *Star* in an editorial this morning made the point that as it scrambles to cut spending Ottawa can achieve fairness only if it allocates its limited resources on the basis of real need. By itself the age of 65 is not a measure of need.

That is why Bill C-59 moves to sustain aid to those seniors who do need it but not for those with significant incomes.

Mr. Ray Speaker (Lethbridge, Ref.): Mr. Speaker, I appreciate the opportunity of being able to enter into this discussion on Bill C-59. I want to say very clearly to begin with that I do not support the amendment which was moved by the hon. member for Mercier today. There are some very strong reasons we cannot support what was suggested.

The recommendation that came in the 1994-95 budget is certainly a policy change by the Liberal government. It is a move away from universality. Now the program is targeted and takes into consideration those people most in need of additional assistance to carry out their daily responsibilities.

As has been pointed out not only by the mover but by the hon. member from the government who just spoke, this amendment would continue universality and put back in place a federal tax credit of 17 per cent or an amount of about \$3,482 for any and every taxpayer 65 or over. At this point we have to ask whether we can afford it and continue to do that.

The Liberal government and Liberals when they were in opposition argued that universality should be sustained and it should continue and that should be the policy of government forever after. They argued that when the question of the clawback on old age assistance was presented before this House in the last sitting. At that time the Conservative government made the decision that we should put a clawback in place. Now that is in place and old age assistance is somewhat more targeted toward those in need.

Now we are at the stage at which the Liberals, now in government, see that the reality of our fiscal situation is bringing us to this kind of decision making and that it is most necessary. We must be able to target government funds toward those most in need. If we supported this Bloc amendment it would revert to universality and I do not think that would be realistic in light of today's current economic circumstances.

I would like to make one or two remarks with respect to the case put forward by the hon. member for Mercier today. The hon. member said in her presentation that the change of the federal tax credit from universality to one which is targeted and institutes the clawback principle is a deliberate attack on the

middle class. The hon. member went on to say that it abruptly ends universality. She said that before we do these kinds of things we should have tax reform. She said we want to keep a feeling in Canada that everybody belongs and that we should keep taxes off of the unemployed, the middle class and those most in need.

That sounds like an ideal society that a socialist point of view would certainly put forward in this House.

(1220)

It is always the underlying premise that one is going to take away from the rich somewhere and give to someone else. One is going to transfer payments continually to look after someone else in our society. One can understand that from people who have this kind of a left wing socialist approach to life in which they think that somebody is rich, that somebody else is earning more money than they and that through government law they must transfer those earnings to somebody else they may feel is in need.

If we look at this policy here where we had the tax credit to all taxpayers over the age of 65 it will tag seniors who have retired with huge incomes. It could be \$1 million or \$100,000 or \$200,000 a year, we were providing an extra benefit to the rich. I do not know how well that sits with someone who looks at it from a rather left wing, socialist approach as the Bloc Quebecois does.

I have been most disappointed to hear that kind of view from that party in its contribution to this House. Most likely it has made a very good replacement in some sense for the New Democratic Party which once sat somewhere in this relative position in the House.

However, we must look at reality today. The Government of Canada has a deficit of \$39.7 billion. We have interest payments of \$40 billion on a debt of over \$500 billion and it is moving toward \$50 billion per year as our debt continues to accumulate as we continue to spend. That is the way it is. Every one minute \$18,000 is added to the debt. If we look at that in terms of the income of members of Parliament, every four minutes we add \$64,000 to the debt of this country on to the current accumulated debt. That is adding up very quickly and we need to do something about it.

Fiscal responsibility must be part of the policy that we have in front of us here. We must recognize that the decrease in cost to the government of some \$300 million is part of an expenditure reduction program that was necessary and is necessary to be used to try and keep the level of deficit down and keep the level of interest costs down so we can get this country back on a more pay as you go basis.

Bloc members do not understand that kind of language. They feel they can have it both ways. They feel they can spend here,

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tell one crowd that we are going to spend and keep all these benefits for them on this hand and at the same time we are never going to have to face fiscal reality and deal with this big deficit in the country or deal with the accumulating debt of the country. Those two policies, if they were told in the same building at the same time, would look very foolish. These inconsistencies are continually presented on the floor of this House and Canadians are not buying that kind of approach.

I know the people of Quebec, as they may watch this debate today and as members of this House point out the inconsistencies of this debate that is presented, they will not buy the kind of message that the Bloc Québécois is presenting to Canadians in this House and in the referendum that is going on in Quebec trying to present to the people of Quebec. They will not buy it. They will see the inconsistencies. They will see that it is the wrong approach to building Canada. It is the wrong approach to building any city in Quebec. It is the wrong approach to building any community in Quebec. It is not the approach that will bring fiscal accountability to Canada, nor will it bring fiscal accountability to the province of Quebec as it should.

This amendment before us is unacceptable in principle and unacceptable in terms of the current circumstances. It is unacceptable because it comes from a philosophic bent that is unacceptable to Canadians. It is one that will not build this nation of ours.

(1225)

I encourage the members of this House to vote against the amendment because it just does not fit in terms of today's reality.

[*Translation*]

Mr. André Caron (Jonquière, BQ): Mr. Speaker, I welcome this opportunity to support the amendment standing in the name of the hon. member for Mercier, whose purpose is to eliminate one of the proposals in the bill before the House today which would involve a considerable reduction in the age credit, the tax credit for seniors. As you know, the citizens of this country are entitled to special tax relief on the basis of age. This age credit is currently set at \$3,482, which works out to a reduction in federal income tax of about \$610 annually for all tax-paying seniors. Combined with the credit allowed by most provinces, this adds up to about \$950.

The proposal, which our amendment before the House today would eliminate, would apply an income test to the credit, so that seniors whose net income exceeds \$25,921 would see the value of their tax credit go down and, in the case of seniors whose net income exceeds \$49,134, disappear altogether in two years' time. Let me explain. The proposed amendment to the Income Tax Act will initially have no impact on seniors who are among the neediest in our society. Seniors with an income of

less than \$25,920 will not be affected. This will only have an impact on seniors with a net income between \$25,000 and \$50,000.

These people belong to the middle class. These are people who have worked all their lives, have saved money for their retirement and have a net income of about \$30,000 or \$40,000. These people are not wealthy. These are members of the middle class who have worked to enjoy a good life during their retirement. These are the people who will be hit, and that is why the Bloc Québécois is opposed to this amendment. I heard members of other parties say: "Sure, but this tax credit also benefited people earning \$200,000, \$300,000 or \$400,000". I think that is rather exaggerated, since the vast majority of those who will be affected are people in the middle class with average incomes.

The message this amendment sends to people, especially to seniors, is that our society does not appreciate them. The age credit provision was included in the Income Tax Act—at least, that was my understanding—to provide some recognition for people who worked so hard to build our country and who managed to save some money for their retirement, and I think the country, whether we are talking about Canada or Quebec, should recognize their contribution. I think the age credit was a way to tell them that society valued their contribution.

The other thing I see in all this is that those who want to reduce the credit believe that seniors have a fair amount of money, that there is not enough money to go around, that there is a deficit, and that everyone has to pay. But in fact not everyone in Canada pays. I think that, before we go after the incomes of seniors, we should really look elsewhere. Over the past year, and even during budget preparation, the Bloc Québécois suggested places to the Minister of Finance where money could surely be found to replenish government coffers so that the people in the middle class and, particularly, those 65 and over in Canada could be left alone.

(1230)

They talk about family trusts, a way for the very rich to shelter large amounts of capital from taxes. They could be a source of hundreds of millions of dollars.

There is the whole business of tax havens. You know, Canada has agreements with some 15 or 16 countries, which allow companies in Canada and other countries to spread out profits and therefore to avoid paying taxes. It is primarily in countries that welcome big multinationals where people with a knack for accounting arrange for these companies not to pay any taxes.

I think we should look at these agreements and get the money that is due to Revenue Canada—Taxation. Here again, hundreds of millions of dollars are involved. This is where we should be looking, instead of targeting people who have worked hard all their lives to enjoy decent retirements.

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Furthermore, we should take another look at the real minimum tax that could be charged on the profits of major corporations. Do you know that, right now in Canada—and I think many people find it disgusting; it is a real sin—there are companies, big corporations, not paying any taxes. They make profits, but they do not pay any taxes.

Under a particular accounting policy, they can carry over losses incurred in previous years. So, in a year when they make a profit, they can carry over losses from preceding years to offset it and avoid having to pay taxes.

If individual taxpayers were allowed to do the same, I think that we might be surprised by the results. Some people earn a lot of money one year and considerably less the following year, for any number of reasons. I do not think it is that easy for individuals to carry losses over from one year to the next.

There is a great deal of money to be made with a minimum tax on corporations and at the same time this would put an end to an outrageous situation that people read about in the papers: large corporations not paying a cent in income tax while individual taxpayers are seeing \$500, \$600, \$1,000 or \$2,000 deductions taken away from them. I think there is something wrong in terms of tax fairness and, as a result, the public doubts that the Canadian tax collection process is fair and equitable.

Finally, I would like to remind you that the auditor general reported that there some \$6.6 billion was currently owed to the federal treasury in Canada. For one reason or another, the tax man did not collect the amounts due. At least 80 per cent of these unpaid taxes could still be recovered. This adds up to several billion dollars.

I think that, with the assurance that all amounts due will be collected, the public would accept more readily that measures such as the one we proposed this morning, although debatable, be adopted.

But first, the federal government and the Minister of Finance must demonstrate that the Canadian tax system is really fair, that corporations pay their share, that the rich pay their share, that all those who owe back taxes pay them. I think that we must resist any further tax increase on the middle class. The middle class is large. Small amounts times millions of taxpayers amount to a lot of money in the end.

But when the most heavily-taxed middle class, whether retired or younger people, come to realize that the system is no longer equitable, this gives rise to situations where people protest and refuse to pay taxes, not because they think that it is not fair to pay taxes, but because they feel that not everyone is paying his fair share.

(1235)

So, I hope that my hon. colleague's amendment will be passed and that plans to eliminate the age tax credit will be reconsidered as far as certain categories of seniors are concerned, in particular middle class seniors.

[English]

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, I rise to speak against the motion put forward by the Bloc to remove means testing whereby the tax credit for seniors is reduced as their incomes go up. As I have said in the House before and will say again, members of the Bloc are not only separatists but socialists too. They always want to ensure the status quo is protected: we cannot change anything given to a group of people even though it has been shown to be no longer appropriate.

We have a fiscal crisis in the country. The finance minister is starting to recognize it. The Reform Party has recognized it for a long time and has been able to raise awareness of that fact. Now the government is coming on side and saying that we really have a problem.

The Minister of Finance promised us a tough budget with some more tax increases in the name of fairness. Some may question the fairness but they are certainly tax increases. We are going to see some cuts. The Reform Party has been proposing these for many years. We ran in the election on balancing the budget within three years. We must get the job done to ensure that our social programs for those in need are protected. That is the number one priority. After that we have to ensure that we get the budget balanced.

The motion put forward by the Bloc would suggest that we continue the old situation of taxing the poor to pay for the rich. We have millionaires in the country who spend their winters in Florida, in Mexico, in southern United States and in Hawaii because they are retired. They have large incomes and a large amount of assets. Yet we continue to give them a tax break paid through the additional taxes of young families struggling to pay mortgages, young families trying to raise children, educate them and get on their feet. These people are being focused. We are calling them the middle class and saying: "You have to pay more in order that a certain segment can live in the lap of luxury and get a tax break too".

Surely it makes sense to recognize that the elderly poor need assistance, to focus on them and to remove the credit for those who can afford to pay their share of taxes. That is what it is coming down to. We want to be really fair and not like the Minister of Finance who suggests that fairness is an increase.

We want to ensure we are fair and focus the money where it will do the greatest amount of good. We should remove the tax credits from those who can afford to do without them. It is not

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pleasant. We would rather not do it but unfortunately with the situation the country is in we really do not have a choice.

We hoped the Liberal government would have acted quickly and decisively to get the job done a year ago. We are \$45 billion or \$55 billion more in debt, and the Minister of Finance says: "I think I am going to start this time". I do not think that is good enough, but it is water under the bridge, the horse is out of the barn or whatever. Here we are today; let us hope this time the Minister of Finance will make an aggressive start rather than continue his policy of gradualism to get the budget balanced some time down the road.

Let us get the job done. If we do not get the job done we will not only find that we have to reduce the tax credit for seniors this year but we will have to eliminate it for everybody another year. We will have to cut social programs we can no longer afford that are not only desirable but almost mandatory. However we will not have the money for them.

That is the crisis looming ahead if we do not act decisively now. I cannot understand why the Bloc would suggest that we should continue allowing this tax credit for millionaires. The point is that we must move ahead.

(1240)

Our leader, the member for Calgary Southwest, has said quite specifically on several occasions that we are going to introduce a budget and the Minister of Finance is going to have a budget and he is prepared to debate the two of them.

The Minister of Finance is playing games again. He told us he was going to reduce the deficit to \$25 billion in three years. A couple of weeks ago he said we were to have two-year rolling targets. Everybody thought that was progress until they realized that he was only going to release them one at a time. Now he is going to say: "Guess what, my two-year rolling target is \$25 billion in 1996-97".

We knew that a year and a half ago. We have not moved forward. He admitted back in October when he appeared before the finance committee that things were falling apart and he had to make extra cuts between \$9 billion and \$15 billion to meet his goal. Interest rates have gone up even more since then. The cost of the debt has gone up even more since then. His figures are even more off track. Yet he still has a policy of gradualism.

Death by a thousand cuts is one thing I was looking at. I was looking at Bill C-59 and the number of tax increases being proposed. These are just last year's budget increases. We have not even started to get the job done. We have seen the budget reduced from \$40 billion to \$39.7 billion, a minuscule drop. We have seen the \$100,000 lifetime capital gains exemption eliminated. We have seen extended the taxation on employer provided benefits to include the first \$25,000 of life insurance. There is the age credit we are talking about today. Business

meals and entertainment expenses have been reduced from 80 per cent to 50 per cent. Divisive corporate reorganizations curtail a tax avoidance tactic that allows capital gains and so on. Investment tax credits reduce the rate at which a tax credit is calculated and so on. It is death by a thousand cuts and we have not started the job.

The deficit still has not come down in any meaningful way until the Minister of Finance introduces another budget in a few weeks time. If interest rates continue to rise that will not do any good whatsoever.

Therefore, while we support the reduction being proposed in Bill C-59 that is opposed by the Bloc, we are also saying loudly and clearly to the Minister of Finance: "Get the job done". If he gets off this policy of gradualism and deals with the crisis effectively, we can say to seniors and others who depend on social programs that we recognize we have a responsibility and want to preserve social programs for those in need. If the Minister of Finance does not get the job done now and get it done quickly, these programs will be in jeopardy because the government could not get the job done.

[Translation]

Mr. Gilbert Fillion (Chicoutimi, BQ): Mr. Speaker, I have a duty to rise today to speak to Bill C-59, an act to amend the Income Tax Act, since this bill includes several tax provisions that were announced in the last budget almost a year ago. Consequently, I will support the amendment moved by my colleague, the hon. member for Mercier.

This bill reflects an effort to correct certain shortcomings in the tax provisions, but I am not sure that the goal will be achieved since this government managed to divide Canadians and Quebecers into several categories: the rich, the poor, and the disadvantaged.

(1245)

Once again, the government is going after the most disadvantaged in society. It wants to take half a billion dollars from the pockets of seniors by reducing their age credit. That is really outrageous. A lack of money precludes any kind of participation in community life. Take off your masks and tell us clearly what you have in store for our seniors, a growing number of whom live in poverty.

Is this the kind of life the Liberal government has in mind for our seniors? As you know, in 1992, the average income for seniors was \$18,000 a year. Furthermore, 21 per cent of seniors are low income earners living at or below the poverty level. The government now thinks that a senior with a \$25,000 income is rich. The provision in this bill is based on these people's low income. It would be unconscionable to collect such amounts when there are so many ways to get more money elsewhere.

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Seniors are now eligible for non-refundable tax credits. Many of them—from across Canada, I think—are very concerned that this credit might be cut or eliminated altogether. The Liberal government decided to reduce this tax credit. This amendment is aimed at reducing, for seniors with a net income of \$25,921 or over, the tax credit by 15 per cent of the amount by which the individual's net income exceeds \$25,900. This credit will be completely eliminated when individual income reaches \$49,000.

The government wants to implement this measure gradually over two years. In other words, half of the amount calculated will be eliminated in 1994 and the other half in 1995. This measure will affect about 250,000 senior citizens. Of that number, 170,000 are considered to be on low incomes. This verges on outright injustice to seniors on average incomes, and all for the sake of an estimated savings of \$20 million in 1994-95, \$170 million in 1995-96 and \$300 million in 1996-97. It is outrageous, when we realize that this money will come directly out of the pockets of our senior citizens.

Need I recall that the Liberals were the first off the mark to criticize the Conservatives for cuts affecting senior citizens? In fact, on June 18, 1985, when the Minister of Human Resources Development was in the opposition, he said: "The fact of the matter is that the government has substantially reduced in a regressive way the purchasing power of senior citizens. Not only has their direct income support been taken away, but their purchasing power has been taken away. As if that were not enough, a third whammy is added through reductions in transfer payments to the provinces by \$2 billion between now and 1990. The Budget is clearly a multifaceted attack on the income base of senior citizens".

(1250)

And where is the Minister of Human Resources Development, now that he has changed his tune? Now that his party is in power, the minister's policies are right in step with the same policies he used to criticize so roundly, and I am referring to the reductions in transfer payments and the purchasing power of senior citizens. This government was all about promises and a red book, but now they are in power, the red book is fading fast.

The Prime Minister is a good example. After promising he would not raise taxes, he is now leaning towards taxing RRSPs, another way to increase the tax burden on the middle class. This will lead people to put less money in their RRSPs, at a time when public pension funds are showing signs that they will be unable to meet the needs of an ageing population.

The government can get its half billion dollars somewhere else. Do something about tax evasion! Many hundreds of

millions of dollars are locked up in family trusts because of tax treaties with foreign countries. The perfect tax haven.

This government has a funny way of showing its recognition to people who have worked hard all their lives. What does it want? Let senior citizens enjoy their well-deserved retirement in dignity.

Unemployment is over 10 per cent. Youth unemployment is close to 17 per cent. In Quebec, more than one million people are on unemployment insurance or welfare. The government should be doing something about unemployment, for a change. Let us restore the pride of Canadians and Quebecers by putting them back to work. The government should stop taking money from the poor, but Bill C-59 is one more step in that direction, with its measures against senior citizens.

The Bloc Québécois condemns this bill which does nothing to help this section of our population and will merely add to the number of poor people in our society. In concluding, I want to ask the following question: Is this flexible federalism? If so, this is one more reason to get out.

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

Some hon. members: Question.

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

Some hon. members: Agreed.

Some hon. members: No.

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

Some hon. members: Yea.

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

Some hon. members: Nay.

The Acting Speaker (Mr. Kilger): In my opinion the nays have it.

And more than five members having risen:

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

Pursuant to Standing Order 45(5)(a), I have been requested by the Chief Opposition Whip to defer the division until a later time.

Accordingly, pursuant to Standing Order 45, the recorded division on the question now before the House stands deferred until tomorrow at 5.30 p.m., at which time the bells to call in the members will be sounded not more than 15 minutes.

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(1255)

*[English]***AGRICULTURE AND AGRI-FOOD ADMINISTRATIVE
MONETARY PENALTIES ACT**

The House resumed from February 10 consideration of the motion that Bill C-61, an act to establish a system of administrative monetary penalties for the enforcement of the Canada Agricultural Products Act, the Feeds Act, the Fertilizers Act, the Health of Animals Act, the Meat Inspection Act, the Pest Control Products Act, the Plant Protection Act, and the Seeds Act, be read the second time and referred to a committee.

Mr. Leon E. Benoit (Vegreville, Ref.): Mr. Speaker, the purpose of my speech on Bill C-61 is threefold. First, I will outline what is contained within this bill and what it intends to achieve. Second, I will outline three areas of concern I have with this bill and offer some constructive alternatives to those concerns. Third, I will outline the positive aspects of increasing the monetary penalties for offences dealt with by the courts.

At this time I am not speaking either for or against the bill which leads me to wonder whether I am becoming too much of a politician. For the most part I will be asking questions of the minister. I hope the answers will explain some parts of this legislation which will help me in preparing to deal with this issue in committee and in later debate in this House.

First, I will outline the purpose of this bill. Industry associations have pointed out the need for more equitable enforcement of regulations and more equitable treatment between imported and domestic products. This bill is an attempt to apply consistent standards to both imported and domestic products and to promote the competitiveness of the agriculture and agri-food sector.

To address these concerns the food production and inspection branch has proposed an administrative monetary penalty system to decriminalize certain federal regulatory offences. This bill permits the minister of agriculture, if he is requested to do so, to conclude compliance agreements with those who commit regulatory violations.

The rationale behind these monetary penalties is to use the threat of a financial penalty to obtain compliance rather than to simply punish. The system is based on negotiating solutions to regulatory violations. Monetary penalties range from \$50 to \$15,000.

Bill C-61 gives the department of agriculture more options and greater authority to enforce relevant regulations. Currently most violations of regulations under these acts are treated as offences and are prosecuted through the courts.

The new system is intended to streamline the process by implementing a ticketing system at ports of entry into Canada and monetary fines for other infractions. Only the most serious infractions will end up being prosecuted through the courts as offences. One important result of this bill could be lowering the number of cases going to court. The end result of a cost saving to taxpayers is of course very important.

Bill C-61 adds to the enforcement options of certain legislation administered by the department of agriculture by allowing a system of administrative monetary penalties to be imposed for these regulatory violations. Under this legislation a violation would result in a ticket or a monetary fine.

For example, a violation could include the failure to meet certain sanitary regulations at a meat processing plant, or the mislabelling of an agricultural product. However, an offence which is considered a more serious infraction of the regulations for imported and domestic products would remain subject to prosecution through the courts. An example of an offence would be taking an animal out of quarantine and marketing it, thus endangering consumers.

Under compliance agreements administrative monetary penalties may be reduced or cancelled if the violator agrees to the actions necessary to ensure future compliance.

Monetary penalties are subject to review by a board of arbitration or a review tribunal. The system of administrative monetary penalties would apply to the following acts: the Canada Agriculture Products Act; the Feeds Act; the Fertilizers Act; the Health of Animals Act; the Meat Inspection Act; the Pest Control Products Act; the Plant Protection Act; and the Seeds Act. Certain monetary penalties already exist within the Departments of Transport and Employment and Immigration. They are also used in the United States and Europe.

(1300)

I will outline three areas of concern that I have with this bill. I agree with the overall intent of this bill. Reformers favour streamlining a regulatory process to make it work more efficiently and reduce costs. Currently most regulatory violations are prosecuted through the courts. For the most part this a cumbersome and ineffective process. Because there are limited alternatives in the current system to enforce compliance with the law outside of criminal prosecution, minor violations and violators are often ignored.

I have three main areas of concern and I also have three questions, the answers to which could alleviate these concerns. Are the penalties set high enough to be an effective deterrent, particularly to large companies? Why have the ministerial powers been so dramatically strengthened? Why is it the sole

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discretion of the minister to appoint and expand the board of arbitration and the review tribunal?

My first area of concern is the size of penalties. Are the penalties set high enough to be an effective deterrent? I agree with the goal of compliance instead of punishment, and this is positive because it will reduce the burden of the courts, but will it also increase the likelihood of violations since the consequences will not lead to criminal action?

Corporations may deliberately engage in minor infractions which are by regulation subject only to monetary penalties and not to court action. The company will therefore simply pay the penalty and in accordance with the changes made in clause 23 have its record wiped clean after five years.

For example, corporations knowingly emit more pollutants into the air than is acceptable under Canada's environmental regulations. Because the benefits to the company outweigh the costs, some companies would rather break the law, pay the minimal fine and continue operating at a maximum profit level.

A solution to this problem would be to ensure that repeat violators will be prosecuted in court. For example, a two strikes and you are out system could be implemented. This means that after a company has received a monetary penalty twice for a violation a further violation would automatically be deemed an offence and court action would be taken.

In order to strengthen the effects of regulatory violations, I would propose that the five year period for retaining records of violation as outlined in clause 23 of Bill C-61 be extended to ten years so a record of infraction takes longer to wipe away.

The second area of concern is that the ministerial powers have once again been substantially strengthened. Clause 5 allows the minister to decide what constitutes a violation subject to monetary penalty and what constitutes an offence subject to the courts.

For example, under the Fertilizers Act the minister can decide whether a violation has occurred which is subject to a maximum fine of \$15,000 or whether an offence has occurred which is subject to a maximum fine of \$250,000. That is a lot of power in the hands of a minister without precise legislation to guide.

In the case of a violation clause 6 allows the minister to decide who will receive a notice of violation and to determine the form and the content of that violation. Clause 7 allows the minister to make regulations that set penalties for each violation or not to impose a penalty at all. Under clauses 9 to 13 the minister may also make exceptions which would allow a penalty to be reduced or increased.

All of these situations create an opportunity for political favouritism. Companies that are friends of the government could be let off lighter than those that are not friends of the

government. If clear guidelines are in place to alleviate this concern, I would ask the minister to provide them to me. If his answer is that an alleged violator can take recourse through a board of arbitration or a review tribunal, this offers me no comfort.

(1305)

Let me explain by discussing my third area of concern, how appointments are made to these two boards. It is clear there is too much ministerial involvement in appointing and expanding the board of arbitration and the review tribunal.

Monetary penalties are imposed on the basis of absolute liability which means a penalty can be imposed without proving fault. The briefing from the food production and inspection branch of the agriculture department cites essentially regulatory nature of the violations, the relatively modest levels of the penalties and the absence of the probability of imprisonment as factors to support the use of absolute liability. In the real world, though, these penalties are large enough and can be used effectively to punish enemies of the minister.

This legislation states that if an alleged violator objects to the penalty assessment he has received, a review by an appropriate government official and by a tribunal may be requested. This is outlined in clause 9(3) which states a person may request to enter into a compliance agreement or a review by the minister or a review by the tribunal.

The practices of departmental review and review by a board of arbitration and review tribunal were in place before Bill C-61. However, clause 28 of this bill eliminates the ceiling for membership on these minister appointed boards.

Under the existing Canada Agriculture Products Act both the board of arbitration and the review tribunal can only consist of a minimum of three and a maximum of five members, all appointed by the minister.

Clause 28 of this bill allows the minister to appoint an unlimited number of members to these boards. The current process is already open to government patronage. Lifting the ceiling on the number of members to the board of arbitration and review tribunal only allows for more patronage to occur.

Here is another chance for the Liberal government to add to that list of patronage appointments that was presented in the *Globe and Mail* last week. Is this the intent of this section of the legislation?

I do not believe that there are legitimate reasons for the minister to have sole discretion in appointing members to the board of arbitration and the review tribunal. This direct and deliberate patronage can be avoided by vetting all appointments through the Standing Committee on Agriculture and Agri-Food in an open and thorough process.

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Even though this is a Liberal dominated committee, at least it would provide the opportunity for open and honest discussion, the opportunity to critique the qualities of those considered for the appointment.

With respect to the elimination of the ceiling for membership on the board of arbitration and the review tribunal, if the government has a legitimate reason for removing the maximum number of members for the board, for removing the level that was set previously, I would like to know what the reasons are. I ask the minister to provide me with this list of reasons. Next week or sooner would be fine.

As stated in my introduction, the third aspect of my speech will deal with what I consider to be a positive aspect of this bill, that the monetary penalties for offences dealt with through the courts have been strengthened.

For cases involving a gross offence, the department still retains the option of criminal prosecution through the courts. In such cases administrative monetary penalties will not be imposed.

Fines proposed for indictable offences have been drastically increased. For example, clause 52 increases the maximum penalty for an offence under the Fertilizers Act from \$500 to \$50,000 and for an indictable offence from \$2,000 to \$250,000, a substantial increase. Strengthening these penalties may increase the deterrent to breaking Canadian regulations. Reducing regulatory infractions through deterrence is a positive goal.

Mr. Vanclief: Recall.

Mr. Benoit: Some members opposite are referring to recall. I would just like to remind them that the hon. member for Beaver River in early November introduced the recall bill into this House. Had the members opposite voted for that recall bill instead of against it, people in my constituency would have had the right to invoke a recall petition. Therefore, I encourage them to bring this bill up on their own to show that they really do believe in direct democracy. I would be more than happy to honour that recall legislation.

(1310)

I have outlined what this bill attempts to achieve. I have discussed my three main areas of concern with this bill and I have outlined what I consider to be the most positive aspects of this bill.

I have one final comment on this bill. Achieving the best balance between which details should actually be included in legislation and which should be left up to ministerial discretion is often difficult. By adding more detail, which is often covered by regulation rather than in the legislation itself, a bill can limit the flexibility of implementation. This can be positive or

negative. The more detail added to the legislation the less discretion the minister has in implementing the legislation. Less discretion means less power.

I believe this legislation needs more details. If it sounds like I do not trust government and bureaucracy, that is true. It has been well demonstrated in the past that it is wise to view government with a certain level of distrust. Governments have earned this reputation. This was very apparent to me this last weekend as I canvassed for the Reform candidates in Ottawa—Vanier and Saint-Henri—Westmount. Many people I talked to expressed a high level of distrust of both present and past governments.

Because I am leery of giving the government too much flexibility in implementing legislation, I will be looking for more detail to be added in third reading. I look forward to getting the answers to the questions that I have presented to the minister today and I look forward to discussing Bill C-61 in committee and in further debate in this House.

Mr. Murray Calder (Wellington—Grey—Dufferin—Simcoe, Lib.): Mr. Speaker, I would like to speak on Bill C-61 which is before the House this afternoon. I wish to add my voice to supporting Bill C-61, an act to establish a system of administrative monetary penalties for the enforcement of the Canada Agricultural Products Act, the Feeds Act, the Fertilizers Act, the Health of Animals Act, the Meat Inspection Act, the Pest Control Products Act, the Plant Protection Act and the Seeds Act.

I think we are all aware of the purpose of the acts, but for those of you without agricultural backgrounds let me share with you how important they are for a poultry producer who farms near Holstein, Ontario.

The Seeds Act ensures that the seed I buy to grow feed for my chickens conforms to the prescribed standards, marked and packed and packaged labelled as required. The western growers would know what tombstone would mean to wheat production if it were able to get farther into the seed system than what it is right now.

The Health of Animals Act helps to ensure that my flock will be disease free. Within the poultry industry there is a disease called ILT, infectious laryngotracheitis. Try saying that three times. It is something that a producer would look at losing 70 per cent to 80 per cent of his flock of chickens which would be economic disaster.

The Plant Protection Act provides for the prevention of pests injurious to plant life in agriculture and forestry sectors. I think we all remember back to Ontario and the outbreak of elm disease and all the trees that had to be destroyed because of that.

The Feeds Act ensures that no person will manufacture, sell or import into Canada any feed that may adversely affect animal or

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human health. In that situation with all the animal feeds we have right now which are very highly mixed, with computer technology, farmers are aware of how micro toxins can adversely affect the health of their livestock.

(1315)

The Fertilizers Act provides that any fertilizer when utilized in accordance with directions does not contain destructive ingredients.

Finally, the Pest Control Act regulates the products used for the control of pests and organic functions of animals and plants.

As can be readily seen, the operation of my farm and its success depends as much on my ability as manager as it depends on the federally enforced standards and also supply management in my case. Without these standards and the enforcement of these standards, Canadian agriculture would be unable to compete in the global marketplace. Unable to guarantee quality, domestic and foreign markets would soon disappear.

As colleagues have noted this bill does more than impose monetary penalties. It authorizes the minister, if requested to do so, to conclude compliance agreements with individuals who commit violations. Under these compliance agreements administrative monetary penalties can be reduced or cancelled if persons agree to make appropriate corrective action to comply with the agri-food acts and regulations.

Notwithstanding the ability to assess monetary penalties the bill also provides for an independent tribunal to review such penalties in keeping with the government's belief in due process. It is important to protect the integrity of Canadian agriculture and agri-food products. This bill will strengthen the concept and the quality that is central to the Canadian agri-food industry.

I will give an example. This is probably a question that my hon. colleagues on the other side of the House would want to know. How many administrative monetary penalties does the department expect to issue this year? The estimate is that the food production and inspection branch will issue approximately 350 notices of violations. Currently it will probably prosecute 220 of these offences. We will currently and after this be able to issue administrative monetary penalties for all but a few of these offences.

As this system is more effective and efficient than prosecuting in the courts we will be able to increase our enforcement activities. In addition to the 350 notices of violations we will probably issue approximately 1,200 tickets at the ports of entry. These tickets will be issued for high risk violations by the public who try to illegally bring in meat or meat products or plants or plant products at the airports.

This problem is a serious one because of the possibility of introducing plant or animal diseases into Canada as I have previously stated.

As colleagues have noted this bill will help to reinforce the many unique things that we do in Canada which will ensure that everything from the seeds that we grow to the food that is on our table is the very best. That is what the Canadian consumer has come to expect from Agriculture Canada. This bill will affirm that quality will continue to be the foundation of Canada's agri-food strategy.

It is important to note that while classifying each infraction as a minor violation or as a serious violation or as a very serious violation with the accompanying escalation in monetary penalties imposed, it should be remembered that nothing in the bill precludes the minister from seeking greater penalties by proceeding with the infraction as an indictable or summary offence before the courts rather than as a violation. At present the department only prosecutes serious non-compliance with 90 per cent of the penalties not going to hearings.

(1320)

The industry wants the importers to comply with the high domestic standards we have, thereby giving them a level playing field to compete on. However, it is important to reiterate that not only is there an appeal mechanism in place when the person is judged in the violation, we also have the opportunity of overturning such penalties that have been imposed.

Where the minister is satisfied that a person who has entered into a compliance agreement has complied with the said agreement, any security given under the compliance agreed by the person shall be returned.

This ability to pursue through the courts those judged to be in flagrant violation of the aforementioned acts, while treating with compassion those who comply, is one of the strengths of this legislation. The element of fairness that gives this bill its greatest strength is the balance. We all want compliance, not punishment, so the integrity of the agri-food industry is without question. The bill would give us the opportunity to maintain these standards of quality.

I would like to commend the Minister of Agriculture and Agri-Food for his leadership. The bill typifies the way the government deals with issues. With the support and assistance of the industries being regulated, the government has proposed effective changes intended to improve the operating and administrative efficiencies relating to the enforcement of the agri-food industry standards.

Taken together, the amendments to the various acts offer Canadians a comprehensive package of measures that support efforts to ensure the quality and safety of agri-food products here in Canada and around the world. For these reasons I most

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heartily encourage the members of the House to support this bill.

Mr. Allan Kerpan (Moose Jaw—Lake Centre, Ref.): Mr. Speaker, in defence of my colleague from Vegreville, I feel there is a need to repeat something. I do not think the government hears us the first time. It is very important that we make our point.

I would like to ask the hon. member a question. I agree and can support the idea of less regulation when it comes to court cases or the idea of compliance. What bothers me about Bill C-61—the member mentioned it as well—is that it will give the minister far more latitude in some of the powers he has in these regulations.

What protection is built into this bill that would protect consumers and the industry from the wide-ranging powers of this minister or any other minister that may sit in the House from time to time?

Mr. Calder: Mr. Speaker, I would say the integrity of the department would go a long way to protect the individual producer. Also it would probably be underneath a vote too.

I know the hon. member has probably never been in this situation but it is like speeding down the highway. You might have been five miles over the speed limit. The police officer comes up beside him. The police officer has the right to charge him for speeding. I know there have been some instances where the police officer has said: "Listen. Don't do it again. You have 12 hours. This is a warning."

I would say that is probably a fair answer to the member's question.

Mr. Allan Kerpan (Moose Jaw—Lake Centre, Ref.): Mr. Speaker, it must be my lucky day. It seems like I have been up every half hour this morning and early afternoon.

(1325)

It brings a concern to my mind. Like the rest of my colleagues, I have been sitting in the House for somewhat over a year now. I sometimes wonder about the priority the government puts on agriculture. Last year when we started in January we sat until almost May before we had a debate on agriculture.

This concerns me because I am a farmer from Saskatchewan. Many of the constituents who elected me in Moose Jaw—Lake Centre are farmers. Certainly most or all of them are concerned about what happens in the agriculture industry. It is a concern that there seems to be a lack of interest in the whole idea of agriculture. It is good to see that we have a number of bills before the House now that are pertinent and relevant to today's agricultural communities.

I want to talk for a few minutes on Bill C-61. Bill C-61 proposes a system of administrative and monetary policies for the enforcement of the Agriculture Products Act, the Feeds Act,

the Fertilizer Protection Act and the Seeds Act. It proposes some new provisions and also various amendments to the current acts.

Basically the bill gives the Department of Agriculture and Agri-food more options and greater authority in enforcing the relevant agriculture legislation. Currently most contraventions of regulations under these acts are treated as offences and prosecuted as such. We have already said that puts a burden on the court system and is generally very inefficient.

The new system is intended to streamline the process by utilizing a ticketing system that will include AMPs but will not be treated as a criminal offence unless it is deemed serious enough.

One of my great concerns is who will deem it serious enough to be a criminal offence? Will it be the minister? Will it be a board or a tribunal that is appointed by the minister? It concerns me, if not for the current minister, but for future ministers. We have no guarantee and no protection, in my mind, that protects consumers and the industry from a minister who would want to play heavy-handed politics in the industry. That is probably my one great concern with Bill C-61. Up until this time I do not feel the question has been answered on how we will be protected from a heavy-handed minister.

I do not believe a lot of accountability is built into Bill C-61. The debate on this bill should also focus on the amount of regulation in general. Some of the regulations relevant to this bill are quite necessary.

For example, the regulations dealing with health of animals and meat inspection have to be a concern and must be a priority for government as I mentioned this morning in another speech on another subject. In areas such as these we could talk about the need for the industry to regulate itself. That is something of which the industry would be in favour and in which industry would be willing to negotiate and get involved.

Some amendments should be put forward to this bill. I can think of numerous things. Again I want to mention the idea of protection for the consumer and those involved in the industry.

Canadians want the safety that this bill will provide for them in areas like the illegal and undeclared importation of plants, plant products, meat or meat products. It is a serious concern because of the probable introduction of plant or animal diseases. Those could cost millions of taxpayers' dollars for control and elimination. When we look at a \$500 billion plus debt, everyone in this House would agree that we have to be concerned and make sure that we do not spend any taxpayers' dollars than is absolutely necessary.

The current process involves prosecution in the courts which really has not been all that effective. There are also limited alternatives in the current system to enforce compliance. This bill proposes the implementation of a ticketing offence pro-

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cedure at ports of entry in the hope of increasing efficiency and effectiveness in dealing with this problem.

(1330)

The second point I would like to make is that Canadians want less but more effective regulatory burden. Overall the streamlining of the regulatory process is a very worthy goal, as is reducing court costs and the associated regulatory burden.

With this process however, will there be a bottleneck and an overload of people wanting to pursue the compliance agreement process? What industries have asked for development of this legislation or something similar to it? Are there any companies out there that would be opposed to this type of legislation? If so, why?

Assuming we already agree with the regulations under the eight agriculture acts I can personally support in principle measures which would increase compliance with this legislation and the regulations.

The decriminalization of the federal regulatory offences is an important component. It would reduce the burden of the criminal court system, but will it reduce the likelihood of violations since the consequences will be less likely to include criminal prosecution? This probably would not be the case for individuals but perhaps for large corporations, if they would rather absorb a monetary penalty as opposed to a criminal penalty which could mean the loss of their licence. The compliance record would be wiped clean after five years which could make this route more appealing to some.

The examples I have developed which would likely be treated as violations could include things such as unsanitary facilities in a meat processing establishment or the mislabelling of agriculture products. Examples of a contravention which would likely be treated as a criminal offence could include taking an animal out of quarantine and marketing it, thereby endangering the health of consumers.

The main goal of compliance instead of punishment does seem agreeable. Transport Canada, by the way, and employment and immigration use the administrative monetary penalty system at this point in time.

The third point I would like to make is: How much power do we want to give to the minister? The powers granted to the minister are extensive. He may make regulations which decide what constitutes a violation and what constitutes an offence. In the case of a violation, he can decide whether it is minor, serious or very serious and set penalties for each violation. In my mind I can see a scenario taking place sometime in the future, whether it is next year or 10 years down the road where any particular minister could in effect wield power and clout that could be far beyond what he or she should be allowed to do.

I can see the possibility of this getting very political. Someone who did not support any particular party and ran a corporation for instance could be in trouble with any particular minister should that minister decide the corporation is close to the line. The minister would have the option to decide what would be a violation and what would be a criminal offence. That scares me.

Right now the minister is given the power to decide whether a contravention should be treated as a violation or an offence. The fines we have talked about. There is no need to go into the increase in fines. There is no problem with that.

The fourth point I would like to make concerns the board of arbitration. My colleague from Vegreville mentioned it and I certainly am in agreement with him. It is important that we have a board of arbitration. I would like very much before the board is appointed to have the appointees brought before the Standing Committee on Agriculture and Agri-Food for a good hard look at who these people might be.

I wonder if these types of regulations will be binding upon all, including the big players. We have seen the problem of back-tracking where millions of dollars are wasted every year.

This Transport Canada system certainly has not solved the problem. Is this a reluctance to go after the major players in the industry? The railways have not been punished in the past for failure to perform their duties. This type of system is only useful if it is applied fairly and uniformly, but with so much power given to the minister there is really no assurance of that.

Let us not forget that one of the main causes of regulation violation is business frustration with the regulatory and taxation burden. Therefore, one of the best things the government could do in my mind to increase regulatory compliance is to lower the input costs for doing business, lower the tax burden and thereby increase the profitability margin. My thinking on this is that happy campers are compliant campers and they are good campers.

(1335)

Speaking of the non-criminal remedies available to the government departments, I would ask if the minister of agriculture would offer some of his advice to the Minister of Justice who wants to make criminals out of law-abiding gun owners.

In conclusion, as I mentioned at the outset, there are some good points in this bill. For me to stand here and say that I personally would oppose this bill based on the theory would be wrong for me to do and I certainly will not do that. As I have mentioned two or three times during my speech, there are some areas we have to look at which could be subject to amendments, certainly the major one being the powers given to the minister.

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Mr. Morris Bodnar (Saskatoon—Dundurn, Lib.): Mr. Speaker, comments have been made about the hon. minister of agriculture being heavy handed but there have been no specifics. The comments have been long on rhetoric but short on specifics.

With the quick resolution of the dispute over durum wheat exports to the United States, does the hon. member feel that is heavy handed on the part of the minister of agriculture? Does the hon. member consider the minister's acting to protect our supply management system in parts of Canada protecting the best food supply system perhaps in the world is being heavy handed? Does the hon. member feel that acting with due haste to make sure the regulatory system in Canada particularly in areas like the biotech industry and trying to streamline it and getting it done very quickly is perhaps another example of the minister being heavy handed?

Mr. Kerpan: Mr. Speaker, I know my hon. colleague was listening to my speech because I saw him listening to my speech. But if he had been truly listening he would have heard me clearly say that it would not necessarily be this minister, it could be any minister. It could be any minister now or in the future who could be heavy handed and could take absolute control of this regulatory process.

The member stated I was short on specifics and has asked that I give specifics. I would suggest that the Minister of Agriculture and Agri-Food has been somewhat short on action. When I look at things like the backhauling issue, and I know that will be coming up in this House very shortly, I realize this has been going on for over a year and no one has bothered to stop it. That would be my response to my hon. colleague.

Mr. John Bryden (Hamilton—Wentworth, Lib.): Mr. Speaker, I too was listening very attentively to the remarks of the member for Moose Jaw—Lake Centre. I too have a little difficulty with his suggestion that this would give too much power to the minister. He offers as an alternative the setting up of a tribunal which would look after this type of thing.

I point out to him that his party and another colleague in the House have spoken out very eloquently many times against the refugee board in another context suggesting that it is another tribunal which is a waste of taxpayers' money. Now we hear the hon. member proposing yet another tribunal which would draw on the public purse. Would he explain the economics of that for me, please?

Mr. Kerpan: Mr. Speaker, first I would like to say to the hon. member that there are certainly differences between good tribunals and bad tribunals.

The concept of the tribunal is already laid out in Bill C-61. I personally do not have a major problem with the idea or the

theory of a tribunal. The concern I have is that tribunals could be very susceptible to political patronage appointments.

We have seen that. Look at the current Minister of Agriculture and Agri-Food and some of the appointments which have taken place over the past six months to a year. Look through the records. There is clearly a trend to political appointments. That is my concern with an appointed tribunal.

(1340)

All I have said is that any proposed tribunal should go to the Standing Committee on Agriculture and Agri-Food before its members are accepted. Obviously there would be a huge Liberal majority in the standing committee. That is a given, but let us have the opportunity to discuss it.

Mr. Gordon Kirkby (Prince Albert—Churchill River, Lib.): Mr. Speaker, when the act makes reference to the minister, it does not mean the minister, it means the department. Therefore the idea that there would be some interference by the minister is completely inappropriate.

With these types of regulations the minister does not even see or become aware of their enforcement. They are handled at the departmental or administrative level. That is the first clarification we need to make.

First you indicate that there needs to be—

The Acting Speaker (Mr. Kilger): While we are on the merits of clarification, let me clarify a good rule of the House. That is to direct interventions to the Speaker.

Mr. Kirkby: Mr. Speaker, it has only been 15 months; I will be getting the hang of it shortly.

The hon. member wants a streamlined system. Right now the only way to enforce these types of regulations is through the courts. Now the hon. member wishes to set up a tribunal system which is just another court. This is in fact increasing the regulation and the steps people have to take to solve the problem.

What is being suggested here is that you cannot have it both ways. Either the system is simplified by delegating the authority to the department or it goes through the courts.

I might add that this type of process is ultimately subject to an appeal to the Federal Court which will deal with any of the concerns the hon. member has. If he still has concerns, I would like to hear them.

Mr. Kerpan: Mr. Speaker, I heard something that I will ask the member later if he would clarify it with me. He said in his comments it is the department to appoint these boards or to make these regulations. Then what would the minister's job be? Does that mean the tail should wag the dog? I think I heard something to that effect.

If the member would look at Bill C-61, he knows there is a tribunal already in place for these types of things. It is nothing

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new. It is nothing that I have said should happen. It is something which came through the government.

Mr. Don Boudria (Glengarry—Prescott—Russell, Lib.): Mr. Speaker, I heard the hon. member across the way talk about the issue of these appointments to the board. He indicated these appointments should be reviewed by a parliamentary committee.

I am wondering if he is familiar with the fact that the present House rules provide that any parliamentary committee can review orders in council that are referred to it. All orders in council are referred to a parliamentary committee which has 30 days to make such a review.

Perhaps he could tell us how many times he has availed himself of that process.

Mr. Kerpan: Mr. Speaker, I appreciate the member's comments. As a member of the Standing Committee on Agriculture and Agri-Food, I would like to have the opportunity to review these appointments at the nomination stage rather than at the appointment stage. I will keep that in mind the next time we do have orders in council. As a member of the standing committee I can ask for that.

Mrs. Dianne Brushett (Cumberland—Colchester, Lib.): Mr. Speaker, I intend to support Bill C-61 in the name of my hon. colleague the Minister of Agriculture and Agri-Food.

(1345)

Bill C-61 introduces an administrative monetary penalty system that should result in a higher rate of compliance with the regulations respecting imported or domestic agri-food products. It would also enable employees of Agriculture and Agri-Food Canada to more effectively enforce federal regulations.

Under the current system the only options available to regional inspectors are to give warnings, to seize or detain products that are not in compliance with standards, and to prosecute alleged violations in the courts. Although recourse to the courts is sometimes necessary, in most cases it is preferable not to proceed through the criminal justice system. This saves time and money.

We all know how costly the criminal justice process can be both to government and the private sector. Moreover criminal prosecution is usually considered an excessive reaction to regulatory violations as it can lead to a criminal record and imprisonment. As a result we had to find effective mechanisms that were as non-coercive as possible to bring firms into compliance with our regulations.

In my view the administrative monetary penalty system is the best approach for decriminalizing violations of the regulations. It brings these regulations into the 21st century for higher efficiency.

As the name suggests, the administrative monetary penalty system provides for a broad range of monetary penalties for enforcing Canadian regulations respecting agriculture and agri-food products. For instance, small fines would be issued for minor violations while larger penalties would be issued for more serious offences. That being said, Bill C-61 precludes criminal prosecution in cases of serious and repeated violations. However the criminal justice system would only be used as a last resort when all other options have failed.

The centrepiece of Bill C-61 is the compliance agreements that can be negotiated under AMPS. Officials representing Agriculture and Agri-Food Canada would have the authority to negotiate the terms of compliance agreements with offenders. In addition, inspectors would be able to reduce or waive fines if the offender takes the necessary steps to ensure future compliance. Inspectors would obtain assurances that corrective action would be made at the source.

In some cases this might involve upgrading a plant, replacing obsolete equipment, making changes to manufacturing processes or implementing a more stringent quality control system. In other cases proper employee training at the plant might remedy the situation. In brief the inspectors would have credible indicators that the problem would be resolved in the very short term.

The objective of Bill C-61 is not to punish offenders. In fact offenders can completely avoid penalties by taking immediate corrective action. It is clear this is the best way to achieve co-operation from violators without delays in a very precious time frame.

A monetary penalty system similar to that proposed by Bill C-61 is already being used successfully by Transport Canada and several departments in the United States. In their experience nine out of ten offenders pay their fines outright. As a result very few cases go before a review tribunal or court of appeal.

On the basis of this experience it looks in the future like Agriculture and Agri-Food Canada would be in a much better position to carry out its broader control activities.

As we know, the Department of Agriculture and Agri-Food must inspect plants and animal products imported into Canada by the travelling public. Among other things, plants, skins, live animals and meat products must be declared to protect the agri-food sector and consumers against the potential risks of exotic disease.

In addition, inspectors are permanently assigned to most ports of entry to control the safety of food products and to ensure compliance with regulations. This aspect is of critical importance for Canadian firms that compete directly with imported products.

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(1350)

The program review currently under way at Agriculture and Agri-Food Canada is clearly favourable to the implementation of the administrative monetary penalty system. It is felt that inspectors need this tool to improve the efficiency and the effectiveness of the regulatory system.

Canadian agri-food organizations feel that the new system is essential given the current context of the liberalization of trade. I should also mention that the United States, Mexico and a number of countries of the European community have already implemented monetary penalty systems. The implementation of Bill C-61 would ensure a level playing field for everyone.

To conclude, the administrative monetary penalty system would facilitate the job of inspectors and give them the tools they need to be more effective in enforcing regulations. This would improve our business relations with foreign firms and would ensure compliance of both domestic and imported agri-food products with Canada's regulatory system.

The bill ensures the fundamental controls and regulations are in place to take Canada into the 21st century. At the same time it ensures a quality and safe supply of food to Canadians.

Mr. Grant Hill (Macleod, Ref.): Mr. Speaker, we had an interesting interchange a few moments ago on the issue of appointments to boards and how those appointments are reviewed in committee.

I would be quite interested in the member's comments. When those appointments are reviewed, would she think it was better to review them at the nomination stage or at the appointment stage? If the member feels it is okay to nominate at the appointment stage, how many times have board appointments been turned down in the history of Canadian Parliament?

Mrs. Brushett: Mr. Speaker, I thank the hon. member for his question. I understand the system has been in place probably as long as the House of Commons, the Parliament of Canada.

As the hon. member recognizes, from community and municipal governments to provincial and federal governments it is necessary that citizens become involved. They should take part in the process of government. The names of those citizens come from throughout society. It has been my experience to keep a resume, as I have at the municipal and provincial levels of government, of citizens in the community who are prepared to give their time, energy and commitment to the process of fair and equitable government and to give their intelligence, which is what is required in managing the regulations and boards in our government process.

The government is prepared to receive names at any time from all citizens in society who may be prepared to participate in the democratic process.

Mr. Art Hanger (Calgary Northeast, Ref.): Mr. Speaker, the whole issue of the board and how it is going to resolve disputes or complaints is very important.

Let us look at the parole board. It is an appointed body. The Immigration and Refugee Board is another appointed body. I believe the CRTC falls in the same category. There are numerous other ad hoc appointments, crown prosecutors for one. Now we are looking at an agricultural board. Each one has a similar problem.

How much more accountable is the minister without the board than the board having no accountability to the minister? The ministers across the way time and time again have stated that they cannot intervene or interfere with a quasi-judicial body and the matters are never resolved.

What makes the hon. member think this board will not suffer from the same problem that all other quasi-judicial bodies under the government suffer?

(1355)

Mrs. Brushett: Mr. Speaker, I believe the hon. member is missing a fundamental point in the bill. The bill is classified in specific violations: a minor violation, a serious violation or a very serious violation. These violations will be classified according to regulatory personnel, the public servants of Canada. The minister, the bill and the process today which you are part of—

The Acting Speaker (Mr. Kilger): Order. When whoever is in the Chair rises, I would ask your co-operation in giving up the floor. Obviously I rise for a reason.

I want to remind colleagues once again that when addressing any issue all interventions should be made through the Speaker. As debates sometimes take on greater emotion and more passion it becomes even more important to our parliamentary process.

I would like to verify if the member for Cumberland—Colchester had concluded her remarks.

Mrs. Brushett: Yes, Mr. Speaker.

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, I heard a couple of comments and I would ask for some clarification from the previous speaker.

The member said that civil servants and bureaucrats would have the opportunity to reduce and waive fines. That to me seems to destroy the whole system of credibility, trustworthiness and fairness.

If we are to allow people who break the regulations, break the law, to be able to negotiate with public servants about whether or

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not they will be fined for doing so opens a whole situation for bribery, corruption and puts the whole regulatory process into question.

I wanted the member to comment on another point. She said small fines for small offences. Last year a bill passed in the House that required a book publisher to send two books to the national library. Failure to do so used to account for a fine of up to \$200. That was changed to a fine of \$25,000 for failure to send two books to the national library.

When the member says small fines for small offences, could she clarify what she means?

The Speaker: We are running a bit tight. Perhaps the hon. member could think about the response and give it after question period. I hope I never borrow those two books at that price; it is a bit up there.

It being 2 p.m., pursuant to Standing Order 30(5), the House will now proceed to Statements by Members pursuant to Standing Order 31.

STATEMENTS BY MEMBERS

[English]

BLACK CREEK ORPHANS' PROJECT

Mr. Brent St. Denis (Algoma, Lib.): Mr. Speaker, I draw to the attention of the House the Black Creek Orphans' Project in Mbiko, Uganda. This impressive international development initiative was started by Billy Vlaad and Kristi Taylor, two of my constituents in their early twenties from Espanola, Ontario. Theirs is an example of the good news the new Governor General asked us to speak about.

While Billy and Kristi were participating in a university sponsored development project in Uganda a couple of years ago, local residents expressed a desire to see the development of a program that would instil pride and self-sufficiency among the residents and many orphans in the village of Mbiko. The Black Creek Orphans' Project assists the guardians of local orphans in setting up business ventures through a capital loans system and access to technical and business skills training. The profits from these business ventures will be used to fund educational opportunities for orphans under their care.

Mr. Vlaad and Ms. Taylor returned to Canada from the site of their project in Uganda several months ago to work on the Canadian portion of their organization. Since that time they have obtained charitable status designation from Revenue Canada. We should applaud their worthy efforts on behalf of the orphans of Uganda.

[Translation]

REFERENDUM ON QUEBEC SOVEREIGNTY

Mr. Gilbert Fillion (Chicoutimi, BQ): Mr. Speaker, I would like to draw your attention and that of all Quebecers to additional moneys in the amount of \$5.9 million granted to the Department of Intergovernmental Affairs last autumn.

We now know what this taxpayers' money is being used for: to fund the federal government group on the referendum.

We understand why these civil servants shun the cameras, why their offices are all unmarked and why their names do not appear in the government telephone directory. They do not want people to know that they are working on federal strategy for the no side.

Yes, the Minister of Intergovernmental Affairs prefers to have his civil servants engage in a partisan struggle against the official opposition rather than work on eliminating costly duplication and overlap and on restructuring the federal public service.

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[English]

JUSTICE

Mr. Myron Thompson (Wild Rose, Ref.): Mr. Speaker, a year ago I asked the Solicitor General why we were not able to kick Mr. Colin Wood, a non-resident, out of Canada after he committed his first serious offence. At that time the Solicitor General responded that it was a policy that somebody convicted of an offence should serve the sentence imposed by law. He stated: "If my hon. friend's proposal were followed we would be doing the convicted foreigner a favour by getting him out of the country before he paid the penalty required by Canadian law".

Why is it that suddenly out of the blue the chairman of the standing committee on justice asked: "Why spend any money on them at all? Let us kick them out right away". Is this another example of the left hand not knowing what the right hand is doing? Is the Solicitor General now prepared to support getting rid of non-citizen criminals as suggested by the committee chairman?

When will this government get its act together and tell us what it intends to do with foreign criminals? Now is the time to act. Let us get them out of here. We do not need them. Let us make Canadians safe.

* * *

PORCUPINE CARIBOU

Hon. Charles Caccia (Davenport, Lib.): Mr. Speaker, between the Yukon and Alaska the Porcupine caribou herd regularly migrates across the Canada-U.S. border. As they have for centuries, the Gwich'in people rely on the caribou for food. However, this resource is threatened by a recent Alaska legislature resolution encouraging oil and gas exploration on the calving grounds of the Porcupine herd. Thus, the herd is in serious danger.

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The Prime Minister and President Clinton are on record favouring the protection of the calving grounds. When they meet next week in Ottawa they could make a strong statement of support for the protection of the Porcupine caribou herd and the survival of the Gwich'in people.

Many of us in this House urge them to do so.

* * *

VERA CLYKE

Mrs. Dianne Brushett (Cumberland—Colchester, Lib.): Mr. Speaker, in honouring Black History Month and the contribution made by blacks in Nova Scotia, I wish to bring to the attention of this honourable House the name Vera Clyke. Mrs. Clyke's family came to Canada from the United States in 1860, seeking freedom from slavery and discrimination.

As choir director and organist for Zion Baptist Church in Truro, she has served faithfully since 1927, some 68 years. In 1965 she represented Nova Scotia in the Dominion Day celebrations on Parliament Hill.

On February 4 Vera Clyke was honoured by her church and community and I presented certificates on behalf of the Prime Minister, the hon. Secretary of State for Multiculturalism and the Status of Women, the hon. Minister of Citizenship and Immigration and myself, duly recognizing her leadership, her community participation and model citizenship.

By all community standards Vera Clyke is an outstanding Canadian, and at the age of 86 she continues to play the church organ.

Today I salute Vera Clyke and other Canadians like her who have laboured a lifetime to make their community richer just for living there.

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FINANCIAL INSTITUTIONS

Mr. Andy Mitchell (Parry Sound—Muskoka, Lib.): Mr. Speaker, I rise in the House today to congratulate my hon. colleague, the Secretary of State for Financial Institutions, for the proposals released in his white paper.

By ensuring that supervisory and regulatory systems governing financial institutions are brought up to date, the Government of Canada will ensure the system is more effective. We will continue to have the confidence of the Canadian people as they will have greater access to information and a fiscally responsible method of ensuring that their rights as financial consumers are protected.

By addressing those elements of our financial system that need closer scrutiny and by preserving those aspects that have

served Canadians well, the proposals outlined in the white paper will build on the positives and minimize the negatives.

I applaud the call for enhanced disclosure of financial information, earlier intervention in problem institutions, increased protection for policy holders and a stronger framework within which systemic risk will be controlled.

These proposals will work to strengthen Canada's financial system and demonstrate our government's commitment to the financial security and well-being of its citizens.

* * *

(1405)

[Translation]

QUEBEC SOVEREIGNTY

Mr. Roger Pomerleau (Anjou—Rivière-des-Prairies, BQ): Mr. Speaker, in stating that a sovereign Quebec would not be part of GATT and NAFTA, the Prime Minister has once again, for lack of other arguments, resorted to scare tactics. With his remarks, the Prime Minister is increasing the risk that his own people of Saint-Maurice will be isolated.

The Prime Minister is also going against the interests of the rest of Canada for which maintaining trade with Quebec will continue to be an unavoidable necessity. The most recent poll by Léger & Léger indicates that nearly 60 per cent of English Canadians would want to maintain economic ties with a sovereign Quebec.

Nor is there any doubt that provisions under GATT and NAFTA will effectively apply to a sovereign Quebec, the second most important trading partner for the rest of Canada and the eighth most important for the United States.

Would the Prime Minister care to explain why he so prefers Valparaiso, Chili to Shawinigan, Quebec?

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[English]

ELECTRONIC TOWN HALL MEETING

Mr. Hugh Hanrahan (Edmonton—Strathcona, Ref.): Mr. Speaker, Reformers have done it again. Last night marked our third cross-Canada live interactive electronic town hall meeting which generated more than 10,000 calls.

Ninety-four per cent of all callers favoured spending cuts over tax increases. Ninety-six per cent favoured legislation to cap federal tax levels. Ninety-five per cent stated unequivocally that taxes are too high.

This echoes what the Reform Party has been saying in this House for more than a year and we have been continuously ignored by this government.

I hope, as do all Canadians, that the Prime Minister and the finance minister take their heads out of the sand and start paying

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attention to what real Canadians want. Canadians are fed up with taxes and with government mismanagement.

I challenge the finance minister to—

The Speaker: The hon. member for The Battlefords—Meadow Lake.

* * *

ABORIGINAL AFFAIRS

Mr. Len Taylor (The Battlefords—Meadow Lake, NDP): Mr. Speaker, the federal government, particularly the Minister of Health and the minister of Indian affairs, has an obligation to respond quickly to the recommendations made by the royal commission on aboriginal peoples in its special report on suicide among aboriginal people released last week.

The royal commission argues that there has been a steady stream of studies and reports by aboriginal and non-aboriginal analysts over at least 20 years which has called attention to the problem of suicide among aboriginal people but there has been little result. The studies and reports have presented a long march of compelling evidence that aboriginal people have been dying by their own hands much too often and for far too long. Yet Canadian governments have never made suicide prevention a high priority issue for themselves.

The royal commission's recommendations stress the urgency of this significant matter. This time the federal government must respond quickly and adequately to ensure that the long process of healing can finally begin.

* * *

BORDER CROSSINGS

Mr. Harold Culbert (Carleton—Charlotte, Lib.): Mr. Speaker, the majority of my Carleton—Charlotte constituency lies along the 49th parallel between New Brunswick and the state of Maine. There are ten regular border crossing points in Carleton—Charlotte. As I am sure you can appreciate, Mr. Speaker, there are many family ties on both sides of the border.

The citizens of Campobello Island, who are Canadians, must cross the U.S. border twice, first at Lubec, Maine and then drive an hour through the American state and cross again at Calais to arrive at major services in St. Stephen and Milltown, New Brunswick.

The recent proposal by President Clinton suggesting a fee be charged per person and per vehicle entering the United States is both unreasonable and unwarranted.

This proposal would foster unfriendly relations between the two countries which have enjoyed friendly relations for many

years. I encourage the Prime Minister and the Ministers for International Trade and Foreign Affairs to address this proposal at once and if necessary again during the President's upcoming visit to Ottawa.

* * *

JAPAN

Mr. John Maloney (Erie, Lib.): Mr. Speaker, on January 17 of this year a massive earthquake ripped through central Japan, killing nearly 5,000 people, leaving 25,000 injured and 300,000 people homeless. This is a tragedy of unimaginable proportions.

I would like to offer the sympathy and support of the people of the Erie riding to the people of the Hyogo Prefecture.

Like all Canadians I was glad to hear that Canada was sending assistance and I commend the Prime Minister for acting quickly to lend support to Japan, a good friend and trading partner.

Canada has helped to set up short term housing and provide basic necessities. Canadian engineers are aiding in the assessment of damaged buildings to help the Japanese and other governments to put forward building codes and regulations which might ensure the survival of buildings and structures during future earthquakes.

I believe the Canadian government has shown the true heart of Canada in its quick response to this disaster. This true and honest desire by all Canadians to help those in real need is something that we as parliamentarians should never forget.

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(1410)

CANADIAN FLAG

Mr. Jesse Flis (Parkdale—High Park, Lib.): Mr. Speaker, 30 years ago on February 15, 1965 the national flag with the distinctive maple leaf was first raised on Parliament Hill by the then Prime Minister, Lester B. Pearson.

Since that time our nation has grown to become one of the world's leading democracies. Canadians are known as a compassionate people, ready to respond when natural disaster strikes or war torn regions need help to keep the peace.

Our flag is a symbol of Canada. I encourage all members of this House to support the official federal proclamation of February 15 as Canadian Flag Day, not as an official holiday but as an annual day of recognition.

The Canadian flag is more than just a piece of cloth. It stands for peace, harmony and freedom. It stands for you, Mr. Speaker. It stands for me. It stands on guard for thee.

[Translation]

SOCIAL PROGRAM REFORM

Mrs. Francine Lalonde (Mercier, BQ): Mr. Speaker, at the very moment the Minister of Human Resources Development was confirming his reform would follow its course, thousands of students, workers and individuals from social groups in Quebec were vigorously demonstrating, despite the perishing cold, their opposition to his reform of social programs. With one voice, they told the minister they had had enough cuts in social programs and they would not let young people be the main victims of the battle with the federal deficit.

They denounced the minister's double talk about wanting to provide Canadians with training and education, while raising educational costs, thereby limiting access to higher education.

The students warned the federal government, finally, that, by always cutting in the same spot and by always targeting the same people, it was confirming the belief widely held among ordinary people that there is no tax equity in Canada.

* * *

[English]

BYELECTIONS

Mr. Elwin Hermanson (Kindersley—Lloydminster, Ref.): Mr. Speaker, as I speak three byelections are happening in Canada. I would like to congratulate the three excellent Reform candidates and their teams for the quality campaigns they have undertaken for Reform and against higher taxes and Liberal government mismanagement.

In Brome—Missisquoi, Line Maheux showed Quebecers a better option than the status quo, do nothing approach of the Liberals or the pack up and quit proposal of the Bloc.

In St. Henri—Westmount, Gaétan Morency was the only candidate who correctly identified Montreal's depressed economy as being the result of high taxes which lead to fewer jobs. Morency proclaimed that red book economics are a disaster in Montreal.

Here in Ottawa—Vanier, Kevin Gaudet is catching the eyes of worried voters who know that the Liberals tax everybody for all their worth and make cuts only at the bottom to save their own hides.

Thank you, Maheux, Morency and Gaudet for taking Reform another step closer to sweeping out the Conservative—Liberal debris so that we can build a new and better Canada.

[Translation]

QUEBEC SOVEREIGNTY

Mr. Eugène Bellemare (Carleton—Gloucester, Lib.): Mr. Speaker, the spokespersons for the sovereignty commissions are increasingly confusing Quebecers.

Mrs. Monique Vézina, chair of the seniors' commission, stated in Hull last Thursday that the federal government would continue to pay pension benefits to federal public servants after Quebec's independence.

That statement contradicts what the question and answers manual for perfect sovereignists says. On page 23 of the separatist booklet it says that the Quebec government, not the federal government, will clearly promise to acknowledge the vested rights of federal employees from Quebec, including their accumulated rights to a pension.

Today, federal public servants from the Quebec side of the Outaouais region are left wondering whether the many contradictory promises they have been made will ultimately be worth anything.

It is the duty of the PQ and the Bloc to tell federal public servants from Quebec the truth.

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[English]

TOURISM

Mrs. Sue Barnes (London West, Lib.): Mr. Speaker, tourism is the world's fourth largest industry. To promote the growth of Canada's tourism, the Minister of Industry recently announced \$50 million of federal funding for the National Tourism Commission, chaired by a former member for London West, the hon. Judd Buchanan.

A welcomed partnership between industry experts and federal, provincial and territorial governments, this commission will work to improve Canada's performance in this promising segment of our national economy.

Canadian tourism has the potential to be our richest resource. We have a beautiful country to enjoy and to share with our visitors. It is time to reverse the tourism deficit which amounted \$7.9 billion in 1993. Tourism creates jobs for Canadians; more than 590,000 in over 60,000 businesses across the country.

(1415)

I was grateful for my first employment which was in the tourism industry. Colleagues should assist tourism. Canadian tourism can be part of the good news.

*Oral Questions***THE ECONOMY**

Mr. Bob Ringma (Nanaimo—Cowichan, Ref.): Mr. Speaker, over the weekend I was happy to read the details of another Reform convert.

The premier of British Columbia is now talking like a responsible Reform member as he spells out \$9.3 billion in federal spending reductions. Many of these ideas were borrowed from Reform, such as the elimination of regional development departments and transport subsidies.

While it is true the premier has not shown the same type of financial restraint in dealing with B.C.'s deficit problem, it is encouraging to note he appears to have had a change of heart.

Reformers and the premier of British Columbia are advocating a plan of sound spending cuts and zero tax increases to get the country back on the road to fiscal health. If we can now drag the government and other provincial players on to the Team Canada deficit reduction bandwagon, we will be sending a strong message of unity and commitment to international financial institutions.

ORAL QUESTION PERIOD

[*Translation*]

NATIONAL DEFENCE

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, following the recent revelations concerning the existence of a third videotape involving the airborne regiment in Petawawa, the minister of defence gave one press conference after another and said that the situation was totally bizarre. Obviously overtaken by the events, the minister has lost control of his department.

Now that the minister has decided to dismantle the 2nd Airborne Regiment, are we to understand that the removal of Major-General Vernon, who was designated as scapegoat, constitutes phase II of the minister's strategy to bury the Petawawa powder keg without getting to the bottom of this matter?

[*English*]

Hon. David Collenette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, the chief of defence staff today relieved Major-General Vernon of all of his responsibilities as commander, land forces command which is in effect Ontario central command.

He did this because General Vernon was the author of a report to the chief of the army, Lieutenant-General Reay, to General de Chastelain and myself concerning the activities of the airborne

regiment with respect to what has become known as the second video.

The three of us were misled. As a result the chief of defence staff, who is the one responsible for all disciplinary measures within the Canadian Armed Forces, has taken the appropriate action today.

[*Translation*]

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, can the minister of defence tell us if the decision to relieve Major-General Vernon of his duties is based solely on the fact that he played down the contents of the third videotape or if, following his recent investigation, the minister has learned other, more serious facts of which he had not been informed?

[*English*]

Hon. David Collenette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, I answered that question. I quote from the chief of defence staff that the reason General Vernon was removed from his duties was because the report, which I have just mentioned, contains inaccurate and misleading information that caused the chief of defence staff to misinform the Minister of National Defence.

[*Translation*]

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, can the minister of defence tell us if, in addition to removing Major-General Vernon, the minister intends to take disciplinary measures against other Petawawa officers, including those who attended or took part in the events recorded on the videotapes?

[*English*]

Hon. David Collenette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, all of the activities contained in the videotapes with respect to the airborne regiment are now being investigated by the military police.

* * *

(1420)

[*Translation*]

SOCIAL PROGRAMS

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, my question is for the Minister of Finance. In anticipation of the federal-provincial meeting of finance ministers scheduled for tomorrow, the provinces have cautioned Ottawa against the temptation to cut federal transfer payments to the provinces, thus irresponsibly shovelling its deficit into their back yards. The provinces clearly refuse to be left holding the bag as Ottawa withdraws its financial support for social programs.

Oral Questions

Will the Minister of Finance undertake tomorrow to transfer to the provinces not only the responsibility for social programs, but also adequate fiscal resources to fund these programs?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, I discussed with the provincial finance ministers ages ago the fact that we would not do as the previous government did and cause surprises. And we certainly have no intention of causing any surprises tomorrow.

We have a deficit at the national level. The provinces certainly realize it and they have asked us to really start cutting from our end, which we intend to do. I think the system needs to be changed at the national level, at the provincial level. Everybody agrees on this and that is what we intend to do.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, does the Minister of Finance recognize that, as the Saskatchewan finance minister suggested, it would be hard and appalling for Ottawa, following an eventual withdrawal, to ask the provinces to cut social program spending while at the same time imposing national or Canada-wide standards, whatever they are called?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, I must tell you that the vast majority of provinces certainly realize the situation this government is in. In fact, several of them are facing exactly the same situation. But at the same time I think there is a realization that we all have to work together.

Allow me to quote the Premier of Newfoundland, who said this morning that potential cuts in transfer payments worried him, but that he would support these cuts because what matters above all is that the national government put its fiscal house in order. I think that Mr. Wells is voicing an opinion that I have heard from the vast majority of the other provinces.

* * *

[English]

THE BUDGET

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, in an interview over the weekend, the finance minister said that any tax hikes in this month's budget will be taken from the top first. What Canadians want is for the government to start at the top with spending cuts, not tax increases.

For example, the government is going to spend \$12 million to build an office tower in Sault Ste. Marie, a city that already has one of the highest vacancy rates in the country.

Why does the finance minister continue to propose tax increases when there is still so much visible waste and inefficiency in government spending? Why not wring that inefficiency and waste out of the government before they wring more dollars out of taxpayers' pockets?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, the government is very conscious of the degree to which Canadians feel they bear too great a tax burden.

The government is also very much aware of the degree of waste that exists in any large institution and certainly within the institution of government. That is why over the course of the last budget we did not increase taxes. It is the first time in a long time that has happened.

It is also the reason the Minister responsible for Public Service Renewal has worked so hard along with the President of the Treasury Board to eliminate waste in the operations of government and why we have been able to make, over the course of the year, a series of announcements on the elimination of boards and commissions that have waste.

This is one case where action speaks louder than words. We have demonstrated very strong action.

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, this wringing of waste has a long way to go. Twelve million dollars for an office building in Sault Ste. Marie is just the tip of the iceberg. Many federal bureaucrats are trying to blow out their remaining budgets before the end of the fiscal year.

Both the department of furniture and oceans and the department of public works are spending \$10 million on unnecessary computers—

Some hon. members: Oh, oh.

(1425)

The Speaker: I am sure the hon. member inadvertently mentioned another department.

Mr. Manning: Mr. Speaker, I am sorry. The Department of Fisheries and Oceans and the department of public works are spending close to \$10 million on unnecessary computer upgrades; over \$15 million is earmarked for getting a fax machine on virtually every public servant's desk. That is \$37 million in unnecessary expenditures right there.

My question is for finance minister. In the name of common sense and in the name of taxpayer relief, will the finance minister order an immediate freeze on such unnecessary capital expenditures until the budget is balanced?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, I can assure the hon.

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member, and this will become very clear in the budget, that both the Minister of Fisheries and Oceans and the minister of public works have gone at their departments very hard in terms of waste and the kind of unfortunate management practices they inherited from a previous government.

I hope the leader of the third party will support all members of cabinet who have gone at their departments tooth and comb, line by line, to eliminate the kind of waste that we inherited as a result of the activities of the previous government.

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, if the ministers are going after waste and inefficiency with the vigour that the finance minister suggests, why do we continually, day after day, see these illustrations such as the office building in Sault Ste. Marie and the unnecessary computer expenditures?

If there has been this huge, deep, passionate commitment to eliminating waste, why do these instances continue to show themselves day after day after day?

Hon. David Dingwall (Minister of Public Works and Government Services and Minister for the Atlantic Canada Opportunities Agency, Lib.): Mr. Speaker, to be an effective member of Parliament one must have all the facts.

The hon. member opposite has forgotten to share with the House the fact that the building which is to be constructed in Sault Ste. Marie will save the taxpayers of Canada \$500,000 per year in operating costs.

It is becoming a common occurrence with the hon. member that he stands in his place and gives certain information which I would suggest is somewhat inaccurate. The software to which the hon. member refers will save the government \$4.6 million.

* * *

[Translation]

FOREIGN POLICY

Mr. André Caron (Jonquière, BQ): Mr. Speaker, my question is for the Minister of Foreign Affairs. In its statement of policy last week, the government set human rights as a matter for priority action in its foreign policy. It is therefore not clear why Canada is not speaking out on the intensified intervention of the Mexican army in Chiapas.

How could the Canadian government close its eyes to what is happening in Mexico, one of its principal economic partners, as the army is bombarding civilian groups in an attempt to stop the Zapatista movement?

Hon. André Ouellet (Minister of Foreign Affairs, Lib.): Mr. Speaker, the government's eyes are wide open and watching the events in Mexico very closely. Clearly, we do not want this situation to end in reprehensible acts of violence. We have

always advocated moderation and particularly efforts at conciliation between the parties in order to bring about a peaceful solution to the crisis in Chiapas.

The Canadian government's position is well known, and I cannot accept the comments by the hon. member, who is well aware of the government's position and is trying to make political points over a very serious situation.

(1430)

Mr. André Caron (Jonquière, BQ): Mr. Speaker, that is why we are here, to make political points.

How can the Canadian government, which claims to be concerned about human rights, allow the Mexican authorities to deny access to the press in the areas of conflict and does it intend to intervene directly with the Mexican government in order to promote respect for human rights in Chiapas?

Hon. André Ouellet (Minister of Foreign Affairs, Lib.): Mr. Speaker, I thank the hon. member for his candour. It is very clear why he is in politics, and I find it absolutely reprehensible.

The situation in Mexico is serious. A remarkable job is being done by Canadians, working through non governmental organizations, with the support of the Canadian international development agency and Canadian groups promoting peace and the protection of individual rights and freedoms. I believe the hon. member knows perfectly well that everyone working there has the support of the Canadian government.

* * *

[English]

CANADIAN ARMED FORCES

Mr. Jack Frazer (Saanich—Gulf Islands, Ref.): Mr. Speaker, the airborne regiment was tried, convicted and sentenced by the media. The Minister of National Defence carried out the execution.

Unquestionably, the airborne has suffered from command and control problems, but Canadians' sense of fair play does not support the punishment of a whole regiment for the unacceptable actions of a few. They recognize, as does the minister, the continuing need for a quick reaction force.

There is a compromise available. Will the minister consider the following course of action: suspend airborne operations rather than disband the regiment, then suspend all courts martial and proceed immediately with the promised public inquiry and finally, decide the fate of the airborne after a full hearing based on—

The Speaker: My colleagues, in the questions if we could have a question and a very short added question, but surely not three. I would ask the hon. minister to answer the first two questions.

Oral Questions

Hon. David Collenette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, the Canadian Airborne Regiment was disbanded for the reasons given a couple of weeks ago. There will be no reconsideration of that decision. It is firm, it is fixed and it is final.

With respect to the airborne capability to which the hon. member refers, that can be discharged in any number of ways. General Reay, who is in charge of land forces, has been tasked to come up with alternative arrangements to ensure there is the airborne capability in the armed forces.

Last, I have repeated this so many times. A full inquiry which will be public and will be headed by a civilian will look into all the matters concerning the deployment of the airborne to Somalia in 1992 and 1993. That will begin as soon as the last court martial is terminated.

Mr. Jack Frazer (Saanich—Gulf Islands, Ref.): Mr. Speaker, it is now clear that the hazing rituals are not limited to the airborne. They exist in the parent regiments. They exist in the navy. The so-called systemic troubles for which the minister disbanded the airborne are widespread.

Will the minister accept that leadership from the top and not behaviour at the bottom is the real problem in the Canadian forces, or does he eventually plan to disband his whole department?

Hon. David Collenette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, I think the unfortunate events shown in the videos relating to ceremonies involving the airborne have enlightened Canadians, perhaps somewhat in a negative way, as to some of the traditions in the armed forces.

Another tape was released a few days ago. I am glad the navy was quick to correct the record. It felt that ordinary members of the public would have the reaction I had which was that at first blush it seemed to be quite offensive. It corrected that impression.

Because of all of these questions that have been raised, the chief of defence staff will be bringing all of the commanders to Ottawa this week to talk about these matters: what is permissible, what is not permissible; what is in the military tradition and what is not. Once he has a chance to talk with the commanders and they then inform the troops under their command across the country, this matter will come to rest.

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[Translation]

CONTAMINATED BLOOD

Mrs. Christiane Gagnon (Québec, BQ): Mr. Speaker, my question is for the Minister of Health. Johanne McDuff's book

published in French under the title *Le sang qui tue* presents damning information about the events in the early 1980s which led to the contaminated blood tragedy. Several hundred hemophiliacs contracted the AIDS virus as a result of incomprehensible stalling and irrational acts on the part of federal authorities.

(1435)

Given the overwhelmingly negative report by the expert working group attached to the Krever Commission and the facts presented in Johanne McDuff's book, does the minister intend to take immediate and concrete measures to avoid repeating the errors of the past?

Hon. Diane Marleau (Minister of Health, Lib.): Mr. Speaker, you will understand that I cannot comment on past events investigated by Justice Krever. But I can say in this House to the people of Canada that, since I have been minister of health, we have done everything possible to ensure the safety of the blood supply system.

Mrs. Christiane Gagnon (Québec, BQ): Mr. Speaker, can the Minister of Health explain why the country which, by her own account, allegedly has the best blood supply system in the world is still not authorized to send its blood products to the United States for processing because American authorities still maintain that they do not meet the required quality standards?

[English]

Hon. Diane Marleau (Minister of Health, Lib.): Mr. Speaker, when it comes to shipping blood products to the United States, we are working very closely with the U.S. authorities in order to harmonize the regulations and that we take the best of both systems. That is what we are doing at this time.

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ORDER IN COUNCIL APPOINTMENTS

Mr. Randy White (Fraser Valley West, Ref.): Mr. Speaker, last week in this House we were talking about patronage and the Prime Minister said: "If the hon. member can prove that the person is incompetent, we will not give him or her that job".

Last week we were talking about Bill Callahan's appointment to the CRTC. In just three years Mr. Callahan ran a 100-year old newspaper into the ground—

Mr. Speaker: The preambles to the questions, my dear colleagues, seem to be getting a little bit longer. I would ask all hon. members to please try to make the preamble a short sentence or two and then into the question. The same with the answers.

The hon. member for Fraser Valley West, his question, please.

Mr. White (Fraser Valley West): Mr. Speaker, we found that Mr. Callahan in fact is not an objective individual.

Oral Questions

Will the Prime Minister keep the promise he made in the House last week and remove Bill Callahan from his post at CRTC, or is this Liberal government still intent on mimicking the Conservatives?

Hon. Sheila Copps (Deputy Prime Minister and Minister of the Environment, Lib.): Mr. Speaker, every single order in council appointment is subject to the review of the appropriate parliamentary committee.

Mr. Callahan's name was brought before the parliamentary committee. The member had an opportunity at that time to make any statement, however slanderous, he might choose to make. He chose to remain silent through that 30-day period.

I have only to ask him the question: Why did he not bring these alleged facts to light rather than slandering this individual here on the floor of the House of Commons?

Mr. Randy White (Fraser Valley West, Ref.): Mr. Speaker, I guess it is our privilege to ask the questions here. Rather than use the word "slander" I would use the word "hypocrisy".

Now we are hearing about another prominent Liberal who is in line for the plum of the week in my province of British Columbia. Can the Prime Minister explain specifically what May Brown's qualifications are for the position of Lieutenant-Governor, besides being campaign manager for the current Liberal leader and campaign manager for John Turner of all people?

Hon. Sheila Copps (Deputy Prime Minister and Minister of the Environment, Lib.): Mr. Speaker, another hypothesis by the member which does not deserve an answer.

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[Translation]

TAX LOOPHOLES

Mr. Richard Bélisle (La Prairie, BQ): Mr. Speaker, my question is for the Minister of Finance.

The government is on the verge of paying oil and mining companies the contested \$1.2 billion they claimed through tax loopholes in a case that has dragged on for 21 years. The minister says that he does not want to upset anyone. Does he have to wait 21 years to avoid upsetting people?

(1440)

In addition to this case, which the federal government says it wants to settle soon, it is on the verge of paying out millions of dollars, because the income tax payable by these companies is still in dispute.

The Speaker: I would ask the hon. member to ask his question immediately.

Mr. Belisle: On the eve of the budget, Mr. Speaker, how can Canadian taxpayers trust the Minister of Finance, who is taking no concrete measures to settle this dispute and whose inaction will cost them millions of dollars?

[English]

Ms. Susan Whelan (Parliamentary Secretary to Minister of National Revenue, Lib.): Mr. Speaker, as the hon. member knows, we cannot comment individually on any specific taxpayers. Many resource companies will be entitled to refunds as a result of the 1992 decision of the Federal Court.

[Translation]

Mr. Richard Bélisle (La Prairie, BQ): Mr. Speaker, how is it that the minister so ably imposed billion dollar cuts to the unemployment insurance system but is unable to settle tax disputes that cost hundreds of millions and benefit big business?

[English]

Ms. Susan Whelan (Parliamentary Secretary to Minister of National Revenue, Lib.): Mr. Speaker, as I just informed the hon. member, there is a procedure we go through in dealing with taxpayers. We cannot comment on individual situations. They are dealt with accordingly and changes are made accordingly.

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HAZARDOUS PRODUCTS

Mr. Rey D. Pagtakhan (Winnipeg North, Lib.): Mr. Speaker, my question is for the Minister of Health.

Last year alone, the lives of six Winnipeg children could have been saved from house fires had the previous government fulfilled its promise to require cigarette lighters to be made child resistant.

When will the minister implement tough regulations to prevent further injuries and tragic deaths among Canada's children?

Hon. Diane Marleau (Minister of Health, Lib.): Mr. Speaker, in order to address this very serious problem, I have asked the officials in my department to draft amendments to the regulations under the Hazardous Products Act concerning safety of disposable lighters.

These amendments will be published in part I of *The Canada Gazette* within the next few weeks. We expect these regulations to be in effect as of the middle of the summer. Disposable lighters sold in this country will have to be childproof. Meanwhile we have launched a program of awareness to ensure that caregivers are aware of the dangers of these disposable lighters.

*Oral Questions***THE ENVIRONMENT**

Mr. Bill Gilmour (Comox—Alberni, Ref.): Mr. Speaker, located in Sydney, Nova Scotia is what has been described as the worst environmental disaster in Canada, the Sydney tar ponds.

Over the last nine years both the federal and provincial governments have been working on an incinerator to burn over 700,000 tonnes of toxic waste which includes PCBs and a deadly brew of various hydrocarbons. Nine years and \$55 million later, the project still does not work.

Can the environment minister justify why the people of Sydney, Nova Scotia now have the highest cancer rate in North America and the government waste, mismanagement and inaction on the cleanup of this toxic cesspool?

Hon. Sheila Copps (Deputy Prime Minister and Minister of the Environment, Lib.): Mr. Speaker, I am glad the member has brought to the attention of the House that indeed there is an investment of \$55 million to clean up tar ponds that obviously took many years to build up.

As one whose grandfather was born there I know the sacrifices of the people in the Sydney area. I know the sacrifices of industrial workers who have lived with pollution for eight decades of this century.

The Sydney tar ponds cleanup is proceeding. The level of incineration at the moment is being examined regularly to ensure that the health and safety of the people in the area is not affected. We hope the cleanup of this mess will not take the decades it took to accumulate.

Mr. Bill Gilmour (Comox—Alberni, Ref.): Mr. Speaker, I would disagree with the minister. Her own project manager says the project does not work. It is going to have to go out to private tender to make it work.

The Canadian Council of Environment Ministers agreed to a set of environmental guidelines for the burning of toxic waste. Both the Nova Scotia minister and the federal minister are signatories.

Can the minister explain why the Sydney incineration permit completely disregards these guidelines? The permit allows levels 10 times higher than those allowed in the guidelines.

(1445)

Hon. Sheila Copps (Deputy Prime Minister and Minister of the Environment, Lib.): Mr. Speaker, the Sydney emission levels are below the levels that were set by CCME. The Sydney levels not only meet the current Nova Scotia guidelines but also the guidelines established by the CCME.

[Translation]

INDIAN AFFAIRS

Mr. Claude Bachand (Saint-Jean, BQ): Mr. Speaker, my question is for the Minister of Indian Affairs. According to audit reports that the minister received on census surveys of aboriginal people living on reserves, the government continues to use incomplete, unreliable and questionable data, to quote the exact terms used in the reports. In June, the opposition brought this situation to the minister's attention.

Will the minister tell us whether Statistics Canada's census takers will have access to reserves in the future in order to take exact population counts, since grants for aboriginal people are calculated on a per capita basis?

[English]

Hon. Ron Irwin (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, I am sure after 15 months the hon. member knows this. Most of the social programs we do on First Nations are not based on Statistics Canada figures. When we build a school, we go in there and count the number of students, whether it is an elementary school or a high school in some cases. Or, the Minister of Health will go in there with Operation Head Start. If it is a health facility the same applies.

The only time we use statistics is when we fund tribal councils but we do not use those of Statistics Canada. Again we go in and count the numbers on site. This is the way it is done. The Statistics Canada figures are a tool that I use to check what we are doing, but no more or no less than a tool.

[Translation]

Mr. Claude Bachand (Saint-Jean, BQ): Mr. Speaker, as the minister admitted himself, he uses statistics for certain programs.

Can the minister explain why eight months have gone by since he agreed that adjustments should be made, yet no corrective measures have been taken to ensure that the calculation of grants for bands are based on exact population counts of aboriginal people?

[English]

Hon. Ron Irwin (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, after my friend raised this matter the last time, which was several months ago, I believe I directed the staff that once a year where we use statistics the band officer provides us—there are 605 First Nations—with a statutory declaration of the actual numbers.

Again this is another tool, but it is not primarily what 80 per cent of the services with aboriginal people are based on. They are based on actual counts between the regional director gen-

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erals and the people in the field who know whom we are dealing with. If we do not, we should not be in there.

* * *

GUN CONTROL

Mr. Jay Hill (Prince George—Peace River, Ref.): Mr. Speaker, last June I asked the justice minister to undertake a national study to determine the source of firearms used in criminal activities. Despite assurances by his parliamentary secretary eight months later Canadians are still waiting.

Three months ago I put a question on the Order Paper asking how many registered gun owners used their guns in the commission of a crime anywhere in Canada.

My question for the Minister of Justice is simple. By its own admission the government has no comprehensive statistics on which if any of the more than 1.2 million registered guns in the country were used for criminal activity. Therefore how can he defend spending millions of dollars on gun registration as a solution to crime when he has no proof that the legal owners of firearms are part of the problem?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, when Canadians want advice on matters of health they go to physicians. When they want to know about the law they go to lawyers. When Canadians want advice on what to do about crime and community safety they go to the police.

The police in the country have for 10 years been calling upon the federal government to introduce a national system of registration. As recently as last summer the Canadian Association of Chiefs of Police passed a resolution exactly to that effect. I take that as pretty solid advice.

Mr. Jay Hill (Prince George—Peace River, Ref.): Mr. Speaker, I thank the justice minister for the answer.

I do not know whom he has spoken with but over past months I have spoken with and listened to a number of police officers both in my riding and across the country. I have yet to find a police officer below the rank of superintendent or chief of police who believes universal gun registration will do anything to prevent crime.

(1450)

For the minister's plan to work it must have the support of rank and file police officers whose lives are on the line. Could the minister provide the House with evidence of their support?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, in the past the Canadian Police Association has spoken to this issue. I can tell the hon. member that in the past the Canadian Police Association has passed resolutions favouring universal registration.

May I also point out that in Edmonton last fall when this very controversy broke out and the police force, the constables, not the chiefs, were asked, 60 per cent in a plebiscite favoured registration of all firearms.

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FOREIGN AFFAIRS

Mrs. Carolyn Parrish (Mississauga West, Lib.): Mr. Speaker, my question is for the Minister of Foreign Affairs.

Canadian participation in the United Nations mission in Haiti demonstrates our commitment to restoring democracy in that country. Could the minister tell us exactly what Canada's contribution to the UN mission in Haiti will entail?

[Translation]

Hon. André Ouellet (Minister of Foreign Affairs, Lib.): Mr. Speaker, I am pleased to convey to the hon. member, in this House, the Canadian government's commitment to democracy in Haiti.

First, a group of Canadian police officers have trained Haitians who will be called upon to perform civil police duties in the coming weeks. Second, a Canadian Armed Forces contingent will join in the peacekeeping operations as soon as the UN decides to send out a peacekeeping contingent to replace the multinational force presently serving in Haiti.

The Government of Canada has launched a program to support the Aristide government by investing substantial amounts in helping non governmental organizations provide what is referred to as basic care and essential services to the people of Haiti.

Mr. Philippe Paré (Louis-Hébert, BQ): Mr. Speaker, my question is for the Minister of Foreign Affairs.

Almost a year ago, the Government of Vietnam threw Tran Trieu Quan, a Canadian citizen, in jail without laying any charges against him. Last December, Hanoi, through the good offices of Canada's Department of Foreign Affairs, put a price on Mr. Tran's freedom by demanding that his family pay what amounts to a \$100,000 ransom. Two weeks ago, the Vietnamese government withdrew this offer.

How can the minister explain his decision to give Vietnam several millions of dollars in Canadian aid when that country disregards all rules of basic justice by keeping a Canadian citizen in jail without any formal charges?

Hon. André Ouellet (Minister of Foreign Affairs, Lib.): Mr. Speaker, I wish to say to the hon. member that his press conference in Quebec City did not do much to help Mr. Quan. Certainly, such media events here in Canada are not looked upon and interpreted very favourably by Vietnamese authorities.

Furthermore, I can assure Mr. Quan's family that the Government of Canada, through its ambassador and through the Prime Minister himself, who made direct representations to Vietnamese authorities during his trip, is pursuing this matter and trying to convince Vietnamese authorities to either bring specific charges against Mr. Quan or let him return to Canada.

Mr. Philippe Paré (Louis-Hébert, BQ): Mr. Speaker, are we to understand from the foreign affairs minister's comments that his efforts and those of the Prime Minister were unsuccessful and that he is unable to protect a Canadian citizen whose fundamental rights are being flouted in Vietnam?

Hon. André Ouellet (Minister of Foreign Affairs, Lib.): Mr. Speaker, what must be understood is that the hon. member's actions, instead of helping us find a solution to Mr. Quan's problem, are making it considerably tougher for the Canadian government to make representations on behalf of Mr. Quan and his family.

* * *

(1455)

[English]

GUN CONTROL

Mr. Jack Ramsay (Crowfoot, Ref.): Mr. Speaker, in a *Globe and Mail* newspaper article dated April 23, 1993 the present Prime Minister was quoted as saying:

"He believes that the new gun control law passed by Parliament within the past year should be given a chance to work before the Liberals see whether it should be tougher".

I ask the Prime Minister: What made him change his mind?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, the proposals we announced on November 30 are intended as part of the government's concerted effort to achieve what we described in the election campaign as safe homes and safe streets.

We believe they are integral to an effort government wide to deal effectively with the criminal misuse of firearms, to achieve better control at our borders with respect to what firearms enter Canada, and to enhance public safety.

I might add, knowing the hon. member's connection with the province of Alberta, that there is increasing evidence the people of that province are entirely in accordance with our view.

Mr. Jack Ramsay (Crowfoot, Ref.): Mr. Speaker, the justice minister continually states to the House and the people of Canada that if we want to know about a question of policing we should ask the police chiefs.

Oral Questions

Why does the minister not accept and embrace the decision of the police chiefs on their stand on capital punishment and their stand on the removal of section 745 if he really believes what he is saying?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, I take it implicit in the question by the hon. member is an acknowledgement that the police chiefs are in favour of the registration of firearms.

May I say that not only in relation to firearms but on a broad range of subjects the police are supportive of the agenda of the government to achieve public safety.

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THE BUDGET

Hon. Audrey McLaughlin (Yukon, NDP): Mr. Speaker, my question is for the Minister of Finance.

The next budget will show Canadians whether the government intends to build Canada or to dismantle Canada. There have been a number of suggestions that the government is contemplating block transfers not just for social programs but for health programs.

As the Minister of Finance will be meeting with provincial and territorial ministers tomorrow, will he today in the House and tomorrow in his meeting clarify how he sees the government's budget ensuring that the Canada Health Care Act remains as it is now and ensuring that Canadians will have health care regardless of what area they live in or how rich or how poor they are?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, I will be meeting with the finance ministers tomorrow. I will not be going into the details of the budget with them for the reasons I have stressed many times in the House. However we will certainly be discussing the vast range of relationships that exist between both levels of government and how a future budget might well impact on them.

I can however assure the member opposite that the question of health care, which is one of the proudest legacies of the Liberal Party, will never be abandoned by a Liberal government.

Hon. Audrey McLaughlin (Yukon, NDP): Mr. Speaker, my supplementary question is for the Minister of Finance.

Could the Minister of Finance explain to the House how block transfers in health care would ensure that there would be a Canada health care standard and that the Canada health care act would remain intact?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, following the budget we

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discuss each and every one of the budgetary items. We will explain them all. It would not be incumbent upon me to make any reference to any matter that may or may not be in the budget.

It is interesting, I must say however in response to this questioner, that one of the most concrete suggestions for mass transfers of power from the federal government to provincial governments which she seems to take some objection to was one made by the premier of British Columbia, a member of her own party.

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(1500)

RESEARCH AND DEVELOPMENT

Mr. Peter Adams (Peterborough, Lib.): Mr. Speaker, my question is for the Secretary of State for Science, Research and Development.

In these difficult budgetary times I am deeply concerned about the risk of erosion of national institutions and processes. One example is our ability to do research and to train researchers in our national centres and ministries and in our colleges and universities.

Can the minister assure us that he will nurture Canada's capacity to conduct creative research and to train young researchers?

Hon. Jon Gerrard (Secretary of State (Science, Research and Development), Lib.): Mr. Speaker, in this age of doing more with fewer resources, our government has already provided leadership in launching initiatives like the Canadian technology network, the Canadian medical discovery fund, the technology partnerships program, the environmental industries initiative, phase II of CANARIE and PRECARN. These initiatives use very limited government resources to lever very substantial efforts in science and research and technology; efforts which meet the needs of Canadians, which provide exciting careers for young Canadians.

I want to reassure the hon. member that even if our federal government resources are constricted in the short term, we shall not flag or fail in our efforts to be innovative, in our efforts to work with all Canadians to ensure a strong future.

ROUTINE PROCEEDINGS*[Translation]***PUBLIC SERVICE STAFF RELATIONS BOARD**

Hon. Marcel Massé (President of the Queen's Privy Council for Canada, Minister of Intergovernmental Affairs and Minister responsible for Public Service Renewal, Lib.): Mr. Speaker, pursuant to Standing Order 32(2), I have the honour to table, in both official languages, the 27th annual report of the

Public Service Staff Relations Board covering the period from April 1, 1993 to March 31, 1994.

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GOVERNMENT RESPONSE TO PETITIONS

Mr. Peter Milliken (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 five petitions.

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*[English]***PETITIONS**

JUSTICE

Mrs. Jan Brown (Calgary Southeast, Ref.): Mr. Speaker, I rise before this House on day six of this initiative to present petition No. 6 on behalf of constituents who wish to halt the early release from prison of Robert Paul Thompson. His date for parole hearing is set for April 11, 1995.

The petitioners I represent are concerned about making our streets safer for our citizens. They are opposed to the current practice of early release of violent offenders prior to serving the full extent of their sentences.

The petitioners pray that our streets will be made safer for law-abiding citizens and the families of the victims of convicted murders.

GUN CONTROL

Mr. Philip Mayfield (Cariboo—Chilcotin, Ref.): Mr. Speaker, I rise in the House to present 11 petitions signed by over 2,000 people from several communities in my constituency of Cariboo—Chilcotin.

My constituents are of the opinion that existing controls on law-abiding, responsible firearms owners are more than enough to ensure public safety. They therefore call upon Parliament to support laws which will severely punish all violent criminals who use weapons in the commission of a crime and support new Criminal Code firearms control provisions which recognize and protect the rights of law-abiding citizens to own and use recreational firearms; support legislation which will repeal or modify existing gun control laws that have not improved public safety or have proven not to be cost effective or have proven to be overly complex so as to be ineffective or unenforceable.

These petitions are presented with my concurrence.

(1505)

HUMAN RIGHTS

Mr. Alex Shepherd (Durham, Lib.): Mr. Speaker, today I am honoured to present two petitions from my constituents, the first being from 25 who call upon Parliament to oppose any amendments to the Canadian Human Rights Act or the Canadian

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Charter of Rights and Freedoms which provide for the inclusion of the phrase sexual orientation. [English]

KILLER CARDS

Mr. Alex Shepherd (Durham, Lib.): Mr. Speaker, the second petition includes 82 names. This petition basically requests that this House amend the laws of Canada to prohibit the important, distribution, sale or manufacture of killer cards in law and to advise producers of killer cards that their products if destined for Canada will be seized and destroyed.

HUMAN RIGHTS

Mr. Patrick Gagnon (Bonaventure—Îles-de-la-Madeleine, Lib): Mr. Speaker, I have three petitions, one of which calls upon Parliament to act quickly to amend the Canadian Human Rights Act to prohibit discrimination on the basis of sexual orientation and to adopt all necessary measures to recognize the full equality of same sex relationships in federal law.

Mrs. Dianne Brushett (Cumberland—Colchester, Lib.): Mr. Speaker, I rise today pursuant to Standing Order 36 on a petition with 44 signatures from my riding.

The petitioners in my riding request that under the Charter of Rights and Freedoms we guarantee that everyone has the right to protection against discrimination and that the Government of Canada has recognized this including discrimination on the basis of sexual orientation.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, I rise pursuant to Standing Order 36 to present a petition on behalf of my constituents who are concerned about the proposal to put forward legislation embodying sexual orientation in the Human Rights Act.

I concur with them in their opposition to that.

[Translation]

VOICE MAIL BOXES

Mrs. Christiane Gagnon (Québec, BQ): Mr. Speaker, it is my great honour today to table in this House a petition bearing 1,080 signatures from my riding.

This petition denounces the government's proposal with respect to voice mail boxes. I am pleased to join with these many petitioners in the conviction that services must be adapted to users and not to bureaucratic machinery.

Thus the people of Quebec City wish to draw the attention of Parliament to the following: Whereas senior citizens are naturally less experienced with the technology of voice mail; and whereas senior citizens are entitled to appropriate service, particularly in response to their income security inquiries, these petitioners call upon Parliament to ask the government to abandon its plan to install voice mail for senior citizens.

GUN CONTROL

Mr. Myron Thompson (Wild Rose, Ref.): Mr. Speaker, pursuant to Standing Order 36, it pleases me to offer three petitions today. The first two come from in and around the city of Winnipeg, Manitoba with 300 signatures on pink paper from women who would like to draw to the attention of the House that the proposed amendments to firearm control legislation by the justice minister are unduly harsh and will waste dwindling financial resources while attacking the rights of law-abiding citizens without affecting crime.

They request that the provisions be separated and that Parliament proceed to strengthen border patrols and strengthen measures to deal with the criminal use of firearms but not proceed with the proposed enhanced controls on legal ownership of firearms.

There are 300 signatures on this petition from the women of Manitoba and I have an identical one with nearly 900 signatures from men.

The third petition from Calgary requests that Parliament support laws which will severely punish all violent criminals who use weapons in the commission of crime, support new Criminal Code firearms control provisions which recognize and protect the rights of law-abiding citizens to own and use recreational firearms, and support legislation which will repeal and modify existing gun control laws which have not proved public safety or have proven not to be cost effective or have proven to be overly complex so as to be ineffective or unenforceable.

I concur with these petitions.

ASSISTED SUICIDE

Mr. John Cummins (Delta, Ref.): Mr. Speaker, I rise today pursuant to Standing Order 36 to present two petitions.

The first states that the majority of Canadians respect the sanctity of human life and the majority of Canadians believe that physicians in Canada should be working to save lives, not to end them.

(1510)

Therefore the petitioners pray that Parliament ensure that the present provisions of the Criminal Code of Canada prohibiting assisted suicide be enforced vigorously and that Parliament make no changes in the law which would sanction or allow the aiding or abetting of suicide or active or passive euthanasia.

HUMAN RIGHTS

Mr. John Cummins (Delta, Ref.): Mr. Speaker, the second petition, with which I do not concur, calls upon Parliament to

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amend the Canadian Human Rights Act to protect individuals from discrimination based on sexual orientation.

CRTC

Mr. Lyle Vanclief (Prince Edward—Hastings, Lib.): Mr. Speaker, I have two quick petitions.

One is calling upon Parliament to ensure that the CRTC recognizes that Canadians do not need to be shocked to be entertained and that foul language, excessive violence and explicit sex are not necessary to provide quality entertainment.

RIGHTS OF THE UNBORN

Mr. Lyle Vanclief (Prince Edward—Hastings, Lib.): Mr. Speaker, the other petition calls upon Parliament to act immediately to extend protection to the unborn child by amending the Criminal Code.

GUN CONTROL

Mr. John Maloney (Erie, Lib.): Mr. Speaker, pursuant to Standing Order 36, I have a petition representing the views of over 290 constituents which I wish to present to the House.

The petition states that public safety is the number one priority of the criminal justice system and that the target for all gun control laws in the Criminal Code of Canada must be that criminals are a danger to that public safety.

These petitioners make three requests to Parliament. They ask Parliament to support laws that will severely punish all violent criminals. They ask Parliament to recognize the right of all law-abiding citizens to own and use firearms. They ask Parliament to support legislation that would repeal or modify existing firearms legislation that does not improve public safety.

ASSISTED SUICIDE

Mr. Glen McKinnon (Brandon—Souris, Lib.): Mr. Speaker, I rise with two petitions representing views of constituents in Brandon—Souris.

The first petition calls on the government to enforce the existing provisions in the Criminal Code prohibiting assisted suicide. It also asks that no further changes be made in the law which would sanction the aiding or abetting of suicide or active or passive euthanasia.

HUMAN RIGHTS

Mr. Glen McKinnon (Brandon—Souris, Lib.): Mr. Speaker, the second petition calls upon Parliament not to amend the human rights code, the Human Rights Act or the Charter of Rights and Freedoms in any way that would indicate societal approval of same sex relationships or homosexuality.

ASSISTED SUICIDE

Mr. Bob Speller (Haldimand—Norfolk, Lib.): Mr. Speaker, I rise on the two same subject matters, the first one regarding

assisted suicide. The petitioners call upon Parliament to make no changes in the law that would sanction assisted suicide.

HUMAN RIGHTS

Mr. Bob Speller (Haldimand—Norfolk, Lib.): Mr. Speaker, the other set of petitions is regarding same sex benefits and the amending of the Canadian Human Rights Act. People in my riding in these petitions are suggesting that the government should not amend the Human Rights Act.

OFFICIAL LANGUAGES

Mr. Jack Frazer (Saanich—Gulf Islands, Ref.): Mr. Speaker, pursuant to Standing Order 36 it is my duty and honour to rise in the House to present a petition duly certified by the clerk of petitions on behalf of 32 constituents of Saanich—Gulf Islands and surrounding area.

The petitioners humbly pray and call upon Parliament to enact legislation providing for a referendum of the people binding upon Parliament to accept or reject two official languages, English and French, for the government and for the people of Canada.

HUMAN RIGHTS

Mr. Randy White (Fraser Valley West, Ref.): Mr. Speaker, I rise to present several petitions to the House.

The first petition requests that Parliament not amend the Canadian Human Rights Act or the Charter of Rights and Freedoms in any way that would tend to indicate societal approval of same sex relationships or of homosexuality, including amending the Canadian Human Rights Act to include in the prohibited grounds of discrimination the undefined phrase sexual orientation. I table that with my approval.

RIGHTS OF GRANDPARENTS

Mr. Randy White (Fraser Valley West, Ref.): Mr. Speaker, my second petition requests that Parliament amend the Divorce Act to include a provision similar to article 611 of the Quebec Civil Code which states that in no case may a father or mother without serious cause place obstacles between the child and grandparents.

Failing agreement between the parties, the modalities of the relations should be settled by court; further, an amendment to the Divorce Act should give a grandparent who is granted access to a grandchild the right to make inquiries and to be given information as to the health, education and welfare of the child. I concur with that as well.

GUN CONTROL

Mr. Peter Milliken (Kingston and the Islands, Lib.): Mr. Speaker, I have a petition signed by 44 residents of the Kingston area in which they call upon Parliament not to enact any further firearms control legislation, regulations or orders in council.

I am pleased to table this petition on their behalf.

(1515)

QUESTIONS ON THE ORDER PAPER

Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, Question No. 123 will be answered today and I would ask that the remaining questions be allowed to stand.

[Text]

Question No. 123—**Mr. Leroux:**

With respect to the Council for Canadian Unity, or any agency or organization attached to or working for the council, (a) have there been any increases in the annual budget(s) since January 1994 and if so, on what precise date(s) did the increases occur and how, item by item, were they allocated, (b) has it undertaken or contracted out the undertaking of any public opinion poll or polls of Canadians or Quebecers and if so, what was the wording of the questions and the result of the poll(s), question by question and (c) what are the government's intentions with respect to the council's budget for hiring personnel or borrowing personnel from other departments on assignment for this fiscal year and the coming fiscal year, in actual numbers?

Hon. Michel Dupuy (Minister of Canadian Heritage, Lib.): The Council for Canadian Unity is not a Government of Canada organization. The Council should be contacted directly to obtain this information.

The address is: Council for Canadian Unity, 2055 Peel Street, Suite 475, Montreal, Quebec, H3A 1V4. Tel: 514-843-4124.

[Translation]

The Deputy Speaker: Colleagues, the question mentioned by the parliamentary secretary has been answered. Shall the remaining questions stand?

The member for Abitibi, on a point of order.

Mr. Deshaies: Mr. Speaker, I rise on a point of order in respect of Question No. 86 which I submitted on 29 September 1994, over four months ago, to which the government has not yet replied.

A question on the Order Paper should be answered within 45 days. I therefore ask the government to explain this delay which I consider unreasonable.

Mr. Milliken: Mr. Speaker, as always, the government attempts to answer all questions, and we prepare these answers as quickly as possible. I am sorry, but I do not have an answer for the hon. member today. I will ask some questions of certain people to find an answer which I will then report to the House.

The Deputy Speaker: Given this explanation, shall the remaining questions be allowed to stand?

Mr. Deshaies: I will get back to the Speaker to ask my question again tomorrow or the next day.

Government Orders

The Deputy Speaker: Shall the remaining questions stand?

Some hon. members: Agreed.

GOVERNMENT ORDERS

[English]

AGRICULTURE AND AGRI-FOOD ADMINISTRATIVE MONETARY PENALTIES ACT

The House resumed consideration of the motion that Bill C-61, an act to establish a system of administrative monetary penalties for the enforcement of the Canada Agricultural Products Act, the Feeds Act, the Fertilizers Act, the Health of Animals Act, the Meat Inspection Act, the Pest Control Products Act, the Plant Protection Act and the Seeds Act be read the second time and referred to a committee.

The Deputy Speaker: Colleagues, the hon. member for Cumberland—Colchester was into questions and comments. I understand that eight minutes remain.

Mrs. Dianne Brushett (Cumberland—Colchester, Lib.): Mr. Speaker, in response to the question that was put before question period by the hon. member concerning the regulatory process, it is the hope and expectation of the government that after consulting with industry the regulations would be designated as infractions, whether they were an offence of a minor nature, a more serious nature or a very serious nature. Those would be decided on in combination with the private sector of the resource that we are referring to, as well as government regulators. It would be dealt with in a very fair and reasonable manner and, as indicated earlier, would prohibit taking every single infraction to the courts, thus saving time and money.

In response to the hon. member's second question regarding how regulators will be kept fair and honest, it is my assumption that public servants try to put in a fair day's work for a fair day's pay. In no way would they look aside or turn a blind eye when there may be infractions such as unsanitary conditions in a meat inspection plant, for example. In no way would they disregard that infraction when tainted meat could appear on supermarket shelves, which in turn might land on their own family's supper plate.

I have every hope and expectation that the regulators of the Canadian public service will pursue this with all sincerity to ensure that we have a safe and quality food supply for all Canadians.

Mr. Grant Hill (MacLeod, Ref.): Mr. Speaker, I will go back to the question that was posed before question period. The hon. member did not answer it for me. It was a two-part question.

Government Orders

Since an appointment by order in council has never been turned down in Canada's history, since a single individual has never been turned down, could the hon. member please comment for me on whether it would be better to review these appointments at the nomination stage rather than the appointment stage on committees.

Mrs. Brushett: Mr. Speaker, again as I reiterated prior to question period, it is my understanding that many Canadians desire to serve in the public domain of Canada. They are sincere when taking on the responsibility of serving their communities, municipally, provincially and federally.

(1520)

It is a grave responsibility but the people appointed desire to serve. It is to the benefit of the public. Canadians are responsible people. Look at volunteerism, the responsibility that they take for their communities. It would be a great burden to the country to pay for the work done through volunteerism.

I believe the government is willing to listen to any name coming from any party as to who may be a responsible serving citizen.

Mr. Hill (Macleod): Mr. Speaker, I know that sometimes a political answer is the only appropriate one. However, this is such a straightforward question.

I would ask my question for the third time. I am not trying to be cute or tricky. Would it not be more appropriate to have the committee review the names that are to be presented at the nomination stage? Then the names go to the PMO and the PMO would pluck from that group of names to make the process useful.

If there has never been in history a single person turned down for an order in council appointment, surely it is a sham. Should it not be nomination, review; appointment, no need to review.

Mrs. Brushett: Mr. Speaker, I have one brief comment. I believe it is an insult to the integrity of the Canadian people. If their names are put forward at any level of government, they should participate in the democracy of the country.

It has been in our interest throughout the history of this government to listen to those names.

Mr. Jake E. Hoepfner (Lisgar—Marquette, Ref.): Mr. Speaker, it is a pleasure to rise in the House this afternoon to address this bill.

I was looking at my notes and I realize they were written last October. We do not work very fast. I will try to refresh my memory as I speak from my notes.

I will outline the concerns I have with this bill and how I see it affecting farmers in my region. When I am talking to farmers and tell them the fines will be \$100,000 to \$250,000 for non-compliance, they throw up their hands and say: "Hey,

we've never had money like that. How are we ever supposed to pay a fine?" I always reassure them. "Look at the positive side because you haven't had to pay the fine. At the speed this government works the Canadian dollar will probably be worth less than a Mexican peso, so it won't amount to too much". That reassures them things are not going to go too fast.

For instance, if the fine exceeds \$2,000, the person named in the notice of violation can request a compliance agreement. The minister may request a security payment as a guarantee that the person will comply with the agreement. It will be returned when the minister deems the person has satisfactorily complied with the agreement.

It really does not matter whether the violator feels he has complied. The minister will make the decision. That worries me somewhat.

If the minister subsequently decides the person who has entered into the compliance agreement has not complied with the agreement, the minister can impose a penalty of twice the original amount and can retain any security given by the person who is deemed to be in violation. That is a very powerful tool. I cannot see how that can be accomplished in this bill or why it should be unless there is an agreement between the violator and the board that he did not comply.

The board of arbitration appointed by the minister and the review tribunal appointed by the Governor in Council will settle disputes between buyers and sellers. The tribunal hears reviews of the minister's decision at the request of a person who has been deemed to be in violation of the act. I think that is a good procedure and could probably work, but I am very worried about when compliance is deemed to have been carried out and when not.

(1525)

Bill C-61 greatly increases some of the fines for offences. These should not be confused with violations which will be dealt with through the agriculture monetary penalty contained in various agriculture acts. For example, it amends the Feeds Act to increase fines for an indictable offence from \$1,000 to \$250,000. That seems to be a huge increase and I hope I never have to pay one of these penalties because it would break me. It is intended to discourage someone from committing a contravention that would likely be pursued as an offence.

One of the main areas of contention seems to be the board of arbitration and the review tribunals. Each of these bodies currently consists of between three to five members but Bill C-61 removes the limit to the number of board members. I feel this is a very grave error. It should have a cap on it because it can create another bureaucracy and could go to 20 or 30 members. We know what the costs would be for operating a board or a tribunal of that size. It also makes it very possible that we could have some more political appointments for people with close

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political ties who are out of jobs. It would be a nice place to find another job for them. I do not think we need that.

The selection process does nothing to dissuade the patronage appointments. I believe that has been stressed this afternoon.

A great deal of power is given to the minister. He can decide whether to pursue a contravention as a violation or as an offence and has leeway in setting or reducing or increasing fines. There is not much accountability built into this legislation.

It really worries me when I see this kind of power given to a board or to a minister. The court system does not seem to be able to deal with some of these matters in a very efficient manner and it is a lengthy debate sometimes whether it is a violation that is serious or whether it is a violation that is moderate or maybe just a minor one.

Clause 23, which is an amendment we proposed, would at least retain the violations to a 10-year period. I think it is of major importance that this amendment be passed if this bill does pass.

Clause 28 is an amendment to remove the ceiling on the number of members on the board of arbitration. The amendment would propose to retain this ceiling. I support the amendment that there be a ceiling because we do not want another board or another review tribunal with about 30 people who we find are very expensive to maintain.

An amendment proposed that would disqualify a public servant from being a member of the board of arbitration is a must. When a public servant ruled on an arbitration or sat on a tribunal board I would hesitate to go before a tribunal because the violator has very poor chance of getting a fair hearing.

Illegal and undeclared importation of plant products, meat or meat products is a serious concern because the introduction of plant or animal diseases into Canada could cost millions of dollars for control or elimination. We had a very good example of what could happen when the Grandin issue come before the courts or before the government. When Grandin wheat was brought illegally into this country, for some reason the Department of Agriculture overstepped its bounds and took away the responsibility from excise and customs officers and allowed it to continue. That was a very serious violation of what the Customs Act should have been doing. It is an example that shows us very vividly how a minister or a department with too much power overrides issues and makes bad decisions.

The current process involves prosecution in courts of law and has not been all that effective. There are limited alternatives in the current system to enforce compliance with the law outside of criminal prosecution which involves court costs and delays.

(1530)

The bill proposes implementation of a ticketing procedure at ports of entry into Canada in the hope of increasing efficiency and effectiveness in dealing with this problem.

When the courts cannot address this issue effectively how will a ticketing process by this act resolve the problem? Penalties will be imposed, fines and offences under eight related acts. This will be a tremendous burden for the minister or the department to administer.

When I see under the Fertilizers Act a fine going from \$500 to \$50,000 and for an indictable offence to \$250,000, it scares me. I am wondering who will be falling under the compliance act. It cannot be farmers because it will break them. It will have to be somebody with the multinationals or huge corporations who can really be addressed through this act.

Overall streamlining of the regulatory process is a worthy goal as it is reducing court costs and the associated regulatory burden. But will this extra power of a minister be exercised fairly? That is a concern I have about this act. If the minister, the department or the tribunal favour large violators, multinationals or large corporations as opposed to individuals, we are going to be addressing a huge problem of unfairness and probably discrimination.

It is only fair that we look at this act very seriously and address some of the issues which have been pointed out today concerning the setting up of a tribunal and also the arbitration board.

Examples of contraventions likely to be treated as violations include unsanitary facilities in a meat processing establishment. This raises another issue which we talked somewhat of this morning. Is it a provincial or a federal jurisdiction? We could find that we have a dispute between this act and some of the provincial regulatory processes or bodies. Mislabelling of agriculture products is very simple. It is more or less a major federal jurisdiction, but the other one could cause us some problems.

Taking an animal out of quarantine and marketing it and thereby endangering the health of consumers and maybe the health of certain industries is another grave concern. This is becoming more and more of a concern when we see new enterprises springing up in wildlife animal farming or bringing in ostriches, emus or whatever specialty enterprise is considered.

The main goal of compliance instead of punishment seems to be agreeable. I would however warn that we do not make compliance too easy because it can just become a matter of paying an extra few dollars in fines and continuing with the non-compliance.

Government Orders

Transport Canada and employment and immigration use this type of process. I do not think it has been very responsive to some of the issues, especially if we look at the Western Grain Transportation Act.

The powers granted to this minister are extensive. The minister may make regulations, not just enforce them. When we have an act where we can change regulations and the compliance during the life of the act I think it becomes very suspect.

That decisions can be either designated as a violation or an offence is another thing I am worried about. Whether it is a minor, a serious or a very serious offence or non-compliance is also given to the minister or the boards. These things seem to set up a system with which we could have more problems than solutions. I do not think that is what we want.

The minister is given the power to decide whether it is a contravention or whether it should be treated as a violation. That is totally wrong. We need a better guideline, a better system of defining what is an offence or non-compliance.

(1535)

I would warn this House very strongly that we do not want to pass an act or regulations that will more or less give the individual fewer powers or less of a chance to be heard than the corporations or multinationals. We see that too much today already.

The railways had a non-performance clause in the Western Grain Transportation Act. It provided for monetary penalties. That act has been in force for over 10 years. There has never been a monetary penalty assessed to any railway for non-compliance of the act.

This points out very strongly why we in this House should be very cautious about passing this bill before we make some definite amendments to it. It is almost as if we are trying to do away with democracy and trying to enlist a sort of dictatorship.

I have said in my speeches in the House before that sometimes when I look at the agriculture policies we are making it seems that this Liberal government is lost in the dust. It cannot really see what the results will be, how it will affect the farmers or the producers.

It is better if we start clearing the dust, waving our hands around a bit and saying that the individual producer is the one who is going to be affected. Let us give him a break and let us see that he stays healthy and productive. Otherwise we do not have much of a chance in turning this country's monetary or financial situation around.

I hope the hon. minister has listened this afternoon and knows that the farmer is always dear to my heart. The farmers are the ones who put me here and the ones I am going to speak up for.

Mr. Gordon Kirkby (Prince Albert—Churchill River, Lib.): Mr. Speaker, it is a pleasure for me to speak today in support of Bill C-61, a bill to introduce an administrative monetary penalty system, or AMPS as it is more commonly known. This bill will provide a broader range of enforcement options to Agriculture and Agri-Food Canada's inspection officials by allowing them to levy monetary penalties for non-compliance with the regulations.

As it now stands a criminal prosecution is relied on too heavily. It is often the only option available to inspectors with the department's food production and inspection branch when they are faced with a violation of this country's statutes regarding food and animal health and safety.

By introducing AMPS, inspectors will have at their disposal a range of monetary penalties. They will not have to rely on seizure and detention of a product and prosecution through the courts with the attendant delays and costs to the taxpayers that involves.

Technically, administrative monetary penalties are not fines but I will use that word for simplicity. Initially, fines will range from \$50 to \$6,000 depending on the seriousness of the violation. This legislation will however give the department the ability to impose fines of up to \$15,000 for very serious non-compliance to our regulations.

These fines or monetary penalties are not levied without any recourse. Anyone who believes the fine is unjustified will be able to make use of an appeal process. This process will include a departmental review, a review by an independent tribunal and if necessary will proceed to the Federal Court of Canada.

It should be noted that this initiative emphasizes obtaining compliance by offenders and not simply punishment. AMPS will allow the department to negotiate solutions to non-compliance with the offending parties. Fines can be reduced or waived if corrections, for example, processing modifications, are made by the industry.

Immediate corrective action results in a better product, improved health and safety, more effective enforcement and the protection of Canada's reputation for high quality control standards in relation to agri-food products. In today's highly competitive market, there is no doubt we must do all we can to enhance our reputation for quality and in fact deliver high quality food to the world's consumers.

(1540)

In order to ensure that the system operates as effectively as possible and to avoid frivolous appeals, the government is making available a fine reduction option. Offenders who pay their fines without asking for a review will receive a 50 per cent reduction in their penalty.

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Reviews cost money and this option is used by other departments in other jurisdictions quite successfully. While this may seem counterproductive to some, let me remind everyone that the administrative monetary penalty system stresses compliance and not punishment. The department does not see this initiative as a money making venture. It will gladly reduce or even waive a fine if the offender is willing to show compliance with Canada's regulations.

While criminal prosecution will still be an option, AMPS will lead to better compliance rates and more effective enforcement action taken by the branch. The administrative monetary penalties will enable greater enforcement of compliance among importers, thereby helping to create a level playing field for the domestic industry.

This move by Agriculture and Agri-Food Canada is consistent with the initiatives being taken by other departments and with the entire regulatory framework in Canada. Transport Canada currently has an administrative monetary penalty system. The one being proposed for this department builds significantly on the transport model, and other departments are considering the adoption of this system.

This system has been developed in conjunction with the Department of Justice through the regulatory compliance project. One of the goals of this project is to look at alternatives to criminal prosecution of regulatory violations. In many cases criminal prosecution is considered too severe as this course of action can lead to a criminal record and even the possibility of imprisonment. This is another step in our goal of decriminalizing regulatory infractions.

Federal regulatory policies encourage the use of the least coercive alternative models. AMPS will provide the department and the food production and inspection branch with a less coercive alternative.

It pleases me to note that this administrative monetary penalty system not only has the support of a number of federal departments, but it has the solid support of industry associations as well. This latter support is, in my mind, the most important since it is the industry and our farmers who have not only asked for this but it is the industry that will have to work with it as well.

During recent consultations industry associations recommended the active enforcement of domestic standards to imported products. This is because Canadian industry needs to be able to compete on a level playing field if it is to remain competitive in the global market.

It is important also for Canada to protect its international reputation for high quality health and safety standards when it comes to agriculture and agri-food products. The introduction of AMPS was also one of the recommendations of the department's regulatory review undertaken in 1992.

The goal of the federal approach to the regulatory system is to create a regime that is not just cost effective but is flexible and addresses the realities of doing business in a new way. The government and the Department of Agriculture and Agri-Food require a system that is more cost effective and more appropriate.

To my mind, the administrative monetary penalty system meets all of these criteria. I must point out that the AMPS is also used by the United States department of agriculture where it has been shown to be very successful in increasing compliance. Our system will allow us to harmonize our regulatory enforcement with the United States and also with some of our trading partners in Europe who also use this type of system.

Better regulatory compliance will help industry not just at home but it will improve its global competitiveness as well. Increased compliance will help ensure that Canadian export products maintain their high reputation internationally. It will do so by enabling the department to take effective action against importers or domestic companies marketing products that do not meet Canadian health, safety or quality standards.

(1545)

Business will welcome clear rules that will help to increase compliance and remove unfairness from the system. The agricultural community will welcome any activity that strengthens our enforcement at border points, increases equity of enforcement between commodities and promotes the marketability of Canadian products.

The system highlights the joint responsibility that governments and industry share for ensuring compliance. By consulting with industry the government has devised a system that will benefit everyone. It will give government inspectors a wider range of enforcement options when they are faced with regulatory violation. It emphasises compliance, not punishment, by permitting monetary penalties to be waived or mitigated if the violator takes corrective actions to ensure future compliance.

It will improve the competitiveness of industry at home by applying consistent standards to both imported and domestic products and abroad by helping to ensure Canada's protects its high reputation internationally.

I commend our minister of agriculture who has done a terrific job in identifying problems and going through extensive consultation on this issue and many other issues. As is typical, once this process is completed a very sensible, workable solution comes out the other end. I thank and congratulate the minister.

Mr. Art Hanger (Calgary Northeast, Ref.): Mr. Speaker, I am particularly interested in one aspect of the proposed legislation that deals with the tribunal. I gather it is a dispute settling mechanism to clear any violations that may be made in some sort of judicial setting.

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In the interest of natural justice there has to be some sort of a fair procedure set up such as an unbiased adjudicator and the opportunity for a hearing. Given the track record of the quasi-judicial bodies that exist in the government today—and I use the example of the Immigration and Refugee Board and the parole board—can we consider them to be that of unbiased adjudication when individuals who are appointed through the process and orders in council reflect patronage, are friends of ministers and friends of others who sit within the Liberal government?

My concern and the reasons why I would be very hesitant about supporting the bill are based on these particular points of concern, and I refer to subsection 4.1(2):

A person is not eligible to be appointed a member of the Tribunal unless the person is knowledgeable about or has experience related to agriculture or agri-food and the Chairperson of the Tribunal and at least one other member of the Tribunal must, in addition, be a barrister or advocate of at least ten years standing at the bar of any province or a notary of at least ten years standing at the *Chambre des notaires du Québec*.

In the appointment process for individuals sitting on this board, how much of a guarantee will we have that we will not run into the same problems as those of the Immigration and Refugee Board or the parole board? They apparently had qualified people on them, yet when it came to the actual decision making process they differed vastly from the concerns of the public and the decisions rendered were very questionable. That aspect dealing with concerns has not been addressed in this piece of legislation.

(1550)

I am not a lawyer but I know there are many on the other side of the House who seem to relish the thought of putting together legislation that only lawyers can understand. One thing of concern to me deals with some process of natural justice, that is that a fair procedure be introduced.

I am looking at some of the clauses in Bill C-61 wherein the rules of evidence do not apply to the hearing. Again I ask members on the government side why the rules of evidence would not apply in any hearing if we are looking for a fair and just procedure to solve or settle any of the concerns that may come before it.

When I consider some of the concerns in this document and look at the Immigration and Refugee Board I see that the process is not driven by the concerns of Canadians through the minister or through the member but rather by special interest groups that may want the decision making process structured in their favour.

With all these issues, when we ask for quasi-judicial bodies are we actually promoting something fair and unbiased that will benefit society as a whole?

The minister of immigration and the Solicitor General have been very evasive in dealing with the specifics. When situations or complaints have arisen they stand back and make this comment: “No, I cannot interfere in the process because that would be interfering with a quasi-judicial body and would be outside the realm of my jurisdiction”.

My question to all members on the government side is: Should not the minister be accountable for everything that goes on in his department? Why should it be taken from him and passed on to a quasi-judicial body to take the heat off himself? I do not agree with some of these dispute settlement mechanisms.

I am particularly interested that they talk about the tribunal. So often it divorces itself from the minister. It takes accountability away from much of the decision making process and takes responsibility and accountability away from the minister. On that basis alone I could not support the bill.

The Deputy Speaker: The member has asked a number of questions in his intervention. It may be confusing for people watching us, but the minister may respond to the questions under the umbrella of asking a question or making a comment himself.

I see the member for Cumberland—Colchester has risen first. I will have to recognize her first and then the colleague to her right.

(1555)

Mrs. Dianne Brushett (Cumberland—Colchester, Lib.): Mr. Speaker, as we discussed the bill in the House today, on repeated occasions the hon. member referred to interference by the minister: “What protection does the bill give us that there will not be interference?”

I would like to suggest that hon. members are talking out of both sides of their mouths. On one question they want no interference. On the next question the hon. member asks why the minister does not take full responsibility and interfere. They cannot have it both ways.

I have a question for the hon. member. There has been reference to the parole board and the Solicitor General repeatedly today. How many times has the hon. member heard of interference by the Solicitor General of Canada in the parole board?

Mr. Hanger: Mr. Speaker, if the parole board or some other quasi-judicial body makes a serious blunder I would hope somebody would be held accountable and heads would roll. However that does not happen.

The parole board has made terrible decisions in the past that have jeopardized the lives and safety of Canadians. I am not saying this quasi-judicial body will necessarily do that, but we

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must remember that we are talking about heavy fines being levied against businesses. Someone somewhere should be held accountable.

Under the quasi-judicial system the board makes the decision and the minister stands back and says: "No, I am not accountable. They are responsible. They have been given the sole authority". Where does the buck stop? Is the board held accountable? They are not elected officials. I am saying that the minister or the criminal courts where often these matters are resolved should be the bottom line.

Mr. Murray Calder (Wellington—Grey—Dufferin—Simcoe, Lib.): Mr. Speaker, I listened to the hon. member for Calgary Northeast as well, in particular when he started talking about subsections 14(1) and 14(2) and the credible people who would sit on the tribunal. I listened to the hon. member across the room say many times that he would like to see credible people on the parole board. I have to agree with him; I would like to see that too.

However, what could be more credible than a person on this tribunal with extensive agricultural background and legal background? Maybe the hon. member could tell me who would be more credible than that.

Mr. Hanger: Mr. Speaker, let us look at the track record of both the parole board and the Immigration and Refugee Board. They are people who have been placed within the system and supposedly have qualified backgrounds.

Yet, what is happening? They are friends of ministers. They are friends of the Liberal Party. Prior they were friends of the Conservative Party. In some instances they were unqualified but were placed on that board. What is to prevent that from happening with this particular board by order in council appointments? Nothing.

Hon. Ralph E. Goodale (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, from the comments made in the course of the debate today I take it there is recognition, given the process being established by the legislation, that there needs to be as a part of the process a tribunal to adjudicate upon disputes and alleged offences.

The whole purpose of establishing such a tribunal as a quasi-judicial body is to remove the adjudicative procedure from my office, which is a political office, and to put it in the hands of a body, an organization or a tribunal that can be at arm's length and not influenced by the day to day flow of political events. The whole reason for having a quasi-judicial tribunal assume that responsibility is to separate responsibility from any kind of appearance of political interference. I would think my hon. friends in the Reform Party would agree there ought to be that arm's length relationship and in fact that the functioning of this kind of tribunal should not be subject to day to day political considerations.

(1600)

Finally, I would point out, as my friend from Prince Albert did earlier today, if there is a concern about a decision rendered by the adjudicative tribunal, it can in fact be appealed to the Federal Court of Canada.

Mr. Hanger: Mr. Speaker, I thank the minister for his clear explanation. It is not unlike, as I suspected, the quasi-judicial Immigration and Refugee Board which is fraught with all kinds of problems and a minister who is reluctant to step in when he should and steps in when he should not. The Federal Court, already backlogged when it sits with immigration cases, will now undoubtedly be backlogged even further with agricultural problems.

I suggest that the agricultural tribunal as proposed is going to be just as flawed as the Immigration and Refugee Board and the parole board.

The Deputy Speaker: Colleagues, the time is up unless there is a unanimous desire to continue. I take it there is not.

Is the House ready for the question?

Some hon. members: Question.

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. I declare the motion carried.

(Bill read the second time and referred to a committee.)

* * *

WESTERN GRAIN TRANSPORTATION ACT

Hon. Ralph E. Goodale (for Minister of Transport, Lib.) moved that Bill C-66, an act to amend the Western Grain Transportation Act, be read the second time and referred to a committee.

He said: Mr. Speaker, on behalf of the government and in particular on behalf of my colleague the Minister of Transport, I am pleased to open debate on Bill C-66, an act to make certain short term amendments to the Western Grain Transportation Act, commonly known as the WGTA.

This bill deals with three specific changes to the current legislation. Two amendments address problems in the

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movement of grain to port for export. The third removes the WGTA subsidy on shipments of wheat to Mexico and is intended to facilitate our continued access to a very important market for Canada in Latin America.

At the outset I should note that the amendments in Bill C-66 are no substitute and are not intended to be a substitute for the major reforms of the grain handling and transportation system which will be brought before this House later on in this session. Rather, this bill fulfils a commitment that the government has made to farm leaders and to the grains industry that we would deal with certain particular issues that have caused significant delays and other problems in Canada's grain transportation system, especially over the course of the last year or so.

Because it is essential procedurally that these amendments are in place before the beginning of the 1995-96 crop year in western Canada which begins on August 1, the government tabled the legislation which is now before us in December. We are urging its quick passage through the House so that the legislation can be in effect in time for the beginning of the next crop year.

(1605)

On the broader reform issues, we will be moving forward with them just as soon as possible after the upcoming federal budget.

One of the specific changes in Bill C-66 will end the practice of backhauling, that is the so-called scenic route backhaul subsidy on U.S. bound grain which has been moving from the prairies to Thunder Bay and then back to either Fort Frances or Winnipeg before finally heading south toward its final destination.

This practice has arisen because the existing transportation subsidy in fact makes it cheaper for shippers to move their grain to Thunder Bay at subsidized rates before moving it to destinations in the United States at commercial rates, rather than moving it directly at commercial rates for the whole distance.

Using Winnipeg as a reference point, backtracking or backhauling increases the length of hauling grain by about 450 miles in the case of Canadian National Railways and about 860 miles in the case of Canadian Pacific railway. Obviously this practice is inefficient and has led to longer car cycle times and much less effective use of the grain car fleet. The WGTA was never intended to foster this kind of backhaul situation and everyone agrees that it must be terminated.

With the passage of Bill C-66 the amendment to end subsidized backhauling would take effect no later than August 1, 1995, that is, the beginning of the next crop year. It could be brought into force earlier by order of the governor in council if there is a consensus in the grains industry that an earlier implementation date would be desirable.

I must point out that the opinion of virtually all of the players in the industry I have spoken to with some exceptions is that the most convenient and expeditious date for the implementation of the change would be coincident with the beginning of the new crop year on August 1.

Another change included in Bill C-66 will implement a system of demurrage and storage charges on railcars carrying grain, other crops and products under the WGTA when they are in fact misused by shippers for storage purposes. This will be coupled with a despatch system to encourage the expeditious use of cars.

Demurrage refers to charges that are levied when a shipper does not load or unload a railcar, a ship or a truck within the specified free time at either the origin or the destination point of the railcar. Car storage is similar to demurrage but refers to excessive time that a car spends on railway property before being positioned for unloading. Despatch refers to benefits that a shipper can earn by loading or unloading a car in less time than that which is considered normal or reasonable in the circumstances.

Under this bill the railways would be able to implement demurrage and car storage charges for delays in loading and unloading. This measure would encourage faster turnaround in the use of railcars. This is obviously important in our grain transportation system which is stretched to the limit with no cars to spare.

This amendment would also come into force for the beginning of the next crop year, no later than August 1, 1995. Or again, it could be implemented earlier by an order in council.

On the flip side of the storage, demurrage and despatch for the use of railcars equation, we have to focus upon the issue of railway performance. The WGTA already provides for sanctions to be applied against the railways if they fall short in their obligations in grain transportation. That provision has been in the WGTA since the act was first enacted about 10 years ago. Therefore it is not necessary for us to amend the legislation to put in the law the provisions with respect to sanctions having to do with railway performance.

What has been missing in terms of enforcement of any such sanctions is a precise government regulation to give practical effect to what is already in the WGTA about railway performance. I am pleased to inform the House that the necessary research and analytical work has been done. The drafting work has been done pertaining to such a regulation. Such a regulation could be brought forward very quickly if one is needed in respect of railway performance. I mention this point just for the sake of balance.

(1610)

If there are to be demurrage charges and storage charges in the system of despatch applying to the shippers in order to ensure that they conduct themselves properly in terms of the use of railcars and other aspects of the grain handling and transpor-

tation system, we must also point out there needs to be a corresponding system affecting the activities of the railways. Should a regulation be required, it will be brought forward quickly.

The two proposed amendments in Bill C-66 to which I have referred aimed at reducing inefficiencies in the grain transportation system have very widespread support from industry. They are a direct result of industry-government collaboration and consultations over the last number of months, a period which began in May 1994.

During the first half of 1993, all of the best brains in the grains industry in Canada were looking forward to the 1993-94 crop year as what everybody expected would be a fairly normal grain shipping season. Then it started to rain in the Mississippi valley. The colossal flooding that resulted was the worst in 300 years. It caused the United States to use up all available railway rolling stock, including that which would otherwise have been available for leasing, as was the normal practice, into Canada.

In addition to that shortage of railcars, our harvest in the 1993-94 crop year was complicated by very poor quality. Added to that was a severe winter which limited unloading at country elevators and slowed movement through the system. The winter season through the Rockies was particularly difficult.

The port of Vancouver was tied up for a short while in an industrial dispute and we were stuck with one big transportation backlog. At one point there was a backlog of 41 vessels on the west coast waiting for grain. This situation cost Canadian producers about \$35 million in ship demurrage charges imposed by the ship operators who were waiting in the harbour.

These factors along with others led many of our grains and oilseeds customers overseas to question Canada's reputation as a reliable supplier in the marketplace. In China, Japan and Korea last spring I heard those complaints firsthand. Our customers were not happy.

To avoid any finger pointing, buck passing or stalling, I called all the major operational players in the system together for a face to face meeting. It was held on May 16 in Winnipeg. They were to work out practical solutions to alleviate the immediate backlog problem and to prevent, as much as humanly possible, that situation from happening again.

The issues were also studied by subcommittees of the House of Commons standing committees on transport and agriculture and agri-food. Joint hearings were held in the spring of 1994. Again I want to commend those subcommittees for their very good work and for the production of a useful report.

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I discussed the report in detail with all the private sector players involved in our grain handling and transportation system at the meeting in Winnipeg on May 16 and thereafter. I am pleased to say that not quite all but virtually all of the recommendations that came forward from those subcommittees have now been implemented.

The amendments before the House today have the support of the group of industry and labour leaders who are now referred to as the May 16 group. I hope they also have the support of the House committees that studied these issues last year.

At my invitation, the May 16 group of farm and industry leaders continued to meet about every two months or so through 1994. They were to deal with the immediate issues of getting our grains and oilseeds to port and to do a little brainstorming about the future direction of the grains and oilseeds industry in Canada.

(1615)

At one of the meetings of that May 16 group held in October there was general agreement that the two amendments I have mentioned so far in my remarks today should be in place for the 1995-96 crop year. This would allow time for grain marketers and shippers to adjust sales and supply programs accordingly and to get used to the changes that are coming.

In a perfect world I would have preferred an earlier implementation date. However, it was broadly agreed that implementation of these two amendments part way through a crop year would add to congestion problems and thus aggravate the very kind of situation we were trying to solve. Therefore, we have selected August 1, 1995 as the implementation date unless there is a prior consensus in the grains industry that we could move more quickly than that.

Today we are more than half way through delivery of the 1994-95 crop. I am happy to report that we have made very steady progress in dealing with our grain handling and transportation situation. We caught up on that 1994 backlog during the summer. So far in this crop year the situation has improved.

I remember in the late winter and early spring of 1994 reading the newspaper stories and seeing the clippings of the situation that was developing in terms of that backlog at the west coast. The clippings were not very positive. Today we see newspaper stories from the *Regina Leader-Post* on February 2 talking about how the grain trains are rolling.

Another story on February 2 in the *Saskatoon Star-Phoenix*: "Grain cars are hopping". This is a much more positive scenario in the winter heading toward the spring of 1995 than we saw a year ago.

As of the end of January, half way through the current crop year, our grain transportation system has shipped some 16

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million tonnes of grain, with 10 million tonnes through the west coast and 6 million tonnes through Thunder Bay. In the movement going both east and west our performance this year is 43 per cent better than at the midway point in the previous crop year.

Even more important, our grain handling and transportation performance to date in 1994-95 is also 20 per cent better than the long term five-year average. So far, so good. However, we are by no means out of the woods yet. We have half of the crop year yet to go. No one can take anything for granted or rest on any laurels. For the balance of this year we are going to need full co-operation and flat out top performance from all of the players in the system to get the necessary volume of grain through our ports and into export position.

Bill C-66 also proposes to eliminate the WGTA subsidy on wheat shipments to Mexico. This is obviously a separate issue from the other two I have been discussing so far this afternoon.

Last April the Mexican government, concerned that subsidized wheat imports from both the United States and Canada were having an adverse effect on its domestic market, launched a countervailing duty investigation. Canada participated in the Mexican government's investigation in order to ensure that all of the relevant facts were brought forward.

For example, we wanted to ensure that our Mexican friends and customers were fully aware of the fundamental differences between Canadian programs and policies like the WGTA and the far more insidious and damaging American trade distortions caused by things like the U.S. export enhancement program.

Our move now in Bill C-66 is to eliminate the WGTA subsidy on wheat movements to Mexico. It is intended to help resolve this outstanding countervailing duty investigation in Mexico as far as Canada is concerned and help ensure continued access to that very important market for Canadian farmers.

(1620)

In the 1993-94 crop year Canada exported 909,000 tonnes of wheat to Mexico. If a countervailing duty were imposed by Mexico the potential cost to Canadian wheat exporters of losing that market could be over \$22 million a year. It is obviously very important that we work hard to alleviate the Mexican concern.

It is very important to note, though, that this is not a case of unilateral disarmament on the part of Canada. The United States has voluntarily agreed to withdraw its use of its export enhancement program on wheat exports to Mexico. In addition, in order to safeguard the Canadian position we retain the option of reinstating the WGTA subsidy by order in council if that should be necessary and appropriate at some future date. Payment of the subsidy would end whenever Bill C-66 is proclaimed.

As I close, let me remake two points. First, the amendments contained in Bill C-66 are short term measures flowing from the circumstances experienced last year in the Canadian grain handling and transportation system. They have broad support from farm organizations and industry leaders. They are intended to take effect at the beginning of the next crop year or earlier if possible and reasonable. I hope the House will deal with them promptly and positively.

However, the important but relatively minor changes proposed in Bill C-66 will not be sufficient in themselves to fix everything that ails our grain handling and transportation system today. Broader reforms are necessary for four very strong reasons.

First, we must deal with the harsh reality of fiscal limitations and the battle against debt and deficits. Second, we must comply with the requirements of the new GATT agreement with respect to the disciplines that apply on trade distorting export subsidies. Third, we need to unlock new grain handling and transportation efficiencies, leading to a lower cost and faster system overall. Fourth, we need to foster greater agricultural diversification and a trend toward more value added processing and further processing.

To accomplish these objectives and to lay the foundation for the needed broader reforms, the Minister of Transport and I have been conducting two sets of comprehensive consultations with all of the players in the Canadian grain handling and transportation system over the last number of months.

For my part I have been concentrating on the issue of how the so-called Crow benefit under the WGTA can best be paid to western farmers themselves rather than indirectly through the railways.

For his part, the Minister of Transport has been focusing in his consultations on a broad range of transportation efficiency issues. In the next short while we will bring these two sets of inputs together in one set of comprehensive and inter-related grain transportation reforms. These will obviously go substantially beyond the short term measures that are put forward in Bill C-66.

While I am sure members will be anxious to debate Bill C-66 in great detail, I hope that will just whet their appetite for the larger debate that is to come a few weeks down the road.

My second and last point is to express my thanks to all of the farm leaders, farm organizations and grains industry representatives that have been intensely involved over the past several months in all of the various consultative processes I have referred to today. They have been involved since May 16 last year in the work that has led up to Bill C-66. The group of people who worked very hard at the May 16 meeting and in a series of meetings since that original encounter deserve a lot of credit for bridging their gaps and differences and working

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constructively together to arrive at practical solutions to keep the grain moving and never mind the fights over turf.

(1625)

The process that will lead to the broader reforms with respect to the WGTA that I just referred to has also been a process in which consultation has been extremely important. In that process with respect to the broader reforms very close to 100 different individuals, groups, organizations, private firms and levels of government have been involved in the consultative effort. They have worked very hard and very conscientiously to bring forward the best possible advice to address what all of us in this House know are some very thorny issues in terms of western transportation policy.

To all of those who have participated in this consultative process in the House of Commons committees that were involved, in the May 16 group as it evolved over the course of 1994 and most recently those who have been involved in the broader consultations about the future of the WGTA, on my own behalf and I am sure on behalf of the Minister of Transport and the government I want them to know that their efforts are very much appreciated.

[*Translation*]

Mr. Jean Landry (Lotbinière, BQ): Mr. Speaker, it is my pleasure to rise and speak on behalf of the official opposition regarding Bill C-66. This bill to amend the Western Grain Transportation Act, Bill C-66, has two main objectives.

The first is to implement measures to make rail shipments under the Western Grain Transportation Act, the WGTA, more efficient, in order to avoid the grain transport problems that a lack of railway cars caused last year. The problem was, in fact, that the railway cars were being rotated too slowly. The second is to eliminate subsidies on wheat movements to Mexico, which is on the brink of taking retaliatory measures against Canada.

I doubt that Canada will meet these objectives. First of all, the bill's scope is too limited and it is far from certain that it will be sufficient to prevent a situation such as that which arose last year regarding the lack of railway cars. We must also ask ourselves why the federal government has tabled this bill containing urgent measures. Does the government intend, in the near future, to table a much more substantial bill to substantially amend the WGTA? The draft bill on major reforms to the WGTA has been around for more than a year.

The WGTA has had a destabilizing and unhealthy effect on rail transport. Its effect has been to considerably distort the rail market. Take for example the subsidy of over \$550 million that rail carriers receive for shipping western grain. This subsidy was distributed among all the rail carriers in addition to the very profitable network in the west, while a large part of the secondary network is in the east, and remains in a deficit position. It is

understandable, under such conditions, that pressure by rail carriers to rationalize their network is strongest in the east.

In addition, the government considers preserving the rail network used to transport western grain an issue of national interest. In fact, the federal government has imposed a moratorium on abandonment of railway lines used to transport western grain. Many of these lines are nevertheless under-used and the western rail network has never really been rationalized.

From the viewpoint of privatizing CN, and given the mounting competitive pressures on the Canadian rail network, it is imperative and urgent that such a rationalization take place. It must, however, be carried out on the entire network of both national carriers.

Rationalizing the eastern network would only undermine the competitiveness of western carriers which would be stuck with an inefficient network. This is why the Bloc Québécois has proposed a motion to lift the moratorium on the abandonment of western rail lines. Perhaps I may repeat it here.

(1630)

To allow for fair and effective restructuring of the Canadian railway system and to ensure that our national railway carriers will be competitive in the future, the House urges the government to proceed with the following:

Cancel the order in council concerning the moratorium on abandonment of railway lines used for grain transportation in western Canada.

Revise the Western Grain Transportation Act and procedures for allocating grain transportation subsidies, so as to avoid distortion on the railway transportation market. It is the opinion of this House that allowing the railway transportation sector to operate on a more commercial basis would be beneficial for Canada.

Ensure that the criteria used by the National Transportation Agency to determine the merits of applications by railway companies to abandon railway lines are applied uniformly across Canada and to the entire railway network.

We make this request because the criteria used by the federal government to allow the abandonment of railway lines are extremely narrow and show a lack of vision with respect to transportation.

This government takes a dollars and cents approach to a sector that is crucial to economic development, especially in the regions. For instance, when reviewing applications for abandonment, it fails to consider the economic impact of operating a railway line. It is only concerned about the commercial viability of the line for the carrier. It is clear that negative economic impact of the abandonment of certain lines in Canada has been

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more significant than the operating losses incurred by the carriers.

We realize that the railway network of Canada's two major railway carriers must be restructured if they are to be viable once again and able to compete with other carriers. Unless our railway carriers increase their productivity, they will not have the resources to update equipment and maintain a first class network.

However, the railways are vital to the national interest, and the government cannot afford to dismantle certain lines if it means losing major economic spin-offs. It is essential that the government take into account all possible economic repercussions when considering the application to abandon a railway line. Unfortunately, the financial vision of the federal government and its Department of Transport is simply too short-sighted to provide us with a modern and efficient intermodal transport system.

A sovereign Quebec would be better able to establish an effective intermodal transport policy reflecting the real needs of its people, as it would have control over all modes of transport. In particular, it would be in a better position to understand regional transport problems. We have no objection to the federal government withdrawing from the transport sector but it should do so completely by transferring regulatory powers and without destroying existing facilities simply because of financial considerations.

Let us take the example of the Chibougamau–Chapais–Chambord line in the Lac–Saint–Jean region. Many thousands of jobs are at stake in the softwood lumber, mineral, newsprint, pulp and precision cutting sectors. Eliminating train service, with or without transfer to a railhead in the Lac–Saint–Jean region, would have dramatic repercussions for 10 out of 15 businesses without a transfer and would affect profitability and result in eventual closure for 12 of them with or without a transfer.

In Abitibi, diverting all rail traffic to the road system would generate additional revenues of \$830,000 the first year for the Quebec government, while the federal government's tax revenues would go down by \$510,000 a year over the same period. On the other hand, increased road use in the Abitibi region would cost at least an extra \$4.8 million a year.

(1635)

As we can see, a traffic shift from rail to road would result in major cost increases especially since the local road system is in pitiful shape.

In spite of Transport Canada's efforts, roads, the bearing capacity of which is not even known, continue to wear down. Increased road traffic would not only make the road surface grind away faster, but it could jeopardize the road base in a very short time.

The government will indeed have to look at several issues in developing the future national rail transportation policy that Transport Canada had promised for this year. Unfortunately, nothing in the bill before us today addresses these substantive issues.

All this bill does is eliminate backtracking from Thunder Bay and impose storage charges on cars used for in-transit grain storage.

Bill C-66 makes only minor changes to the Western Grain Transportation Act, changes that will only marginally improve rail transportation in Western Canada.

Eliminating this practice of backtracking, where it was often most cost-effective for the shipper to ship Prairie grain to Thunder Bay and have it backtrack as far west as Winnipeg than shipping it directly to the United States at commercial rates, will save an estimated \$4 million.

This amount, released by the Department of Agriculture and Agri-Food, will be used, however, to reduce average freight rates, that is to say the price paid by producers to ship wheat and barley.

No cuts will be made before the budget is tabled. The government is careful not to make any major or significant changes, changes which are nonetheless essential if we want to have an efficient transportation system.

The government is motivated by fear, the fear of a debate on the principle behind this issue. It is not only deplorable but also worrisome that the government not attempt to rectify a situation that could have a major negative impact on the Canadian transportation network and the Canadian economy. That is why we have presented a motion to force the Liberal government to act as soon as possible on this.

Over a year ago, on January 24, 1994, the Grain Transportation Agency made recommendations to expedite the streamlining of sidings. The information I am providing you comes from these recommendations.

First of all, regarding the Crow rate, the report suggests paying the subsidy to western grain producers and not to the railway companies, a position that is garnering increasing support. However, this is a form of assistance to western economic diversification that would be acceptable if the transition period is a reasonable one—the report mentions four years—and if after the transition period, the subsidy is transferred to an income support account to which all Canadian and Quebec producers would have access. That is, in fact, the position taken by the Quebec coalition on western grain transportation.

To speed up the restructuring process, the agency suggests expanding the definition of class 1 lines—those that can take loads of up to 220,000 pounds or whose shipments are not in excess of 500 tonnes of grain per mile, with the restriction that this would apply only to lines from where grain shipments

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originate. This would exclude the CN line linking the Port of Churchill to the network. However, the agency recommends that the government assess the future of the silo in Churchill and its role with respect to grain exports. At the present time, class 1 lines extend over nearly 1,000 miles or 17 per cent of the 6,060 miles of grain branch lines, and carry 4 per cent of the total shipments.

(1640)

Second, the report suggests allowing the inclusion in class 1 of lines judged to be no longer viable, where the cost of maintenance or renovation would be prohibitive. Assessments would be done by independent inspectors. Third, the report suggests immediately eliminating protection orders concerning unused lines, which may or may not be grain transportation branch lines. Fourth, it suggests setting the time limit for evaluating applications for operating alternative services at thirty days from the date of receipt of the application.

Many other recommendations could have been added to this bill which, I repeat, only deals with the most important issues.

Let us turn now to the second main objective of Bill C-66, the elimination of subsidies for Canadian wheat exports to Mexico. The government is taking this step because the Mexican government is preparing to impose countervailing duties on Canadian exports.

We know that the United States has not used its subsidy program—the Export Enhancement Program—for exports to Mexico since March 1994. Mexico is now asking Canada to follow suit. Yet American subsidies exist in other forms. Such subsidies may not be known as direct export subsidies, but they nevertheless give rise to unfair competition with Canadian exports.

I would like to know why this aspect is so strikingly absent from the bill to amend the Western Grain Transportation Act. Agriculture and Agri-Food Canada has provided the following explanation in a background paper: “An investigation of countervailing duties applicable to Canadian and American wheat exports has changed wheat exports to Mexico. The United States has eliminated sums paid under the Export Enhancement Program for wheat exported to the United States, and Canada has proposed to refrain from applying subsidized rates in accordance with the Western Grain Transportation Act for wheat exported to Mexico.

Eliminating the subsidies applicable for wheat exported to Mexico will help achieve compliance with the maximum volumes stipulated in the GATT provision on subsidies and exports, for the category of wheat and wheat flour. This will allow us, the department asserts, to meet the goals of the North American Free Trade Agreement in respect of the gradual elimination of

export subsidies by member countries. By changing its exports to Mexico, Canada will ensure continued access to this important market”.

I would die laughing if I were American and, indeed, Americans often die laughing at our expense. In 1994, the United States imposed a ceiling on Canadian wheat exports. This measure was intended to control Canadian exports which had reached record highs. The Bloc Québécois denounced this measure, given that Canada was not guilty of anything in the matter of the wheat, since it had dropped the export subsidy for grain destined for the United States. The Canadian government agreed to the ceiling set by the United States, deeming it an acceptable compromise and less expensive for grain producers than the American countervailing duties.

Since then, a study group has been set up to look at the question and to evaluate domestic subsidies in Canada and the United States. The results of the study will, I hope, mean a return to fairer trading rules. However, we do not believe that Canada is equal to the task in these bilateral negotiations with the United States on agricultural trade. Canada bows and scrapes, even when it has an airtight case. As we can see, this defeatist attitude is now having disastrous results for our trade with Mexico.

(1645)

We are concerned about western grain producers who now will have to compete directly with American wheat exports to Mexico, knowing full well that they are receiving assistance from within. The Canadian government should have included this point in its discussions with Mexico. No, instead, Canada keeps quiet, says nothing and drops its export subsidy without hesitation.

Furthermore, I read with my own eyes that the bill would allow the Canadian government to reinstate, if necessary, the subsidy on exports to Mexico. Public servants specified that it would be possible to do that if, for example, the United States decided to reinstate its export enhancement subsidies on shipments to Mexico. This logic is surprising: Can we be sure that Mexico will resort to “fair” countervailing duties, both against Canada and against the United States? Have there been negotiations on this issue?

I invite the government to table as quickly as possible its more substantial bill, since one does exist—correct me if I am wrong. I find it hard to believe that the government hatched Bill C-66, which has a very limited scope, whereas a draft bill on a major reform of the WGTA has been around for a year.

It is true that the government, which is getting a lot of pressure from the west, the east and various interest groups affected by the WGTA, is in a difficult political situation, but is that a reason for tabling a bill that falls far short of remedying the situation? Is that a reason for giving in to the United States

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and Mexico? That, nevertheless, will be the outcome of Bill C-66.

[*English*]

Mr. Jake E. Hoepfner (Lisgar—Marquette, Ref.): Mr. Speaker, I was kind of blind-sided here today. I did not realize Bill C-66 was coming up for debate so I have been—

Mr. Goodale: I hope you will do better than the last one.

Mr. Hoepfner: I will sure throw some junk at you if nothing else, hon. minister. I will take some time.

The Deputy Speaker: During this session of Parliament all the Speakers have been asked to make doubly certain that members put their comments through the Chair only, not because we are not going to sleep if you do not but it is because we are trying to avoid exchanges and tempers getting aroused across the floor. Therefore, I would ask the hon. member and all hon. members to please put their remarks through the Chair. If they are going to say the word “you” they must be referring to whoever is in the chair.

Mr. Hoepfner: Mr. Speaker, through you I will say to the minister that I will probably throw some junk, some garbage or maybe dockage, whatever you call it in the farm industry, because I was really surprised at some of the comments that I heard here today when I see how well we have done in this transportation system with this backtracking issue.

I would like to read what Mr. Ted Allen said to the standing committee on agriculture on our grain handling system on November 29, 1994: “We measure performance in this country against our transportation constraints. We say how much better we are doing because we had an abysmal year, so we do quite a bit better than in a really poor year. We never measure our performance against what the opportunity was and how close to maximizing the opportunity we came, which every other marketer I know of does”.

Why have we not taken the opportunities when the subcommittee on transportation a year ago said to stop the backtracking, it is costing us millions and millions of dollars? Every member on that subcommittee said now. Every member on the agriculture committee said now. This is a violation of the Western Grain Transportation Act. This was a loophole that the grain companies and the railways found. We could not stop it.

(1650)

It has cost us \$15 million since last July 31 for this backtracking. Not only the backtracking has been the cost but the car allocation. We have failed to meet commitments again and again.

I will read another comment that Mr. Allen made. This was last year in November: “Yesterday I was talking to an elevator manager from Hargrave, Manitoba, who happened to be in my

office. He was telling me that he has 25 orders for cars that he was supposed to have received a long time ago. The other day he finally got three of them”. That is performance. I cannot imagine how much better we can get if that is the way we are running our railway system.

When I looked at the log book today from Vancouver for last October, November and December and saw that a ship sat there for 27 days waiting for grain to be loaded, I think we have room for improvement. It does not seem to me that if we made 40 per cent improvement in the last six, seven or eight months why these ships are waiting that long. We want to congratulate each other when we do make improvements but let us not overdo it. We could become very complacent in this House.

The other thing I would like to address is the Mexican issue. I was not aware that there was a trade action against us until we were briefed by the agriculture people the other day on Bill C-66.

I asked why we are stopping backtracking to Mexico. Are we shipping grain to Mexico? I thought this was a backtracking bill. They said: “There could be a few loads going in that direction. We will have to find out. We do not know”. That is how knowledgeable the people were who briefed us on this.

After a few phone calls I finally found out that Mexico had a trade sanction against us for shipping subsidized wheat to it; not just to us, also to the Americans.

If the members will read the Canada-U.S. free trade agreement they will start to realize that the Americans promised not to dump EEP wheat into our markets, of which Mexico is one. That is where the problem started. That is why there was a trade sanction against us.

If this government is trying to tell us that Mexico can take action against us with a trade sanction, I want to ask under what kind of clout or under what kind of conditions it can do that.

Mexico has a trade surplus of almost \$3 billion with Canada. Where in the heavens can a trading partner tell me that I am not trading fairly when I import four times as much as it takes from us?

Statistics Canada says that out of a \$37 billion trade surplus that we have with the U.S. we dwindle that down by \$20 billion with other countries like Australia and New Zealand which bring in boneless beef by the thousands of pounds. Our farmers are going bankrupt.

Is this the way our government is trading? Is this how we get trade actions against us? It sure seems like good business to me. No wonder we are going bankrupt.

The trade surplus it has with us is \$2.77 billion in total products. It could be other than agriculture. These are Statistics Canada figures that I am using. If they are not correct maybe we can get rid of Statistics Canada.

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It is time Reform starts throwing a few of these figures around. When I see Australia with a trade surplus of \$181 million wanting to bring in more boneless beef, and I see New Zealand with a \$126 million trade surplus wanting to bring in more beef, where do we finally go with our beef? Where do we finally get the jobs that we were promised in that nice little red book? We have to start milling our wheat, we have to start milling our pasta, we have to start doing something.

(1655)

As a farmer I know that if I continually buy more than I sell I am going to have a big problem. This is what has happened to this country. It is not just interest rates. If we take \$20 billion trade deficits and borrow that at 8 per cent, just figure that out.

Mr. Goodale: We have a trade surplus, what is the problem?

Mr. Hoepfner: With Mexico? I would like to see it. We have a trade deficit. Mexico has its trade surplus. I am afraid that the Liberals are completely lost in the dust and they have even lost the field. They are somewhere in the neighbour's. When they cannot take Statistics Canada figures and read them that shows what is happening. Something is wrong.

I will give the hon. minister a minute to look at that and see whether my eyes are that bad or whether I am that old that I cannot see what a surplus or a deficit is. While he is looking at that, I would like to talk about another item, the Churchill issue.

This is what Mr. Allen said about a boatload of grain to Mexico. Tell me whether we are giving it a bad deal or not. We had a 25-tonne vessel going to Mexico in November 1994. The Mexicans bought number three red wheat. We loaded 9,000 tonnes of number one red, 5,000 tonnes of number two red and the balance, which was less than half the cargo, was number three red which they bought. I would sure like to throw a trade action against the partner that gives me number one wheat instead of number three.

Where does the trading sense of this government come in? It amazes me that these things go on and we sit idly and say everything is good in this country, we are only \$540 billion in debt, so why not a few hundred billion more?

I look at Bill C-66 and look at three little clauses that took a lawyer a whole year to draw up, that has cost us \$50 billion in backtracking costs, delayed cars for I do not know how many days. We are behind in canola shipments months and we are still doing a great job? Why do we not pat each other on the back?

I went up to Churchill last July. I wanted to see how efficiently the agriculture department was running everything. I was there the last day in July. There was a ship coming in that wanted to

load 40,000 tonnes of grain and there were 4,000 tonnes in that whole terminal, five million bushels. That is performance?

We have ships sitting for three weeks waiting to pick up grain out of Churchill, of all places, where nobody wants to buy grain from. That is performance and I am supposed to be quiet here and sit silently by and let these things go on and pat hon. members across the way on the back?

I am sorry, hon. members, I was elected to start things moving in this House. I hope I can accomplish that. I hear giggles and I hear screams. They must be listening so I must be accomplishing something. We will have to paint these ships a faded red so that they will start getting a little more action into their process and loaded a little faster.

(1700)

I went over to Robert's Bank when I was in Vancouver and I saw a 150,000 tonne coal ship loaded within a day. Then I saw what the consequences were. That company paid the terminal \$5,000 to load that ship within the three-day limit. We wait 27 days to load a ship with grain. We have a tremendous system going for us. I cannot comprehend the amount of stress, disappointment and disillusionment in the farm community with this kind of system.

For 10 years now the WGTA has held the railway system and the grain companies hostage so that the system cannot be revamped. The Minister of Transport said the United States railway system is 64 per cent more efficient as far as labour is concerned. Are we doing a tremendous job in Canada? When are we going to face the facts? When are we going to take charge of these problems and do something?

Mr. Goodale: What about the freight rates?

Mr. Hoepfner: I do not know what the freight rate is. But I can tell the member what the handling charges are. If I ship a bushel of grain from my point to Seattle, compared to my point to Vancouver I will save \$16.50 per tonne. If 20 million tonnes are shipped out of Canada that is \$320 million that came out of the pockets of farmers, just in the elevator system. That is without the transportation system.

Someone tell me why farmers need subsidies. It is because somebody is pulling it out of their pocket faster than they can put it back in. That is not going to last forever.

An hon. member: Be careful. They will ask for examples.

Mr. Hoepfner: Mr. Speaker, I would like to read another statement by Mr. Hehn, chief commissioner of the wheat board. When I asked him about the backtracking he said: "It is not a wheat board issue". The chairman of the agriculture committee said: "Thank you". Mr. Hehn replied: "Our job is to maximize returns for farmers and if the backtracking option is there, we

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are going to use it". He does not care a hoot how long it ties up cars or how inefficient it makes the system as long as he can move a bushel of wheat that is worth \$3. Forget about the canola that is worth \$8, \$9 or \$10. That is efficiency. That is the kind of efficiency this Liberal government is promoting.

It is time for somebody to take the bull by the horns and do something. There is a lot of bull on that side. We hear a lot of it. We are not short of that.

Mr. Silye: The backbenchers are getting restless, Jake.

Mr. Hoepfner: Maybe it is time they got restless. Maybe it is time for them to get a few ants in their pants and start moving on some of these issues. When I hear that it takes a whole year to draw up a bill like this, I have a feeling we will be all dead before it is implemented.

Maybe I have said enough. I do not want to wake the hon. members up too much because they might not be able to sleep very well tonight. We would like to see them back here tomorrow morning and go at them again.

It is real pleasure to address these people. We know they try their best. There is not much they can accomplish in a year so we will give them another year or two.

Mr. Bernie Collins (Souris—Moose Mountain, Lib.): Mr. Speaker, I appreciate the opportunity to speak on this very important issue, the amendment to the Western Grain Transportation Act tabled by the Minister of Agriculture and Agri-food, dealing with Bill C-66 as put forward on December 15, 1994.

Bill C-66 is a short term response to problems that have arisen in our grain handling and transportation. It will help ensure speedier delivery of Canadian grain to our customers around the world. Bill C-66 is not intended to be a substitute or a reform to the system.

(1705)

I am convinced the short term amendments presented to the House today will benefit all those concerned. These changes will see an end to the system of backhauling through the U.S. and allow grain to qualify for WGTA subsidies. The amendments will implement a system of demurrage and storage charges on rail cars that are misused by shippers for storage purposes. They will end the WGTA subsidy on grain shipments to Mexico and ensure continued access to important markets.

These corrective measures were initiated by a group assembled by the Minister of Agriculture and Agri-Food on May 16, 1994. We all realize the WGTA has some weaknesses that need to be reformed that can no longer wait to be dealt with.

As the Minister of Agriculture and Agri-Food said, maintaining the status quo is an option that makes less and less sense. Longer term reform is essential and it is essential to achieve a compliance with the new World Trade Agreement. It is essential because the current subsidy distorts markets, encourages producers to ship grain to markets rather than processing it. It is essential to respond to the country's fiscal responsibilities with fewer government dollars. It is essential to promote the economic growth and diversification across the prairies.

I would like to discuss these long term reforms today. As members know the federal transport minister is now in the process of concluding extensive consultations on a package of grain transportation efficiencies. At the same time, the Minister of Agriculture and Agri-Food is concluding productive consultations with major key players of the sector on the future method of paying the WGTA benefit.

Throughout these consultations leaders of farm groups and industry have been given the opportunity to make significant contributions by going over specific questions on how best to allocate WGTA funds. The intent of these consultations was and still is to elaborate effective and viable solutions that will fit the long term needs, be comprehensive in nature and be progressive for the industry.

The question is not about whether to change the WGTA but rather the best way to deliver the program to Canadian farmers. If the WGTA is left unchanged, the GATT could have significant impacts on certain crops such as canola.

We basically have two choices. We can change the WGTA so it is no longer within the definition of an export subsidy, or we can continue to pay the railways, but do so only with volume and monetary limits allowed by GATT. If we choose to continue to pay the railways, there will be immediate and severe restrictions on the volume shipped through the west coast and Churchill. That will be a problem with regard to the eligibility for subsidy.

For the first few years, the monetary limitations are not a significant problem, because the value of the WGTA has declined over the years from its peak amount.

However, the volume limitations are the major problem. Volumes have gone up dramatically, specifically in the new crops like canola and other specialty crops. The GATT value limiting oilseeds and special crops will very likely be reached sometime during the first part of the 1995-96 crop year.

That means sometime during that year shippers will suddenly run out of subsidy. As the volume exceeds that level, they will have to pay the full cost of the WGTA to the ports of Churchill and the west coast. Once those volume triggers are reached a tremendous problem will be created for them. That is obviously untenable and unacceptable.

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(1710)

There have been suggestions that if we were to subsidize all the grain movements into British Columbia, not just those for export, we might be able to disguise the situation. This would be called a domestication argument. It is an interesting concept but in reality it would likely not work.

The GATT agreement states that the export subsidy provisions shall not be applied in a manner which threatens to lead to circumvention of export subsidy commitments.

The notion of domestication is clearly and admittedly an attempt at circumvention. Canada cannot expect other exporters to allow that to go by unchallenged. The U.S. and the European Community would most certainly complain and probably win. If we were to expect them to honour their GATT commitments, which we do, then certainly it is incumbent upon us to be prepared to do the same.

Three options on the future method of paying the WGTA benefit are now being considered. One was put forward by the producer payment panel in June of 1994 and one by the Alberta government one month later. The third alternative consists of an upfront buyout plan. This type of option has been discussed and there will be a process worked out in the very near future. I know that the University of Saskatchewan has professors putting forward ideas.

Let us look at the producer payment panel recommendation. It suggests that across the prairies the benefits of the WGTA be distributed directly to producers. Producers would initially be paid on a cultivated acreage and then phased into an arable acreage payment. The panel also recommended that some of the funds be put into safety nets.

For its part, Alberta proposed allocating each prairie province their historic share of WGTA funds and allowing variations on how the payments would be paid to producers within a set of principles. The Alberta government proposal recommended against putting WGTA funds into safety nets. That was also supported by the Government of Saskatchewan.

In the near future the Minister of Agriculture and Agri-Food will bring all of the input received together in a reform to be presented to Parliament for its final consideration. The proposal will have to be consistent with the new rules of the World Trade Organization and will have to fit with our fiscal realities.

We still have some work to do before we reform the WGTA. The major amendments to be addressed on long term issues will be introduced soon. In the meantime, I urge all members to support the short term amendments contained in Bill C-66.

Mr. Elwin Hermanson (Kindersley—Lloydminster, Ref.): Mr. Speaker, I listened to my colleague from Saskatchewan talk about the initiatives which the government is undertaking, but there are a lot of things that he neglected to mention. Perhaps I might take a minute to remind him of a couple of them.

First, the government caved in on protecting durum producers, and maintaining the most rapidly expanding market, which is the market in the United States. Mr. Speaker, can you imagine if half of our car exports to the United States were suddenly cut off. There would be a hue and cry. The government did nothing to oppose the cut in the export of durum to the United States.

It is one of the most disastrous policies undertaken by the government and by the current minister of agriculture. It has the potential to be devastating to durum producers if they lose such a strong market. In this market, the buyer pays cash and the producers do not have to work on loan programs and offer credit to the purchaser. The producers are receiving good dollars for their product, which is the best in the world.

Also the potential is there for the government to cave in as far as the sugar industry is concerned. The minister of agriculture has not come out strongly and said he would stand up to the Americans in their rumblings about taking trade actions against us on sugar.

(1715)

We know the current government has been pitifully slow at reforming and reorganizing the department of agriculture and producer support programs. We know that the government has wasted a year on this backtracking issue. We are talking about it in February 1995 and the Liberals took power in 1994. Of course the Conservatives before them balked at fixing one of the most stupid problems we have ever faced in western Canada.

I am now wondering what steps the member's government is taking to prevent another serious disaster in the western Canadian grain economy that would take place if there were a disruption in grain movement to port created by a rail strike. What steps is the government taking to prevent a potential disaster?

Mr. Collins: Mr. Speaker, concerning a number of the observations made by the member opposite with regard to the minister of agriculture, I think his dealings on many issues, whether it be on sugar, barley or durum, have been very concise and accurate. They reflected the needs and wishes of the agriculture community of Saskatchewan and of Canada.

With regard to the problem that may be confronting us at the end of this month concerning rail companies and whether they will continue to provide service through their unions, I along with the member opposite have real concern about what will happen.

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However, I can assure the member that the Minister of Transport and the minister of agriculture will deal with those situations in a very proper, efficient and significant manner to look after the farmers of Saskatchewan, Alberta and any other province. I appreciate the member's concern, but I think he will see that they will deal with those matters very quickly as they have with all other matters.

Mr. Jake E. Hoepfner (Lisgar—Marquette, Ref.): Mr. Speaker, I have a question for the hon. member for Souris—Moose Mountain. I know he supports the government quite fully and he is a good Liberal. I congratulate him and pat him on the back for that.

We had a trade agreement signed by the agriculture minister with a peace clause in it that we would not be harassed by the Americans any more. I see now they are starting to use the end user certificate against us. This is a real detriment to farmers.

What could the member do to influence the agriculture minister to get a little tougher on some deals that he has made to make the Americans, the Japanese, the Mexicans or whomever live up to the agreements that were signed?

Mr. Collins: Mr. Speaker, with regard to end user certificates, the hon. members knows that we have them. I understand what he is saying. Certainly we want to be assured that we are playing on a level playing field with our counterparts whether they be the United States or any other country.

I share the concern that when we enter into an agreement we expect that those people are going to live up to and honour the agreement. I have some problems when they use the export enhancement program improperly. It is a program that will have to be reviewed and they will have to be accountable in the world they trade in.

They are going to be challenged by all of us, Canadians and all other countries, to play on a level and fair trading field. You will see that they will be forced to reduce their export enhancement program. That is something all of us share. We want to deal with all our counterparts throughout the world in a fair way.

The Deputy Speaker: I would ask all hon. members not to say "you" when referring to other members.

The hon. member for Vegreville is not the culprit; he has not spoken.

Mr. Leon E. Benoit (Vegreville, Ref.): Mr. Speaker, I also have a few comments and a question for the member.

The member was talking about the proposed changes to the WGTA. I would like to ask a broader question with regard to future reform of the WGTA. In particular I would like to ask the member if he believes when the National Transportation Act

replaces the WGTA that reform is necessary to the National Transportation Act to make it work in the grain business.

(1720)

As the WGTA has changed there are other restrictions that will have to be removed to make the whole transportation grain handling industry work, particularly the Canadian Wheat Board.

I would like to ask two questions with regard to the Canadian Wheat Board. First, does the member favour a board of directors elected by farmers to replace the appointed commissioners? Second, does the member support the use of a plebiscite to allow farmers to decide what they want the Canadian Wheat Board to be in the future?

Mr. Collins: Mr. Speaker, with regard to the questions directed to me concerning the Canadian Wheat Board, the member will find that our party is on record as being in support of the farming community at large wanting to make some changes. That is the direction in which we would want to go. The farming community should be able to do that. We are certainly not in opposition to that kind of approach.

With regard to the Canadian Wheat Board and the structure that is in place now, I feel the process is a good one in terms of those who are elected and serve.

The hon. member is right, though. Those members who served on the Canadian Wheat Board have a commitment. We know that their job will be carried out properly. We feel as well that the Canadian Wheat Board like all boards needs to be reviewed from time to time and improved.

Mr. Glen McKinnon (Brandon—Souris, Lib.): Mr. Speaker, I rise to support Bill C-66, an act to amend the Western Grain Transportation Act, the WGTA. The bill received first reading on December 15, 1994, just prior to the House rising for its Christmas break.

I would imagine all hon. colleagues are well advised that the minister has been consulting with all sectors of the agri-food industry and all political colleagues in neighbouring provinces on these major reforms to the WGTA.

As I mentioned earlier, Bill C-66 deals with three issues. I intend however to speak only to the issue of exports to Mexico, which is very important to NAFTA and other trading arrangements Canada has recently entered into.

On April 4, 1994 the Government of Mexico launched a countervail duty investigation of both Canadian WGTA wheat shipments to that country and U.S. exports under its export enhancement program or its EEP. At that time Mexico had concerns that wheat imports from Canada and the U.S. were affecting its domestic market. It believed that the WGTA was a subsidy which along with U.S. EEP subsidized wheat sales into

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Mexico. This was affecting the price of wheat received from Mexican farmers and grain companies.

Over the following months our federal government participated in the investigation of the Government of Mexico and wanted to ensure that all facts were brought forward explaining Canada's grain marketing system. After much discussion the federal government reached a negotiated resolution to Mexico's concerns about the impact of Canadian WGTA supported wheat exports to that country. Under the agreement Canada will refrain from making payments under the WGTA on Canadian wheat shipped to Mexico. In return, Mexico's current countervailing duty investigation of Canadian wheat exports will be terminated.

(1725)

The federal government has always indicated its preference for a negotiated solution to this matter rather than run the risk of having excessive countervailing duties in place.

I know there are some people in Canada, indeed some in the House today, who will cynically see the agreement as a loss. These people will point to it as an example of Canada making concessions while receiving nothing in return. As usual this is not the case.

First, the agreement will in no way interfere with or limit the amount of high quality wheat Canada can export to Mexican customers. The Canadian Wheat Board has already indicated to the federal government that it will continue to have a major presence in the Mexican market even with the voluntary withdrawal of WGTA.

Second, perhaps the greatest benefit is that the U.S. has voluntarily agreed to withdraw use of the export enhancement program from Mexico. Mexico was not included in the recently issued list of countries eligible for U.S. EEP allocations for the 1994-95 marketing year. In the previous year, 1993-94, Mexico's EEP allocation for wheat was some 1.4 million tonnes. This move by the U.S. to rein in its EEP restores a level playing field in that market with the result that prices will increase to North American levels.

Should the U.S. at some point decide to revert to its trade distorting subsidy program and resume using EEP on a large scale in the Mexican market, Canada will use NAFTA provisions to request the Government of Mexico to resume its countervail duty against the EEP.

The hon. Minister of Agriculture and Agri-Food has often referred to the EEP as "the most trade distorting program on the face of the earth". Anyone who is even remotely familiar with Canada's recent bilateral agri-food trading relations with the U.S. will attest to the accuracy of the remark. By agreeing to remove WGTA payments on wheat to Mexico, Canada has in effect restored a level playing field or contributed to such in the Mexican market. I might add that this is a growing and promising market for Canadian wheat in the future.

Bill C-66 will permit Canada to continue to sell wheat into the Mexican market without having to worry about possible excessive countervailing duties. It will also be able to do this without having to worry about competing against EEP and the billions in the U.S. treasury.

Mr. Jake E. Hoepfner (Lisgar—Marquette, Ref.): Mr. Speaker, I would like to ask the hon. member for Brandon—Souris whether he is not a little concerned about Thunder Bay since wheat going to Thunder Bay is not declared an export subsidy. How is he going to keep wheat from Brandon—Souris going to Thunder Bay? I am sure the Mexicans are going to refuse it if there is a subsidy on it. Could the hon. member answer that question?

Mr. McKinnon: Mr. Speaker, our wheat from Brandon—Souris will be going everywhere.

Mr. Leon E. Benoit (Vegreville, Ref.): Mr. Speaker, I have a few comments and questions for the hon. member for Brandon—Souris.

The first one is to ask the hon. member what impact removing the WGTA subsidy on shipments to Mexico will have. What kind of an impact will it be? How many tonnes or how many dollars are we talking about in that regard?

Second, I would like to ask the same questions I asked the last speaker from that side of the House concerning the Canadian Wheat Board. It fits in with the WGTA because of the restriction that comes into play due to the Canadian Wheat Board Act. There are two things in particular. Does the hon. member opposite favour replacing the appointed commissioners who now control the Canadian Wheat Board with a board of directors that would be elected by farmers? Would the hon. member favour a plebiscite which would allow farmers to determine exactly what the wheat board would be and how it would work?

(1730)

Mr. McKinnon: Mr. Speaker, I will work in reverse on the questions. In terms of a plebiscite and getting membership on the wheat board, I have concerns to some degree about the political process that may come into play by having people seeking the appointment, perhaps currying favours in some areas geographically, somewhat like the advisory committees to the wheat board.

I believe the first question was on the impact of the WGTA subsidy being removed. The minister indicated that there were 909,000 tonnes or \$22 million in place. I have no reason to believe that is necessarily going to change. However, I do not have any data at my disposal to honestly answer the question.

Mr. Jake E. Hoepfner (Lisgar—Marquette, Ref.): Mr. Speaker, I know the hon. member for Brandon—Souris is good with figures. He was in the teaching profession for a long time. The data I have are from the Grain Transportation Agency. I seem to be getting data that are no good. I hope these are good.

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They point out that a rail car going to Vancouver travels at a rate of 5.05 miles per hour and one going to Thunder Bay travels at 3.62 miles per hour.

I wonder if he thinks this was excessive speed for these rail cars or whether somehow the Liberals could speed up that whole transportation system a bit.

Mr. McKinnon: Mr. Speaker, it is simply because of those high mountains. Once we climb to those heights, it runs downhill all the way to the west. To the east it is because of the high air density that is created from Winnipeg that blows in that direction.

Mr. Benoit: Mr. Speaker, I would like to ask the hon. member a question. It has to do with the Canadian Wheat Board again.

The first question was whether the hon. member favours an elected board of directors to replace the appointed commissioners. Second, following the election of a board of directors would the hon. member favour the use of direct democracy plebiscite, and it can be controlled, as a mechanism for determining what the wheat board would be in the future?

Mr. McKinnon: Mr. Speaker, if I may be so bold concerning plebiscites, having served as a mayor of a community for many years I have had great concerns about engaging in the plebiscite game. Once you start, where do you stop?

In terms of elected representation, I have no problem if the farm community feels that is the most applicable means of putting a knowledgeable board in place. I sense that the majority of appointed commissioners have a very strong agricultural background that makes them very effective.

In terms of whether elected they could do a better job, I do not feel I can evaluate that kind of question.

Mr. Gordon Kirkby (Prince Albert—Churchill River, Lib.): Mr. Speaker, it is with great pleasure that I rise again today to speak in support of Bill C-66, an act to amend the Western Grain Transportation Act.

I wish to sincerely thank and congratulate the minister of agriculture for bringing forward more legislation to assist the prairie farmer in a very positive way.

(1735)

This legislation is the result of identifying a longstanding problem that has existed within our nation for many years, bringing together all of the stakeholders who were affected by the existing circumstances or will be affected by the proposed changes and by working together with them to find an appropriate and fair solution.

Our minister is a problem solver and has already contributed much to assist the economic well-being of our prairie farmers. The successful completion of the Uruguay round of the GATT was good for Canada. By agreement the Americans and the Europeans will be forced to reduce unfair subsidization of agricultural products, thereby making Canadian agricultural products more saleable and competitive on the world market.

The minister—

The Deputy Speaker: The bill, as the member will know, is summarized in two sentences. There is a rule we are all expected to obey in this House called relevance. In borderline cases the member should be given the benefit of the doubt, although the Speaker has frequently admonished members who have strayed in debate.

I would respectfully bring that to my colleague's attention and ask him please to remember the relevance rule in his further comments.

Mr. Kirkby: Mr. Speaker, if I might, this is a preamble very much fitting in and leading up to the bulk of my statement. Further, with respect to other speeches I have heard today I would submit this line of discussion is perhaps far more relevant than others that have existed. I wish to continue this line.

The minister also found a solution to the troubling durum wheat dispute with the United States, retaining for Canada an upper limit of shipments of wheat well above historic levels, thereby allowing Canadians farmers to continue shipping our high quality product to the United States.

Our minister of agriculture has developed a very predictable pattern to resolve problems in agriculture. He identifies the issue, he consults broadly with all stakeholders and in consultation with these stakeholders he puts forward concrete solutions to help our farmers.

Bill C-66, an act to amend the Western Grain Transportation Act, follows that successful approach. The purpose of these amendments is to eliminate the WGTA subsidy on movements to Thunder Bay of grain subsequently moved westward by rail to destinations in the United States.

Second, these amendments will provide the railways with the authority to implement demurrage and storage charges and dispatch rail cars carrying grains, crops and products under the WGTA.

Third, these amendments will eliminate the WGTA subsidy on wheat shipments to Mexico. In respect of the Thunder Bay backtracking, the way the present WGTA subsidy operates is to encourage the rail companies to ship grain to Thunder Bay from the prairies. When they wish to ship it to the United States, they ship it all the way back to either Fort Frances or Winnipeg before it is shipped to the United States.

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The problems with this approach are many. It increases the time grain cars are in use, therefore reducing the speed at which grain can be shipped to market. It costs the government money to send the grain the extra miles. I do not think the grain really appreciates the extra scenery the taxpayers are paying for.

This amendment will reduce the cost to the Canadian taxpayer and will enhance the reliability of Canada as a shipper and seller of high quality grains. An improved reputation as a supplier will increase the demand for our product. No doubt because of its very high quality, when we have this very stable and enhanced reputation as a dependable supplier the buyers are going to come. All of this will be good for the Canadians farmer. Certainly that is very good news.

Presently under the WGTA storage and demurrage costs cannot be charged against cars hauling grain qualifying for the subsidy rates. This has resulted in grain cars being used for storage of grain, sitting there holding the grain, but not moving it.

(1740)

Grain cars were built to move grain. With this type of amendment that is what they are going to be doing. Allowing for storage to merge and dispatch will ensure quick transfer of grain to market and will further enhance Canada's reputation as a prompt supplier of high quality grains.

This bill will alleviate the countervail duty investigation currently lodged against Canadian wheat exports by Mexico. The removal of the subsidy will be beneficial in meeting the volume limits of the export subsidy provisions of the GATT for wheat and wheat flour categories. Canada, therefore, will maintain access to the growing Mexican market.

I wish to once again thank our minister for acting, after consultation, in a very prompt fashion to get the grain moving in western Canada. He is doing a great job. One problem at a time, our system is improving.

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, I was wondering if the previous speaker could tell us why the Liberal government waited for 18 months before introducing this very minor piece of legislation which is going to have a great effect on the way we ship grain around on the prairies.

He mentioned that he could only see that we were going to save a little time and a little money. He forgot about efficiency and I think he forgot about straightforward common sense. I cannot imagine why we would be moving grain to Thunder Bay and back again for 16 months before this government gets around to doing anything after "W5" highlighted the program and basically acted as its eyes and ears.

What about fairness? The Minister of Finance tells us he wants to be fair. Why should the Canadian taxpayer be paying taxes to move wheat to Thunder Bay and back for 16 months while this Liberal government sat around saying there is no problem with the way it spends money in this country? It took a television program to point out to the government that it was a ludicrous waste of money. The Reform Party is saying multiply that a thousand times. We have identified \$10 billion in savings, this being one.

I would like to ask the hon. member why the government has waited this long to save this amount of money when it could have been done a year ago and we could have been further ahead.

Mr. Kirkby: Mr. Speaker, the minister of agriculture and the government have been aware of this problem and have acted with all the haste possible in order to fix the problem.

Hon. members opposite only learned about this problem from a television program. The people on this side of the House were aware of it before it was televised and publicized.

This government believes that in order to get an effective settlement and an effective solution we need to discuss these types of issues with all of the stakeholders involved. There are many people who will be affected by the changes which are being brought forward. The government and the minister of agriculture needed to have full discussion with these people to devise the best solution possible for the people of Canada.

People on this side of the House believe in consultation and long term effective solutions, not solutions which will come unravelled overnight because of lack of preparation and lack of thought, which is what the Reform Party would like to see happen.

Mr. Jake E. Hoepfner (Lisgar—Marquette, Ref.): Mr. Speaker, the Western Grain Transportation Act was instituted in 1984. This loophole has been there for 12 years and the government knew about it. Why did it have to wait this long?

I would suggest that special interest groups had a lot to do with it because the railways were milking the system, the grain companies were milking the system, and the cow has gone dry. We have a debt problem and finally we are starting to realize it.

I would like to ask the hon. member why the government did not realize this faster when the problem was there 10 years ago.

Mr. Kirkby: In 1984 there was a different government in place, one that you no doubt supported. With respect, our minister of agriculture has moved forcefully and quickly in bringing people together to get a solution that is going to work for all Canadian taxpayers, including the Canadian farmers.

Government Orders

(1745)

Mr. Leon E. Benoit (Vegreville, Ref.): Mr. Speaker, clause 2 of this very short bill deals with the issue of allowing under the WGTA for demurrage and storage charges for grain that is being stored on rail cars to be levied against the railway. How does the hon. member opposite see this being implemented? Will it be used? If so, how often?

We know that rail cars are used for storage in many cases and certainly the system is not efficient. There is an average turnaround time of 20 days or more, the same as 80 years ago. How does the hon. member see this part of the bill being used to ensure quicker turnaround and more efficiency in the rail system?

Mr. Kirkby: Mr. Speaker, the portion of the bill dealing with demurrage and storage charges will encourage the rail companies to utilize the grain cars to move the grain as opposed to letting it sit there, storing them, or leaving the cars sitting around.

There have been many problems identified on this issue. Each one of these little pieces goes together to make for a more efficient grain system. That is what the minister has set out to achieve. That is what he will achieve by utilizing this type of system to encourage the people to move the grain. It is better for us to pay for grain to be moved than pay to have it sit.

Mr. Murray Calder (Wellington—Grey—Dufferin—Simcoe, Lib.): Mr. Speaker, it is a pleasure for me to take part in this debate on Bill C-66, an act to amend the Western Grain Transportation Act.

As the Minister of Agriculture and Agri-Food has already indicated, this bill covers short term amendments aimed at addressing inefficiencies that have been identified in our grain transportation and handling system.

Specifically, Bill C-66 would authorize the railways to implement demurrage, car storage charges, and despatch. It would also eliminate the WGTA subsidy on grain movement to Mexico and end the practice of routing U.S. bound grain to Thunder Bay and backhauling it to Fort Frances or Winnipeg before finally sending it into the United States.

Until now the railways' inability to levy demurrage charges or car storage charges has led to the use of rail cars for storage purposes, as was just stated by the member across the floor. It obviously reduces the efficiency and effectiveness of the grain car fleet. We do not know where our cars are. They are all over the place. They could be in the United States. They could be anywhere. We end up putting more cars into the system.

As a result, we need more cars to move our grain than what we should need. The backtracking practice has evolved because it is cheaper for a shipper to send U.S. bound grain to Thunder Bay in

order to qualify for the WGTA subsidy and then backhaul it to Fort Frances or Winnipeg before it is moved at commercial rates to destinations in the United States than it would be to ship it directly at commercial rates.

Using Winnipeg as a reference point, this practice increases the length of grain haul by about 450 miles over CN lines and about 860 miles over CP tracks. This practice is clearly inefficient and results in longer car cycle times and less effective use of the grain car fleet. In the 1993-94 crop year, 1.1 million tonnes of grain were shipped to the U.S. via this scenic route.

Regarding the removal of the WGTA subsidy on wheat shipments to Mexico, we expect that the amendments in this bill will resolve the current countervailing duty investigation in Mexico and ensure our continued access to an important market for Canada.

(1750)

It is important to note that these proposed changes are short term amendments only. They are not intended to replace comprehensive reform of the WGTA. I should also point out that they have received widespread industry support.

In fact, these changes were suggested by and have support in principle from the subcommittees of the House standing committees on transportation and agriculture and agri-food, as well as the May 16 group which includes representatives from grain companies, the railways, labour and management.

Both of those forums have suggested a number of initiatives to reduce inefficiencies, improve the capability of the grain transportation and handling system and facilitate the movement of grain to markets. Many of their suggestions have been implemented. However, some of the proposed changes require legislation, hence the bill we are debating here today.

The government would like to proceed with these short term amendments now in order to eliminate the subsidy on wheat to Mexico as soon as possible and to ensure that demurrage and backtracking issues are dealt with before the 1995-96 crop year which begins August 1, 1995.

As I indicated earlier, there was agreement in principle to eliminate these inefficient practices. After further consultations, a consensus emerged among the May 16 group that the WGTA amendments should take effect at the beginning of the crop year. The group favoured this timing because it would allow time for grain marketers and shippers to adjust sales and supply programs accordingly.

It is important to note that although August 1 has been selected as the implementation date for some of these changes, the amendments dealing with demurrage, storage charges and despatch as well as backtracking could be implemented earlier if the government is satisfied that there is sufficient agreement

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between the railways and the shippers on the commercial details of the changes.

I would like to make it clear that this proposed legislation in no way lessens this government's commitment to making decisions on broader WGTA reform in the near future. The passage of this legislation will enable the government to continue with the consultations that are so vital to the development of the long term solutions for problems in our grain handling system. At the same time, it will address the immediate problems which members of government and industry representing the grain companies, the railways, labour and management have identified.

Members of the House, I ask for your support in the rapid passage of this legislation. The measures proposed by Bill C-66 will help make Canada's grain transportation more efficient and better able to meet the needs of our customers around the world.

Mr. Jake E. Hoepfner (Lisgar—Marquette, Ref.): Mr. Speaker, I always enjoy the hon. member's comments. We have served on the standing committee for awhile and I have always appreciated him and know he is also a good farmer.

The only thing I am surprised at is that he forgets we have calendars. There was a crop year on August 1, 1994. In the spring of that year the standing committee stated that it should be stopped, that it was illegal and it was costing us money. I would suggest that if this government is not going to work faster in implementing legislation, some day in the hon. member's chicken business all the eggs will be hatched and nobody will have eggs for breakfast, putting his whole industry in jeopardy.

I hope he will urge the minister to move a little faster because we need some action. I wonder how he would comment on that because this has been delayed a whole year.

(1755)

Mr. Calder: Mr. Speaker, they are making poultry jokes here.

In all my years as a farmer, and I grew up on a farm and have been actively farming since 1973, I know the hon. member across the floor who shares the same background in agriculture that I do knows that haste makes waste. If you are going to fix it, fix it right the first time because the second time it costs you a lot of money.

Basically what we are saying right now is that the railways, the shippers and the wheat board all have to become responsive to the changes we are making.

The challenge through you, Mr. Speaker—I do not want you to feel like the Maytag repairman—is that we have to look at how wheat is hauled down into the United States and the rate that is applied to it. Is it going to cost the same to move a car of potash

into the United States as what it does to move a carload of wheat into the United States? We have to watch that.

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, earlier on you talked about relevance. We have been into poultry and now we are into potash. I thought we were talking about moving grain down into the United States and Mexico.

The member's comment was that by stopping this movement of grain back and forth from Thunder Bay it was going to eliminate the countervailing duty investigation by Mexico. I ask myself, how on earth can we do this to ourselves? How can we pay to move grain to Thunder Bay, move it back to the prairies on subsidized lines and find out that because we do that Mexico is going to investigate us for subsidizing grain? Whereas if we stop shooting ourselves in the foot there is no subsidy and we can put it down to the United States more efficiently, as they admit, in a more timely fashion, as they admit, and the whole market system would just work so much better.

I cannot imagine why the government is trying to mess up the whole market system entirely through these rules which just make no sense whatsoever. I still come back to this concept of why it takes so long. I thought when this bill was passed that it would come into force. Now I find out it will not be until August 1.

Can the member please explain to me why it is going to take another six or eight months before it comes into effect? Why would we subsidize grain that—I am at a loss for words, but I want to know why we are going to wait until August.

Mr. Calder: Mr. Speaker, I am very heartened to hear that the Reform Party across the floor is going to support us in the speedy passage of the amendments to the WGTA. It heartens me greatly.

The member has already said, which I agree with, that it does not make sense to transport grain to Thunder Bay and back to Winnipeg and down into the United States. We have to make sure we find the most effective way to ship it down at the best price. We want to make sure that the railway companies are honest about this. Also we want to make sure that Mexico does not look on WGTA the same way it looks on the export enhancement program. I think we are going to avoid it with the amendments.

Mr. Leon E. Benoit (Vegreville, Ref.): Mr. Speaker, I have a couple of questions for the hon. member opposite.

I congratulate the transport minister for bringing these changes forward. We have been pushing for these exact changes since we started meeting in the agriculture committee and in the House. Of course we will support these measures but we would have supported them a year ago more happily.

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How does the hon. member see the demurrage charges and the storage charges that are allowed now under the second clause in this bill used? There certainly is a need for this measure, but how is this government going to use them? Is it going to use them? The powers are there in the WGTA right now and they are not used. Will they be used now?

Mr. Speaker, I suppose you are not going to let me ask my questions about the Canadian Wheat Board. Are you going to rule them irrelevant? I will not ask those then.

Mr. Calder: Mr. Speaker, I think the reason for the demurrage and the storage charges for these rail cars is the fact that they were being used before as rolling warehouses with no charge attached.

With the demurrage and storage charges now it will make the shippers much more responsible to make sure they get those cars in, get them unloaded, get them back out on the track and heading back to—

Mr. Benoit: Thunder Bay.

Mr. Calder: —be filled up with more wheat. It is a more efficient way of doing it. If there is a cost penalty behind it, it is another incentive to make it work better.

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

Mr. Boudria: Mr. Speaker, I think you would find unanimous consent to call it 6.30 p.m.

[*Translation*]

The Deputy Speaker: Is there unanimous agreement in the House for calling it 6.30 p.m.?

Some hon. members: Agreed.

[*English*]

The Deputy Speaker: It being 6 p.m., as there are no members available unfortunately for the late show, as it is referred to, the House stands adjourned until tomorrow at 10 a.m.

(House adjourned at 6.02 p.m.)

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