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(HANSARD)

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Speaker: The Honourable Gilbert Parent

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HOUSE OF COMMONS

Monday, November 27, 1995

The House met at 11 a.m.

Prayers

PRIVATE MEMBERS' BUSINESS

[*English*]

CANADA POST CORPORATION

Mr. Cliff Breitkreuz (Yellowhead, Ref.) moved:

That, in the opinion of this House, the government should immediately take the required measures to privatize all operations and services of the Canada Post Corporation.

He said: Mr. Speaker, I would like to thank my colleague for seconding the motion.

My speech will be about 10 minutes long to allow my colleagues to also speak to private members' motion 312. I preface my remarks by stating that Canadians need and deserve an efficient postal service.

The Reform Party supports placing the ownership and control of corporations in the sector that can perform their function most cost effectively, with greatest accountability to owners and the least likelihood of incurring public debt. We believe there is overwhelming evidence that this would be the private sector in the vast majority of cases.

As far as Canada Post Corporation is concerned, the Reform Party supports free competition for the post office. There should be no restrictions on private competition in the delivery of mail, which brings me to my private members' motion. It calls for the government to take measures to privatize the operations and services of the Canada Post Corporation.

There are at least two essential considerations. First, is there any reason at all to involve government in mail delivery? Should it be completely privatized or totally deregulated? Second, if there is reason for government involvement in mail services, is the current system the best and the right way to do it?

As far as the first consideration is concerned, if our goal is simply to maximize efficiency, there is no role for government operations or subsidies here or anywhere else. If people who live in remote places find that mail is hard to send or hard to get, that is a consequence of their home being somewhere remote. If they do not like it, they should move closer to a city or area where mail service is better. Of course, I am not advocating that option.

• (1105)

It is normally argued that the purpose of a national mail service is to contribute to national unity by allowing everyone from sea to sea to sea to send and receive letters at a reasonable price. If this is true, there has to be some sort of government role.

The bulk of the mail is between businesses and their customers, in and around large towns and cities where deliveries can be made cheaply because the volume is so high. In a truly private world, the more remote you are the more your mail will cost. It is true that people in remote places generally are among the less wealthy and less able to afford high postal rates.

Most people, except possibly a few federal cabinet ministers, understand that free citizens do things better, cheaper and more nicely than government. Therefore we should assume that government should not become involved in any particular area and put the burden of proof on those who say it should stay involved and to explain why.

In the case of mail delivery the reason for involving government is to make sure that all Canadians from coast to coast to coast have access to mail in the interests of the national community and national unity. It is not because people think the government would do a good job of delivering the mail, even by the normal standards of bureaucracy.

However, people who think the government should ensure that everyone can get and send mail cheaply should still not want a postal monopoly. The right way to manage the mail would be to promise that anyone, anywhere can mail a letter for a certain rate, say 45 cents. The entire field of delivery would then be thrown wide open and deregulated totally, except that the government would pay for but contract out the job of making mail deliveries at 45 cents per letter to places like Inuvik, that private carriers just could not and would not service cheaply.

This would be paid for out of general revenues. Since the goal of promoting national unity is one that benefits all Canadians equally, it makes sense to ask them all to pay for it. The argument will be made that the government would lose money on this even if it is compared with the present system. What the present system does is penalize all users of mail and all potential

mail delivery servers quite heavily. It allows every Canadian to get mail, but imposes the cost disproportionately on one group and in the process damages the Canadian economy. I suggest the damage to the Canadian economy at the hands of Canada Post is not small.

CPC is a perennial money loser, having lost money in three of the last five years, ending its most recent fiscal year with a $68.8 million loss. That amount is only a fraction of the cost to the Canadian economy by the mail monopoly. Slow delivery, private opportunities denied and lost, excessive charges for mail in big towns and cities that could be delivered for less than 45 cents and burdensome bureaucracies are some of the inefficiencies.

The real cost of Canada Post is higher than its on–book losses. Here are a few losses to consider. There is the $68.8 million loss which I just mentioned for 1993–94. It was $22 million higher than the company executives predicted just a year before. Some prediction and, I suppose, some executives. The books also showed a $270 million deficit even though last year CPC showed a profit in its first class mail delivery; a $282 million entry attributed to internal restructuring of some kind. That is more than five times higher than the previous year's entry. No explanation was given for what type of restructuring.

● (1110)

Here is another interesting phenomenon: 41.7 per cent of CPC'S volume of delivered mail is in the form of unaddressed advertising, or as Canadians so affectionately refer to it, junk mail. Here is the kicker. Junk mail generates only 5.2 per cent of CPC's total revenues, which means that nearly half of CPC's volume produces a paltry 5.2 per cent of its revenues.

To the viewers watching, I hope they are sitting down for this. It is illegal for private mail carriers to charge less than $1.29 a piece for the delivery of first class mail, which is nearly three times as high as the already exorbitant price of 45 cents a stamp charged by CPC. It is a monopoly and it is still losing money.

The government is planning to review the operations of CPC. That is really what our country needs, and the people are just dying for it, another study by this do nothing government. CPC should be privatized using the contracting out model of reform on the least subsidy basis; that is, ask for bids to deliver the mail, charge customers 45 cents and take the bid from the company that delivers to remote places as efficiently as possible. The extra cost would be taken out of general revenues as I stated earlier.

One thing is certain. CPC is pricing itself out of the business of delivering mail, especially with more and more businesses turning to faxes and E–mail. CPC is a top down, inefficient monopoly that has no place in the emerging global economy. I urge the government to take action to allow private carriers the opportunity to be involved in mail delivery. Not only would it help to fix our ailing economy, but the Canadian people would be much better served.

Mr. John Murphy (Annapolis Valley—Hants, Lib.): Mr. Speaker, the motion before the House states:

> That, in the opinion of this House, the government should immediately take the required measures to privatize all operations and services of the Canada Post Corporation.

I cannot support this motion. To support it is to support an end to universal access. My riding of Annapolis Valley—Hants is primarily a rural riding, a riding where people recognize the important role of the post office in strengthening the economic and social infrastructure of our communities.

Much like myself, the hon. member for Yellowhead lives in and represents a predominantly rural riding, an area where a private corporation might not choose to provide a service. Does the hon. member realize that if this motion were adopted, the postal services in his riding and in rural ridings across Canada could be seriously affected or become non–existent?

As government we believe in the importance of providing easy access for all Canadians regardless of where they live. I cannot understand why the member for Yellowhead would introduce a motion that could deny postal services to his own constituents.

Canada Post is improving services to Canadians. In the past five years Canada Post Corporation has increased by nearly 30 per cent the number of locations where stamps, postal products and postal services can be purchased. The crown corporation has a network of over 2,500 franchise outlets across the country. When we walk into our local drug store or convenience store, chances are we can purchase postal products at one of these outlets. These outlets attract customers to these locations which means increased commerce. It is good for business and good business helps our economy.

By building on these partnerships with local businesses, Canada Post is expanding the accessibility of postal services without incurring large expenditures. This is part of Canada Post's drive to ensure convenient access to postal services for Canadians.

● (1115)

I also point out to the hon. member that independent surveys done by Decima and Anderson Strategic Research show that customer satisfaction with these outlets is well over 90 per cent.

Canada Post's diversity is evident and it is demonstrated in how it operates throughout the country. Take for example Atlantic Canada. In Atlantic Canada, Canada Post is a 200–year old federal institution which has helped to build and maintain the region. Atlantic Canada is predominantly rural and has the largest number of small post offices in the country. Among them is Canada Post's first post office which is located in Halifax.

Throughout the region there are approximately 2,300 locations to buy postal products.

The post office is not just a place to buy stamps. It is a place to interact with other people, to establish the links which make a community and build a country. I live across the street from the post office in Canning, Nova Scotia and I see the traffic. I hear the conversations. I see the relationships which are made. I see the transactions people make. I talk to those people. It is the hub of our community.

For millions of Canadians the post office has been a connection point and an important part of our culture. Hon. members will remember that in February 1994 there was talk of further closures of rural and small town post offices. During that debate I talked and met with postal officials and many concerned citizens in my riding of Annapolis Valley—Hants and the message was clear: Do not close down the post offices. I brought that message back to Ottawa.

On February 17, 1994 in the House I urged the government to demonstrate its commitment to rural Canadians to ensure that these post offices remained open. The minister listened to these concerns and to the concerns expressed by Canadians from coast to coast to coast. As we know, he placed a moratorium on closures and conversions of rural and small town post offices. In announcing the moratorium the minister said: ''As long as this government is in power, no rural or small town post office will be closed''.

I remind the hon. member that in his riding the towns of Whitecourt, Grande Cache, Hinton, Edson and Jasper are all covered by the Liberal moratorium on post office closures.

If Canada Post were to be privatized, would the private company keep all of these small post offices open? Even courier companies are closing down shop in small towns. If these companies close down, who is left? Who will deliver the parcels to rural areas once the hon. member has privatized Canada Post? That is why Canada Post is a necessary national institution.

The hon. member must take into account that 20 per cent of Alberta and 23 per cent of Canada is rural. With privatization there is a real danger that rural Canadians will be forgotten.

People in the town of Evansburg in the hon. member's riding held a meeting and asked the government not to close down their postal outlet. The government is listening. Canada Post under this government will not abandon rural Canadians.

While the motion talks of privatization, I wonder what kind of service Canadians living in the northern regions would receive under this scenario. In all likelihood the answer is nil.

Canada Post has had a profound impact on the north. Since its formation in 1989 the northern services division has been responsible for maintenance and improvements to postal operations in northern Canada.

• (1120)

Ongoing training programs have allowed northern services to work toward the gradual turnover of operations and management to indigenous residents of the area. The area administered includes Yukon, Northwest Territories, communities in northern Alberta, Saskatchewan, Manitoba, Ontario, Quebec, and all of Labrador. This division represents 72 per cent of Canada's land mass and a diverse population of 221,000 people.

The geographic location, the climate conditions, the low population density and the remoteness of population centres create operational challenges and some difficulties in mail delivery and communication with residents. To overcome these difficulties, the corporation has adopted its network policies and procedures to meet the specific needs of the north.

It is clearly evident that Canada Post helps to promote and maintain this region of our vast country. Canada Post must remain a crown corporation because there is a need to provide consistent services to Canadians while being fiscally responsible. This means servicing all areas of the country, even those which are less profitable, and serving them well.

That is why the Canada Post Corporation was established as a crown corporation on October 16, 1981 out of what was then a government department. I remind all members of the House that the Canada Post Corporation Act was supported by all three parties in the House of Commons. It was welcomed by organized labour, business and consumer groups.

The Canada Post Corporation was established as a crown corporation to provide purpose and direction and to bring business values to the operation of postal services in Canada. Why should this government now take a successful corporation and privatize it? I believe that over the years Canada Post has made progress. However, I also believe we still have a lot of work to do.

I am pleased to see that our government is conducting a mandate review of Canada Post. It has been 15 years since the corporation was established and 10 years since the Marchment report, the last major review of Canada Post's mandate. It is therefore necessary to examine the current situation against the original intent. It provides a valuable opportunity to revisit corporate direction.

Canada Post is a national institution and we are proud of it. Canada Post has achieved many accomplishments. Canada Post is a viable crown corporation and it provides an essential public service.

I cannot support the motion before the House because I believe it would bring an end to universal access to postal services. This in turn would negatively affect the very communities I have been elected to serve.

[*Translation*]

Mr. Jean–Paul Marchand (Québec–Est, BQ): Mr. Speaker, thank you for giving me the opportunity to speak to this private member's motion this morning.

As we know, the role of Canada Post will be reviewed by a committee recently set up by the minister; my remarks are therefore subject to this committee's proceedings and subsequent report.

If I understand correctly, today's motion calls for privatizing Canada Post. In principle, since this is a private member's motion, I will speak first on my own behalf and not on behalf of the Bloc. Of course, I myself am not opposed in principle to privatizing government controlled businesses. In principle, one should not be against this. Even the present federal government cannot come out against any kind of privatization, since it has just privatized CN. It is easy to see that this privatization may eliminate some rural services and that this is not necessarily a good thing for people across Canada.

• (1125)

But they may have done the right thing by privatizing CN, especially because of the competition with CP. As for Canada Post, it is indeed a monopoly, which raises questions on the risks of privatizing such a large monopoly.

We already know about the numerous problems with Canada Post. The Canadian Union of Postal Workers has exposed many cases of waste and inefficiency, accusing Canada Post of misusing its money and running considerable deficits from one year to the next because of this. There have also been complaints from private firms, including courier service and mail advertising companies, which deliver information packages from door to door.

I have reviewed this matter quite thoroughly, since industry representatives have complained to me personally that Canada Post unfairly competes with private sector companies. This is something of an outrage because, if I understand correctly, Canada Post can make a profit from its monopoly in first class mail delivery by charging 48 cents for every stamp. If we look only at the revenue from stamp sales and first class mail delivery, Canada Post makes a profit, but uses it to compete with businesses such as home delivery, courier service and mail advertising firms.

This is unfair and I am totally opposed to this kind of competition from the government, whether we are dealing with the postal service or the engineering sector. Canada Post comes under the responsibility of the public works minister, and we will soon have an opportunity, perhaps even this afternoon, to debate Bill C–52, which testifies once again to the government's tendency to compete unfairly with the private sector.

For a government that wants to encourage private enterprise and put in place legislation to promote job creation, this is totally unacceptable. In the case of Canada Post, this is blatant. It is inevitable. Last year, Canada Post's deficit was approximately $70 million, if I am not mistaken, and, before that, I think it was $280 million. But these deficits can be attributed, to some extent, to the fact that Canada Post is spending money it makes as a monopoly to compete with the private sector for courier services and direct mail advertising.

Canada Post's services are not competitive. It is in fact digging in the public purse, because, as a crown corporation, Canada Post belongs to all of us. It belongs to all Canadians and uses its revenues from mail delivery to compete with the private sector. It is obviously unacceptable and, at the very least, Canada Post's mandate should be reviewed to ensure that, if Canada Post maintains its monopoly on first class mail delivery, it should not compete with the private sector, at least not any more.

• (1130)

That is for sure.

But I am not sure how effective it would be to privatize Canada Post and limit, say, its role to first class mail delivery. I wonder because, as I said earlier, Canada Post turns a profit only on first class mail delivery. So, why do that if the service is there and is adequate, or at least cost effective, although there may still be room for improvement within the organization. As I said earlier, according to labour, postal workers, inside staff and others, service delivery could be improved, but there does not seem to be any net benefit in privatizing Canada Post.

But again, it all depends on how Canada Post's mandate review will be conducted. Perhaps, over the next few months, moving away from a monopoly, service delivery could be broadened, in the sense that several private companies could provide the service.

However, there are many instances where, when we try too hard to liberalize certain sectors, ordinary people end up footing the bill. For example, the government's decision to end Bell Canada's monopoly resulted in a significant increase in the costs of telephone services. The same thing also happened in the transport sector and in several other sectors.

Sometimes, the liberalization process is taken too far and is detrimental to public interest. Since consumers have to pay more, we must ask ourselves this question: If we privatize Canada Post so that a number of companies can offer services currently provided exclusively by the corporation, does it mean that, instead of paying 48 cents for the delivery of a first class

letter, consumers will have to shell out 75 cents? If this is the case, I do not see how such a change would be beneficial. It would create an excess in the other way.

So far, the government has not used adequate judgment to restrict the mandate of Canada Post and ensure that the corporation does not compete unfairly with private businesses in the delivery of mailings, or even as regards courier services. This an abuse of power and an aberration. It is unacceptable. It may even be immoral. However, it would be just as bad to go to the other extreme, liberalize all the services provided by Canada Post, and trigger a substantial cost increase in the delivery of a first class letter for ordinary Canadians. That could be an excess of another kind.

As a matter of principle, we cannot oppose the privatization of crown corporations. The government has already shown that it was open to privatization. However, a balance must be sought regarding the mandate of Canada Post. Hopefully, once that mandate is reviewed by the minister's committee, balanced recommendations can be made taking into account the interests of all Canadians.

• (1135)

[*English*]

Mr. John Harvard (Winnipeg St. James, Lib.): Mr. Speaker, the motion now before the House proposing the privatization of the post office can be based on myth only, and we on this side of the House prefer to deal with the facts.

The mover of the motion presumes that Canada Post is an inefficient, money losing organization and a drain on the Canadian taxpayer. In fact, Canada Post has achieved a considerable turnaround in its operations and finances. It is self–sufficient and since 1988 no longer receives appropriations from government.

The mover of the motion presumes that Canada Post is an inefficient organization that did not adapt to the realities of the marketplace. Wrong again. In fact, Canada Post has been improving continuously since becoming a crown corporation, with efficiency gains in all aspects of its operations.

It is most important to note the current mandate review, which the minister responsible for Canada Post announced on November 6 of this year. It has been 10 years since the last major review of Canada Post. This review will give Canadians a chance to express their concerns about the corporation.

The review committee will also be analysing the current competitive environment of the corporation. The communications market has changed dramatically since the Marchment report, and it is time to review the effects on the corporation.

The mandate review will also review the functions that Canada Post currently carries out and those that should be provided in the future. In this regard, I want to deal with the allegations of cross–subsidization, which we have heard from couriers and others and most recently from the hon. member for Québec–Est.

Let me emphasize that Canada Post Corporation competes fairly. It does not subsidize its services. These allegations have been reviewed by both the Bureau of Competition Policy and the National Transportation Agency. The Bureau of Competition Policy examined concerns with regard to cross–subsidization of Canada Post ad mail services with profits from letter mail and alleged predatory pricing. The bureau cleared Canada Post of the allegations in 1994.

The year before that, in 1993, along with the National Transportation Agency the bureau also reviewed the corporation's acquisition of 75 per cent of Purolator courier and the issues of unfair competition and cross–subsidization as they would relate to that purchase. The bureau found ''no grounds to believe that cross–subsidization would occur post–merger''.

The hon. member putting forward the motion is not aware of the many other changes taking place at Canada Post. Canada Post knows technological innovation. In a world economy driven by ever changing business partnerships and alliances, technological innovation and convergence, there remains the crucial need for a reliable, efficient, dedicated postal administration.

Canadians want a faster, more reliable, and lower cost postal administration. Throughout its history Canada has always been quick to embrace these demands. Canada Post has worked hard to meet its mandate to provide service to every Canadian.

Between 1992 and 1994, pieces of mail processed per hour increased by 64 per cent. Delivery points per hour increased by 30 per cent. All this was accomplished with a workforce that was reduced by 24 per cent. These are the facts, something the Reform Party does not seem to be acquainted with.

Since incorporation there have been many innovations Canada Post can be very proud of, such as the national control centre, which allows end to end monitoring of performance. The first system for tracking and tracing also has been developed. This system accurately pinpoints the progress of your mail. The corporation has also developed a new technology for hybrid services, which can electronically send your document, print it, and have it mailed. This is available to all Canadians.

Would a private corporation offer this accessible service to all—I underline all—Canadians? This is something the opposition has not considered.

Good service means accessibility to retail services. In the mid–1980s Canada Post decided to experiment with franchising of postal outlets. This partnership with the private sector has resulted in an increased network of outlets where Canada Post products and services are available.

• (1140)

The Canada Post retail network currently consists of nearly 8,000 full service outlets, 4,150 corporate outlets, and more than 3,400 private sector outlets, supplemented by 11,000 stamp shops and agencies. Hours of access to postal products has increased substantially, while the cost of operations has been reduced. These outlets had a combined earned retail revenue in 1994–95 of $1.8 billion.

The franchising of retail postal services provides key solutions to four critical problems that were faced by Canada Post: how to obtain necessary capital; how to restructure and expand the retail customer service network; how to move quickly to a customer focused workforce; and how to reduce the high cost of a corporate retail network.

The franchising of postal services brought benefits to not only Canada Post but, more important, to Canadians, rural and urban. Franchising has nearly doubled the size of the postal network, offering consumers over 3,000 additional service centres across Canada. Canada Post's franchising and retail postal service has been a success. It is evident that Canada Post is constantly improving and adapting. Why should that be changed?

Canada has entered a new electronic era. Should Canada Post be involved in this electronic era? In the government's upcoming mandate review one of the terms of reference is whether CPC should be free to react to advances in technological alternatives to mail. If so, what would be the implications for the users, namely the government, the public and CPC competitors? This should make the opposition happy. We look forward to hearing the results.

The future contribution of postal administration in the new electronic environment will be contingent on the answers to some very basic questions. What is and will be the role for a postal administration as a public service? Is there a role for a postal administration as an electronics intermediary and as a provider of security services in electronic messaging? Can letter mail be delivered still faster and more cheaply? How much commercial freedom should a postal administration have?

The volume of physical mail in Canada is still marginally increasing from year to year. However, it will significantly decrease as electronic messaging takes hold. Over time, the labour intensive infrastructure required to process physical mail will be transformed to handle more electronic messaging. The transformation from hard copy to electronic will take time, however, more than most people predict, and for good reason. There is a multimillion dollar investment in the interlink physical mail infrastructures of Canada Post and its customers, and it will take an enormous investment to go completely electronic.

The immediate future is a bridge the corporation calls hybrid, which allows messages to be submitted to CPC electronically, travel electronically to the closest point of delivery, then be printed and delivered in hard copy. It is in this area that CPC's new electronic services are concentrated. It is the belief of many that a hybrid environment will be with us for a very long time.

Canada Post's concentration on hybrid services is allowing it to greatly increase its efficiency. Expansion of these services is vital to its customers, not only to contain or reduce costs but to allow the transaction of business effectively in a global marketplace using electronic data interchange, EDI, and hybrid data interchange, HDI. This obvious change in the face of technology has allowed Canada Post to remain competitive. Canada Post is doing much more than perhaps the hon. member is aware.

Business and governments need to share information with their clients in the form of documents or reports. Maintaining physical copies of documents and distributing them is costly, environmentally damaging and does not add value to the economy. Working further to reduce costs and speed up delivery, CPC has developed a service that stores documents and delivers them through a 1–800 telephone line. The documents can be delivered by fax, E–mail or regular mail. This service reduces business costs, speeds delivery of information and avoids environmental impacts of printing and storing an abundance of physical documents.

• (1145)

Canada Post presently has a physical directory of all addresses in Canada which it must maintain to deliver mail, including postal codes for efficient mail sorting. It is extending this directory to include electronic addresses and other information which Canadian businesses and governments can access for effective communication in the medium of the receiver's choice.

This will take the form of hard copy, telephone, fax, computer, E–mail, telex and even interactive television in the future. The directory will reduce the cost of doing business, improve the speed of messaging and enable a sender to reach the receiver regardless of technological—

The Deputy Speaker: I am sorry to interrupt but the member's time has expired.

Mr. Philip Mayfield (Cariboo—Chilcotin, Ref.): Mr. Speaker, it is a pleasure to rise to speak today on Motion No. 312 tabled by the member for Yellowhead which states:

That, in the opinion of this House, the government should immediately take the required measures to privatize all operations and services of the Canada Post Corporation.

The finance minister stated in the last budget speech: ''Our view is straightforward. If the government doesn't need to run something it shouldn't and in the future it won't''.

Motion No. 312 allows the government the opportunity to make good on this straightforward point of view. When it comes right down to analysing where the government should be involved, Canada Post does not rank as a priority.

This is an organization that in the view of Professor Robert Campbell of Trent University has been ''given a considerable amount of space in which to function like a private commercial operation and has acted very much like a private sector corporation''. Canada Post has therefore illustrated that it is capable of providing its existing services as a private sector corporation.

Traditionally the main argument against the privatization of Canada Post is that people see it as the communications link for rural areas. This claim is now false. If Canada Post is so committed to rural service, why has it either closed or amalgamated 1,700 of its rural post offices? The simple answer to the question is that Canada Post is behaving like a private corporation. If it were privatized and industry as a whole were permitted more market freedom, people in rural areas would have greater access to more and more delivery companies. Many companies would jump at the opportunity to provide full postal services in rural areas.

Another weak argument offered against privatization is that Canada Post does not receive any federal money for its operations. This claim has an element of truth in it. Every year Canada Post aims to balance its books and it has been successful in three of the last five years in doing so. However the two years that losses were recorded added up to just under $400 million in losses and these losses were absorbed by the taxpayers.

I find the idea of privatizing Canada Post a compelling one. Canadians should no longer be asked to bear the burden of subsidizing an organization that could operate just as effectively or more efficiently if it were in the private sector. Best of all, if this were the case, taxpayers would not be shouldering the costs when Canada Post records financial losses. These financial losses continue despite the fact that Canada Post has invested enormously in becoming more efficient and more diverse.

I was surprised when I learned that Canada Post owns 75 per cent of the courier company Purolator. I was even more surprised when I read repeated claims by competitors in the courier industry about Canada Post. The competitors claim that Canada Post is using revenue generated from ordinary mail to subsidize its courier company. It is claimed that this allows Purolator courier to offer rates that are lower than private sector rates and gives the Canada Post–Purolator team an unfair advantage.

● (1150)

The president of the Canadian Courier Association recently claimed: ''There is not a courier in the world who would offer that kind of service at that price. Who is paying for that cost? You are if you bought a stamp''.

Canada Post's competitors claim that if Canada Post is to have an unfair advantage then its entire financial record should be made public. This would mean that Canada Post should present not only its budgetary figures but also how much money is being transferred to Purolator. I find the request to be entirely reasonable. If taxpayers are subsidizing Purolator they have a right to know the exact nature of the financial arrangement these two companies share.

Canada Post is an enigma, especially to the corporate world. On one hand it operates as a crown corporation with a mandate to provide universal postal service to all Canadians. On the other hand it operates as a ruthless competitor expanding into the courier industry while possessing a legislative monopoly on first class mail. In other words Canada Post enjoys all the benefits and security of a crown corporation with government protection and government backing while it conducts itself as though it were a private sector organization.

Canada Post should no longer enjoy this advantage. It should have it one way or the other. A spokesman for the United Parcel Service, UPS, recently said: ''We are not seeking the abolishment of the post office. Our goal is that the playing field should be levelled''.

Another area that competitors claim is not on a level playing field is the business of delivering unaddressed mail, advertising flyers or junk mail. When Canada Post created its so–called ad mail program to distribute third class mail, it knocked many small distributors right out of the industry. The ones that are left face an unfair advantage.

By Canada Post's own estimates, the number of delivered flyers jumped from 1.8 billion pieces in 1987 to 4.4 billion in 1994. This represents an increase of 144 per cent. This would not be all bad except Canada Post only reported a 63 per cent increase in revenue from this service.

Ottawa *Citizen* columnist Peter Hadekel recently commented: ''Canada Post's own numbers show that its cost per thousand flyers delivered fell 33 per cent, a clear indication it has been cutting prices to build volume''. Once again Canada Post is using this diversity within the protection of a crown corporation to create a monopoly in another area. Taxpayers have the right to know how the financial structure of Canada Post works and how it is using this advantage unfairly.

Despite the closure of over 1,000 rural area post offices Canada Post is the largest franchise chain in Canada. It is the 28th largest corporation in the nation. It has the potential to grow even stronger. Canada Post would have no problem finding investors and would, if privatized, be able to provide the same service it does now, and perhaps more efficiently in the competition of the open market.

In many ways Canada Post already operates as a private organization. It rented a $200,000 private sky box in Toronto's SkyDome. It may be an acceptable practice in the corporate world, but during a time when the government is trying to reduce expenditures and debt it is absolutely unreasonable for a crown corporation. I do not feel comfortable telling the people of my riding of Cariboo—Chilcotin that we must make sacrifices to reduce the debt while Canada Post executives have this kind of government guaranteed luxury at all Blue Jay games.

If privatized Canada Post would do fine on its own and Canadians would still enjoy good postal service by whoever provides it.

• (1155)

Next August Parliament will see the results of a major review that has recently been ordered. It is my hope that it will not be just a cosmetic review to appease the concerns of Canada Post competitors. The editor of the St. Albert *Gazette* near Edmonton recently stated: ''Are they going to be able to dig into Canada Post's affairs or will they be stonewalled like everyone else before them? Canada Post likes to keep business to itself''.

The time has come for Parliament to recognize that Canada Post can do well as a private corporation and that it needs a more level playing field in the postal industry for the benefit of all Canadians. As I have said, Canada Post likes to keep business to itself. As a private corporation Canada Post can still freely keep to itself but only if it can beat the competition.

I ask members to support the motion and to realize this is a start in the most logical direction.

Mr. Bill Gilmour (Comox—Alberni, Ref.): Mr. Speaker, we know we are in trouble when we see Liberals defending Canada Post. In the few minutes remaining I should like to deal with the mandate of Canada Post. Its mandate should be to deliver letters efficiently and cost effectively. That is the bottom line. Why it is in the courier business is a bit of a conundrum because it is using the postal rates to justify and undercut private courier businesses.

I must commend the government for its timely and upcoming review of Canada Post. However once we have the review I would then hold the government accountable to looking into the review and making some major changes such as changes in access to information.

Crown corporations are presently exempt from access to information requests. As such Canada Post is exempt. We cannot get an access to information request from Canada Post because it is exempt, as are other crown corporations. This is basically wrong. How are Canadians supposed to find out and figure out what is wrong with their crown corporations including Canada Post when they cannot get the basic information?

An hon. member: It is taxpayers' money.

Mr. Gilmour: It is taxpayers' money, as my colleague says. Why can we not see the records?

I support my colleague's move to privatize Canada Post. I look forward to the review to see which direction the country will go with its postal system and hold the government accountable for listening to what Canadians say.

The Deputy Speaker: There are a few minutes remaining in the debate. If the proposer of the motion, the hon member for Yellowhead, wishes to summarize he is allowed to do so under our standing orders.

Mr. Cliff Breitkreuz (Yellowhead, Ref.): Mr. Speaker, I thank my colleagues for supporting the motion. I urge the government to look carefully at it and in its review come forward with some of its suggestions and recommendations.

The Deputy Speaker: Shall we call it 12 o'clock?

Some hon. members: Agreed.

[*Translation*]

The Deputy Speaker: The time provided for consideration of Private Members' Business has now expired. Pursuant to Standing Order 96(1), the order is dropped from the Order Paper.

GOVERNMENT ORDERS

• (1200)

[*Translation*]

NATIONAL HOUSING ACT

The House proceeded to the consideration of Bill C–108, an act to amend the National Housing Act, as reported (without amendment) from the committee.

Hon. Fernand Robichaud (for the Minister of Public Works and Government Services and Minister for the Atlantic Canada Opportunities Agency, Lib.) moved that the bill be concurred in at the report stage.

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

Some hon. members: Agreed.

Some hon. members: No.

The Deputy Speaker: All those in favour will please say yea.

Some hon. members: Yea.

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

Some hon. members: Nay.

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

And more than five members having risen:

The Deputy Speaker: Call in the members.

And the bells having rung:

The Deputy Speaker: Pursuant to Standing Order 45(5)(a), I have been requested by the chief government whip and the chief opposition whip to defer the division until a later time.

Accordingly, pursuant to Standing Order 45(5)(a), the division on the question now before the House stands deferred until tomorrow after government orders, at which time the bells to call in the members will be sounded for not more than 15 minutes.

* * *

[*English*]

BANK ACT

The House resumed from November 24, 1995 consideration of the motion that Bill C–100, an act to amend, enact and repeal certain laws relating to financial institutions, be read the second time and referred to a committee.

Mr. Jordan: Mr. Speaker, I move that we suspend the House for 10 minutes.

[*Translation*]

The Deputy Speaker: Is there unanimous consent?

Some hon. members: Agreed.

Some hon. members: No.

[*English*]

The Deputy Speaker: There is not unanimous consent. The hon. member for Erie has the floor from the last time. He has 15 minutes remaining for debate, if he wishes to take advantage of having the floor.

Mr. John Maloney (Erie, Lib.): Mr. Speaker, I have a few remarks to wind up my address to the House.

Bill C–100 takes important steps to ensure that Canada's financial institutions enjoy effective, independent corporate government yet allows OSFI to intervene in the composition of senior management and boards when the institution is experiencing financial difficulty. Clearly it is often when institutions encounter financial trouble that management and boards need to be carefully scrutinized.

The current minimum one–third of unaffiliated or independent directors sitting on the board of a financial institution will no longer be permitted to hold a seat on the board of their unregulated parent. This will help ensure that there are directors of institutions who will focus on the institutions' interests alone. This measure will be particularly important for ensuring independence and objectivity in the management of institutions in trouble.

For institutions that are in trouble, the legislation will empower the superintendent to veto the appointment of directors and senior officers of that institution. This is a very limited provision as it applies only at the appointment stage and only when the institution is in financial trouble.

Incidentally, a similar authority exists in the United States. It is an important power since the institution in trouble needs to rely on its board to make important decisions about the future of the company.

My remarks so far have focused on the measures to give OSFI further power to enhance the quality of corporate governance. It is also important to note that this legislation recognizes that effective corporate governance is not just one–sided.

We should appreciate that Bill C–100 includes measures that will help boards perform the all important function of overseeing management. An example is the guidelines for supervisory interventions that are being set out. These guidelines identify four stages of increasing intervention available to the superintendent, culminating in the power to close an institution.

By knowing what stage their company is in and the penalties involved, directors will have both a tracking measure and a set–up to guide their dealings with management.

As well, the legislation includes providing the Canadian Deposit Insurance Corporation, CDIC, with the authority to apply varying deposit insurance premiums based on risk factors. This too will act as a source of information for directors who will be free to inquire why their institution may be paying more than the base rate.

● (1205)

I have covered a fair amount of ground. I will close by putting the legislation into context as I see it.

Bill C–100 is being put forward for the continuing success of a supervisory and regulatory system which must evolve with market trends and respond to current experience both here and in the rest of the world. The thrust of the legislation clearly is safety and soundness. These improvements in safety and soundness build on the recent Canadian experience with financial institutions that have failed.

By giving our approval to Bill C–100, we will be honouring a responsibility to help maintain what is truly a world class financial system. This is a goal we can all support irrespective of partisan politics. I urge all members of the House of Commons to support Bill C–100.

Mr. Werner Schmidt (Okanagan Centre, Ref.): Mr. Speaker, it is a pleasure to enter the debate on Bill C–100. This bill is designed to bring about certain changes and make some amendments to the Trust Companies Act, the Interest Act and so on. I want to address this in the context of what is happening in the financial world in Canada today.

About 10 years ago legislation was passed in the House which actually eliminated the four pillars of Canada's financial institutions. I will review briefly what that was all about. We know that the four pillars which existed were the banks, the trust companies, the insurance companies and the investment companies, or investment dealers as they are more commonly known today.

The provisions in the past were that the banks took deposits, made loans and had financial interaction with their customers. The ownership of the banks was restricted to 10 per cent. No one person or group could own more than 10 per cent of a bank.

The trust companies were another pillar. They were allowed to hold property in trust for others. They could hold shares, bonds and real estate. Often they exercised the prerogative and in fact did take the fiduciary responsibility to manage the portfolios of individuals, particularly widows, children, orphans, and other people who did not want to look after their own portfolios. It restricted very much the kinds of things the trust companies could do. For example, the trust companies could not lend out more money than they actually had on deposit. They also were limited in the kinds of loans they could give. For instance, they were excluded for many years from lending out under the Small Business Loans Act.

The insurance companies, the third pillar, were divided into two sections: the life insurance section, and the property and casualty section. The life insurance companies were there to provide life insurance policies and annuities for people who wanted payment in perpetuity. The property and casualty insurance companies dealt with the liabilities that might be incurred toward individuals. They also insured the physical properties, buildings in most cases and vehicles and other equipment.

The fourth pillar was the investment companies. The investment companies were the underwriters of equity shares. They also helped to distribute those particular shares once they were issued. They also underwrote debentures and limited partnerships and made a market for these particular securities. They acted nationally and internationally so that individuals who wanted to sell shares internationally could do that.

In 1987 these pillars came apart. They were changed. The legislation allowed the banks to own trust companies, the banks to own insurance companies and the banks to own investment dealers. The independence which was guaranteed before was now amalgamated under one piece of legislation. The insurance companies also took advantage of those changes. They bought trust companies and in some cases the established banks. They also got into the mutual fund distribution business.

• (1210)

Why did it happen? It happened because the insurance companies and banks are the two big giants in the financial institutions. They command the largest proportion of the money that is managed in our financial world. The banks wanted access to the huge funds of money the insurance companies had and of course the insurance companies wanted to keep them out.

There was a real conflict going on at that time. The insurance companies finally agreed to let the banks buy insurance companies. That made it possible for the banks to actually own an insurance company, but they could not distribute the insurance through their branches.

Actually, the very thing the insurance companies wanted to prevent they ended up not preventing. Now the only difference is the bank cannot really distribute it through their branch network. I will talk about that in more detail later.

I will briefly focus on the concentration of the financial interests that has come into an increasingly small group. Fewer and fewer companies actually manage more and more of the financial assets in Canada. That is really what has happened here. I want to bring this into a more detailed focus as I get toward the end of my speech.

The policy paper was presented by the Secretary of State for Financial Institutions when he appeared before the Senate committee in August. He said he intended to release a policy paper sometime early in 1996 which would deal with these four financial institutions under the Trust Companies Act, the Loans Act, the Investment Companies Act and the Bank Act.

The secretary of state wants to release that in the early part of 1996. That policy paper would then be followed by further consultation before we table legislation for passage early in 1997 which has to do with a total review of the Financial Institutions Act. He said: ''I want to act now on the issues included in Bill C–100 because the legislation enhances the safety and soundness of the system. When steps can be taken to improve on it to diminish risk, I believe it is important to get on with those changes right away''.

It is pretty hard to argue against that, except that we are now at the end of November. This statement was made in August. The bill is before the House. In the early part of 1996 there is to be

this policy paper, yet we have something that is supposed to be acted on right now.

I warn the secretary of state and the government that to make the kinds of changes that are being proposed in this legislation will affect other legislation. I am convinced it will affect the overall review that will take place in 1997.

What is the big hurry now? We are not even seven weeks away from 1996 and we are faced with supposedly some kind of an emergency. I submit there is no emergency. There is no urgency to get this done right now.

Some people will say that this is actually to come to grips with a big problem we had last year when Confederation Life went down. What is really involved here is that this is a very subtle way to get us ready for that continued erosion of the distinction between the financial pillars. It will have the effect of drawing more and more power into the hands of fewer and fewer financial institutions, namely the banks.

I will get into the Confederation Life matter in greater detail because it is this concentration of power that creates some difficulties. For example, the Confederation Life people bought trust companies and through that trust company they developed what would easily be characterized as an imprudent portfolio. It was imprudent from the point of view that it was overextended in a particular sector.

My understanding is that the former Superintendent of Financial Institutions did tell the Standing Committee on Industry that he had warned that particular institution that it was over extended in the real estate market. But what did he do? Nothing. What did the company do? Nothing.

● (1215)

Some people would argue it is more poor management than an imprudent portfolio. Imprudent portfolio, poor management, whatever the case, the issue is there was legislative provision that allowed a concentration and overextension that was never the intention of the original legislation but nevertheless was the effect of it. That is precisely the danger we are running into here.

Suppose one of our chartered banks today were to go down. Imagine the implications that would have across the country. Within that context let us now look at the provisions in Bill C–100. In particular, I want to look at the Office of the Superintendent of Financial Institutions.

In this context I would refer to exactly what the purpose of the bill is. It is to amend the Bank Act, the Co–operative Credit Associations Act, the Insurance Act, and the Trust and Loan Companies Act, dealing with the disclosure of information, the elimination of appeals in relation to certain matters, the disqualification of persons from becoming office holders of an institution, the taking of control of an institution by the Superintendent of Financial Institutions, and changes to the duties of the superintendent.

Then there are amendments to the winding–up act respecting the circumstances and procedures for winding up an institution and the revised part III dealing with the restructuring of insurance companies and amendments to the Canada Deposit Insurance Corporation Act concerning the business affairs of the corporation, the restructuring of the institutions by means of divesting of shares and the corporation becoming a receiver, the assessment and collection of deposit insurance premiums, and the enforcement of the act.

What are some of these details? I refer to clause 81:

> (2) The Governor in Council may make regulations and the Superintendent may make guidelines respecting the maintenance by life companies and societies of adequate capital—

Okay, let us keep that in mind.

> (3) Notwithstanding that a life company or society is complying with regulations or guidelines made under subsection (2), the Superintendent may, by order, direct the company or society
>
> (a) to increase its capital; or
>
> (b) to provide additional liquidity in such forms and amounts as the Superintendent may require.

Does anybody need any more authority than that to run a company? The whole company could be run with those two phrases.

Then the bill goes on to state:

> The Governor in Council may make regulations and the Superintendent may make guidelines respecting the maintenance by property and casualty companies of assets of a particular value.

This is again a direct imposition. In fact the Superintendent of Financial Institutions can get into the exact management now of the company itself:

> Notwithstanding that a property and casualty company is complying with regulations or guidelines made under subsection (2), the Superintendent may, by order, direct the company to increase its assets.

Furthermore:

> A company may then enter into a transaction with a related party of a company if the Superintendent, by order, has exempted the transaction from the provisions of section 521.

We want to put this into the context of clause 93, because we recognize how significant the powers of the superintendent are in determining the assets of a company, to increase its financial situation, to look at the ownership of property of the company. Now let us get a good view of what else happens here:

> The Superintendent shall disclose, at such times and in such manner as the Minister may determine, such information obtained by the Superintendent under this Act as the Minister considers ought to be disclosed for the purposes of the analysis of the financial condition of a company, society, foreign company or provincial company—

Good, we will say, that is fine; there is nothing wrong with that. I agree. It goes on:

> —and that
>
> (a) is contained in returns filed pursuant to the Superintendent's financial regulatory reporting requirements in respect of companies, societies, foreign companies or provincial companies; or
>
> (b) has been obtained as a result of an industry–wide or sectoral survey conducted by the Superintendent in relation to an issue or circumstances that could have an impact on the financial condition of companies, societies, foreign companies or provincial companies.

● (1220)

Now comes the key part. We notice that the superintendent can do these things but subject to the minister's approval. The second clause states:

> The Minister shall consult with the Superintendent before making any determination under subsection (1).

What has happened here? We have the minister deciding in the first instance what the superintendent should do and what kinds of information can be collected, and then before he can have any discussions or make any public pronouncements he has to go back and consult with the superintendent before he can do that. Who is in charge here?

The person in charge here is the Superintendent of Financial Institutions. The Minister of Finance, who is to be looking after the financial affairs of this country on behalf of the people and who the Prime Minister has entrusted with this particular portfolio, is now having his hands virtually tied by the Superintendent of Financial Institutions, a bureaucrat who has been appointed by the minister.

These kinds of provisions are not for the health of this country.

I draw the attention of the House to the exact powers and objectives of the Office of the Superintendent of Financial Institutions. The objectives are to supervise financial institutions in order to determine whether they are in a sound financial condition and are complying with their governing statute law and supervisory requirements under that law; to promptly advise the management and board of directors of a financial institution in the event that the institution is not in sound financial condition or is not complying with its governing statute law or supervisory requirements under that law and in such a case to take or require the management or board to take the necessary corrective measures or series of measures to deal with the situation in an expeditious manner; and to promote the adoption of management and boards of directors of financial institutions of policies and procedures designed to control and manage risk.

That is good. A further objective is to monitor and evaluate system–wide or electoral events and issues that may have a negative impact on the financial condition of financial institutions. That is good. Further, in pursuing its objectives the office shall strive to protect the rights and interests of depositors, policy holders, and creditors of financial institutions, having due regard to the need to allow financial institutions to compete effectively and take reasonable risks. We would say that is just great, and I agree.

Notwithstanding that the regulations and supervision of financial institutions by the Office of the Superintendent of Financial Institutions can reduce the risk that financial institutions will fail, regulation and supervision must be carried out having regard for the fact that boards of directors are responsible for the management of financial institutions. Financial institutions carry on business in a competitive environment that necessitates the management of risk, and financial institutions can experience financial difficulties that can lead to their failure.

He is supposed to do all these wonderful things and then in the final analysis he is given the power to intervene, to get involved in the actual management of a company. Then in the final section it says that if things go wrong it is not his fault. I think the bureaucrat wrote this, because he is totally absolved on these things.

We are dealing with the trust and the faith that individuals have in financial institutions. I have no difficulty in recognizing that the Office of the Superintendent of Financial Institutions is a very important office. It has been given extensive powers. But in the final analysis, who is accountable?

● (1225)

We have to come to grips with this. We need to know all the secrets. In all the texts I read there is no obligation to make those kinds of things public. I want to get into the Canada Deposit Insurance Corporation, because it is here that it becomes even more significant.

The Canada Deposit Insurance Corporation guarantees the first $60,000 deposited in a financial institution that is covered under that particular act. This is a great provision, but I want to take a look at some of the experiences.

This particular corporation was set up in 1967. There were no bank failures prior to 1967. Since 1967 there have been 30 failures of financial institutions, 20 of them in the last 10 years. The CDIC has now paid out a total of about $5 billion and owes the federal treasury $1.7 billion as of March 1994. It may be a little more than that, about $1.745 billion if my memory serves me correctly.

The provisions of this act are very noble. People want to know that their deposits are insured. However, it has had some very interesting effects. Financial institutions did not fail before but have failed since. Why? There are pretty obvious things, but nobody can prove them. It reduces the incentive of a financial institution to look after the deposits up to $60,000. They can be reckless or risky because that money is not going to come out of

their pockets. The first $60,000 will be paid by the Canada Deposit Insurance Corporation.

There is also no incentive on the part of the depositor to look around to find which of the financial institutions is the soundest. They look to see which institution is to pay the best return on their money after it is deposited. That becomes the issue, and not the soundness of the financial institution.

There are some interesting things that can be looked at here. The insurance premium the institution pays to the Canada Deposit Insurance Corporation should be commensurate with the risk incurred by placing these deposits in certain kinds of ways. The act does go that way up to a point. It states, for instance, that financial institutions will pay $5,000 as a base and after that I believe it is a fraction of a percentage, based on the total of the money that is on deposit. That is great, except that the minister, without telling anyone, has the right to reduce that rate.

The other part of this is that the rate the institution has to pay for its premium to be insured by this company is secret. This means that on the one hand we have the financial institution paying a premium that is somewhat commensurate with the risk involved, but the person who deposits does not know what it is. So he has no way of telling whether this financial institution is a sounder one than the other one.

I believe there are some very serious shortcomings in this act. If we really wanted to get serious about this act we should think about such a thing as a co–insurance plan of some kind. An individual who is depositing his money into a particular institution knows it is insured up to $60,000 but with a deductible. The individual will have the responsibility to put it with an institution that will insure his or her deposit for the full $60,000. If the Canada Deposit Insurance Corporation insures it for up to $58,000, the financial institution will give the other $2,000 with no penalty.

An institution could also state it is going to be paying 12 per cent on your deposit, CDIC covers a major part of it and it will cover part of it, but because this is going to be a high return you are eligible for a $1,000 or $2,000 deduction. So there is a co–insurance plan here, which will provide the incentive to the financial institution to manage the money well or to at least let the individual know where the risk is in that particular deposit.

● (1230)

Second, that individual will say: ''If I am to get a higher rate of return from this institution, I also need to carry some of the risk''. There has to be responsibility in those particular areas. There are major concerns about the proposed amendments to this legislation.

I want to move now to another part of the review of financial institutions which has to do with the concentration of power to which I alluded before. The four pillars have, to a large degree, been eroded. It is my suspicion that the review in 1997 will erode them even more.

I draw attention in particular to the big fight now being displayed in the newspapers, financial papers and other media between the insurance companies and the banks. The insurance companies are saying: ''You are not going to sell our product through your network''. The banks are saying: ''If we can own the insurance company, we want the authority and the power to do that''. The fight is on.

A lot of problems are associated with the concentration of power, one of which I want to detail. That has to do with conflict of interest. I am going to take my example not from the insurance area but from the investment business. The investment companies have the opportunity to underwrite shares for an issue. I will use as an example the privatization of CN Rail. This share issue is underwritten by a number of investment dealers. Who owns the investment dealers? The banks, with a few exceptions. They underwrite the issue. However, some people are going to borrow money to buy those shares. Who will lend them the money to buy those shares? The banks.

There is a projection that the investment dealers of Canada are going to have an extraordinary year. They will have great profits this year. Guess what the main contributing report was on ''Canada AM'' this morning. The privatization of CN Rail.

This is very interesting. It is a very cosy arrangement. A crown corporation is in the process of privatizing. The underwriters are investment dealers who are, to a large degree, owned by the banking community. The banking community will, through its subsidiaries, show a tremendous profit. The banks will earn approximately $5 billion this year and, as well, the investment dealers will realize a terrific return.

The banks are also saying they want to sell the insurance product because it will give them more money. Associated with that money comes a far more significant issue, of which I am most fearful, which is the concentration of power. When a few people can decide where the money is going to be applied and how it is going to be invested, that is too much power in the hands of too few people. That is my big concern.

Every effort should be made to balance this situation very carefully. We must not run into this situation without being very clear about the implications.

Comparisons will inevitably be made by the banking community. The banks will argue that they should have the service because to be competitive globally they have to be able to sell insurance. Let us look at this situation.

Approximately 2,000 banks operate in France, while in Germany there are 4,600 licensed banks. With such intense competition it is difficult for a European bank to cross–subsidize its entry into the insurance business. That situation cannot be compared to the one that exists in Canada. To use that argument is not only specious but misleading. We have to be very very careful not to get sucked into that kind of situation.

• (1235)

To suggest the banks are going to take control is rather easy to understand. In 1992 reforms gave the chartered banks unrestricted powers to own trust companies. A few years later, what portion of the trust business is now in the banks? Almost all of it. Less than three years after the 1992 financial institution reforms came into effect only two independent trust companies of any size remained in the business. The danger of banks cross–subsidizing their entry into other financial services is that it is provoking a reduction in competition for consumers.

Probably the most vicious argument is that all this entry into the marketing of insurance through the branch network is in the consumers' interests because they will have one stop shopping. That may be convenient, but will the consumer get the best advice? Will the consumer get the best price? Will the best interests of the consumer be served? That ought to be the consideration, not whether the consumer can do it all in one place. If the customer gets a bum deal in one place, it is a bum deal regardless of the fact that it was very convenient to do it in that place. That becomes our concern.

We need to make sure the power is balanced, that we have a separation so the people's best interests not only now, but in the long term, are looked after as well.

Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry, Lib.): Mr. Speaker, I thank the member for his contribution on a very important issue.

It is important for members of the House and the public to know that the critic for industry from the Reform Party has been working very hard in committee over the last two years on the whole issue of access to capital for small business men and women. The issue we are debating today is very important for that whole small business market.

We have been trying to the best of our ability in a non–partisan way to try to change the thought processes of the banks in their attitudes toward small business. Frankly, after two years despite a bunch of PR from the banks we have not accomplished a lot.

Does the member not fear or have concern that those million small business men and women out there who depend by and large on that relationship with their branch managers will once again lose leverage with their financial institution because once they take on the insurance component of a business relationship, that small business will have no other place to deal than with the bank? If that relationship is not solid then that small business man's or business woman's whole equation is in jeopardy.

Mr. Schmidt: Mr. Speaker, that is an excellent question. I would like to divide my answer into three parts.

The first part has to do with whether the businessman is going to feel coerced into buying the product the banker is shoving down his throat. The question then becomes is the bank in this instance acting as a broker for a variety of insurance companies or is it going to be presenting its own insurance company which it owns? Talk about a conflict of interest; there it is.

The second part concerns whether the individual gets the best possible premium rate. The individual, in order to get the loan through, will buy the insurance as well at the same time.

• (1240)

The third point is that recently the banking community had a study done on its branch network. It seems to me that both in the United States and here in Canada the conclusion was and the recommendation was to reduce the number of branches. That network, which is supposed to be this great fanning out, is actually going to go the other way.

I do not think that businessmen or individuals are going to be served as well as they are today.

Mr. John Bryden (Hamilton—Wentworth, Lib.): Mr. Speaker, it is a pleasure to rise in debate on Bill C–100. I am going to bring something a little different to this debate. I take my hon. colleague's comments very much to heart. This debate has been well motivated by the very best spirit of Parliament to try to bring all kinds of light to a very important piece of legislation before the House.

I have listened very carefully to the debate. We are dealing with the Office of the Superintendent of Financial Institutions and the Canada Deposit Insurance Corporation. I will confine my remarks primarily to the Office of the Superintendent of Financial Institutions because this legislation is designed to enhance the protection of the assets of ordinary people. This is the kind of legislation that Parliament and the government should be all about. I believe it is exactly that.

People put their life savings into financial institutions which are regulated by the Government of Canada. We must at all costs ensure that their deposits are safe. This legislation builds on earlier legislation, primarily because we have seen some unfortunate incidents in the financial marketplace of late. I am thinking of the collapse of Confederation Life and the earlier difficulties with other institutions. Certainly the depositors and the investors in these organizations were paid back. Nevertheless, a question of confidence arose from these eventualities.

Bill C–100 is an effort to address this problem of confidence. In a nutshell the legislation gives a mandate to the Office of the Superintendent of Financial Institutions to investigate, along with various other things.

I am very interested in this legislation because it is a model for what can be done in other sectors. It is a model for what can be done in the not for profit sector.

It is well known that I am an MP who has shown a great deal of interest in the regulation of charities and non–profit organizations, which currently are very poorly regulated. They are controlled by a hodge–podge of legislation here and there, court precedents and that kind of thing. Yet the not for profit sector represents about $120 billion of revenue a year going in and out of these organizations.

On the other hand, deposits of around $600 million are covered by Bill C–100. We have comparable huge industries, one that is subject to very fine regulation now, one that does not have very much regulation.

I would like to go through Bill C–100 and put it up against what I would like to see happen with the not for profit sector.

First, Bill C–100 gives a mandate to the Office of the Superintendent of Financial Institutions. In effect, it lays out the rules. It says this organization can investigate and monitor all institutions that are in the business of taking deposits from ordinary citizens. We would like to see with the not for profit sector a charity commissioner with a similar mandate, which incidentally does not exist at this time.

• (1245)

Bill C–100 also adds something that is vitally important and very near and dear to my heart. It enhances disclosure. The public throughout Canada is demanding that institutions be more transparent than they have been hitherto. To give the Office of the Superintendent of Financial Institutions the ability to track what is happening in deposit organizations Bill C–100 requires a higher level of disclosure.

For example, it requires all deposit institutions to disclose their balance sheets in much more enhanced detail than is defined by regulation. It requires the disclosure of executive salaries. That is a favourite issue with me because executive compensation is not a matter of privacy when dealing with the public trust. It is a way of determining whether the executives of an organization who have the public trust are acting in the public's best interest. In other words one of the most instant signals of trouble with an institution is a very high executive salary and very low results on the balance sheets.

Bill C–100 requires an enhanced level of disclosure of the assets and liabilities of deposit taking institutions. Some of my colleagues feel that is an invasion of the central government into the affairs of an organization. Indeed it may be a provincial organization such as the caisses populaires in Quebec.

Nevertheless if we are to know what is happening we need the details. It requires an enhanced monitoring of assets and liabilities. I can compare that with non–profit organizations and say that it would be an enormous step forward if the public had access to the details of how non–profit organizations are spending their money and what are their assets. Presently no such regime exists for non–profit organizations. As such, for charities it is very restrictive in its level of public disclosure.

Bill C–100, however, would give all this to the public so that everyone could see what is happening, including the Superintendent of Financial Institutions. This is the most important.

Bill C–100 defines the role of the Superintendent of Financial Institutions as his office monitors deposit taking organizations. There is a whole schedule of warning bells. Certain things happen. Certain things appear on the books. The Superintendent of Financial Institutions will ask questions. If further problems occur the questions will be more probing. They will go deeper and deeper. There is a whole schedule of early warning levels for the Superintendent of Financial Institutions.

The organization knows the benchmarks at each level, the benchmarks going down as it gets into trouble. It knows what to expect, what it has to give, and what is expected of it by the Superintendent of Financial Institutions. Bill C–100 lays out very clearly what will happen when there is a crisis and what are the steps if an organization is deemed to be in significant trouble, for example if its liabilities exceed its assets or that kind of thing.

I can compare with charities and non–profit organizations and say that is precisely what we want with charities and non–profit organizations that also have the public trust and are in effect chartered by the government. They ought to be able to convince the public that they are using the money wisely and well.

When it is determined that a deposit taking organization is in a sorry state financially, the Office of the Superintendent of Financial Institutions can move in to take over. Basically it will dismember the organization or sell it.

• (1250)

We need the same for the not for profit sector. Right now if a charity is deemed to be in trouble it is a painful and difficult process to take it out of action no matter how extraordinary its failure is. In the case of not for profit organizations there is no real legislation to take them out of the picture at all if they have problems. We only find out about the problems when they get into such difficulty that it hits the news or if there is a criminal or

extraordinary charge. Otherwise secrecy is the order of the day with respect to charities and non–profit organizations.

Bill C–100 applies transparency and a whole regime of what to do when organizations that have the public trust get into trouble. There is a series of regulations to look after the problem. I wish the revenue minister and the finance minister would take note of the structure and effectiveness of Bill C–100.

One problem of the not for profit sector is that it has been unregulated for many years. The problem of bringing in legislation to control it seems insuperable. However Bill C–100 is the model that could be used to set up a charity commissioner or a not for profit commissioner who would bring the entire $120 billion sector under regulation and into transparency so that public confidence in charities and not for profit organizations could be restored.

My comments will be in another direction temporarily. I listened with great attention to the debate on the bill in the House last Friday. I was struck by the comments of Bloc Quebecois and Reform Party members who tend to be opposed to the bill. At one point the Liberal member for Willowdale stood and with great passion complained that the opposition to the bill of the Bloc Quebecois, and to some degree the Reform Party, was as a result of their separatist leanings.

I listened with great attention to what I heard from the Bloc and the Reform Party and I did not hear separatism so much as I heard provincialism. I heard from the Bloc Quebecois and the Reform Party about the fundamental problem with Confederation. There is always a tension between the federal government in the central power and the provincial powers. The provinces are always looking for more power and saying: ''You are intruding into our affairs''. This is a natural and normal aspect of Canada as we know it today. It is a pity that the Bloc Quebecois translates provincialism into separatism. Bill C–100 clearly illustrates why federalism works and why provincialism in this case should not be the order of the day.

I will explain myself. Certain aspects of our political life occur at a provincial or municipal level. At that level politicians are normally taken up by local needs, almost selfish needs. It is very difficult sometimes for local politicians to look at the grand scheme of things when they have local community and provincial concerns to look at. This was illustrated last week by a Reform Party motion dealing with the suggestion that the federal government should force municipalities to provide better sewage treatment rather than dumping effluent into the seas. It was a classic case of where it was easier for the municipality to use its taxes on things that matter to its people locally rather than to worry about the environmental aspects of a problem being caused to the country at large or the world at large.

● (1255)

So it is with financial institutions, with charities and non–profit organizations. The need for central regulation of charities and non–profit organizations is amply illustrated by the example of the Nanaimo Holding Society in British Columbia that is under investigation for suspicion of having diverted charity funds to the provincial NDP of British Columbia. Without commenting on where that investigation will go, it is the kind of reason we need arm's length regulation of public institutions with the public trust.

At the provincial level or the municipal level these organizations may be subject to undue political influence. If there is something like the Office of the Superintendent of Financial Institutions that can look from afar at an organization and be out of reach of local politicians we are better guaranteed that the public trust is being served by the organization. The warning will be sounded by an organization that has no axe to grind or has no involvement in the institution.

The classic example was during the recent referendum when it was claimed that the caisse populaire was supporting the Canadian dollar. We learned from the caisse subsequently that it was not doing any such thing. Nor should it. It is a classic reason for needing an organization like the Office of the Superintendent of Financial Institutions. If undue influence were exerted by the local political power, be it the province or the municipality, control would be in an arm's length organization that exists outside the zone of political interference.

Quebec and the caisse benefit from federalism because of an organization like the Office of the Superintendent of Financial Institutions. The benefit is even greater because all deposit taking organizations are dependent on the rest of the country for the confidence the public has in them.

Let us just suppose that every banking institution, every deposit taking institution were separately administered in each province, as I suspect has been suggested by the Reform Party. We would not have the level of confidence in the institutions that we have when people in Quebec or British Columbia, for example, know that the institution is subject to the same rules of transparency, openness and honesty across the country from sea to sea. It does not matter whether the organization is in Quebec or in Nova Scotia. Because we have organizations like the Office of the Superintendent of Financial Institutions, Canadians from sea to sea can have confidence in their institutions.

Bill C–100 deserves the support of the entire House regardless of our individual viewpoints on centralized government or decentralized government. This legislation serves us all regardless of our political viewpoints. It serves the ordinary person.

I should like to discuss the bill at great length but I know my time is up. It is the kind of legislation which makes federalism work and of which I am proud as a member of the government.

• (1300)

[*Translation*]

Mr. Richard Bélisle (La Prairie, BQ): Mr. Speaker, I will take advantage of the opportunity afforded by the debate on Bill C–100 to draw the attention of this House to the inconsistencies and poor decision–making that undermine the very foundation of the federation.

I have had an opportunity during the past thirty years to observe, as many of us have, the evolution of Canadian federalism. A system based on certain relations between the federal government and the provinces, federalism has never been able to settle the issue of Quebec, Quebec which has the largest national minority in Canada. The Fathers of Confederation designed a system of government in which the provinces maintained a large measure of autonomy. In the twentieth century, two world wars, the emergence of the welfare state and the modernization of institutions as part of today's worldwide trend towards globalization gave the central government a chance to intervene increasingly in the administration of the provinces.

This normal development in a country whose geography was continental in size was never well received by the Quebec government which, for most French Canadians and later Quebecers, had always come first. Any attempt or decision made by the government in Ottawa to improve the way this country was governed has always been perceived by successive governments in Quebec as an encroachment on the prerogatives of the Quebec National Assembly.

The sovereignty–partnership proposal of Quebec sovereignists constitutes the only concrete and realistic initiative to get out of the vicious circle that has poisoned the existence of this beautiful and great country that is Canada. Yes, Canada is an exceptional country. Although the current state of its public finances has prevented it from developing its full potential, this is due to the legacy left by former Prime Minister Trudeau and to the inept financial management of the present Prime Minister, who was then Minister of Finance.

Under his stewardship, the deficit rose to $10.4 billion in 1977–78 and to $12.6 billion in 1978–79. For the first time, the annual deficit exceeded the 10 billion dollar mark, before spiralling completely out of control during the years that followed. In power, for far too long and instructed by English Canada to deal with the Quebec problem, Pierre Trudeau believed he could unite the country by wooing voters with wall to wall social programs. He temporarily reduced certain disparities which today reappear with a vengeance as a result of the debt left us by the former Prime Minister.

Yes, Canada is an exceptional country, and the only way to deal with the crisis in our public finances, with useless administrative overlap and internal constitutional bickering, is to create a new economic and political partnership between Quebec and Canada, with a sovereign Quebec engaging in continuing negotiations between two sovereign and equal states. Yes, Canada is an exceptional country, but as Quebecers, we want our own country.

We know Quebec will also be an exceptional country and will be Canada's premier global partner. Canada will be an even better country, once it has stopped the bickering and useless power struggles with a sovereign Quebec that will maintain special ties with Canada, based on equality and friendship.

Instead of supporting this view of relations between modern states, instead of supporting the proposals for renewal and change, which the Prime Minister promised us during the last days of the referendum campaign in Quebec, the government proposes Bill C–100 on financial institutions, after tabling C–76 in which Ottawa assumes the power to impose national standards on social programs. Ottawa made another attempt at centralization with Bill C–88, to implement the agreement on internal trade, an agreement that would allow the government to act as the ultimate arbiter in interprovincial disputes.

• (1305)

The federal government and Quebec are going to be at each other's throat over regional development. Under Bill C–91, Ottawa will also be able to sign agreements with local authorities directly, without regard for provincial governments or existing regional structures.

All these legislative efforts aimed at centralization and at building a modern country could be meaningful and have some implication, if Quebec's situation were settled once and for all. Canada could blithely carry on with its efforts at economic modernization and streamlining the administration of its structures, if Quebec's situation were settled through the sovereignty–partnership arrangement we sovereignists are proposing to Quebecers. Ottawa will always be too centralizing for most Quebecers, whereas the majority of Canadians believe, quite legitimately, honestly and proudly in a strong central government.

In the meantime, no attempt can really reform Canadian federalism without the resolution of the Quebec–Canada issue, through the emergence of a sovereign Quebec that would keep close ties with its Canadian partner.

Instead, the Liberal government is proposing Bill C–100, which simply fuels the flames of federal–provincial relations. Let us have a closer look at the implications of this bill for Quebec's financial institutions.

Bill C–100 is very clear. It enables the federal government to take action faster when a financial institution is in difficulty. It also aims to reduce the risks inherent in Canada's financial system.

Under clause 6 of Schedule I, which establishes a Canadian clearing system, the Governor of the Bank of Canada reserves the right to issue directives, not only to clearing houses but to financial institutions as well, regardless of their charter. So, for example, Bill C–100 would allow the Governor of the Bank of Canada to issue directives and orders to institutions that are institutions of Quebec essentially, such as: Fiducie Desjardins, the Fonds de solidarité des travailleurs du Québec or the Lévesque Beaubien Geoffrion brokerage firm, to name but a few.

The Superintendent of Financial Institutions and of the Winding–up Act will be given more powers and will be able to intervene directly with provincial charter institutions.

The increased options available to the federal Superintendent of Financial Institutions will mean costly duplication and inefficient management of savings. The Inspecteur général des institutions financières du Québec already monitors the situation in this regard so that the federal superintendent's new powers will simply duplicate those that already exist.

The federal superintendent's broader powers may prompt Ottawa and Quebec City to issue court challenges that will leave struggling financial institutions and their depositors in the lurch.

Bill C–100 shows that the federal government is more concerned about assuming new powers than about ensuring the viability of financial institutions and protecting savings.

Bill C–100 will make major changes to the deposit insurance system in Canada. To participate in the system, financial institutions now pay premiums based on the amount of deposits with them. The bill provides that the premiums will no longer be based on a financial institution's deposits, but on its level or degree of risk. This raises many questions. For example, what criteria will be used to determine a financial institution's risk rating? The federal government now refuses to make public the regulations that will set risk ratings.

What will be the impact of federal risk ratings on financial institutions? No one knows.

Basing premium amounts on risk levels may penalize Quebec financial institutions particularly because they are relatively small. Since large corporations are generally seen as less risky and since Quebec has its own deposit insurance scheme, in which premiums are not based on risk levels as such, we will end up with two systems: one based on risk and the other on deposit liabilities, with all the inconsistencies and contradictions that this entails.

• (1310)

Bill C–100 shows once again Ottawa's determination to centralize activities. By establishing Canada–wide clearing and settlement systems, this bill encroaches on powers exercised by the Quebec securities commission and the Quebec inspector general of financial institutions.

All this results in costly overlap. Financial institutions will be subject to two levels of control, a situation which will result in unnecessary administrative duplication.

As I already mentioned, in addition to Bill C–100, the government has tabled three other centralizing pieces of legislation since the last federal budget, namely Bill C–76, Bill C–88 and Bill C–91. The centralization exercise is continuing as strongly as ever.

A 1991 Treasury Board study showed that 67 per cent of federal programs overlap provincial ones. With Bill C–100, Ottawa keeps heading in the same direction, towards a dead end. According to Julien and Proulx, from the University of Montreal, close to 1,000 meetings take place every year between Ottawa and Quebec public servants, simply to harmonize program objectives, or to ensure that provincial and federal programs are not incompatible with one another. Bill C–100 will give all these public servants another opportunity to meet, simply to try to harmonize the criteria used to determine premiums paid by financial institutions.

Pierre Fortin, who is an economist, estimates that three billion dollars is wasted annually because of overlapping Quebec and federal programs. Such overlap results in unnecessary costs for taxpayers, businesses and citizens. These costs have an impact on the debt and, in the end, jeopardize institutions which were set up to support our country's blueprint for society. From that perspective, Bill C–100 is nothing but an ill–considered attempt by this government to centralize, under the pretence of protecting investors, when the system in Quebec works very well.

This bill is also an unacceptable intrusion into the securities industry, when the private sector and major business associations already complain about excessive government involvement. Such abusive interference always results in lower productivity and in a shortfall, this at a time when there is an urgent need to improve the sad state of public finances. Instead of withdrawing and concentrating on the essential, as it should, given its chronic state of indebtedness, the federal government is increasingly interfering in fields of provincial jurisdiction, as well as in the activities of our businesses.

In Quebec, the various governments which have been in office over the last 30 years have all strongly defended Quebec's jurisdiction over the securities industry. Even Daniel Johnson reaffirmed that position in February 1994, when he was Quebec's premier. The authority given to the Governor of the Bank of Canada to issue directives or orders to participants goes squarely against their traditional Quebec position, upheld even

by provincial Liberals, which is quite something. As in the case of manpower training, there is a strong consensus in Quebec regarding this issue.

Consequently, the official opposition cannot support Bill C–100 on financial institutions, because it maintains a situation which, for more than 25 years now, has led to disputes which have drained the country and put it into debt. In order to end the current financial crisis, the federal government must stop getting involved in the activities of businesses. Similarly, in order to end the current constitutional crisis, Ottawa must stop getting involved in fields of provincial jurisdiction and let Quebec take charge of its own destiny. Unfortunately, this is just the opposite of what is proposed in Bill C–100, which is yet another stage in the exercise conducted by a centralizing government, which is out of step with current events.

[*English*]

Mr. Werner Schmidt (Okanagan Centre, Ref.): Mr. Speaker, how would the hon. member explain the increased riskiness that apparently is to be expected by the financial institutions in Quebec relative to the financial institutions in other parts of Canada? In particular, I would like him to address the failure of Confederation Life, which was not exactly a small financial institution. I would like him to compare the risks Confederation Life had vis–à–vis some of the institutions which exist in Quebec.

• (1315)

I would like the hon. member to relate the small institutions that operate in Quebec vis–à–vis those that operate in other provinces, for example the Atlantic provinces, British Columbia, Alberta and Saskatchewan and some very small institutions that are covered by the CDIC. Is it the same kind of problem he is alluding to in Quebec, that in fact there are riskier situations? Exactly what point is the hon. member trying to make?

[*Translation*]

Mr. Bélisle: Mr. Speaker, I would like to tell the hon. member that we already have a deposit insurance corporation in Quebec. Depositors' and investors' savings are already protected under the law, and I agree with him. A government majority member who spoke previously mentioned that the attitude displayed by both Bloc and Reform members could be described as provincial or, in the case of the Bloc Quebecois, separatist.

I would like to tell these hon. members that all we Quebecers want is to be able to manage our own affairs. We certainly have nothing against any streamlining effort, legislation or any measure that Canada may want to make, pass or take to better protect people's savings. But as Quebecers and members representing the single largest minority in Canada, we must point out that we have a unique culture, a unique language, and have always defined ourselves as a distinct nation. All we want is to manage our own affairs. Whether in finance or in any other area, we want to be regulated and protected by our own laws.

We have absolutely nothing against any legislation being introduced before this Parliament to improve the way financial markets operate, or the way Canada operates. As I said earlier in my remarks, Canada is indeed an exceptional country. And I think it is destined for further growth in the future. But as Quebecers, that is not our goal as a society. It is not our goal as a country. All we want is just to manage our own affairs. And in a future referendum, in two, three or four years from now, I think that the majority of Quebecers will vote yes, and then, as I indicated earlier, we will have the opportunity to keep working together, hand in hand, not as one of nine or one of ten, but with all nine English provinces and the federal government. We will have the opportunity to keep working together on an equal footing, one on one, with Quebec on one side of the table and Ottawa on the other side.

That is all I wanted to say on this subject today. That is the context in which we want to continue to co–operate with you: as two peoples on equal footing.

[*English*]

Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry, Lib.): Mr. Speaker, I appreciate having the opportunity to stand and support Bill C–100, an act to amend, enact and repeal certain laws relating to financial institutions.

This bill, which is essentially a housekeeping bill, has many good features in it. We are giving the Superintendent of Financial Institutions, an organization within the Government of Canada, the power and the capacity to have a much more specific accountability. This is not just in terms of protecting depositors' funds, but also in terms of making sure that the financial institutions are following all of those rules and regulations they are responsible for following which is the reason they got their franchise.

• (1320)

A bank is really not any different from a McDonald's franchise. The person who applies for a McDonald's franchise has to live by the rules and regulations of the administration granting the franchise. If that McDonald's franchiser is not following the rules, then as I am sure members have heard from people who have owned a franchise other than McDonald's such as Budget or Swiss Chalet, the management will say: ''There are rules and regulations attached to the franchise that you have been allowed to operate. You are not following them and if you do not clean up

your act, we are going to pull the franchise. We will pull our agreement. We will take the franchise away from you''.

Very few Canadians realize that the people of Canada through their trustees and agents in this House of Commons are the ones that grant the banking franchises which exist in Canada. The men and women in this room are the ones who design the rules and regulations that allow the banks to operate. The basic thrust behind that banking franchise is to protect depositors' funds but they are also to be in the business of lending money.

The banks, the franchisees, have done a pretty good job of those 7,000 little franchise operations across Canada, whether they be the Royal Bank or the Bank of Nova Scotia. They have done a pretty good job of protecting depositors' funds.

Where I have a problem is the way they have been handling their relationship with small business men and women. If I had my druthers and if I had had an opportunity, I would have added a couple of amendments to the bill. I would have liked a very specific responsibility given to the Superintendent of Financial Institutions on behalf of small business.

As the Superintendent of Financial Institutions goes through all the lists of responsibilities he has to maintain in his relationship with banks there is no special mention for small business. I do not see it in here anywhere. On that score, I am disappointed. It does not take away of course from supporting the bill because there are a lot of good things in this bill.

Today I have the opportunity to stand on my feet in the House two years into our mandate. I have to say that our effort to sensitize this country's banks to become much more supportive of small business has not grown. That attitude change has not grown the way it should have grown.

I see my colleague, the industry critic from the Reform Party, who sits on the committee with me. He is nodding his head in approval that we really have not done as much as we should have done in committee.

• (1325)

I do not want to say that our efforts and the efforts of the banks have been a total failure. Two weeks ago there was a meeting of the industry committee. It was reported in a document that at the end of the second year there was an increase in the small business loan float. We were all very excited about getting that document. We saw that the loan float for all small business men and women in Canada was approximately $28 billion. That is the total of outstanding loans being utilized by small business men and women. That is a 1 per cent increase in the small business loan float over the last year.

Granted, some people would argue that we are lucky it was not a decrease. However, when we consider the government's Small Business Loan Act guarantee, which is also included in that and the fact that the float increased, the real risk the banks have taken on behalf of small business men and women has not increased that much in the last two years. We are going to have to continue to press forward.

We hope eventually the banking culture, the men and women who operate the 7,000 bank franchises across Canada, in the not too distant future will be fully converted. We hope they will realize that the only way the economy is going to get back on the right track and men and women will get back to work is by making sure the small business community is given the maximum opportunity and the best environment in which to grow.

The Superintendent of Financial Institutions can play a major role in helping members of Parliament accomplish that policy directive. I am not talking about my policy directive here today; it is a policy directive of the Prime Minister of Canada. Make no mistake about it. Two months before the last national election campaign began the Prime Minister of Canada sat in the press gallery across the street from Parliament and said on coast to coast television that we were going to be the government that would really work to change the attitude of financial institutions toward small business men and women.

When I stand in the House today and support this bill and talk about access to capital for small business men and women, I am speaking on behalf of the Prime Minister and the Minister of Industry. In the last budget even the Minister of Finance said that we have to create new benchmarks for the banks in relation to the small business sector.

Those in the Office of the Superintendent of Financial Institutions who will take this bill after it has passed here today and later through the Senate are responsible for monitoring, reviewing and auditing small business activities. I plead with them to assist us in sensitizing those 7,000 branch managers, those franchise holders that small business must be very much a part of the language of the review, et cetera.

I want to move on to another aspect of the bill which I am pleased to see is addressed. It is on page 29 and deals with the whole business of derivatives.

• (1330)

It is no secret to anyone in the House that I have always been concerned about the private casinos the financial institutions in this country operate, the derivatives sections in the banks. I see that this bill gives the Superintendent of Financial Institutions enhanced authority to go into those derivatives sections within the financial institutions and do thorough and complete audits.

I will be honest. I do not understand the complexity of the derivatives game the banks are playing. I notice other members are nodding likewise. However, I trust that the expertise exists within the Office of the Superintendent of Financial Institutions. Some members are noting they are not convinced of that. I hope they are wrong. I will tell them why I hope they are wrong. I know of one financial institution in this country that in its derivatives section, which I call the private casino, trades close to $30 billion a day. In one 24–hour period it trades $30 billion. This is an amazing amount of paper pushing, going back and forth. There are very small margins but with very big exposure.

If the essence of this bill, as my colleague from Dundas said earlier, is to make sure those depositors' funds are protected, then the Superintendent of Financial Institutions should start by making sure there is a good solid handle on all those private casinos, all those derivatives sections in all the financial institutions.

Do members not wonder sometime how one bank can find $30 billion to play the derivatives game in one day yet cannot seem to find the resources for the small business men and women who really require a small loan of $10,000 or $15,000 or $50,000? Am I losing it? Does anyone wonder about that sometimes? It is a totally different issue, but it has to do with will and attitude, which is the point I am trying to make.

If the board of directors or the senior management of a bank decides it is going to be in the derivatives business and play with $30 billion a day, it happens. These guys work 24 hours a day, seven days a week in these derivatives sections of the bank. So if the management of a bank puts forward a policy that allows $30 billion a day to be pushed around the world by these unelected, unaccountable people who can affect the way our dollar goes and affect our interest rates, then why can we not get the same kind of will from the management of the banks to increase the float to small business by a little better than one per cent a year?

I noticed my colleague from the Reform Party, the industry critic, is saying that we can do it. We on this side of the House appreciate his consistent support as we deal with this issue.

This is a good bill because it gives the authority to the Superintendent of Financial Institutions to make sure that not only are depositors' funds protected in a more thorough way, but the whole administration of the bank franchises is followed according to the basic framework of the Bank Act. Alongside that responsibility, I would also ask them, as they go through their check list of responsibilities, to add another one: Check and make sure that those 7,000 franchise holders of bank licences or bank charters across Canada are doing what they should be doing for small business.

• (1335)

Mr. Werner Schmidt (Okanagan Centre, Ref.): Mr. Speaker, I commend the parliamentary secretary to the Minister of Industry for raising the issue of what is happening to small business. I do not believe he is taking enough credit for some of the things that have happened and have changed the attitude of the banks.

On the one hand, it seems to me that the committee succeeded in saying we have to get more numbers together to ensure that we know for a fact they are not giving money to small business. That is important. The committee was sensitive not only to small business, but to the banks and to the House.

The banks will never be able to escape from the investigation that took place. Each of the chartered banks has appointed an ombudsman and they are now looking for a national ombudsman.

I know that the parliamentary secretary feels the national ombudsman will probably not be very effective because he will be appointed by a board of directors that is made up of representatives from the banks. We will see whether that is the case.

With all of this, the parliamentary secretary has demonstrated one word, although he has never said it: transparency. It is about transparency, being open, telling the story the way it is and making sure the banks come up with their numbers.

I ask the parliamentary secretary whether he agrees with the provision that the premiums paid by the financial institutions to the CDIC should be left secret. Should that not become transparent?

Mr. Mills (Broadview—Greenwood): Mr. Speaker, before I deal with the specific answer to the question I will deal with the first part of my colleague's remarks.

I do not believe it is appropriate for us to stand in the House and defend the chartered banks of Canada until they have really delivered on the objectives the hon. member helped to form in our ''Taking Care of Small Business'' document.

Yes, the banks have agreed to create an ombudsman, which they essentially appoint, because they control the board of directors. However, I am nervous about our effectiveness as a committee. Yes, they will report more numbers, but let us face it, the banks will not give us what we wanted in recommendation number two, where we wanted a much greater regional breakdown. When I only see a one per cent increase, which is what I call real action, not words—they are fantastic. Remember that campaign of the Bank of Montreal: ''We want to share your pain''. When I see only a one per cent increase in the small business float, are they getting to us? Are they pushing us off the mark? Are they pushing us off our focus? Are they distracting us?

This is not bank bashing. There are a million small business men and women out there, and there are as many in the hon. member's riding as there are in mine. If his small business men and women are saying to him that the banks are doing a great job, then his small business men and women are different from mine. They are saying we have not made much of a difference yet.

I plead with all members, if we get one thing done in this session for small business, let us make sure that we get the banks into the business of lending to small business in a serious way.

• (1340)

In answer to the member's specific question about CDIC fees being disclosed, for me it is a slam dunk: I think they should be.

Mr. Dick Harris (Prince George—Bulkley Valley, Ref.): Mr. Speaker, I share the zeal with which the hon. member for Broadview—Greenwood campaigns on behalf of small businesses. I know exactly what he is talking about. I have spent my entire life in small business and I know the problems small businesses have had with banks. Quite often the small business people I talk to feel like third class citizens when they go to these big banks to try to get some financial help.

I agree that it must be demanded of the banks that they get serious about dealing with small business in a substantial manner. As far as I am concerned, one per cent is a bit low. I would like to see it higher.

I believe there is an inherent and traditional conflict of interest when it comes to the relationships that governments, whether they be Tories, Liberals, or whatever, have had with the banks over the last several years. The major contributors to the federal parties, both the Tories and the Liberals, have been these very powerful banking institutions themselves. The banks are the most powerful financial institutions, but they are also probably the most influential institutions as far as political direction.

I hope this government has the guts to stand up to the banks and hold a hammer to their heads and say the way they have done things in the past with the Liberal Party and with the Tory Party does not go any more and that the government wants to see them make a profound effort toward helping small business to thrive and prosper in this country. Until a government is prepared to do that, mean it and stick to it, nothing is going to change in the attitude of banks toward small business. That is the key to all this.

We can talk all day long about legislation, and we are going to put this in and we are going to make this amendment, but the government has to be prepared to back it up. I hope this is the government that does it.

Mr. Mills (Broadview—Greenwood): Mr. Speaker, I presume the hon. member was talking about the campaign donations made to the parties. I do not think political donations made by the banks really have any effect on whether a government would deal with an issue such as this. I do not see it. I could be wrong.

Where we have a problem as a government, and this is all governments, has to do with the bonds, the government coupons that are being clipped by banks; in other words, buying our debt. That is where bank decision makers can have a tremendous influence on the executive of a government. We are so dependent on the marketing and the purchasing of those bonds.

That goes back to what the member from Okanagan said earlier in his remarks, which has to do with transparency. When we have a bill like this today, Bill C–100, where we are dealing with the Superintendent of Financial Institutions and all the major financial institutions in Canada, I find it absolutely stunning that there is not a list of speakers the length of this room who want to speak on this bill. It gives us an opportunity not only to exchange with each other but also to send a message to the implementers of this bill where we, as a collective group, are coming from.

• (1345)

In my judgment, as MPs, we are blowing a gift to debate one of the most fundamental issues facing Canadians today, which is the ability of small business to gain access to capital. The Superintendent of Financial Institutions is one of the key players in making sure that happens and happens properly.

What are we doing? We have just half a dozen speakers, then the bill will go through the House. It is not that the bill would not go through the House, but this is a good reason to have a good, exciting debate to provide some hope for the only sector in the economy that is creating jobs.

Where are we today on this issue? I am not being critical of the House. I am just saying that every now and then we get a gift handed to us. This is one of the bills that affects the lives of most of our constituents. I wish we could create a little more excitement around it so the superintendent would understand where all of us are coming from on this issue.

[*Translation*]

Mr. Jean–Paul Marchand (Québec–Est, BQ): Mr. Speaker, thank you for giving me the opportunity to speak on Bill C–100.

I feel obliged to say that this is yet another unfortunate federal initiative, which gives some impression of being an attempt to help small business and create employment, is intended, when it comes right down to it—at least in the eyes of a member from Quebec—only to increase the powers of control and centralization over some of the country's financial institutions.

The truth at the heart of the matter is that Bill C–100 gives more powers to the superintendent of financial institutions. It also allows Ottawa to take action more promptly when financial institutions are in difficulty, and here again, in the eyes of a member from Quebec, this is merely a move to increase the power in the hands of the federal government, since we in Quebec already have institutions in place which do the job and, what is more, do it very efficiently.

The Commission québécoise des valeurs mobilières is already in place and working very well. We have an inspector general of financial institutions who carries out the same duties Bill C–100 now wants to give to a superintendent at the federal level.

The game is therefore, of course, once again to beef up the federal government's power, the power of centralization, unfortunately at great cost, since once again there is overlap and duplication. Duplication is part and parcel of the history of Canada, the waste of having a federal department doing something, and a provincial department doing the same thing. There is a virtually endless list of examples of this fundamental problem of Canadian federalism, which seems to me to want essentially to monopolize powers in Ottawa, although there are already competent institutions on the provincial level.

This bill is, I repeat, not the sole example of this logic, or political attitude, within the federal government.

• (1350)

I could easily recall from memory some six or seven other bills brought before this House recently, since the election of the Liberal government. Without going into them in great detail, I could mention Bill C–52, which once again attempts to add to federal power in areas that are not only under provincial jurisdiction but are in the private sector. Then there is Bill C–95, which attempts to establish national health standards, often contrary to the interests and powers of the provincial governments.

We have C–96, which addresses human resources and also gives increased powers to the minister in applying the department's legislation. We have Bill C–91, which grants broader powers to the Federal Business Development Bank. We have Bill C–88 on interprovincial trade, which quite openly gives the federal government residual powers, including the power to intervene in agreements between the provinces. And there are many more examples. I could go on almost all day about this.

This government is quite simply intent on increasing its powers to guarantee a certain level of centralization and to keep the provinces well under control. We have this enormous deficit in Canada because the federal government in Ottawa has far too much power and, as a result, is wasting money left and right. It is the same old sad story of this country. As a system, Canadian, federalism has been wasteful, and the federal government has failed to learn from its past mistakes. Even today, government members tell us, in speeches that are hypocritical and make no sense at all, that they are helping small business and will find ways to give them more money.

We are already doing the job in Quebec. We have agencies that are perfectly capable of meeting the requirements of small businesses. In Quebec, we have set up a number of creative initiatives to meet these requirements, in large municipalities and also in the regions. Our financial institutions work very well. We have all the resources and agencies we need to supervise these institutions. And it works.

So why bother today with Bill C–100, which would establish at the federal level a series of activities and institutions that already exist at the provincial level? Again, and we keep repeating this all the time, this is what is fundamentally wrong with the federal system. I could go on and on about the disease, as it were, that exists here in Ottawa, which is—perhaps unfortunately—not only due to a lack of political will on the part of the government but is reflected in the very survival of the whole bureaucracy established in Ottawa for so many years, which is very invasive and whose resistance to devolving powers to the provinces is ingrained, although across the country, people keep asking for decentralization.

The federal government has now tabled a bill that is a complete contradiction of these repeated requests for decentralization. The government cannot or will not listen. This is irresponsible, especially considering the deficit, which is cause for serious concern. It is extremely disturbing when a government tables bills like the one before the House today.

• (1355)

Bill C–100 is purely and simply another tiresome and costly duplication gimmick. In Quebec, we know what this means. We have problems with this, and perhaps this is one major reason for Quebec's wanting to leave and its wanting to change the way negotiations are conducted with the federal government. We want to negotiate as equals, because, it would seem that English Canada is unable to give the federal government a wake up call.

It will take Quebec's sovereignty to wake up the other provinces, and it will be in their best interests, because they will be able to reorganize themselves in more effective terms. When I talk of duplication and the costs of the waste it entails, we know what that means in Quebec. We have done a lot of studies on this. There have been commissions and studies, including the Bélanger–Campeau study in 1990, which gathered a lot of information. There was also the study by Mr. Fortin, a Quebec economist, who said that, in all, some $3 billion had been wasted due to federal and provincial duplication—and this was only as far as Quebec was concerned.

In other words, Quebec as a province could save some $3 billion if there were not this duplication. Three billion dollars; that is a lot of money. You will agree that $3 billion a year is a substantial amount. If the Government of Quebec had this money to create jobs, to lend it to small and medium businesses, jobs would be created.

It is time the government stopped kidding us about wanting to be more efficient and to create jobs, when, in fact, the only thing it wants to do is increase its power. There are examples of duplication. I tell you: all the latest studies show that Quebec alone is losing $3 billion. If we were to look only at the matters essential to Quebec's development, we could point, in the case of manpower training for example, to another study showing that, because of duplication between the federal and the provincial governments, Quebec loses $250 million a year. There is no training and the reason is that the federal government is trying to do the same job as the province. Often the federal government implements initiatives that run contrary to Quebec's interests.

The Speaker: My dear colleague, you will be able to continue the debate after question period. It being two o'clock p.m., pursuant to Standing Order 31, we will now proceed to statements by members.

STATEMENTS BY MEMBERS

[*English*]

LAKEFIELD, ONT.

Mr. Peter Adams (Peterborough, Lib.): Mr. Speaker, last summer I attended Civic Pride Day in the village of Lakefield, Ontario. This was the home of Margaret Laurence and before her of two other famous authors, Catherine Parr Trail and Susanna Moodie.

On this day, the village was celebrating no less than four anniversaries. It was the 75th anniversary of the Lakefield Hydroelectric Commission and Memorial Hall. It was the 100th anniversary of the library and it was the 120th anniversary of the first village council meeting.

The celebrations were organized by the LACAC, Lakefield Architectural Conservation Advisory Committee, with the support of council and many volunteers and sponsors. Past and present reeves and councillors were present. A historical booklet was produced.

We do not take enough time to celebrate our rich and diverse heritage. We need to think more about Canada as it really is today. My thanks to the village of Lakefield for setting such a fine example.

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THE BARRHEAD TWO–BUCK

Mr. Cliff Breitkreuz (Yellowhead, Ref.): Mr. Speaker, the town of Barrhead started off with an idea and watched it produce fame and fortune. The idea, producing its own version of the $2 coin. The fortune, raising enough money to beautify the downtown core.

How does it work? The Pride in Barrhead Association representing over 100 local businesses minted the Barrhead two–buck. The coin features two deer on one side and on the other side the town's mascot, the blue heron. The two–buck is local tender in Barrhead until the end of 1996.

Collectors from all parts of Canada are clamouring to get their hands on this gold coin. The demand is so high that thousands more had to be minted.

If members want more information on this unique fundraising idea they could call my office. Better yet, they could purchase the two–buck. They had better hurry; they are going like hotcakes.

* * *

FORESTRY

Mr. Len Taylor (The Battlefords—Meadow Lake, NDP): Mr. Speaker, this morning I had the pleasure of participating in a presentation to the Governor General at Rideau Hall.

Our small group presented the Governor General with a Christmas tree, a white spruce, the provincial tree of Saskatchewan, on behalf of the town of Meadow Lake which was Canada's forestry capital in 1995 and on behalf of the Canadian Forestry Association of which the Governor General is the honorary patron.

I take the opportunity to thank the people of Meadow Lake and the Meadow Lake Forestry Capital Society represented today by Donna and Barry Aldous for the fine job that they have done on behalf of forestry communities throughout Canada in 1995. Meadow Lake's efforts during the past year will be fondly remembered for many years to come.

I congratulate the people of Meadow Lake, their representatives and the members of the Canadian Forestry Association for making the forestry capital program such a success.

I wish the Governor General, his wife and staff an enjoyable Christmas season with that fine white spruce in their lobby.

KATIMIVIK

Mr. John Murphy (Annapolis Valley—Hants, Lib.): Mr. Speaker, this past weekend in my riding of Annapolis Valley—Hants I met with a group of young people involved with Katimivik.

Katimivik is an Inuit word meaning meeting place. The project being funded under Youth Services Canada brings youth between the ages of 17 and 21 together to acquire work experience, become involved in their communities and discover Canada.

Through exchange programs such as Katimivik, Canada's young people have an excellent opportunity to travel and learn about all regions of our great country. By promoting this wonderful program the government is helping to bring young people together to achieve common goals, build lifelong friendships and to help break down regional barriers that often divide us.

I urge the government to continue to promote Katimivik and other similar exchange programs as a valuable means of building stronger ties among all parts of Canada.

* * *

PANACOM

Mr. Andrew Telegdi (Waterloo, Lib.): Mr. Speaker, last Monday, Hewlett–Packard (Canada) Ltd. announced that it had purchased a 12–acre site in Waterloo. Construction will begin immediately on the new plant that will be occupied by the Panacom automation division. The 75,000 square foot facility will be ready by September 1996. Panacom designs, develops, markets and manufactures network terminal devices for the worldwide market.

Since Panacom began in 1984 it has been a leader in its field. Panacom is the number one supplier worldwide of X–stations, which are network display devices that allow users to access simultaneously multiple applications running on work stations. Panacom is a genuine Canadian success story.

The people of my riding are delighted that Hewlett–Packard has decided to invest in Waterloo. The new plant adds to the growing, vibrant information technology sector in Waterloo riding. The new plant will mean more research and development in my riding and more jobs for the people of Waterloo.

To Hewlett–Packard and to the Panacom automation division we send our congratulations and best wishes for continued success.

[*Translation*]

GALA DES MASQUES

Mr. Réal Ménard (Hochelaga—Maisonneuve, BQ): Mr. Speaker, the Gala des Masques, a moving event underlining the richness of Quebec theatre was held last night. Today, we in the Bloc Quebecois wish to pay tribute to the Quebec theatre actors, producers, directors and technicians, whose art lights up the stages of Quebec, Canada and the world.

As Jean–Louis Millette, one of the most talented theatre actors in Quebec, pointed out, we can be very proud of Quebec theatre. We have no cause to be jealous of any other country in the world.

We are all honoured by the creativity, talent, artistic research, and mastery of both classical and modern plays shown by these artists from every region of Quebec.

• (1405)

All Quebec plays performed around the world are a source of pride in and recognition of our cultural strength and vitality. Congratulations to all our artists and creators.

* * *

[*English*]

CRIME PREVENTION

Mr. Gurbax Singh Malhi (Bramalea—Gore—Malton, Lib.): Mr. Speaker, the holiday season is a busy time for shoppers and criminals alike.

The Peel regional police and police all across Canada have compiled lists of suggestions to help people reduce the risk of becoming a victim of crime. Among other things they suggest that shoppers avoid carrying large amounts of cash and lock their purchases in the trunks of their cars.

They remind people that empty cartons from high value products such as televisions, computers and stereo equipment may cause a thief to add their home to his post–Christmas shopping list. They suggest that gifts and valuables be kept away from windows to keep criminals from window shopping.

These crime prevention tips may keep thieves from stealing the joy from our holidays. I am sure all members will join me in commending the police on their fine work.

* * *

GUN CONTROL

Mr. Jake E. Hoeppner (Lisgar—Marquette, Ref.): Mr. Speaker, Liberal and Tory senators put a lump of coal in the Christmas stockings of legitimate gun owners when they passed a flawed gun bill last week.

Again it is obvious that the concerns of law–abiding gun owners do not count in the House or in the Senate. The Liberal government ignored these concerns and rammed through legislation which will do nothing to reduce crime but will establish an extensive bureaucracy and give the justice minister unprecedented powers.

When Liberal backbenchers voted with the wishes of their constituents, the government gave them a swift kick to keep them in line. It is the front benches that need a swift kick in their egos, one that will propel them to the back and out the door.

Liberal, Tory, same old story. Tories out in 93. Liberals next, just wait and see.

* * *

THE ENVIRONMENT

Mr. John Maloney (Erie, Lib.): Mr. Speaker, A. K. Wigg Elementary School of Fonthill in my riding of Erie took the first place award out of approximately 80 entrants in the Niagara Environmental Technology Exposition.

The parents, students, staff and members of the community have embarked on a unique environmental project to transform the school property of six acres into an environmentally friendly green space.

The environmental nature area will include trails, wildlife, habitat facilities including a butterfly garden, plantings of Carolinian forest trees and shrubs, as well as woodland wildflowers and ground cover, thereby returning the area to its natural habitat.

The outdoor educational classroom and amphitheatre will have weather station features, compass, sundial, sculptures of cloud formations and windmills. Environmental education will be taught from the natural habitat right outside the classroom window.

I know, Mr. Speaker, you will appreciate A. K. Wigg's plan for enhancing the environment, increasing environmental stewardship, augmenting environmental education and positively involving the community in an excellent project. It is innovative and demonstrates the proactive approach that all Canadians should take to the environment.

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[*Translation*]

THE CONSTITUTION

Mr. Bernard Deshaies (Abitibi, BQ): Mr. Speaker, the constitutional changes contemplated by the Prime Minister during the referendum campaign are stirring up feelings of déjà vu.

We are still waiting for government proposals, and what is emerging is not very encouraging: a recognition of distinct society through a meaningless resolution of the Canadian Parliament that falls far short of the Meech Lake agreement, and a right of veto over any constitutional change that will be contingent on the federal government's goodwill.

The Prime Minister has clearly taken the path recommended by the *Globe and Mail* by giving Quebecers the impression that changes will be made when, in fact, there will be nothing meaningful for Quebec. The Prime Minister's proposal is meaningless, period.

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[*English*]

VIOLENCE ON TELEVISION

Ms. Paddy Torsney (Burlington, Lib.): Mr. Speaker, during this period leading up to December 6 when Canadians are focusing on the issues of violence in our communities it would serve all of us well to review last June's Josephson report on ''Television Violence: A Review of the Effects on Children of Different Ages''.

Dr. Wendy Josephson's research produced a useful reference guide for broadcasters, producers and parents to help determine age appropriate programming for Canada's children.

All the research from Canada, Japan, Europe and the United States clearly demonstrates a correlation between television violence and aggression at very young ages. Our children are subject to positive and negative role models in the media.

• (1410)

We must ensure that television companies serve all Canadians well, particularly our youngest Canadians. For safe communities, safe streets and safe homes this is a critical issue.

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CASINO WINDSOR

Ms. Shaughnessy Cohen (Windsor—St. Clair, Lib.): Mr. Speaker, December 12 is the grand opening of Windsor's second casino location, the Northern Belle Riverboat. With this event the total number of casino jobs created in Windsor will rise by 950 to a total of 3,000. Ninety per cent of these jobs are from the Windsor–Essex county area.

The Northern Belle will entertain two million patrons on top of the 5.5 million that already visit the existing site. Eighty per cent of those visitors are U.S. residents. That means 80 per cent of the dollars spent are foreign dollars.

One of the major competitive advantages to Casino Windsor over its American counterparts has been the safety factor which will be further strengthened by the recent successful passage of the government's gun control legislation. The legislation will not only increase the safety of Canadians in Windsor, it also

means good economic sense in Windsor because it leads to an environment in which job creation thrives.

* * *

HER MAJESTY'S LOYAL OPPOSITION

Mr. Bill Gilmour (Comox—Alberni, Ref.): Mr. Speaker, I address some comments to Her Majesty's Loyal Opposition, currently the Bloc Quebecois supported by the Liberals, with specific reference to the words loyal and opposition.

According to the Oxford dictionary loyal means faithful, trustworthy, true, steadfast in allegiance and devoted to the sovereign or government of one's country. In the House the Bloc is certainly not loyal to Her Majesty or to Canada and is openly plotting against the government to set up a separate Quebec.

Turning to the word opposition, according to Beauchesne's the official opposition is the largest minority group which is prepared in the event of the resignation of government to assume office. How can we have an opposition party that has no intention of becoming government, at least not in Canada, and is attempting to set up a separate independent state?

Clearly Her Majesty's Loyal Opposition in this 35th Parliament is neither loyal to Canada nor is prepared to fulfil the role of official opposition. It is time for the Bloc to step aside to make room for the real opposition to the Liberals, the Reform Party of Canada.

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[*Translation*]

THE CONSTITUTION

Mr. Réjean Lefebvre (Champlain, BQ): Mr. Speaker, at the time of the referendum, the Prime Minister of Canada promised Quebecers change. All solutions had to be considered, including, and I quote: ''administrative and constitutional''. As of October 31, the Prime Minister's reassuring words gave way to chaotic ones.

Today, the Prime Minister says the Constitution must not be changed: ''I said we were going to make changes to the federation, constitutional changes, if necessary, but I never said they were going to be constitutional''. The Prime Minister who said he wanted to act quickly has nothing more to offer and is now saying that he will act in due course—heaven knows when.

As Alain Dubuc put it so well in his commentary on Saturday, the moral of the story is: ''Please, Mr. Prime Minister, say no more''.

* * *

[*English*]

ATLANTIC CANADA

Mr. Geoff Regan (Halifax West, Lib.): Mr. Speaker, the Reform Party has been calling for a much weaker federal government. Once again Reformers are listening only to the small percentage of Canadians who are their supporters. They are not listening to Atlantic Canadians.

They want decentralization in the most decentralized federation in the western world. When Reformers want federal government to withdraw from health care they are not listening. When they talk about privatizing UI they are not listening. When they want a looser federation they are not listening to Atlantic Canadians.

Atlantic Canadians believe in a strong federal government. Atlantic Canadians believe in Canada.

* * *

EMPLOYMENT EQUITY

Ms. Judy Bethel (Edmonton East, Lib.): Mr. Speaker, 25 years ago when the Royal Commission on the Status of Women tabled its report in the House women formed roughly one–third of the labour force and on average earned 64 cents on every dollar that a man earned.

In the last 25 years we have eliminated the most blatant forms of discrimination against women through labour and employment equity initiatives. Women now represent 45 per cent of all workers. Nonetheless challenges do remain. Today, on average, women earn 72 cents for every dollar a man earns. Most women continue to work in traditionally female dominated fields.

● (1415)

We need to support job creation and training programs that will prepare women and girls for the jobs of today and tomorrow. We must help Canadian women prepare so they too can have good jobs and earn good incomes.

ORAL QUESTION PERIOD

[*Translation*]

THE CONSTITUTION

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, the special general council of the Quebec Liberal Party revealed last week in Montreal that Daniel Johnson, the president of the No committee, not only heard the Prime Minister's promises of change, he believed them. As Ottawa has been reluctant to deliver the goods, the Quebec Liberal Party went so far as to adopt four resolutions on the promised constitutional changes.

My question is directed to the Minister of Intergovernmental Affairs or to the Deputy Prime Minister. Will they acknowledge that the Prime Minister has no intention at all of acting on the recommendations of the Quebec Liberal Party and reopening the Canadian Constitution, as requested, to insert a provision recognizing Quebec as a distinct society?

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, my first answer is that the Prime Minister is a man who keeps his promises. He promised he would act on the issue of distinct society and the veto. I remain convinced, absolutely convinced, that he will act on those two promises very quickly and that Quebecers will see the Prime Minister is a man of integrity, a man of his word and a man who keeps his promises.

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, will the Minister of Intergovernmental Affairs acknowledge that what the government plans to do about recognizing Quebec as a distinct society and about the veto has no connection at all with the request made by Quebec Liberals on the weekend to include these two concepts in the Canadian Constitution, and that the government certainly has no intention of reopening the Constitution to do so?

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, perhaps we should rephrase the question as follows: What is the position of the Bloc Quebecois and of the Leader of the Official Opposition? Because if I remember correctly, last week the Leader of the Official Opposition, the leader of the Bloc Quebecois and aspirant leader of the Parti Quebecois, said in no uncertain terms that he would not consider any constitutional offers before sovereignty.

Clearly, the Leader of the Official Opposition is the one who is obstructing any translation into constitutional terms of the Prime Minister's promises.

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, the minister's inept excuses are not backed up by Daniel Johnson, president of the No committee in Quebec City. I have the following question for the minister. Now that even his federalist allies in Quebec are asking the Prime Minister to deliver the goods, will the government remember his pre–referendum commitments to Quebecers or will it do what the minister just did and hide behind the fact that there is a sovereignist government in Quebec City?

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, I repeat, the Prime Minister made promises he intends to keep and he will keep them. The only obstacle to our proceeding immediately is the members of the official opposition, because their leader made it very clear he is not prepared to proceed on any constitutional offers.

It is time the official opposition stopped trying to evade the issue and admitted that with the Parti Quebecois, it is preventing Quebecers from having the full benefit of the Prime Minister's promises.

• (1420)

After all, 73 per cent of Quebecers said they wanted the Quebec government to negotiate offers with the federal government, and we have the Leader of the Official Opposition who objects, who said no and who prevents us from taking a constitutional approach.

Mr. Gilles Duceppe (Laurier—Sainte–Marie, BQ): Mr. Speaker, according to a Gallup poll released today, fewer than 40 per cent of people living in English Canada are in favour of recognizing Quebec as a distinct society, and barely 10 per cent are in favour of reopening the Constitution to add the right of veto.

In light of these results, will the Deputy Prime Minister admit that, when the Prime Minister promised changes to Quebecers on October 24, it was only to sweeten the pot during the referendum campaign and he was well aware that these changes would be unacceptable to English Canada?

Hon. Sheila Copps (Deputy Prime Minister and Minister of the Environment, Lib.): Mr. Speaker, first of all there is not one English Canada, as the future leader of the Bloc Quebecois claims. Second, if he wants to look at surveys, I would recommend the one that shows 73 per cent of Quebecers want the government of Quebec to assume its responsibilities and negotiate in good faith with the federal government, which it refuses to do, despite the support of the majority of people in Quebec.

Mr. Gilles Duceppe (Laurier—Sainte–Marie, BQ): There is no English Canada, Mr. Speaker; everybody knows that. That is why all the newspapers are in English.

At the special general assembly of the Quebec Liberal Party, the leader of the No committee and of the Liberal Party stated as follows, with reference to the resolutions on constitutional changes adopted yesterday: ''These demands represent a starting point only, and are most definitely not the last word''.

Is the Deputy Prime Minister aware that the major problem of the Canadian federation is that what constitutes a starting point for the federalists of Quebec represents something unacceptable for the federalists of English Canada, even with the majority they have here in this House?

Hon. Sheila Copps (Deputy Prime Minister and Minister of the Environment, Lib.): Mr. Speaker, what bothers the member is to see that there are sixteen francophone members representing ridings across this country which are not in Quebec but are francophone.

It bothers the member to hear that a poll by *L'Actualité* shows that 86 per cent of Quebecers state that they belong to Canada. If the hon. member wants to carry out an analysis of Quebecers' sense of belonging to Canada, I am sure that the Quebecers, along with other Canadians, are aware that Canada has need of improvement, that Canada has need of change, that Canada has need of open minds, yet Canada is still the best place in the world to live.

[*English*]

Miss Deborah Grey (Beaver River, Ref.): Mr. Speaker, Quebec's premier in waiting has said that he will not hold another referendum until 1997. That seems to be good news for this do nothing government.

A recent poll found that if a Quebec referendum were held today the yes side would win with almost 55 per cent. This is an outright condemnation of the Liberals' post–referendum strategy. What is more, 55 per cent of Quebecers reject the symbolic changes which the Prime Minister is offering, while a strong majority, as high as 85 per cent, want to see a transfer of powers to the provinces.

Since constitutional change is not an option and since Quebecers will reject the symbolic changes, when will the Prime Minister introduce concrete measures to transfer real power to the provinces?

Hon. Sheila Copps (Deputy Prime Minister and Minister of the Environment, Lib.): Mr. Speaker, I think Canadians are probably as disturbed as we are to hear the underlying tone of glee in the member's voice when she talks about the possibility of a future referendum.

I point out to her that just as Quebecers do not want a referendum, Canadians do not want a referendum. They want the Canadian government to work together in a constructive way with the provinces, municipalities and Canadians to make a better Canada.

• (1425)

Canadians want better health care. They want a national health care plan that is respected by the province of Alberta. We will continue to fight for a better Canada for every Canadian.

Miss Deborah Grey (Beaver River, Ref.): Mr. Speaker, we wanted the referendum to be over and done with through a strong no vote. It did not happen because of who was in charge over there.

Let me remind the Prime Minister that on October 25, in a speech broadcast to the entire nation, he said:

> All governments, federal and provincial, must respond to the desire of Canadians everywhere for greater decentralization.

That was a promise, not just to Quebecers, but to all Canadians. Since the referendum, however, the government has done nothing but backpedal on its promises.

When will the Prime Minister keep his promise to introduce concrete measures to transfer many powers to the provinces, which is their normal jurisdiction anyway?

Hon. Sheila Copps (Deputy Prime Minister and Minister of the Environment, Lib.): Mr. Speaker, I want to underscore how sad we are that the Reform Party missed a real opportunity to work for Canada during the referendum.

I also remind the hon. member that despite the backroom manipulations of her party, we actually won the referendum. As a government we intend to govern for the betterment of all Canadians.

The Prime Minister made promises in Verdun. He has every intention of keeping those promises. He will not be able to count on the support of the leader of the third party because when the time came, in a private meeting when the Prime Minister asked the leader of the third party to fight for Canada in the way that the leader of the Conservative Party did, the leader of the third party was not there to fight for Canada.

Miss Deborah Grey (Beaver River, Ref.): Mr. Speaker, we have been and will continue to fight for a new Canada, not this old rehash, out of date Canada that they keeping talking about.

I seem to hear from the other side decentralization, if necessary, but not necessarily decentralization. Mackenzie King's dog would have been proud of that line. He could not have said it any better.

Canadians inside and outside of Quebec want real change. They do not want just cosmetic changes and the ivory tower thinking that we are going to hear on Wednesday from the Minister of Human Resources Development.

Is that it? Is that all this bankrupt Liberal government has to offer, recycled centralist policies again and again and botched unity strategies? Does the government have any clue whatsoever, or is the Prime Minister just making it up as he goes along?

Hon. Sheila Copps (Deputy Prime Minister and Minister of the Environment, Lib.): Mr. Speaker, the saddest thing about the configuration of the current Parliament is the fact that in the opposition every day basically we see two sides of the same coin. We see a Bloc Quebecois that is fighting to separate Quebec from Canada and a Reform Party that is fighting to separate Canada from Quebec.

The member talks about the rehash of Canada. I remind her that despite our differences and despite our flaws, we have been chosen for several years in a row as the best country in the world in which to live. Yes, there is room for improvement, but if the Reform Party suggests that Canada is a rehash, it should call itself the regress party.

[*Translation*]

Mr. Pierre de Savoye (Portneuf, BQ): Mr. Speaker, my question is directed to either the Minister of Intergovernmental Affairs or the Deputy Prime Minister.

Yesterday, Daniel Johnson repeated what he, his party and all other Quebecers had heard and understood, namely that the Prime Minister had undertaken to make constitutional changes in line with Quebec's aspirations. That is why Mr. Johnson urged Ottawa to act quickly on its referendum promises.

Will the Prime Minister, his deputy or the Minister of Intergovernmental Affairs admit that setting up a phoney committee to save Canada is only a tactic to water down the Prime Minister's commitments, but a tactic that fools no one, not even former allies of the no side like Daniel Johnson and Liza Frulla, who are now asking him to deliver the goods quickly?

• (1430)

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, again, I think that the official opposition is hard of hearing. The Prime Minister made promises and he will honour them.

This past week–end, the special convention of the Liberal Party passed a number of resolutions, which we will do our best to help implement. The unity committee that was struck and that I chair is to look not only at how the Prime Minister's promises can be fulfilled, but also at possible corrective measures to make Canada an even better place.

I wish that the official opposition would do its job, which is to help make Canada a better place, instead of systematically attempting to destroy the country.

Mr. Pierre de Savoye (Portneuf, BQ): In this regard, Mr. Speaker, are we to understand that the Prime Minister intends to take the advice of the *Globe and Mail*, which was suggesting that, to save face, all he would have to do is to offer Quebecers a symbolic recognition of the distinct society and a so–called right of veto?

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, again, we must bear in mind that the Prime Minister made promises concerning the distinct society and the right of veto and that he will keep his promises.

But at the same time we must not forget that the Leader of the Official Opposition very clearly stated that he would reject any constitutional proposal and refuse to consider any offer made by the federal government. So, in this instance, the Prime Minister is the one who is trying to go ahead and give something to Quebecers, but his efforts are being thwarted by the inflexible and hard line approach taken by the official opposition and its leader.

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[*English*]

PEACEKEEPING

Mr. Bob Mills (Red Deer, Ref.): Mr. Speaker, every time this government holds a debate on peacekeeping it is a total sham. The decisions are already made and there is no free vote.

Last week I sent a letter to the Prime Minister requesting that he respect the will of Parliament and allow a free vote on a clear peacekeeping proposal. Now that the government has had time to think about it, I would like an answer. Does Parliament get a free vote, yes or no?

Mr. Fred Mifflin (Parliamentary Secretary to Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, I thank the hon. member for his question.

As he knows, while the peace accord was signed, from the Dayton, Ohio discussions it appears it will be some time before the accord is actually ratified. He would be aware that there are a lot of perturbations going on in Bosnia with respect to the details of the accord itself, such things as the width of the corridor in northeastern Bosnia, the disposition of war criminals potential and also the difficulty with the management of the Sarajevo situation.

On behalf of the Prime Minister and the ministers of defence and foreign affairs, I can guarantee the hon. member that there will be a debate. The opposition parties will have their input. But I cannot say when this debate will take place. I hope it will be soon, but it cannot take place until the accord is actually agreed to.

Mr. Bob Mills (Red Deer, Ref.): Mr. Speaker, I guess I missed the yes or no in that answer. I am sure it was there somewhere.

In my letter to the Prime Minister I asked him for a genuine debate on peacekeeping. In order to have that debate, we require details. We need to know the budget, the maximum duration, the mandate. The government has not even told us the size or the role of the Canadian contingent.

When is the government going to provide these details? Is it just planning to keep Parliament in the dark as usual?

Mr. Fred Mifflin (Parliamentary Secretary to Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, in response to the hon. member's questions, they are very valid.

The standing committee on defence, with the input of the third party, has agreed to a set of criteria in the white paper. I can assure him that these criteria will be looked at. They were developed basically by all parties in the House. We will try to

provide reasonable and responsible answers to these questions when the debate takes place.

* * *

[*Translation*]

MANPOWER TRAINING

Mrs. Christiane Gagnon (Quebec, BQ): Mr. Speaker, my question is for the Deputy Prime Minister.

Yesterday, the president of the no committee, Daniel Johnson, asked this government to decentralize federal powers, starting with those in the manpower training sector.

• (1435)

Can the Deputy Prime Minister pledge that the social security reform, which her party intends to table in the House this week, will be an example of decentralization and that, consequently, Quebec will have sole authority over manpower training?

[*English*]

Mr. Maurizio Bevilacqua (Parliamentary Secretary to Minister of Human Resources Development, Lib.): Mr. Speaker, as the hon. member knows, we will shortly be tabling a new Unemployment Insurance Act here in Canada in response to what we heard from hundreds of thousands of Canadians who want basically a modern system, a system that is sustainable, and a system that will provide Canadians with a set of tools to get back to work quickly.

Part and parcel of what Canadians are calling for is greater decentralization and empowerment of local communities to make the decisions that best suit their local realities. The objectives that Canadians have set will be of course honoured in the new employment bill.

[*Translation*]

Mrs. Christiane Gagnon (Quebec, BQ): Mr. Speaker, my supplementary is for the Deputy Prime Minister. This week, we will discuss a concrete issue, namely vocational training, and we are anxious to see how the government will decentralize powers.

Are we to understand that, by refusing to make the social security reform an example of decentralization, the government is clearly showing that the commitments made by the Prime Minister in Verdun were just a smoke screen?

[*English*]

Mr. Maurizio Bevilacqua (Parliamentary Secretary to Minister of Human Resources Development, Lib.): Mr. Speaker, I do not know where the hon. member gets the impression that we are not willing to reform Canada's social security system. Just as a reminder, it was the federal government that embarked on this very important legislative process to modernize Canada's social security system.

I want to tell the hon. member, who is extremely concerned about the role of the provinces in this particular case, that the provinces will be brought in as very effective partners, along with local stakeholders, to make sure that the type of training Canadians need is in tune with the times and will get Canadians back to work very quickly.

* * *

PRISONS

Mr. Art Hanger (Calgary Northeast, Ref.): Mr. Speaker, it was recently reported that the 1994–95 cable TV bill for providing cable services to prisoners at the Mountain and Kent institutions totalled nearly $60,000. That is for one year.

Criminals should be punished for their crimes. Yet we have murderers, thieves, rapists, and drug dealers being treated to such luxury as cable TV, compliments of the taxpayer.

My question is for the solicitor general. Why is he wasting taxpayers' money to provide prisoners with cable TV when many of our law–abiding citizens and seniors cannot even afford to keep it?

Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.): Mr. Speaker, I think my hon. friend is mistaken in his allegations. If my recollection is correct, the system is being switched so that the cost of cable TV is being paid for by the prisoners themselves. I think that is something he should be happy to support.

Mr. Art Hanger (Calgary Northeast, Ref.): Mr. Speaker, the solicitor general should get his facts straight. The salaries the prisoners make in prison are paid for by the taxpayers. It is still taxpayers' money.

Federal prisoners in federal institutions are sitting on their duffs watching cable TV to the tune of $1 million a year. Whatever happened to hard time?

Will the minister show some strength of character and announce immediately that all TVs will be removed from federal prisons, yes or no?

Hon. Herb Gray (Leader of the Government in the House of Commons and solicitor general of Canada, Lib.): Mr. Speaker, when prisoners get paid it is basically for work they do or programming they are involved with in prisons. It is part of the process so that when they get out they do not offend again, which I hope is something the hon. member will support.

I repeat, the cost of TV in prisons is being borne by prisoners themselves. I do not understand why the hon. member is more concerned about this than matters of jobs or Canadian unity, but if he wants to be, I am happy to answer his questions.

[*Translation*]

ENVIRONMENT

Mrs. Monique Guay (Laurentides, BQ): Mr. Speaker, the Minister of the Environment surely knows that her colleague, the Minister of Natural Resources will, as early as mid–December, fob off on the private sector a site located in Quebec which could be contaminated by nuclear waste. Indeed, a public servant involved in the sale wrote that: ''If the site is contaminated, we may be forced to decontaminate it, even after the sale''.

• (1440)

Is that the kind of practice to which the minister was alluding when she recently said, with great pomp: ''We do our best to turn environmental challenges into economic opportunities''?

[*English*]

Hon. Anne McLellan (Minister of Natural Resources, Lib.): Mr. Speaker, I must confess that I am not sure I understand the hon. member's question. If she is referring to the sale of part of some 2,500 acres owned by AECL in the province of Quebec, AECL will be selling 250 acres of that site. The contractual negotiations are ongoing at this time.

[*Translation*]

Mrs. Monique Guay (Laurentides, BQ): Mr. Speaker, will the minister, who prides herself on implementing the principle whereby the polluter must pay, give the example by pledging to decontaminate that potentially contaminated site before its final sale? I think my question is clear, Mr. Speaker.

[*English*]

Hon. Anne McLellan (Minister of Natural Resources, Lib.): Mr. Speaker, environmental assessment of the land is a matter for discussion and negotiation between the seller and the prospective buyer. Those discussions are going on now as part of the negotiations for the sale. I do not understand what the hon. member's concern is.

* * *

NATIONAL DEFENCE

Mr. Harold Culbert (Carleton—Charlotte, Lib.): Mr. Speaker, my question is for the Minister of National Defence.

Now that the report of the special commission on restructuring of the reserves has been tabled, can the minister advise the House and my Carleton—Charlotte constituents the timeframe that can be expected for the new review and possible implementation of the commission's recommendations and the result of same?

Mr. Fred Mifflin (Parliamentary Secretary to Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, I thank the hon. member for his question, which I believe is of importance to all members of the House.

I have to tell the hon. member, and I believe the House is aware, that this spring a special commission was struck on the restructuring of Canada's reserves. The commission was chaired by a retired chief justice of the Supreme Court of Canada. Two acknowledged experts in the field were his compatriots on the study. The study was completed at the end of last month and was reported to the minister and indeed to the parliamentary committee.

The Standing Committee on National Defence and Veterans Affairs is now in its third week of hearing witnesses with respect to the recommendations that were made on the report, which was tabled in the House about three weeks ago. The hon. member should also be aware that the other place has recently struck a committee and it too will be studying the contents of this very important report.

Regarding the time frame, both committees are to make a report to the minister by mid–January.

* * *

CRIMINAL CODE

Mr. Jack Ramsay (Crowfoot, Ref.): Mr. Speaker, victims groups, the police, the Reform Party and a majority of the Liberal caucus want the elimination of section 745 of the Criminal Code, which allows first degree murderers to appeal their sentence after serving only 15 years of a life term.

I ask the Minister of Justice, will he support the removal of this unacceptable provision by ensuring that Bill C–226 is brought before the standing committee before this session of Parliament ends?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, may I first observe how welcome it is to hear the hon. member asking about a new and important subject.

Last spring, when the private member's bill was before the House, there was in effect a free vote on the question of whether it should go to committee. It went to committee. Shortly afterward I wrote to the chair of the committee and asked that the committee arrange to have hearings on the bill early on. Those hearings were started just after the House resumed in September.

I have urged the committee to look at the question of section 745 in the broader context of penalties for murder. I hope it does that. I also hope to have something to say to the committee before it completes that deliberation on the whole subject so that we can see the issue in context.

Mr. Jack Ramsay (Crowfoot, Ref.): Mr. Speaker, what motivates, at least in part, my question to the justice minister is my knowledge of his stand on Bill C–226 when it came before the House.

I say to the justice minister that Darrel Crook, the convicted murderer of RCMP Constable Brian King, is appealing his parole ineligibility for first degree murder this February.

• (1445)

Will the minister put a stop to the further torment of Brian King's widow or will he subject her to reliving the brutal death of her husband one more time? Will he support the elimination of section 745 from the Criminal Code? Will he tell us of his intention today?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, I met last June in my office with Marie King Forest, the widow of Constable King. I had an opportunity to discuss with her firsthand the effect that the application has had on her and her family.

More than anything else, it was my perception that her exclusion from the process was enormously hurtful. That in large part motivated the change in section 745 which I brought before the House in Bill C–41, which guarantees the role for the victim in the section 745 hearing. This change was brought about largely due to my meeting with Marie King Forest.

I do not believe the issue is so simple that it can be dealt with solely by the repeal of section 745. I have made every effort to encourage the hon. member, the House and the committee to see that question in the broader context of penalties for the crime of murder.

As the committee examines that broader question, I shall have something to say by way of what I hope are constructive suggestions as to how it might improve the regime for murder penalties in Canada. This will include the question of the application provided for in section 745.

* * *

[*Translation*]

OFFICIAL LANGUAGES

Mr. Benoît Sauvageau (Terrebonne, BQ): Mr. Speaker, my question is for the heritage minister.

In response to a question put to him last June about the fact that the Canadian sports guide was published in English only, the heritage minister promised to have the Official Languages Act enforced in organizations that his department awards funding to. I wanted to remind him of that promise.

How can the minister explain that several sports associations that his department is responsible for, such as Badminton Canada, Water Ski Canada and a dozen other associations, are still publishing their annual reports in English only?

Hon. Michel Dupuy (Minister of Canadian Heritage, Lib.): Mr. Speaker, since that time, we have taken steps to negotiate an accountability framework for the various federations receiving financial assistance from the federal government.

If our hon. colleague has additional information, I will be pleased to look at it, but the policy I outlined has not changed: we expect these documents to be published in both official languages.

Mr. Benoît Sauvageau (Terrebonne, BQ): Mr. Speaker, I have never heard of legislation being open to negotiation in this House before.

Here is my supplementary question: How can the minister explain that, this year, for the first time, Football Canada's report was published in English only, if not by the fact that francophones are the first ones to bear the brunt of budget cuts?

Hon. Michel Dupuy (Minister of Canadian Heritage, Lib.): Mr. Speaker, I will remind our hon. colleague that the funding of sports governing bodies does not come under any statute of the Parliament of Canada nor directly under the Official Languages Act. Arrangements are made by my department to make sure that French is used as it should be in Canada. But the law was not broken in this case.

* * *

[*English*]

TRADE

Mr. Charlie Penson (Peace River, Ref.): Mr. Speaker, the United States has initiated a trade action against Canada's tariffs on supply managed farm products.

Will the Minister of International Trade use this dispute as an opportunity to negotiate a reduction in American subsidies, subsidies which restrict Canada's ability to export dairy and poultry products south of the border?

Mr. Mac Harb (Parliamentary Secretary to Minister for International Trade, Lib.): Mr. Speaker, working groups are now considering this issue. Discussions are taking place. We believe that a proper approach to trade and trade remedies will deal with the issue.

• (1450)

I will take the issue under advisement and bring it to the attention of the Minister of Agriculture and Agri–Food who is in the best position to answer the question.

Mr. Charlie Penson (Peace River, Ref.): Mr. Speaker, the parliamentary secretary should realize that this is a winner take all dispute. It is a very important question for Canada's supply managed farmers.

Why is the government playing Russian roulette with our farmers? If Canada loses the dispute, our supply managed sector will see open borders almost overnight. Thousands of farmers will go broke. Why is the minister not offering partial tariff reduction in exchange for fair access to the U.S. market?

Mr. Lyle Vanclief (Parliamentary Secretary to Minister of Agriculture and Agri–food, Lib.): Mr. Speaker, the hon. member knows very well that a number of trade discussions are going on with the United States on a number of fronts. The challenge through the NAFTA panel process on supply management is only one of them.

We have said very clearly that we will continue to handle each concern which the United States has with us and which we have with it one at a time. We have also said very clearly that we will defend Canada's supply management system very fervently. We are confident the process will work in our favour.

* * *

[*Translation*]

PUBLIC SERVICE OF CANADA

Mr. Mark Assad (Gatineau—La Lièvre, Lib.): Mr. Speaker, many of our fellow citizens in the Outaouais are very concerned about the public service cuts. The government has expressed its desire to provide quality services.

Can the Parliamentary Secretary to the President of the Treasury Board tell the House what measures have been taken to boost morale in the public service?

Mr. Ronald J. Duhamel (Parliamentary Secretary to President of the Treasury Board, Lib.): Mr. Speaker, the President of the Treasury Board has taken a special interest in the public service. He has outlined, both here in the House of Commons and in public, his vision of the public service and has been involved in a number of initiatives to raise morale, to try to work with these people. The President of the Treasury Board has also attended special events of all kinds.

[*English*]

The President of the Treasury Board has set up a secretariat to look at renewal in a profound way. He has set up an advisory council for change in order to do just that. He has hosted a series of meetings and has been involved in them in a hands on way. He has opened dialogue with everybody in the public service, including the frontline workers. He has sent a letter to his colleagues encouraging them to do the same.

[*Translation*]

ROYAL CANADIAN MOUNTED POLICE

Mr. Claude Bachand (Saint–Jean, BQ): Mr. Speaker, my question is for the solicitor general. Some time ago, the RCMP suspended Sergeant Gaétan Délisle for running in a municipal election and being elected Mayor of Saint–Blaise–sur–Richelieu. This individual has been campaigning for years to defend the right of RCMP officers to form a professional association.

How can the solicitor general justify Sergeant Délisle's suspension, when other RCMP officers elected to public office in their communities have never been suspended from their jobs?

Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.): Mr. Speaker, according to the information I have, the other officers the hon. member is referring to were elected as school board trustees and not as mayors. The regulations prohibit any officer from running for mayor, for member of a provincial legislature, or for member of Parliament. It is also a matter of internal discipline. This whole matter will be reviewed thoroughly.

Mr. Claude Bachand (Saint–Jean, BQ): Mr. Speaker, I would remind the solicitor general that the rules that now apply to the RCMP used to also apply to the Public Service Act, and that this act was ruled unconstitutional and obsolete. I therefore ask the solicitor general if he intends to intercede with the Commissioner of the RCMP to defend Sergeant Délisle's democratic rights and stop the RCMP management's harassment campaign against him?

Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.): Mr. Speaker, once again, according to my information, the Supreme Court ruling has no direct bearing on Staff Sergeant Délisle's case. In any event, the matter is under review as part of the RCMP's internal discipline process, and I will gladly take steps so that this process will in time provide a response to this very important matter for Staff Sergeant Délisle.

* * *

● (1455)

[*English*]

PUBLIC SERVICE OF CANADA

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, due to popular demand the federal government's cash buyout program aimed at reducing the public service is expected to cost an extra $500 million in addition to the original cost of $1 billion. These expensive buyout programs are costing the taxpayers millions of dollars and are giving some lucky public servants a golden handshake similar to winning the lottery.

Will the President of the Treasury Board confirm that the government's buyout plans are far too generous and that it has been a long time since so much has been given by so many to so few?

Mr. Ronald J. Duhamel (Parliamentary Secretary to President of the Treasury Board, Lib.): Mr. Speaker, when the government initiated these programs it obviously went to the private sector to see what was being done there. Certainly what we are doing is very comparable to the private sector.

My colleague fails to understand there has been an initial rush on that program. There have been more people than expected. Yes, it may reach $2.3 billion, but during that same period of time $4.2 billion will be saved and $2.2 billion per year thereafter. That is a clear saving.

I am really quite surprised that my colleague would make such a charge. It is unfounded and completely incorrect.

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, talking about the private sector, the National Capital Commission is cutting 400 jobs by contracting work out to employee takeover companies. Spokesperson Diane Dupuis said that the project works because employees will receive less pay and benefits in the private sector than they would as public servants.

Would the parliamentary secretary please tell us why civil servants are paid more than private sector employees, have better job security than private sector employees and have far more generous buyout packages than what one could have in the private sector?

Mr. Ronald J. Duhamel (Parliamentary Secretary to President of the Treasury Board, Lib.): Mr. Speaker, I have already indicated that the first question was totally erroneous, that there is going to be savings over time.

With respect to the second question that if one privatizes or commercializes there would be a particular savings because people would earn less, we all know that sometimes it works that way but other times it is completely the opposite. In this case we are keeping those programs we need to keep. We are keeping those civil servants we need in order to give the best service to Canadians. In certain cases we are looking at alternatives which is a wise, sensible and sensitive way to proceed.

I am surprised that my colleague is not jumping up and down applauding the government for this wisdom.

* * *

THE ENVIRONMENT

Mr. Len Taylor (The Battlefords—Meadow Lake, NDP): Mr. Speaker, my question is for the Minister of the Environment.

Louisiana–Pacific's OSB plant and harvest plan in Manitoba is under review by the province. There have been claims of errors and omissions in the entire existing process. There have been calls for an environmental impact for the entire escarpment area. There appear to be federal triggers in place including aboriginal land interests and fish habitat.

Does the Minister of the Environment have the opinion that the Canadian Environmental Assessment Act is applicable in this case? Is she prepared to take the steps necessary to see that a joint federal–provincial assessment is done?

Hon. Sheila Copps (Deputy Prime Minister and Minister of the Environment, Lib.): Yes, Mr. Speaker.

* * *

TRADE

Mr. Bill Graham (Rosedale, Lib.): Mr. Speaker, the government recently released figures about Canada's international trade.

Could the Parliamentary Secretary to the Minister for International Trade tell the House what these figures show about Canada's export performance and how it contributes to our economic growth and jobs for Canadians?

Mr. Mac Harb (Parliamentary Secretary to Minister for International Trade, Lib.): Mr. Speaker, on behalf of my colleagues I would like to pay tribute to the finest ever minister of trade and his staff on a job very well done.

Here are the facts. In 1995 to date Canadian exports were 20 per cent higher than for the same period in 1994. Our trade merchandise surplus for September alone was $2.9 billion. By September, Canada's year to date trade surplus with the United States was $5.7 billion, higher than for the same period in 1994. For every $1 billion, 10,000 jobs are being created in our economy.

* * *

[*Translation*]

AIR TRANSPORT

Mr. Yves Rocheleau (Trois–Rivières, BQ): Mr. Speaker, my question is for the Minister of Transport.

On November 3, American Airlines and Canadian International filed an application for antitrust immunity with the U.S. department of transport. Such immunity would allow the two companies to merge their operations and act as a single carrier for transborder flights.

• (1500)

Will the minister clearly tell the two carriers that merging their transborder operations is not acceptable to the Canadian government, because it violates the Open Skies Agreement by giving American Airlines privileged access to the three largest Canadian airports, thus jeopardizing the activities of Canadian carriers?

[*English*]

Hon. Douglas Young (Minister of Transport, Lib.): Mr. Speaker, the application that the hon. member refers to is one that is being considered by the appropriate authorities in the United States.

The National Transportation Agency has the responsibility as it relates to any activities by the two airlines in Canada. It would be our intention that whichever direction those two airlines desire to take in terms of merging their operations, they will have to respect both the letter and the spirit of the law in Canada.

* * *

FISHERIES

Mr. John Duncan (North Island—Powell River, Ref.): Mr. Speaker, the Nisga'a land claims negotiations in northwest British Columbia apparently include a Nass River aboriginal commercial fishery allocation.

This flies in the face of the five aboriginal fisheries cases currently being argued before the Supreme Court. The provincial aboriginal affairs minister in B.C. has stated that whatever the results of these cases, commercial fishing must not be entrenched in B.C. treaties.

What continues to motivate the Minister of Fisheries and Oceans to promote inclusion of a racially based commercial fishery in B.C. treaties?

Hon. Brian Tobin (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, it is quite clear that the only thing that is racially based is the nature of the questions being asked in the House of Commons.

Some hon. members: Oh, oh.

The Speaker: Both in the questions and in the answers sometimes we abut on what is parliamentarily acceptable. I would encourage all hon. members when asking questions and responding to be quite judicious in their questions and in their answers.

This concludes question period.

ROUTINE PROCEEDINGS

[*Translation*]

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 14 petitions.

* * *

[*English*]

COMMITTEES OF THE HOUSE

TRANSPORT

Mr. Stan Keyes (Hamilton West, Lib.): Mr. Speaker, I have the honour to present, in both official languages, the fifth report of the Standing Committee on Transport on Bill C–101, the Canada Transportation Act.

The primary aim of the bill is to encourage the revitalization of the rail industry by reducing the regulatory burden facing that sector.

The bill was referred to the committee after first reading, pursuant to Standing Order 73(1). This new procedure allowed members to participate more fully in the legislative process and make important and constructive amendments to the bill.

The committee acknowledges with gratitude the co–operation and support of all those who contributed to our study of Bill C–101. We extend our thanks to all the witnesses who appeared, as well as those who made written submissions and shared their knowledge and insight with us.

• (1505)

In the process of reviewing this bill, the committee heard 55 hours of testimony from 154 witnesses, representing 85 stakeholder groups and organizations.

I would like to give special thanks to the clerk of the committee, the researchers, interpreters and the support staff of the committees and parliamentary associations directorate. I would also like to thank my fellow committee members for patiently proceeding through hours of testimony in order to ensure the effective evaluation of Bill C–101.

PROCEDURE AND HOUSE AFFAIRS

Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I have the honour to present the 103rd report of the Standing Committee on Procedure and House Affairs regarding the membership and associate membership of standing committees.

If the House gives its consent, I intend to move concurrence in the 103rd report later this day.

* * *

CANADIAN WITHDRAWAL FROM NAFTA ACT

Mr. Nelson Riis (Kamloops, NDP) moved for leave to introduce Bill C–359, an act to require the withdrawal of Canada from the North American Free Trade Agreement.

He said: Mr. Speaker, this bill is a mirror bill to legislation introduced in the United States Congress by Peter De Fazio, a Democrat from Oregon and Senator Byron Dorgan from North Dakota.

It has support in the United States of 23 members of the House of Representatives and a number of senators representing both political parties. Basically, it says that not later than 90 days after the date of enactment of this act, the Government of Canada shall, pursuant to article 2205 of the agreement, notify the Government of the United States of America and the Government of the United Mexican States of the withdrawal of Canada from the North American Free Trade Agreement.

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

* * *

COMMITTEES OF THE HOUSE

PROCEDURE AND HOUSE AFFAIRS

Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I think you would find unanimous consent for the following motion. I move that the 103rd report of the Standing Committee on Procedure and House Affairs, presented to the House earlier this day, be concurred in.

(Motion agreed to.)

* * *

PETITIONS

INCOME TAX

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, pursuant to Standing Order 36, I wish to present a petition which has been circulating all across Canada. This petition has been signed by a number of Canadians from Etobicoke, Ontario.

The petitioners would like to draw to the attention of the House that managing the family home and caring for preschool children is an honourable profession which has not been recognized for its value to our society.

They also state that the Income Tax Act discriminates against families that make the choice to provide care in the home to preschool children, the disabled, the chronically ill or the aged.

The petitioners therefore pray and call on Parliament to pursue initiatives to eliminate tax discrimination against families that decide to provide care in the home for preschool children, the disabled, the chronically ill and the aged.

ABORTION

Mr. Mac Harb (Ottawa Centre Lib.): Mr. Speaker, I would like to deposit a petition signed by some of my constituents, pursuant to Standing Order 36.

ASSISTED SUICIDE

Ms. Margaret Bridgman (Surrey North, Ref.): Mr. Speaker, I have several petitions to present today. One is asking that the current prohibitions against euthanasia or assisted suicide of any kind be upheld.

RIGHTS OF THE UNBORN

Ms. Margaret Bridgman (Surrey North, Ref.): Mr. Speaker, another petition requests that Parliament enact provisions to protect human life before birth.

HUMAN RIGHTS

Ms. Margaret Bridgman (Surrey North, Ref.): Mr. Speaker, a third petition asks that recognition by the crown of same sex relationships be withheld.

WITNESS PROTECTION PROGRAM

Ms. Margaret Bridgman (Surrey North, Ref.): Mr. Speaker, another petition prays for better recognition for witnesses in any witness protection program.

* * *

• (1510)

[*Translation*]

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. 244 will be answered today.

[*Text*]

Question No. 244—**Mr. Caccia:**

Since its inception 19 years ago, what has been the total cost of constructing, maintaining and repairing the Bruce II reactor at the Bruce nuclear generating station?

Hon. Anne McLellan (Minister of Natural Resources, Lib.): Natural Resources Canada and Atomic Energy of Canada Limited have not provided funding for the construction, maintenance and repair of the Bruce II reactor at the Bruce nuclear station. Ontario Hydro is responsible for the Bruce II reactor.

[*Translation*]

Mr. Milliken: Mr. Speaker, I would ask that all remaining questions be allowed to stand.

The Speaker: Is that agreed?

Some hon. members: Agreed.

GOVERNMENT ORDERS

[*Translation*]

BANK ACT

The House resumed consideration of the motion that Bill C–100, an act to amend, enact and repeat certain laws relating to financial institutions, be read the second time and referred to a committee.

The Speaker: The hon. member for Québec–Est has the floor. He has another six minutes approximately.

Mr. Jean–Paul Marchand (Québec–Est, BQ): Mr. Speaker, as I was saying before question period in connection with Bill C–100, I find this bill unfortunate for Quebec, because it is an attempt to set up institutions that already exist in Quebec and work very well there.

I said that the great misfortune of the Canadian federal system is this business of duplication and that a policy of decentralization had to be implemented as quickly as possible. The people of Quebec, like elsewhere across the country, have spoken in favour of more decentralization.

Here is the government introducing Bill C–100, which goes against the trend and the wish expressed by so many people. Common sense itself dictates the need for more decentralization in Canada. Quebec has already suffered considerably from the wastage caused by departmental duplication. I was saying that, according to certain studies submitted to the Bélanger–Campeau commission, including the one done by Pierre Fortin, duplication cost Quebec alone some $3 billion a year. This money is wasted. This is pure and simple loss. Not only is it money lost, but it means departments and governments are unable to function and to provide people with quality services.

It seems to me that, if I were in government, and I wanted to save this great and fine country of Canada, I would undertake to decentralize. It seems that it is just good common sense for the government to decentralize; it is obvious. If only the people in government would listen, it could be done. They would understand that, in fact, decentralization is the only way to save the country. I repeat: centralization, the federal government's tendency to take over powers and to duplicate services already available provincially, is costing the Government of Quebec $3 billion. Studies have proven this; these are not groundless allegations.

Just in the area of transport and communications, there has been much talk—call it dispute if you want—much debate about the distribution of powers between the federal and provincial governments. It is estimated that, in the area of transport and communications alone, the shortfall is about $233 million. If the responsibility for transport and communications came under only one level of government instead of being shared by two governments, hence duplication, the Government of Quebec would end up with $233 million more in its pocket. So, there is a shortfall in that regard.

• (1515)

It is the same thing with taxes. If there were only one government collecting taxes in Quebec, this would generate $299 million in savings. In other words, this much, $299 million, is lost, squandered, because of duplication and overlap between our respective departments.

I could give you more examples, with respect to regional development and business assistance for instance. In fact, Bill C–100 is brought forward under the pretext of providing assistance to businesses, when there are well established new business start–up services in Quebec to assist small business. Why more duplication? Why establish more agencies and institutions that we already have at the provincial level?

Same thing with health and culture. The worst of all, of course, is manpower training, an area where the federal government is essentially copying the services provided by the province, duplicating programs. This duplication is apparently responsible for a $250 million shortfall in Quebec and, again, not only is money being lost, squandered, but manpower training is not being conducted.

We are told that, in Quebec, thousands of jobs may have remained vacant because this training was not provided. In many cases, these jobs require special technological training. Since this training was not provided because of intergovernmental duplication, the people who should be holding these jobs end up either on unemployment or on welfare because of the government, again, because of this duplication.

This creates not only deplorable waste but also a great deal of poverty. In fact, this keeps a number of people unemployed and on social assistance. Of course, the federal government does not have a good reputation in this area so far. You know as well as I do, Mr. Speaker, that since the last budget the federal government has introduced a whole series of measures to make cuts in unemployment insurance, in the health sector, in education, and even in old age pensions, which all amount to rather virulent attacks against the most vulnerable in our society.

Allow me to quote from an article by Jean–Robert Sansfaçon that appeared in the May 2 edition of *Le Devoir*: ''To this day, the only result of the federal government's social reforms has been to move people from unemployment to welfare rolls. Yet, one does not have to be a separatist to know that the provinces are in a better position than the central government to find the solutions that can best meet the needs of their people''.

In fact, we should all learn this lesson, which is constantly repeated in this House. The lesson is that the provincial government is often in a better position to fulfil certain functions, as in the case of financial institutions. Unfortunately, Bill C–100 would put in place institutions that already exist at the provincial level. What a waste.

[*English*]

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, it is a pleasure to speak to Bill C–100, an act to amend OSFI and CDIC and related acts.

● (1520)

Looking back in history, some years ago we had what were then known as the four pillars of our financial industry, which were the banks, the trust companies, the insurance companies, and the brokers. At that time, the government of the day saw fit to allow the banks to break down these barriers among the four pillars of the financial industry. So the banks started to take over the trust companies and the brokerage houses. Today, as we know, the banks virtually control the other two pillars of the industry, which only leaves the insurance companies, which by and large are removed from the banks. At this point we still have a clear separation of what banks can do in the insurance industry, and insurance companies are kept out of the banking industry.

We know there is serious lobbying and serious pressure by the banking industry to get into the insurance business. This is going to take away the pillars of our financial industry which kept us four square on the ground and will leave us standing on one leg. I am not exactly sure that we are going to find that standing on one leg interminably is actually going to be good for our health. It might get a little cramped and painful after a while.

I have some serious concerns about the wisdom in the long term about decisions such as allowing the conglomeration of all the financial services in this country to come into the realm of the banks. Without being derogatory to the banks, there are not that many of them left. We have a very serious concentration of power in the hands of a very small number of elite people in this country, all of whom are unknown, unelected, and responsible to no one, hardly even to their shareholders.

The banks are such a complex business that those people involved in the senior management of the banks would have great problems, I am sure, trying to explain the intricacies of their jobs to the shareholders who own their business and to the depositors who participate or create the business to the benefit of the country and to the government at large.

As I have said, I have serious concerns about the wisdom of taking the four pillars of the financial institutions and making them into one.

I know the banks have always put forth the argument that competition requires that they get bigger. When we look around the world we see some behemoths as far as the financial world is concerned. I understand the merger of the Chase Manhattan Bank and the Chemical Bank in the United States will create an organization of $300 billion in size. That is truly a behemoth under any rule we wish to use.

However, here in Canada we are a small country. If we are to agree that big is beautiful in the world of international finance, we cannot have it both ways. We can either have competition with a large number of competing companies or we can meet the desire to be large and compete on an international scale by using the same measures as the huge banks around the world. Therefore we may end up having a choice between big banks and no competition or small banks and much competition, or we may have to have an arrangement or a compromise in between.

I say that competition surely is the way to go. When we look around the world we always find that competition brings out the best in business. It brings out the best service, the best products, and the best prices. I am sure that rule applies to the financial industry every bit as much as it applies to every other industry that serves our Canadian public.

The other argument for competition is these huge banks that are being created around the world. It was earlier this year when the first surprise was sprung upon the world with the Barings Bank disappearing overnight with a $1 billion loss, all because of one rogue trader in one office who was on the opposite side of the world from the head office. The entire organization was destroyed overnight.

● (1525)

A couple of months ago one of the Japanese banks in New York admitted to losing $1 billion. Again it was the fault of one rogue trader, who perhaps was in collusion with others within the organization. That overnight loss was revealed to the general public.

In the last decade there was a $500 billion loss in the savings and trust loans fiasco in the United States. Now we are facing a situation in Japan, where the largest of the world banks have been based for some time, in which losses may be as high as $1 trillion. That is a tremendous vote of non–confidence in people's ability to manage institutions that big.

That is why competition is vitally important. Bigger is not necessarily better.

Bill C–101 deals primarily with two things: the Canadian Deposit Insurance Corporation and the Office of the Superintendent of Financial Institutions. I would like to talk about the CDIC.

The CDIC is sponsored by government to insure deposits within the federally regulated banking system up to $60,000. We thought it was working well for many years because there was never a claim. However, in the last few years we have seen quite a number of institutions that have been claiming on a regular basis, from the vast sums of money claimed by Confederation Life to other trust companies that have failed over the years. They have cost the Canadian taxpayer large sums of money.

It is time for us to take a new look at the situation. This bill unfortunately goes a short way by proposing rated premiums for the CDIC, which will be based on its assessment of the risk. It will vary the premiums according to the risk. The bad thing is that the CDIC intends to do this behind closed doors. That I cannot accept. If they think they are going to tell a financial institution that the risk is high and therefore the premium on the deposits is high, the Canadian public must be made aware that

there is a potential risk involved in the financial institution and be governed accordingly.

About a decade ago in my home province of Alberta we had a fiasco called Principal Trust. I know that was a provincially regulated institution, but the principle is still the same. If an institution that is being fraudulently managed wants to work behind the veil of secrecy, it can do so, making the Canadian public vulnerable to loss.

It is absolutely vital that the information be provided up front. I cannot see any harm in that. I do not see how an institution can prevent it from becoming public knowledge.

We all know that once the bill is adopted the premium ratings will be applied. All it requires is someone at the annual meeting of the financial institution to ask what is the rating of the premium paid to the CDIC. They will either find out or management will lie to the shareholders. I hope they will not lie to the shareholders. The information should become public very quickly. I see no real reason for the information to be kept private.

Another thing regarding the CDIC, which perhaps has more of a bearing on the government than the CDIC, is the fact that if it needs money it will be given the opportunity to borrow the money on the open market rather than dipping into the consolidated revenue fund. While it may seem a fairly innocuous change, if we look more closely we see it is another way to slide borrowings off the balance sheet of the Government of Canada and on to the private sector so that they will not show up in the public accounts of Canada.

• (1530)

It is shameful and disgraceful the government would even propose such a move. If the government is to stand behind the deposits of investors, let it show in its records what it is costing taxpayers. It is shameful the government would even propose the amendment to which I am totally and absolutely opposed.

The money markets of the country are not the place in which to subsidize the losses of financial institutions that create the money markets in the first place. We could go around and around in ever increasing circles and accomplish absolutely nothing.

The government should be prepared to stand up to its obligations, have the information in front of the public, tell people what is happening and let the people decide while the government still enjoys their confidence. If they do not we know the consequences. To hide behind the barriers and the veils of secrecy cannot be tolerated in this day and age. On OSFI the veil is being drawn even more tightly than on CDIC, perhaps with even more disastrous results.

We can look at some of the items in the white paper released by the government back in February 1995 prior to the tabling of the legislation. OSFI's role is to monitor and supervise financial institutions to ensure that they are safe for the general public to invest in. The government has come up with the phrase that it is a privilege rather than a right to own a financial institution. I tend to agree with the statement that no one has the right to own a financial institution if it allows them to rip off the public and hence the Canadian taxpayer.

There are four steps that OSFI envisages if an institution were to decline financial help. In stage one, the early warning stage, the management and the board of directors of financial institutions are formally notified by OSFI of concerns and requested to take measures to rectify the situation. Perhaps it is not as strong as we would like it to be. Therefore some directives are being issued.

In stage two the financial health of the institution has continued to deteriorate in the opinion of OSFI. At that point senior OSFI officers meet with the management and board of directors of the financial institution and with the external auditor of the institution to outline concerns and discuss remedial actions. The management and board of directors are formally notified that the institution is being placed on the regulatory watch list. That is more involvement by OSFI which perhaps at that stage is not bad. OSFI is getting more and more involved in the daily administration of the institution.

If it continues to slide it gets into stage three where the management and the board of directors and external auditor of the institution are informed of the problems. Depending on circumstances, pressures may be exerted on the management and the board of directors to restructure the institution or to seek an appropriate prospective purchaser.

That brings us to stage four. The organization is continuing to deteriorate. The government says that pressure to rectify the situation is exerted on the management and the board of directors of the financial institution with frequent meetings with senior officers. If statutory conditions for taking control of the assets exist and if circumstances are such that there is an immediate threat to the safety of depositors and other creditors, OSFI may take control of the assets of the institution for a short period.

• (1535)

While the financial institution is still solvent everything in steps one, two, three and four have taken place behind closed doors, in secrecy. They have watched the institution deteriorate. They have become more and more closely involved with the management of the institution on a daily basis. It may be that their management has caused the institution to deteriorate.

While the institution is still solvent they have taken upon themselves the authority to seize it and manage it.

I hope this is a democratic country. If it is, that cannot be tolerated. We cannot have an agency of government getting intimately involved in the daily management of the affairs of a financial institution, participating in the decline of the financial health of the institution and seizing control of the institution prior to its becoming insolvent. That is not democratic and that has to be opposed.

I stand fully behind the idea that we have solid, sound financial institutions, but I do not stand behind the idea that the government shall get into bed behind closed doors, dictate to the management of a financial institution and seize it if it does not like the proposals coming from management. Also I do not like the idea that we have rated premiums which are supposed to be kept secret from CDIC.

It is time to rethink the entire bill and talk about such things as co–insurance. The government could perhaps ensure 90 or 95 per cent of deposits up to a certain limit. At that time investors would know they have a potential exposure. Perhaps it is small but nonetheless it is exposure. In that way they would take more of an interest in their money and more of an interest in financial institutions. It is the same as the bond rating system in place for governments, for institutions and for money markets. They are rated according to financial strength, soundness, liquidity and so on. They have a rating which people know when they put up their money. The same could quite easily apply up front, above board, in the open so Canadian depositors know how well financial institutions are being run.

As far as the supervision of institutions that are falling short is concerned, Canadians need to be assured that the government is looking over their shoulders. We saw in the *Financial Post* over the weekend that the managers of a brokerage house a number of years ago are off to prison because they helped themselves to several million dollars of the company's money and mismanaged the company to the point of losing quite a number of millions of dollars.

I hope that is not the type of supervision we are looking at. I hope we will be able to monitor rather than get into daily management of the organization. We will be asking them to ensure they meet the margins they require and that the risks are not being totally ignored.

As I said earlier, Japan is now looking at $1 trillion in bad debts because they all jumped on the same bandwagon and inflated real estate to such an astronomical or exorbitant price that people were getting 100–year mortgages to try to pay for the property they were buying. The banks caused the problem. They are the ones that now have to suffer the problem. The taxpayers in Japan will be left holding the bag as they did in the United States under the Resolution Trust situation.

Let us get the situation out in the open now while it is sound and while we can see it. If warts are to grow on our financial institutions, let us watch them grow rather than wait until the cancerous growth will kill us.

• (1540)

The government could have done much more in conjunction with financial institutions to make it an open system, an accountable system, a system that would work. Then Canadians would know what is going on and would have some faith in it.

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 yeas have it.

And more than five members having risen:

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

And the bells having rung:

The Acting Speaker (Mr. Kilger): Pursuant to Standing Order 45, a division on the question now before the House stands deferred until Tuesday, November 28, at the end of government business, at which time the bells to call in the members will be sounded for not more than 15 minutes.

* * *

DEPARTMENT OF PUBLIC WORKS AND GOVERNMENT SERVICES ACT

The House resumed from December 13, 1994, consideration of Bill C–52, an act to establish the Department of Public Works and Government Services and to amend and repeal certain acts, as reported (with amendments) from the committee; and of Motions Nos. 2 and 3.

The Acting Speaker (Mr. Kilger): When Bill C–52 was last before the House the hon. member for Elk Island had approximately two minutes remaining on debate.

Mr. Ken Epp (Elk Island, Ref.): Mr. Speaker, I realized there were some hazards when I got into the political business, but I did not realize I would be interrupted for 349 days, almost a

year, on an important statement that I was making. Because I have so little time left I want to get right to the statement.

Bill C–52 would put into action a decision made by the previous government to establish the department and we are dealing with some amendments to the bill. I go on record as reviewing what I said almost a year ago and emphasizing as strongly as I can that I think we would make a gross error in approving some of the items in the bill unless we accept the amendment proposed by the Bloc to delete clause 16.

We run the risk of actually losing the very foundation of the economic system of the country, namely free enterprise or the private initiative to go out and get it. The government has taken it upon itself to tax everyone to death and use that money to subsidize activities that should properly take place in the private sector and, most important, to compete unfairly with it.

It is unjustifiable to force businesses to pay taxes and then use that money to provide the services the companies are in the business of providing. It is a contradiction that will destroy the economic basis of the country if we proceed. I emphasize as strongly as possible that we should not do what the bill proposes, which is to give the Minister of Public Works and Government Services carte blanche to do anything for anyone as the bill proposes, just anything that he decides, using government departments to provide engineering services, printing services, advertising services, all the services which many businesses depend on in order to provide for their employees for their very survival.

• (1545)

Instead, we have this move by the government to give the minister unbridled ability to do whatever he or she wants in terms of competing with private enterprise. That is a wrong principle.

Let us ask for some careful thought on the part of the government. Let us not wait until the other place has to be the chamber of sober second thought. Let us do some sober thinking in this Chamber and defeat this bill unless we can get the amendments for which we asked.

The Acting Speaker (Mr. Kilger): Let me commend the hon. member for Elk Island for being so patient and waiting all those number of days to close his intervention. It seems just like yesterday that he spoke on this very important matter.

Mr. Ronald J. Duhamel (Parliamentary Secretary to President of the Treasury Board, Lib.): Mr. Speaker, I am delighted to resume the debate.

When I heard my hon. colleague say this bill will somehow shake up or destroy the economic system of the nation, I think there is some exaggeration.

I heard my colleague say we are forcing businesses to pay taxes. My goodness, I think most businesses pay taxes rather willingly. Some have questioned some sections of the bill, but they have also acknowledged some of the meaningful changes that have been made.

When he suggests there ought to be sober thinking here, I hope there is thinking and that the people who are doing the thinking are sober. If that is so, it would be sober thinking.

It has been almost a year since we debated this bill, as my colleague has pointed out. With Bill C–52, an act to establish the Department of Public Works and Government Services, four common service agencies are being integrated into one: Supply and Services Canada; Public Works Canada; the Translation Bureau and the Government Telecommunications Agency. The bill has a single and simple purpose, integration. The government is setting out a solid legislative process for integrating virtually all common service agencies within one organization. The result will be increased savings, efficiency and improvement in services for government, business and, most important, the Canadian taxpayer.

Through overlap and duplication reduction, system streamlining and expertise pooling, the cumulative savings for the Canadian taxpayer will be approximately $180 million by 1997–98.

[*Translation*]

We are talking here about integrating four former departments. We are talking about efficiency and about improving services to all Canadians. We are also talking about saving taxpayers' money.

[*English*]

Under this bill, the Minister of Public Works and Government Services will have the authority to provide services in several areas, including acquisition of material and services for other departments, printing and publishing, communications and translation, real property services, including the administering of federal real estate, realty services and architectural and engineering services, acting as a receiver general, providing administrative services such as management consulting, information services audit, accounting and financial management.

The authorities contained in Bill C–52 essentially reflect those contained in the legislation of the four components of government that are being amalgamated. However, changes were made to modernize the legislative responsibilities of the department and to ensure consistency across the newly amalgamated organizations.

The Public Works Act dates back to 1867 and the Supply and Services Act back to 1969.

[*Translation*]

We are merging four former departments. We are taking into account the legislation of these departments, of course, but we are also modernizing.

• (1550)

[*English*]

Bill C–52 is about savings, efficiency, improved services. The integration of virtually all common service agencies into one department is achieving savings, increasing efficiency and improving services by reducing overlap and duplication, streamlining systems and pooling expertise. This will ensure the most efficient and cost effective delivery of our services and generate significant savings for Canadians, savings I have indicated previously in the magnitude of $180 million annually.

As a result of budget and program review decisions, the department will reduce the workforce in five years by 5,263 full time equivalent positions, or by about 30 per cent of its current population. About 85 per cent of these reductions will occur by the end of 1997–98 fiscal year.

This is about competition. The minister recognizes that more than ever the government has to be sensitive to the needs of the private sector and the real and legitimate concerns about unfair competition from the public sector. That is why the minister has moved swiftly to rectify the situation when specific examples of unfair competition have been brought to his attention.

In the case of architectural and engineering services, the minister has directed a review take place to determine the most cost effective means to deliver these types of services for the government as a whole.

A consultative committee has been established to guide this review, with representatives from industry associations and firms as well as union and government officials participating, including members of the Association of Consulting Engineers of Canada.

The minister has stated on several occasions that the department will not be allowed to compete against the private sector. This legislation will only be used by the department to support Canadian businesses to expand successfully, I might add, and to obtain a greater share of global markets, as well as to reduce overlapping duplication in all levels of government.

This bill has now the inclusion of a requirement for an order in council. The inclusion of a requirement for an order in council in section 16, proposed by the member for Guelph—Wellington, will ensure that the government obtain full direction from cabinet before the authority contained in this section is exercised and, therefore, ensuring accountability.

BUSINESS OF THE HOUSE

Hon. Alfonso Gagliano (Secretary of State (Parliamentary Affairs) and Deputy Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I wish to inform the House that Tuesday, November 28 and Thursday, November 30 are hereby not allotted and shall not be opposition days.

* * *

DEPARTMENT OF PUBLIC WORKS AND GOVERNMENT SERVICES

The House resumed consideration of Bill C–52, an act to establish the Department of Public Works and Government Services and to amend and repeal certain acts, as reported (with amendments) from the committee; and of Motions Nos. 2 and 3.

Mr. Duhamel: Mr. Speaker, this bill is a further safeguard to ensure that the government is committed to govern with integrity and will take every measure necessary to restore confidence in the institutions of government.

This bill is about public–private partnering. The Minister of Public Works and Government Services is committed to further investigation and development of a potential for partnering. He is working at building the kinds of partnerships and working arrangements which will be beneficial to the government, the business community and the people of Canada. This commitment is shared by the Prime Minister.

Bill C–52 is needed to allow the minister to fulfil his commitment to further investigate and develop the potential for beneficial public–private partnering and working arrangements as well. This bill is about the efficiency of the federation.

PWGSC is contributing to the efficiency of the federation initiatives in the area of shared government support services. Priority areas identified include infomatics, procurement and realty services. PWGSC is in the process of negotiating with the provinces and territories on shared government support services.

Bill C–52 will enhance efficiency of the federation initiatives in that it will simplify administrative processes, leading to sharing arrangements with other levels of government.

Bill C–52 is about good government and improving services. It is essential that we get on with this bill. I look forward to the support of my colleagues.

This bill is about responsible and responsive government. We have consulted extensively with the Association of Consulting Engineers of Canada, the ACEC, and have made every effort to accommodate the concerns of this special interest group.

• (1555)

[*Translation*]

We recognize that the issue raised is a very important one.

[*English*]

First, we have put forward two separate amendments to clause 16 of the bill, one at committee stage clarifying that the department would only provide services outside the federal government at the request of another level of government or private sector firm.

The member for Guelph—Wellington has now also introduced an amendment stating that this will be done only after receiving governor in council approval.

Second, the minister has directed his department to undertake a comprehensive review of the levels of out–sourcing of the government's architectural and engineering requirements. For this review, a consultative committee comprised of industry, union and government representatives has been established to provide advice throughout all phases. This study is now under way with a report expected in the spring.

[*Translation*]

As I just pointed out, we are merging departments. We are integrating, if you will, four former departments, and we are modernizing. We are responsive to the issues raised by a number of people and we are trying to be sensitive to their concerns. I believe this bill does just that.

The Acting Speaker (Mr. Kilger): Before I recognize the hon. member, I must inform the House that the hon. member, who wishes to take the floor, has already spoken on the same group of Motions, that is group No. 2, which we are debating. So, do we continue the debate?

Is the House ready for the question?

Some hon. members: Question.

[*English*]

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 yeas have it.

And more than five members having risen:

The Acting Speaker (Mr. Kilger): Pursuant to Standing Order 76, the recorded division on the motion stands deferred.

[*Translation*]

The Acting Speaker (Mr. Kilger): We will now proceed with consideration of group of motions No. 3.

Mr. Jean–Paul Marchand (Québec–Est, BQ) moved:

Motion No. 4

That Bill c–52, in Clause 17, be amended:

(*a*) by replacing line 5, on page 6, with the following:

''17.(1) The Minister may, subject to any regu–''; and

(*b*) by adding after line 16, on page 6, the following:

''(2) Before any fees or charges are fixed under subsection (1) or increased, the Minister shall cause to be published in the *Canada Gazette* and in no fewer than two leading newspapers in each province a notice clearly indicating

(*a*) the products, services, rights, privileges, regulatory processes, approvals or use of facilities provided under subsection (1); and

(*b*) the fees or charges that have been fixed or increased pursuant to paragraph (1)(a).''

• (1600)

[*English*]

The Acting Speaker (Mr. Kilger): With respect to Motion No. 5, the hon. member for Scarborough—Rouge River has indicated he will not be present and will not be moving the motion. I might add while I am on that subject that Motion No. 7 by the same member also will be struck.

Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.) moved:

Motion No. 6

That Bill C–52, in Clause 17, be amended by replacing lines 5 to 16, on page 6, with the following:

''17. The Minister may, subject to any regulations that the Treasury Board may make for the purposes of this section, charge for services provided by the Department pursuant to this Act or any other Act in force at the time this section comes into force.''

[*Translation*]

Mr. Jean–Paul Marchand (Québec–Est, BQ): Mr. Speaker, this motion is proposed essentially to allow the government to be more open in its method of setting the price of goods and services. Our suggestion, basically, is that all changes involving the price of supplies, the awarding of contracts or almost anything else be published in the *Gazette* and even in daily newspapers.

Clause 17 in fact gives the government or the minister the right to change the charges for passports, for example, or for any other service the government supplies at the present time. The minister would be entitled under this section to change the set charges without notifying the House or the public in advance. All we want is for all changes to be published in the *Canada*

Gazette and in newspapers, so that people are informed and the government is transparent.

The non–transparency of government can be seen in a number of areas. Moreover, the government does not even listen to the suggestions made by the general public. For example, the preceeding clause, 16, contains the same problem as 17: lack of transparency or not being attuned to the concerns of the general public.

Where clause 16 is concerned, it is even more flagrant. It is not solely a question of publication, but is really a question of respecting private enterprise. The committee even heard representations from the Canadian Association of Professional Engineers. Engineering representatives joined with more than 12 other Canadian organizations to oppose clause 16. In fact, that group of associations was a coalition of 12 of the most important organizations in Canada, including the Canadian Association of Professional Engineers, the architects' association, boards of trade, the federation of independent business, the Conseil du patronat du Québec, and so forth. These 12 associations represent 280,000 Canadian companies opposed to clause 16. They were violently opposed to clause 16 because, with it, the minister assigns himself the power to compete with the private business sector, particularly in the areas of engineering and architecture.

In my opinion, this is an abuse of power. The hon. member for St. Boniface said that the minister had no intention of competing with the private sector.

• (1605)

However, in a letter sent to committee members, the minister himself stressed they did not intend to bid the private sector out of the market, but he did say they intended to compete. This is in fact abuse of power, because not only does the government not respect the opinion of those concerned, as in the case of clause 17, but it acts as though nothing was wrong.

After all the representations made in committee, the government fails to act on this request by the coalition of Canadian associations. The hon. member for St. Boniface said that they set up a committee to review this sector, at least as far as competition between the government and the private sector on engineering and architecture projects was concerned, but this is just another phoney committee. The federal government is very good at setting up committees that do nothing, know nothing, hear nothing and see nothing.

The committee was set up nearly a year ago. Can you believe it? In fact, the president of the coalition, Pierre Franche, told me they had yet to meet. Imagine, they have not discussed the problem. In fact, he said there was absolutely no hope for any changes, especially in clause 16. That is pretty obvious, because today in the House, the government wants to adopt the same clause tabled a year ago, without any changes.

This is not openness, and this is not necessarily listening to the general public. We can hardly say this is a government that is working very hard to meet the needs and deal with the concerns of Canadian citizens or associations. They are doing nothing. Zilch. Not one word changed.

In fact, the government's proposal concerning clause 16 is to maintain all the elements that have raised the concern of these 12 Canadian associations which represent 280,000 companies in Canada. That is a lot of people. The government did not budge and insists on maintaining this clause, while saying, of course, that no, this will not necessarily increase the minister's powers: no, the minister will not act in such a way as to establish competition with private businesses; and no, we will be on our best behaviour. This power, accorded the minister under this clause in the bill would not be abused.

Well, if government members are honest, candid, and really up front, as we hope they are, if indeed the minister would not abuse this increased power, if indeed he would not use it and if 200,000 companies in Canada oppose this clause, let the government abolish it. It should abolish it. Why are they keeping it saying they will not use it, despite the opposition to it? If they keep it, it is because, hypocritically, they want to use it.

Obviously, the government would not hang onto increased power knowing that it would not use it, despite the opposition expressed by so many responsible companies and organizations across Canada. It wants this power. And this, basically, is why the government is keeping the clause intact. What also concerns me is that any engineering industry and architectural expertise we may have in Canada is mostly concentrated in Quebec.

Engineering firms have developed admirably in Quebec. The industry is very important to Quebec. It is one of the most important ones given all the hydroelectric projects and the consultation development done.

• (1610)

Is the federal government positioning itself to set up coalitions with certain private corporations in these sectors? Does it want to set up coalitions that may compete with and even destroy other engineering firms? Could this lead to patronage? Is there a possibility of collusion to support certain policies rather than others?

This provision opens the door to abuse, to competition between the government and the private sector. I find this extremely dangerous. We have seen, across Canada and around the world, several cases in which competition between government and private enterprise is never good. This morning, we talked about Canada Post, a crown corporation that competes with the private sector in the area of courier services and mail advertising delivery, for example. This is costing Canadian taxpayers a lot of money. Do you know why the federal govern-

ment is running such a huge debt and deficit? It is because it is not really dealing with this.

I basically think that clauses 16 and 17 are unfortunate. Again, the main purpose of our motion is to ensure maximum openness, so that the general public will know exactly what the government is doing, because between you and me, Mr. Speaker, this government does not always act honestly and in a straightforward manner.

[*English*]

Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, the hon. member who has just spoken really was discussing clause 16 of the bill rather than the amendment he has put before the House regarding advertising in newspapers.

While there may be some relevance and I am not arguing that, I think he has misunderstood the thrust of the amendment that has already been proposed and which is subject to a vote. Also, I think he will be well satisfied with this bill and the Canadian public will be well satisfied when we have completed the amendments that have been proposed in the House today. I think the hon. member for Québec–Est knows that perfectly well.

I would like to speak in support of the amendment I proposed to clause 17 of this bill. Clause 17 deals with the powers of the minister to fix certain charges that may apply to the various services provided by the minister's department.

The government's original intent was that the legislation dealing with the departments of public works and government services, industry, and heritage would all include an identical clause dealing with fees for the sake of consistency and uniformity. However it is recognized that public works and government services differs from the other two departments in that the focus of its mandate is internal to government as opposed to delivering government programs to the Canadian public which is the case in the other departments I listed.

[*Translation*]

The vast majority of contractual arrangements that the minister signs and that involve charging for goods or services are made with other federal agencies. Generally speaking, the department delivers common services to some 150 federal departments and agencies. These services cover a wide range of activities.

[*English*]

They include: providing office furnishings and supplies; consulting services; real property and realty services; architectural and engineering services; communications and telecommunications services; and many more. The important point is that these are essentially intergovernmental arrangements that do not impinge directly on the department's relations with outside interests.

As a result and subsequent to debate on this clause, I put forward an amendment to its wording. Under the proposed amendment, the full wording of the clause would be as follows:

> 17. The minister may, subject to any regulations that the Treasury Board may make for the purposes of this section, charge for services provided by the department pursuant to this act or any other act in force at the time this section comes into force.

• (1615)

Not only does this revised wording simplify the description of the minister's power in this area, it also more accurately describes the nature of the department and its functions. The use of the words ''charging for services'' rather than the original wording ''fixing fees and charges'' reflects the reality of the service nature of the department. It is in line with the wording found in the existing Supply and Services Act. For this reason I ask hon. members to support this amendment.

Clause 17 of this bill as amended establishes a clear, relatively simple and unbureaucratic regime for establishing charges for services made by the department. It is in line with the general thrust of the bill, which is to streamline government operations, reduce red tape and make the delivery of common services more cost effective.

However, the minister's powers in this area are by no means unlimited. One of the major constraints is that many of the services his department provides to the government are optional; that is, the client may accept them or look elsewhere for better value. This in itself is a powerful incentive to make sure the department's schedule of charges is well thought out and competitive with outside sources. Of course in establishing charges the minister must take into account the rules and guidelines of his own department, the Treasury Board, and other government bodies.

By giving the power to set charges to the minister rather than the department, clause 17 ensures the minister will be ultimately responsible to Parliament to answer any questions that may arise with regard to charges.

Mr. Keyes: As it should be.

Mr. Milliken: As my hon. friend from Hamilton West says, that is as it should be. I agree.

This being the case, members can rest assured that these powers vested in the minister under clause 17 with the amendment I have proposed will not be abused. Passage of Bill C–52 with this amendment will give the minister the legislative authority he needs to continue working for more efficiency and cost effectiveness in government operations.

Mr. Bill Gilmour (Comox—Alberni, Ref.): Mr. Speaker, I am pleased to have the opportunity to speak on the proposed amendments to Bill C–52, an act to establish the Department of Public Works and Government Services and to amend and repeal certain acts.

The four proposed amendments—now two, as two have been dropped—have been grouped together for debate. All address clause 17 of the bill. Clause 17 proposes to allow the minister of public works, subject to any regulations the Treasury Board may make for the purposes of this clause, the authority to ''fix fees and charges that the minister considers appropriate to be applied to products, services, rights, privileges, regulatory processes or approvals and the use of facilities provided by the minister, the department or any other board or agencies of the Government of Canada for which the minister has responsibility, including public works and federal real property under the administration of the minister''.

That is a very longwinded way of saying that the minister would be free to set fees and charges for any department services under his portfolio completely at his discretion. This amount of ministerial discretion and power goes too far and is clearly unnecessary.

This clause moves in exactly the opposite direction to where we feel we should be heading. Canadians want a bottom up system of decision making. However, proposals such as clause 17, with decisions concentrated in the hands of the minister, support a top down system of policy and decision making. Somehow the Liberals must have their signals crossed, because this is definitely a move in the wrong direction. Either they are not listening, which happens quite often, or they are hoping to slip one by the public when it is not looking. This may explain why the government has sat on this bill for so long, nearly a year, because such controversial proposals simply will not be accepted by the Canadian public.

It is not surprising that a number of amendments have been proposed to address this clause. What is surprising is that these changes are being proposed in the first place.

The first proposed amendment by the member for Québec–Est is to change clause 17 so the minister would have to publish any fee or charge increases in the *Canada Gazette* and in no fewer than two leading newspapers in each province. This notice must clearly indicate the product, services, rights, privileges, regulatory processes, approvals or use of facilities provided under subsection (1), and the fees or charges that have been fixed or increased.

● (1620)

However, this proposal would do nothing to change the intent of the clause as it stands. The only benefit, and it is a benefit, is that the public will be made aware of the changes. But the minister still retains complete discretion in the setting of fees. For this reason, this amendment is redundant and I see little cause to support it.

The member for Scarborough—Rouge River proposed an amendment and then withdrew it. The amendment had the effect that the fees and charges for government services did not exceed the cost of providing the service. The motion would have restricted the minister in how much he or she could raise fees for services. I could not have supported that in the long run, so I am pleased to see the amendment withdrawn.

The parliamentary secretary to the leader of the government also proposes an amendment to clause 17. However, I fail to see why this amendment was proposed in the first place, because it changes nothing, except perhaps the wording of a particular clause. The intent of clause 17 is the same. Fees would be set by the Minister of Public Works and Government Services at his discretion or whim, giving the minister far too much discretion, which I am not confident he can handle. I cannot in good judgment support this amendment either.

Motion No. 7 was proposed by the member for Scarborough—Rouge River and is the only amendment to clause 17 that makes any sense. Perhaps that was why he withdrew it today. Motion No. 7 would have proposed to delete clause 17 altogether. That made good sense. This amendment clearly would have had our support, because Canadians are demanding a more open and transparent system of government. They want honesty and integrity restored to our government.

Canadians are simply tired of governments that do not consult them, disregard their views, and especially governments that conduct key parts of public business behind closed doors. Yet closed door politics that allow government ministers to make random changes to fees and service charges, with no system to scrutinize and oversee changes, can hardly be considered a step in the right direction.

The Liberal government has made a lot of promises regarding open government. We often hear the term open government, but we see little action. On the contrary, we have seen quite the reverse. This is just one example of the government grasping at more power and control. When this government proposes decision making to be concentrated in one person, the minister, and conducted behind closed doors with no accountability, this is not open government. This is a step toward a more autocratic, not democratic, system of government.

The Liberals promised in the red book that ''open government will be the watchword of the Liberal government''. Right. It is obvious that the Liberals need to reread their book of promises. When put to the test on this government's commitment to open government, it has failed miserably again and again.

It is unfortunate to note that with the problems the government has had regarding patronage and abuses of privilege, clause 17 is certainly not appropriate. Clause 17 has no criteria in place to guide decisions to raise or lower fees. It is completely lacking in any system of checks or procedure for making fee changes known to the public.

In addition, who will scrutinize the minister's decision when fees and charges are raised or lowered at his whim? Will it be the ethics commissioner, who has been notably absent in a number of allegations of impropriety? I rather doubt it.

The government is proposing a system that will be left wide open to the possibility of abuse. That is what concerns me most with this portion of the bill. Unless the government will impose a system of checks and balances to ensure accountability, it is best not to leave the entire Department of Public Works and Government Services and all its operations open to the possibility of abuse.

Let me remind the House and Canadians who are watching that this is the same government that allowed one of its backbenchers to take money from two different government departments for one piece of equipment. In this case there was no system of checks and balances to ensure that the money was used appropriately. This is just one example of the government's irresponsibility in the managing of taxpayers' money. And now we are looking at a proposal to give the Minister of Public Works and Government Services complete discretion over rates for his department. Give us a break.

This is the same government that promised to scrap the GST. Where is it now? Right back where it was.

• (1625)

There is a definite lack of accountability. This makes it very difficult to consider giving unlimited ministerial discretion. Time and again this government has made a mockery of open government. Last session closure was invoked on several bills in an effort to hide the bills from public scrutiny.

In conclusion, Canadians will not tolerate this abuse of privilege again and again. Canadians must be allowed to participate in debate and decisions. It is time for this government to take a step in the right direction, and that is to strike clause 17 from this bill altogether.

Mr. Réginald Bélair (Parliamentary Secretary to Minister of Public Works and Government Services, Lib.): Mr. Speaker, the general thrust of Bill C–52 is to allow the Minister of Public Works and Government Services the opportunity within existing laws and regulations to develop the most efficient system possible for delivering common services to the government.

An amendment has been put forward by the member for Kingston and the Islands to clause 17 of the bill, which will allow the minister, subject to Treasury Board regulations, to charge for services provided by his department.

[*Translation*]

This is a simple and direct approach to price and fee setting and determination.

[*English*]

This approach reduces to a minimum the administrative time and costs involved, both to the department and to its client departments.

[*Translation*]

Another amendment to clause 17 proposed by the hon. member for Québec–Est would have exactly the opposite effect. Adopting this motion would result in substantial additional costs, a heavier bureaucratic structure and considerable delay in the price setting process for the department's services.

[*English*]

This goes directly against the grain of what the government and most members want to see; namely, more efficiency and economy in government operations and less red tape.

There is already a framework within government that ensures that any authorities granted are being executed to safeguard the interests of Canadian taxpayers. It should also be noted that the services provided by the Department of Public Works and Government Services are offered to other departments on an optional basis and not to the general public.

[*Translation*]

This means that client departments and interested agencies may either accept the department's rates or look for other ways of satisfying their requirements.

[*English*]

This in itself is a very strong incentive to the minister and the department to ensure that the rates they charge are fair and competitive with others in the marketplace.

[*Translation*]

The wording proposed by the hon. member for Kingston and the Islands is better suited to the realities of Public Works and Government Services Canada. The amendment proposed by the hon. member for Québec–Est would just create a heavier bureaucratic structure, result in higher costs and not protect the public interest any better.

[*English*]

The motion being put forward by the member for Kingston and the Islands more appropriately reflects the approach to be taken in this instance. I ask all members of the House to support it.

[*Translation*]

We must show the taxpayers that we can operate more effectively and serve them better with fewer people and less money.

[*English*]

This is essentially what Bill C–52 is all about. The new department has already demonstrated its value in cutting costs and eliminating duplication.

[*Translation*]

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

Some hon. members: Question.

The Acting Speaker (Mr. Kilger): The question is on Motion No. 4. 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 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:

• (1630)

The Acting Speaker (Mr. Kilger): Pursuant to Standing Order 76, the recorded division on the motion stands deferred.

It is my duty, pursuant to Standing Order 38, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Chicoutimi—the Constitution.

We now move on to consideration of group 4.

Mr. Jean–Paul Marchand (Québec–Est, BQ) moved:

Motion No. 8

That Bill C–52, in Clause 20, be amended:

(*a*) by replacing line 38, on page 6, with the following:

''20. (1) Subject to any regulations that; and''; and

(*b*) by adding after line 4, on page 7, the following:

''(2) Within the first five days of every month or, if the House of Commons is not then sitting, within the first three days next thereafter that the House is sitting, the Minister shall cause to be laid before the House copies of all contracts entered into under subsection (1) since copies of contracts entered into under subsection (1) were last laid before the House.

(3) The copies of contracts laid before the House of Commons pursuant to subsection (2) shall stand permanently referred to the committee established to consider matters relating to government operations.''

Motion No. 9

That Bill C–52, in Clause 20, be amended:

(*a*) by replacing line 38, on page 6, with the following:

''20. (1) Subject to any regulations that; and''; and

(*b*) by adding after line 4, on page 7, the following:

''(2) Within the first five days of every month, the Minister shall cause to be sent to every member of the House of Commons a list of the contracts entered into under subsection (1) in the preceding month that relate to a corporation or a firm

(*a*) having a place of business in the member's constitutency; or

(*b*) providing products or services pursuant to the contract in the member's constituency.''

He said: Mr. Speaker, this amendment to clause 20 is once again an attempt by the official opposition to provide greater transparency in the activities of the Department of Public Works and Government Services.

We certainly understand that the Department of Public Works and Government Services has an important mandate, which is to award contracts. However, we also know that there is a lot of patronage related to that process, something that can be very costly. As you know, the federal government contracts out almost $10 billion worth of services every year. The committee which reviewed this bill was told at one point by Treasury Board that these contracts amounted to only $5 billion. Then we learned that it might closer to $7 billion. Now we know that, for all intents and purposes, these contracts amount to some $10 billion, and not all of them are necessarily justified.

Again, we were told by Treasury Board officials that, while the government is in favour of relying more on the contracting out process, as confirmed from year to year, particularly since the Liberals took office, and while that practice has indeed increased, Treasury Board has not set up any written assessment system to show effectively that this process was good for the government, in terms of money saved and increased efficiency.

Just recently, the committee heard some Treasury Board officials who showed us, through their studies, that the total value of non–competitive contracts was greater than that of competitive contracts. Just think. Contracts under $30,000 awarded by the government are not subject to a bidding process, nor is any assessment done by any independent agency or department.

In other words, all contracts worth less than $30,000 can be awarded to anyone, without any bidding. These are non–competitive contracts and, as I said, their total value is greater than that of all the contracts which are subject to the competitive bidding process.

• (1635)

I think this is outrageous, because we know perfectly well that the present government has monstrous debts. It seems to me that a responsible government would want to use every means at its disposal to ensure that these contracts with agencies that do business with the government are honest and efficient.

However, there seems to be no desire to take any initiative in this respect. The motion on clause 20 is quite straightforward. Its purpose is to ensure that all contracts entered into by the government with outside firms are published. It is certainly not too much to ask the government to publish contracts, if only to inform members of contracts entered into in their ridings. This is elementary.

It is not a matter of cost either, although the government keeps saying it would be extremely costly for the Department of Public Works and Government Services to table in the House copies of contracts entered into with outside firms. It is certainly not too costly, since the Quebec government already does this.

This mechanism already exists. Clearly, if contracts awarded by the government were published, this would be one more way to monitor the system, so there would be less patronage involved in awarding these contracts. Members of Parliament and others with access to this information would be able to draw attention to the many cases of abuse that would be easy to detect.

However, the government will not budge, it continues its policy of concealment and shows no desire to be transparent. As far as we are concerned, the kind of information we want is elementary. We want to know. This is nothing out of the ordinary. We would have this information if the government had the political will to inform the general public, but we are not even asking that. We just want members of Parliament to be informed, as is the case in Quebec. The government has rejected our request. In fact, in the past two years we have filed several requests with the Minister of Public Works and Government Services for access to this information, and we have been turned down many times.

In my opinion, this refusal on the part of government to make contracts entered into with outside firms public seems to be a desire to conceal information. It seems to me that it is not a desire for transparency, and the fact that waste and patronage may be at a very high level in this government perhaps explains why access to this information is being refused. Not only does this denote a denial of transparency and information, but it is also an obvious reflection of the desire, or lack of concern, on the part of the Government to try to really reduce waste and misspending when it comes to contracts with companies outside the government.

• (1640)

Where subcontracting is concerned, in connection with contracts of under $30,000 with no tendering process, I can personally tell you that I have met a number of people who are familiar with all the tricks used within the public service, all those readily implemented tricks that can be used to get impressive amounts out of the government, under the pretext that the contracts are non–tendered, non–competitive contracts. Shockingly high amounts have been wasted once again by these departments.

All that we in the official opposition want is to be responsible, to set up an initiative which will ensure greater transparency by enabling us to obtain the necessary information to denounce abuses and waste. This, I feel, is elementary. These are things to which one ought to be entitled.

It seems to me that the government itself, if it were really concerned about transparency and reducing waste, would have brought in modifications to ensure that those involved were better informed. It seems to me that the government is refusing things which are self–evident.

To my eyes, this is an extremely worrisome action. We can understand why the government is not reducing its deficit. We can understand that the debt is going to continue to increase. The economists are even predicting that the debt will exceed $800 billion by the year 2000. This situation is cause for alarm.

With this, the government would have the opportunity to implement measures to limit these abuses. It could even go so far as to pass an act, as my colleague from Portneuf has said, to protect public servants reporting waste within government, or to propose bills to protect private businesses which have dealings with the government, so that they too may report wastage, rigged contracts, abuses and so on. But the government does not do so.

In closing, I would like to express my wish that the government adopt this motion so as to guarantee greater transparency in contracts outside government, thus reducing waste in Department of Public Works and Government Services contracts.

[*English*]

Mr. Dick Harris (Prince George—Bulkley Valley, Ref.): Mr. Speaker, I am pleased to address the Group No. 4 amendments to Bill C–52, particularly the motions put forward by the hon. member for Québec–Est.

I know what the hon. member is thinking in proposing these amendments. They would allow government contracts to be placed before committees and before members of Parliament. The committees would look at them and either approve or disapprove of them. Quite naturally, this is an unworkable and unrealistic concept. It simply does not work.

We must take into consideration when considering Motion No. 8 the fact that the government enters into literally thousands of contracts over the course of a year with thousands of individuals and hundreds and hundreds of companies. To suggest that these contracts could be effectively analyzed by the government operations committee is unrealistic. Considering the sheer number of contracts in no time the committee would be simply choked with paperwork. Ultimately this would achieve nothing.

• (1645)

While I do not support the amendment I share the opinions of the member for Québec–Est, particularly those on non–competitive contracts. I share his concern in all contracts laid out by the government. It is a well known fact that Liberal governments past and present and Tory governments past and hopefully not in the future have built their party fortunes on the practice of patronage.

We can look at the who's who of business in the country and find Liberal and Tory friends, big time. We have seen time after time where Canadian companies that are well known supporters of the Liberals or the Tories end up with a multitude of contracts.

One that comes to mind since I spoke about it a couple of weeks ago is in the area of Canada Post, a crown corporation, and SNC–Lavalin. I know it is a little removed from what we are talking about. However SNC–Lavalin is a huge consortium, a huge company, a well known friend of the Liberal Party. In the last three years hundreds of millions of dollars in contracts have been let out by Canada Post. They have been uncompetitive and given with no public tender to SNC–Lavalin.

It does not take a rocket scientist to go through the political contributions over the last 10 or 15 years. Almost on an annual basis SNC–Lavalin and friend companies come up right at the top of the list as contributors to the Liberal Party. We wonder why.

I share the concerns, but to put thousands of contracts before the government operations committee, before members of Parliament, is simply unworkable and unreasonable. Let us talk about whether, if they did go before committee, the matter of committee examination raises larger issues with respect to how committees operate anyway.

The Liberals promised that committees would play a greater role in Parliament and that members would have input into the legislative process by way of their roles on the committees. What a joke.

Let us start with some of the more notable initiatives of the government when it comes to committees. One of the vice–chairs of committees is automatically given by tradition to a member of an opposition party in the House. There are two recognized opposition parties in the House. One is a federalist party that believes in Canada, that loves the country. Its power base in the last election just happened to have been in the western provinces, from Manitoba west. It was a good result for our first time out. We will wait until the next election. We will let the people of Ontario, Quebec, the maritimes and the rest of Canada determine our future.

We are a federalist party. We put forward a member's name from our party to sit as a vice–chair. The separatist party, the Bloc Quebecois, put forward a member. It is a party determined to break up the country. The Liberals had two options. One was a separatist who wants to destroy Canada and the other was a federalist who wants to keep Canada together and make some changes so that it will stay together. Who did the Liberals vote for en masse? They voted for the separatist member. In every vice–chair position the separatist member was supported by the Liberal Party.

• (1650)

The chairman of the public accounts committee is always an opposition member. The Reform Party, a federalist party, put forward the name of the member for St. Albert and the Bloc Quebecois put forward the name of a member of its party for the chairmanship of the committee. One would think the government would want someone in that position who has the interests of the future of Canada at heart. I would think that. Most Canadians would think that, but not the Liberals.

The Liberal whips were there to make sure all their committee members did exactly what they were told. They promptly voted in a member of the Bloc Quebecois, a separatist party whose goal is to break up the country, to be chairman of the public accounts committee. What a joke.

We can talk about the effectiveness of committees. Given the fact that government members dominate the committees in number, and they are the government so let us give them that credit, the effectiveness of the committee is nullified. If there was patronage going on, and I am sure there is, it would quite likely continue because the committee members would simply rubber stamp everything their party whips and powers that be told them.

We should look at how effective opposition members have been in committees and the way Liberals have bulldozed bills through committees. We need only look to Bill C–45, Bill C–64, Bill C–89 and Bill C–91 to find that the Liberals had no intention of listening to what the Reform Party or the Bloc party had to say.

When Bill C–64, the employment equity bill, was before the committee the Liberals allowed four witnesses from the Reform list to appear before the committee and debate on each clause was limited to five minutes. We are talking about a major piece of legislation the Liberals wanted to push through the House. What did they do? They sent the whip down to the committee examining the bill to give Liberal members their instructions and the bill was rammed through.

Motion No. 8 has some merit in so far as the intent of the hon. member for Québec–Est. I agree with his intent but unfortunately it is simply not workable.

Motion No. 9 would cause a list of all government contracts in each constituency to be distributed to the appropriate MP every month. This would incur a tremendous amount of cost. The Reform Party is a fiscally conscious party. It wants to see government operations decreased rather than increased. Although we agree with the intent of the motions we have to oppose them and that we will.

Mr. Ronald J. Duhamel (Parliamentary Secretary to President of the Treasury Board, Lib.): Mr. Speaker, I am pleased to rise in the House today to address Bill C–52, more particularly the proposed amendments to clause 20 put forward by the Bloc Quebecois member.

[*Translation*]

Before doing so, I would like to make a few comments. When my colleague from the Bloc referred to contracts, he forgot to mention that the number of contracts awarded in the past few years has remained essentially unchanged. True, their value has increased, but he is well aware that this is because of a number of major contracts that skewed the information. He knew this, but he did not say it.

What is interesting, is that one of the government committees, the Standing Committee on Government Operations, decided to take a look at the matter. When it called witnesses, do you know what was interesting? It was that people in the public service were already looking at this question. They were studying it because they were concerned as well. There you have it. It is quite interesting, but he neglected to mention it.

I also find it interesting that my colleague has made all sorts of unfounded accusations. He claims it is rotten, claims there is patronage everywhere and claims that we are handing out money here and there as if it grew on trees. Frankly, I find this exaggerated and unfortunate. And what about my colleague from the Reform Party?

• (1655)

[*English*]

He makes accusations too. He can make any kind of accusation. He does not have any proof. It does not really matter. The Reform Party has a lusting for power. It is lusting so terribly that it is saying some terribly silly things. It is so silly that Reformers are trailing the Tories in the polls. That is how silly it is and Canadians know it is silly. I invite them to continue to make comments. Every time they do it helps the Liberal Party. Would you stand and continue? You are doing a fine job to help us.

The Acting Speaker (Mr. Kilger): Order, please. It is not for me to slow anyone down, but I remind the member to make his intervention through the Chair.

Mr. Duhamel: Mr. Speaker, I am sorry. I was trying to speak through you to them. I shall make sure that I do so from here on in.

I will make a couple of comments as well with respect to contracts and sole sourcing. The preferred approach of the Department of Public Works and Government Services is always the competitive one. My colleagues know that. Why would they not have mentioned that?

They also know that there are good occasions and good reasons when we need to sole source. They know that. They also know that if we sole source, any supplier who feels qualified to meet the requirement can challenge the sole source award. They forgot to mention that. That is openness. That is transparency. Is it that they do not know or are they being mischievous?

It is interesting to note as well that advance contract award notices can be challenged. They are rarely challenged. What does that mean? That means that it is being done transparently. It is being done above board. I am really surprised that it would not have been mentioned.

I add as well that the House should also be reminded of other measures the Minister of Public Works and Government Services has taken to ensure integrity in the process. For example, all members of the House have been invited to subscribe to the open bidding system. I wonder if those who have been rather loquacious, vociferous and noisy today have done that.

The minister introduced the lobbyist certification clause. Do they know that? Do they know what it does? Probably not. An effective bid challenge process has been implemented in the department. Do they understand that? No, probably not. Contracting operations are subject to regular internal audits. That is another precaution. I cannot believe they would not share the positive as well as the questions they feel need to be addressed.

The Department of Public Works and Government Services holds supplier seminars across the country almost every day to make sure people are aware of what is happening. In this department small contracts are competed, contrary to the impression that was given, even contracts below the dollar threshold required by Treasury Board for competition. That was not said.

They did not talk about the transparency of the open bidding system. They have not said that for low dollar value procurements not advertised on the OBS the department uses an automated vendor rotation system which ensures equitable access to all suppliers of local commodity specific source lists of qualified suppliers, another precaution. They did not mention that 75 per cent of suppliers subscribing to the OBS have 50 or

fewer employees, which points out that small businesses take advantage of it.

We have no evidence of a trend for contract splitting in the department. The department statistics indicate a reduction in both the number of contracts under $30,000 and the number of contract amendments.

I thought we needed to set the record straight because either my colleagues have not done their work or they have done their work and choose to ignore the facts. Either one is unacceptable.

I get back to the specifics. It is my view that the amendment aims to address two issues related to the department's procurement activities: access to information on contracts and ensuring integrity in the procurement process. No one would argue that these are not worthy goals. Right now the department has mechanisms in place which address the same issues.

[*Translation*]

I am sure the members in opposition are familiar with Public Works and Government Services' efficient and rapid contract opportunity information dissemination system.

• (1700)

I am talking, obviously, about the Open Bidding System, the OBS. It is an electronic display panel providing information not only on opportunities for contracts over $25,000 for goods and over $60,000 for services, but on contracts already awarded. It provides details on the bid selected along with the name of the contractor and the amount of the contract.

[*English*]

The OBS gives its users, be they small or medium size businesses or members of Parliament, instant access to valuable information on procurement opportunities past and present.

If the goal of the member is to ensure that the system is fair, let me assure the House that many steps have already been taken by the minister and the department toward that goal. For instance, the Minister of Public Works and Government Services has taken positive steps to tighten up the manner in which the government awards contracts for advertising and public opinion research. This is a sensitive area, one in which the actions of the previous government have come under serious criticism. The minister has also moved to curb the potential influence that lobbyists could bring to bear on the contracting process.

[*Translation*]

All contracts awarded by Public Works and Government Services now include a clause requiring all firms to state that payment, in full or in part, of services rendered by all lobbyists hired to obtain the contract depends neither directly nor indirectly on the client's being awarded the contract.

In other words, conditional payment of honoraria to lobbyists is prohibited. As the result of these amendments, Treasury Board now requires all departments to prohibit contractors from paying their lobbyists conditionally.

[*English*]

If it is accountability that the member is concerned about, the function of procurement or contracting out is almost certainly the most closely scrutinized responsibility of the minister and Department of Public Works and Government Services. The contracting process is subject to the department's own rules and procedures; to Treasury Board regulations and guidelines; to scrutiny by cabinet and the auditor general; and of course, by the media and the Canadian public.

An emphasis on fair and open competition goes to the very heart of the drive for economic growth and renewal in this country. Fair competition encourages firms to strive for greater efficiency and to look for innovative ways of producing and delivering their goods and services.

[*Translation*]

These qualities are vital to the development of a strong and creative economy for Canada. It is therefore particularly important for the federal government to practice what it preaches in its own business operations.

[*English*]

By stressing competition, fairness, and openness in contracting, the government can help build a culture of excellence in this country and ensure the Canadian taxpayers get full value for their money. Passage of Bill C–52 and the creation of the Department of Public Works and Government Services will be a positive step in meeting this goal.

[*Translation*]

I will close by saying that I deplore this tendency we have of making unfounded accusations. I also deplore the tendency of exaggerating problems we have in government and I deplore the tendency of members not doing their homework before rising in the House.

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

Some hon. members: Question.

The Acting Speaker (Mr. Kilger): The question is on Motion No. 8. 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 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:

• (1705)

The Acting Speaker (Mr. Kilger): Pursuant to Standing Order 76, the recorded division on the motion is deferred.

[*English*]

The next question is on Motion No. 9. 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): Pursuant to Standing Order 76, the recorded division on the motion stands deferred.

Motions Nos. 10 and 11 in Group No. 5 will not be moved by the hon. member for Scarborough—Rouge River and are therefore withdrawn.

The House will now proceed to the taking of the deferred divisions at the report stage of the bill now before the House.

Call in the members.

[*Translation*]

And the division bells having rung:

The Acting Speaker (Mr. Kilger): Pursuant to Standing Order 45, the chief government whip, with the agreement of the whips of all the recognized parties, has asked that the recorded division on the question now before the House be deferred until Tuesday, November 28, after government orders, at which time the bells to call in the members will be sounded for not more than 15 minutes.

[*English*]

Mr. Boudria: Mr. Speaker, from indications given by my colleague, the House leader and his staff earlier, the House would normally proceed to the debate on Bill C–93. However, since report stage motions were filed on Friday, the 48–hour notice rule is not satisfied. We will then have to proceed with the next bill on the Order Paper which is Bill C–94.

* * *

MANGANESE BASED FUEL ADDITIVES ACT

The House resumed from November 21 consideration of the motion that Bill C–94, an act to regulate interprovincial trade in and the importation for commercial purposes of certain manganese based substances, be read the third time and passed.

The Acting Speaker (Mr. Kilger): On this bill we are now at the five hour stage of debate which has entitlements for members to speak for 20 minutes subject to 10 minutes of questions or comments. Slightly over two hours are left at this stage of the debate.

[*Translation*]

Mr. Clifford Lincoln (Parliamentary Secretary to Deputy Prime Minister and Minister of the Environment, Lib.): Mr. Speaker, I would like to address the issue in Bill C–94 concerning the removal of MMT from gasoline in Canada.

We have been told that this was a debate between, on the one hand, the automobile industry and, on the other hand, the industry that is making MMT, that is, the Esso company.

For us, on this side of the House, it is not in any way one or the other; it is purely a debate on an environmental issue, on a sustainable development issue resulting from automobile emissions that are the greatest sources of noxious gases that change the climate and against which we are fighting vigorously under the convention on climate change.

For us, the intent and the objective are to reduce as much as possible noxious automobile emissions so that we can reduce greenhouse gases.

[*English*]

The whole debate revolves around what are known as catalytic converters in automobiles. Twenty–five years ago, before catalysts were installed in automobiles, automobile emissions were far more severe than they are today. With the advent of very adverse conditions especially in the heavy automobile states such as California, New York and Pennsylvania, catalytic converters were born. To appreciate the essence of the debate on MMT, we have to appreciate what is the true function of a catalyst in an automobile.

• (1710)

A catalyst in an automobile has two main functions. One is to filter and to deter the emissions of hydrocarbons and deleterious gases. The other is to store oxygen within the converter. In modern automobiles we are now installing onboard detection systems with very sensitive equipment such as computerized sensors which permit the catalytic converters to function at their maximum efficiency.

What happens with the use of the heavy metal MMT in gasoline? It compounds the problems of catalysts in that it produces manganese oxide deposits inside the various elements of the converters. The effect of MMT over time on a catalyst today is to impair its function of providing the maximum input in reducing hydrocarbon emissions and other noxious gases. This happens gradually and increasingly as the catalyst ages.

More oxygen is accumulated inside the converter with the effect that the sensor is completely fooled by MMT in its application. Today's sensors in the onboard detection systems are prevented from working properly. The automobile manufacturers have rightly said that where there is MMT it is impossible for the new type of onboard detection systems to function properly.

Further, a big cold battle has been raging in the United States as to whether MMT should or should not be included. It will follow that even if MMT is permitted in the United States, in several states representing at least one–third of the gasoline purchases in the United States, all the heavy automobile states such as California, Pennsylvania, Wisconsin, New York and so forth, it will still be impossible to use MMT because the clean air act provides that these states must use reformulated gasoline.

This means MMT or additives containing heavy metals will not be able to be used, except under very special circumstances. It means that even if MMT were allowed in the United States tomorrow, in the several states which provide for the use of reformulated gasoline, for example, California, Connecticut, Illinois, Maryland, New Jersey, New York, Pennsylvania, Texas and Wisconsin, it will be impossible to use MMT because heavy metals cannot be used in reformulated gasoline.

The reason is very simple. When heavy metals are introduced into gasoline it is impossible to gradually change to other formulas which enable other octanes such as ethanol to be used. The quicker we ban MMT in Canada, the faster we can move into the use of alternative fuels such as ethanol and others as additives to produce a more environmentally friendly gasoline. It has been said that this debate is the auto industry against MMT, that this side has relied on the automobile industry for its input. I have gone to the trouble of speaking to scientists very far removed from the automobile industry, who have told me that unless we remove MMT from our gasoline it will not be possible for us to move toward reformulated gasoline using additives, such as environmentally friendly ethanol produced from wood and other substances; ethanol which will produce far fewer emissions, which go toward the warming of our climate.

• (1715)

For me this whole question is an environmental issue. It is very much an environmental issue. If tomorrow I have a choice to use a heavy metal, such as manganese as an additive in gasoline, and on the other side to gradually move toward environmentally friendly additives, such as ethanol and others, then for me there is no choice. Unless we take the first step, the second will never happen.

I know it has been said that the Ministry of Health has not banned MMT, has not found it noxious to health. Yet there are very severe warnings. In the last debate in this House at second reading, I quoted some very severe warnings by leading health specialists and scientists. I will not return to all the quotes I have already read, except to put the accent on one of them.

During the hearings before the United States House of Representatives committee on health and environment regarding the EPA, there was one quote that ''like lead, manganese is not new or toxic. It is an element and thus does not degrade or lose its potency with the passage of time. As a result, the manganese released into the environment through the use of MMT in a given year accumulates over time with all the MMT released in the next year and all the subsequent years''.

I have recently received a health report written by three scientists. It is a report headed ''Developmental Toxicity of Mangafodipir Trisodium and Manganese Chloride in Sprague–Dawley Rats''. It is by three scientists, Kimberley Treinen of the Sanofi Research Division of Collegeville, Pennsylvania; Mr. Tim Gray of the Alnwick Research Centre in Alnwick, Northumberland in England and William Blazak of Nycomed, Collegeville, Pennsylvania.

They studied MnDPDP, which is a manganese chelate being developed as a contrast agent for magnet resonance. They say:

> A third study, in which 15 rats/group were dosed intravenously with 0, 5, 20 or 40 XXX mol/kg MnCl2XXX on days 6–17 of gestation, produced identical skeletal malformations to those seen with MnDPDP, indicating that manganese is the active moiety responsible for these specific malformations.

Their summary says:

> In summary, the data presented here indicate that a specific syndrome of skeletal malformations in rats was induced by MnDPDP, which occurred in the absence of maternal toxicity at four times the intended clinical dose. The same specific malformations were also seen with intravenous administration of equivalent or lower doses of manganese. Since manganese has been shown to cross the placenta (Jarvinen and Ahlstrom, '75; Koshida et al, '63; Rojas et al., '67), it appears that manganese is the active tertogenic moiety in MnDPDP.

• (1720)

It appears that manganese is the active teratogenic moiety in MnDPDP.

Our health ministry has not accepted and proven conclusively that manganese is a toxic agent that should be banned. At the same time, the whole question is, if we have two alternatives, it is always a question of choice. We have two alternatives, MMT on one side, a heavy metal that is known to affect, to gum up catalytic converters. It is not used in California, which is trying to clean up its air. It is not used in New York state. It is not used in Pennsylvania or Wisconsin.

If by any chance we move to cleaner additives, to ethanol and others, then the choice is very simple for us. Let us ban MMT so that eventually we are going to produce and use much cleaner fuels.

The world is moving very fast. I am told by various scientists from the automobile side and others that the day is coming very fast when automobile catalysts will be so precise that they will be able to monitor any noxious fumes. There will be far more effective filtering agents that will be used much more effectively with reformulated gasoline, such as is the case in the states that have led the fight on this, California and others.

If MMT continues to be used, then the potential for an improved catalytic converter will not happen. The choice for us is to say let us move on, let us go along, pass Bill C–94 very fast so that Canada joins not only the United States, not only California, not only Pennsylvania but Sweden, Norway, the Netherlands, France, England and all the states of the world that do not use MMT. Why should we be the exception?

For me, this is the vote for the environment. We will vote with much conviction for Bill C–94.

Mr. Dick Harris (Prince George—Bulkley Valley, Ref.): Madam Speaker, I listened to the hon. member present his case. I want to make a point and ask a question.

The member speaks as if there is absolute, conclusive opinion regarding the detrimental effects of MMT. I listened to the member speak. I believe that he believes that.

The fact is that there are conflicting reports on the effects of MMT. I would like to ask the member if he has read the reports that say that MMT is not the bad additive that the report says. Has the member read both reports? Could he comment on what is his opinion of the report that supports the continued use of MMT and the effectiveness of it as a product that helps the gasoline to burn more clean and effectively? Has he read both reports?

Mr. Lincoln: Mr. Speaker, yes, I have read on both sides of the question. Yes, I know it is not a question that is totally black and white. Yes, I know that the makers of MMT can genuinely say that in some sectors it has advantages.

• (1725)

However, in all the decisions we make here nothing is exactly black or white. We have a choice. Of the two choices, one is the choice of a heavy metal with very serious potential health questions attached to it which many scientists have been flagging, as they did about lead. The same debate took place on lead. Should it be taken out of gasoline? Should it be left in because it is a very good octane enhancer? Today we would never go back. If we looked at the debates which took place I am sure there were two sides to the issue.

Eventually a choice has to be made. With me the choice is clear. On one side is a heavy metal which has potential health problems. It has been clearly demonstrated to gum up catalytic converters, which are the salvation of tomorrow with respect to the car of the future. I would like to find a way to move much faster in Canada toward other additives. It may be a bit more expensive in the beginning, but eventually we should look to other additives, just as the rest of the world is doing.

If MMT is so beneficial, why do not Scandinavia, a leader in the environmental field, the Netherlands, Germany or Japan use it?

For me the choice is very clear. In the balance of choices I have chosen to go with Bill C–94. It is the fastest way for us to use environmentally friendly fuels in Canada.

Mr. Harris: Madam Speaker, I appreciate the answer of the hon. member.

I want to key in on a phrase which he used and that was the phrase ''potential health hazards''. Either we have a health hazard with the use of MMT or we do not. Surely, with the science which is available to us to study the effects of a fuel product using MMT, we can determine beyond a shadow of a doubt whether there is or is not a health hazard.

The hon. member said that he has read studies which indicate that MMT is fine and that no conclusion has ever been reached that there are health risks involved with it. On the other hand, the reports and studies which came from the auto industry said that there is a health hazard with MMT and that we must stop this devastating product immediately.

I am surprised that the government is ready to jump to a decision to ban MMT without having a conclusive scientific finding. When there are two reports on the product which are at absolute opposites, I wonder what is behind the government's enthusiasm to jump in and ban MMT. It is all right to say that the sky is going to fall, but that might only be opinion. The sky may never fall.

I believe that the Liberals are playing Chicken Little with this bill. The sky is falling and MMT is going to pollute the earth. In fact, the sky has never fallen and there is no scientific evidence that MMT is a health hazard.

Mr. Lincoln: Madam Speaker, first of all, the auto industry has never made its case on the health issues. The automobile industry made its case on catalysts and sensors and the onboard detection systems in vehicles. That was its case.

With respect to the case on health, I produced several quotations during second reading and I have them here. I did not obtain them from the automobile industry.

• (1730)

The fact is that several very learned and respected scientists have said beware, there is a potential problem with manganese. To say that it does not exist is to negate some very important opinions that have been expressed.

Following the earth summit in Rio, which my friends on the environment committee will know, sanction is now one of the basic principles of any environmental law as a precautionary principle. Do not wait until everything has been proven conclusively before we act.

When Rachel Carson wrote a book about DDT she was thought to be crazy. And look at what DDT has done while we waited for conclusive proof.

At one time we were using PCBs and we thought they were good for the environment and for equipment in transformers. We found out too late how deleterious it is to the environment. We used lead as well, and thought it was great until too late we found out what happened.

As I said to the member, if there is a choice to be made, do we choose a heavy metal that can produce problems or do we use a clean additive? The choice is very clear to me. On the basis of the precautionary principle and on the basis of all I have read, I am voting very convincingly for Bill C–94.

[*Translation*]

Mr. Benoît Sauvageau (Terrebonne, BQ): Madam Speaker, the Bloc Quebecois has decided to propose an amendment to Bill C–94 at third reading, because we know that the American agency EPA will table a report on the issue shortly. As my colleague of the Reform Party said earlier, we believe that it is important for us to also look at studies that will be published at the international level, because our friends opposite enjoy saying in committee that the environment knows no boundaries. This is why I move the following amendment:

That the motion be amended by deleting all the words after the word ''That'' and substituting the following:

''Bill C–94, An Act to regulate interprovincial trade in and the importation for commercial purposes of certain manganese–based substances, be not now read a third time but that it be read a third time this day six months hence.''

[*English*]

The Acting Speaker (Mrs. Maheu): We are verifying the validity of the amendment.

The hon. member has taken debate time. We now have a 10–minute period of questions and comments.

Mr. Geoff Regan (Halifax West, Lib.): Madam Speaker, I am pleased to speak on Bill C–94, which is now before the House.

In the bill the government is taking a decisive step toward protecting the environment, jobs, consumers, and keeping our country at the leading edge of automobile technology. All are very important goals.

Bill C–94 will prohibit the import and interprovincial trade of MMT, a manganese based fuel additive manufactured in the U.S. The proposed bill, to be known as the manganese based fuel additives act, will come into effect 60 days after it gains assent.

Canada is one of the few countries in the world that use MMT. It is very rare in the world these days. The U.S., for example, banned it from use in unleaded gasoline in 1978. It is remarkable that it did it so long ago and we still have it in Canada.

• (1735)

Some members opposite have cited a recent U.S. court decision in favour of MMT as a reason to stop this legislation. But MMT will still be banned in California and in those states that require federal reformulated gasoline to be used. What is more, we have yet to see whether the U.S. government will repeal this decision.

We are taking this action because we need to protect the latest onboard diagnostic systems that Canada's car makers are installing in their new vehicles. These systems are extremely important for the environment. They are responsible for monitoring the vehicle emission controls and for alerting the driver of malfunctions. Without that kind of technology one cannot be aware of how well the car is working or if it is not functioning at all in terms of its emission control processes. They ensure that the cleaner burning engines of today and tomorrow operate as designed. They ensure that automobiles are properly maintained, resulting in decreased tailpipe emissions and improved fuel economy. In other words, this is one more important tool to help us address air pollution, including smog and climate change.

This government will not allow MMT to get in the way of the automobile industry's effort to make cars cleaner and more efficient and less polluting. Canada's environment and Canadian consumers have the right to the best anti–pollution technology possible. Yet Ethyl Corporation, the manufacturer of MMT through its subsidiary Ethyl Canada, denies the vehicle industry allegation about the ill effects of MMT on the vehicle emissions

control systems. In fact it makes a counter claim that MMT is environmentally beneficial.

All this is somewhat fuzzy. What is certain is that efforts to reduce motor vehicle pollution can no longer be addressed by just the petroleum industry, the auto industry, or the federal government. Progress at reducing vehicle pollution requires simultaneous action by all. The petroleum industry needs to keep making improvements in the composition and properties of the fuels engines burn. The auto industry needs to keep making improvements in the vehicle emissions control systems and technologies, such as those offered through onboard diagnostic systems. The government needs to take decisive action in Bill C–94, which removes a major obstacle to the introduction of these technologies. That obstacle is MMT.

Our strategy to reduce vehicle pollution goes beyond just taking action on MMT. The government is doing its part because we know that automobiles are a major contributor to climate change and urban smog as well as some toxic pollutants like benzene. In fact in a recently released task force report done by Canada's deputy ministers of environment it is noted that even with the improvements in emissions technology, vehicles are still the largest contributors to air pollution.

I must say that troubles me. I as a member of Parliament, and I am sure many of my colleagues, have to travel a great deal throughout my riding and often I am the only person in the vehicle. There are times when I feel uncomfortable about that. I know that it is important that I get around my riding, get around to different events, be seen and hear people's concerns. Yet I also know that I am driving a vehicle a lot more than I would like to be driving it. Unfortunately, my riding is too big to go by bicycle. It would take me forever, but it would certainly be great for my health. This issue does trouble me. We should be concerned about the impact of automobile emissions as they impact on the environment and air pollution.

On a national basis, gasoline and diesel powered vehicles still contribute some 60 per cent of carbon monoxide emissions, 35 per cent of nitrous oxide emissions or smog, 25 per cent of our hydrocarbon emissions, and 20 per cent of carbon dioxide emissions. These vehicles, gasoline and diesel powered, are very big contributors to our smog and pollution problems.

This report I just referred to stresses the need to proceed on all fronts at the same time in all of these areas. It states the following: ''Vehicle technology and fuel composition, although two separate industry sectors, must be treated as an integrated system in the development of policies and programs in order to successfully reduce emissions from motor vehicles''. This is good advice. It should complement our work in preparing our comprehensive motor vehicle exhaust emission standards.

• (1740)

To meet these standards, we are counting on integrating improvements achieved in emission control technologies and fuels. However, clearly we cannot hope to meet these standards without the kind of action we are taking against MMT in Bill C–94. And it is not simply an act of impatience. Since 1985 the federal government has waited for the automotive and petroleum industries to resolve this situation without legislation. It was not resolved. The time for waiting is over. It is now time for the government to act.

Last October the Minister of the Environment urged both the petroleum and automotive industries to voluntarily resolve the issue of MMT in Canada by the end of 1994; otherwise, the government would take action. This deadline was subsequently extended in February of this year to review automobile and petroleum industry proposals. The MMT issue is no longer an industry dispute. Its outcome can affect the vehicle emissions programs we are putting into place. In the long term it could also negatively impact on the automotive sector. Successful resolution of the MMT issue will ensure that environmental benefits are realized through the use of the most advanced emission control technologies. We have to move in this direction.

Members opposite have claimed that this legislation will have an enormous financial impact on the petroleum sector. However, let us be prudent and realistic. The economic impact of removing MMT will be small, not enormous. Estimates for the industry, an industry that involves many billions of dollars, range from $50 million to $83 million per year, which means an additional cost to consumers of 0.1 cents to 0.24 cents per litre at the pump. This is less than one–quarter of a cent per litre at the pump.

Some have said that taking MMT out of our fuel will increase benzene. That is not so. It is nonsense. Gasoline can be refined without MMT and without increasing levels of benzene. Any effort to increase benzene levels or benzene precursors will not be tolerated under the Canadian Environmental Protection Act. In fact this past summer the Minister of the Environment announced that benzene levels would be regulated at a maximum of one per cent per volume. So there is nothing to fear. Let us move ahead. Let us do it, because we need new emission control technologies like the onboard diagnostic systems. We need them to help achieve reductions in smog, carbon monoxide, and hydrocarbons. We need to reduce these kinds of emissions because they have an influence on climate change and urban air quality.

This is good legislation. It is good for consumers and good for the environment. All 18 automobile companies in Canada agree, even if the Reform Party does not, that we are moving in the right direction.

I urge all members to give their support and swift passage to this bill.

• (1745)

[*Translation*]

Mrs. Monique Guay (Laurentides, BQ): Madam Speaker, as we said in the motion, we are not asking for the bill to be withdrawn altogether but to be postponed for six months. The environment is of course a very important matter, and we support any measures that have a positive impact on the environment and that are environmentally viable.

However, as far as Bill C–94 on the abolition of MMT is concerned, we are not convinced it is a good bill. If we consider what has been done with respect to manganese, including tests by the automotive industry, the tests now being done by independent laboratories were ordered strictly by Ethyl Corporation which, on the basis of its tests, has demonstrated that MMT does not in any way affect the components of the antipollution system in automobiles.

I also wonder what the automotive industry is doing in this respect. If studies have already found that MMT causes pollution in the components of the antipollution system, why have these tests not been published? Did they actually do any tests? Do they intend to or did they never do any at all?

When I look at the government's position in this respect, is it possible that the government was pressured by the automotive industry lobby to the extent that it felt obliged to table this bill? It is quite possible. I do not want to accuse anybody, but we all know that there are two major lobbies here in Canada. The oil company lobby and the automotive lobby. As it happens, all the automotive industries are in Ontario, not far from the environment minister's riding. Maybe that should give rise to some questions.

However, the U.S. automotive industry is only beginning to test this product. The purpose of our amendment is for us to wait until they get the results of those tests before we make a final and definitive decision, because legislation is definitive. We must have some kind of proof and nobody has proven anything yet, not even Health Canada. The Parliamentary Secretary to the Minister of the Environment said earlier—he read it, by the way, because it is in *Hansard*—that as far as health is concerned, tests have shown that there is no threat whatsoever to health.

I believe that the Parliamentary Secretary to the Minister of the Environment made a mistake a while ago when he mentioned that manganese was a toxin. I am sorry, but if it were considered a toxic product, we would not be here considering a special piece of legislation such as Bill C–94 to ban it, because it would be covered under CEPA, the Canadian Environmental Protection Act. This means that any product considered toxic is automatically included under CEPA. This is not the case here. Manganese is not a toxic product since we have to enact a specific legislation to ban it. There has been a slight error which I wanted to point out and correct.

We have heard about a recent ruling in the United States, which I believe to be very important. The Ethyl corporation has been working for years to keep on manufacturing and marketing its product. Very recently, a few weeks ago, a ruling ordered the EPA, the Environmental Protection Agency, the American equivalent of our Department of the Environment, to lift the ban on MMT.

• (1750)

In the United States, even the Environmental Protection Agency tells us when we call that it does not know if it is going to appeal, that it does not think so. We are told that this product could be reintroduced in the United States as early as the beginning of December. So what is the rationale behind Bill C–94?

We are also told that 50 per cent of American refineries are ready to use this product and cannot wait to do so. So if 50 per cent of these industries are ready to use MMT, again what is the rationale behind Bill C–94?

In the environment committee, we are always talking about harmonization, about trying to make the environment an international concern. I totally agree with that. Yes, I have said many times that we have to avoid duplication and conflict and yet, with Bill C–94, we are creating a conflict with our neighbours, the Americans, who are a bit more powerful than we are.

So we are going to eliminate MMT from the market and ask all our refineries to transform their system, at a cost of several million dollars, because they will not be able to use MMT any more, and we may well have to reintroduce it in six months. It makes absolutely no sense at all.

What we are asking is not that the bill be withdrawn, but that we wait and see what happens in the United States. We are also asking to see the tests being done right now by the U.S. automotive industry, and I have the feeling that these tests will be performed a little bit faster than the ones scheduled to be done in Canada, because we will not be able to watch them. Once we have these results, we will have a complete, concrete and logical overview of the issue, and in six months' time, we can revisit the bill and make a decision based on logical arguments.

We are going through tough a period, in our economy, where we cannot afford to make mistakes. We are out of money. We are going through some hard times. Are we going to ask refineries to completely modify their process simply to achieve what we set to do as far as MMT is concerned? I know that MMT is an additive. But we are also talking about other additives now available on the market, such as ethanol. As you know, we have yet to see complete and concrete evidence that ethanol is neither toxic nor hazardous. We may realize one day that ethanol is not that good for the environment.

I am not against the introduction of products like ethanol, but why should we replace manganese, MMT, which has been thoroughly analyzed for 15 years and has not been proven to be dangerous? On the contrary, it even helps to reduce the greenhouse effect by 20 per cent.

I am not saying that we should keep this product forever or that the bill is not good. What I am saying is that the product is now being reintroduced on the American market and that we should wait six months to see what the EPA will do or what studies the U.S. automotive industry will produce on this product before we make a logical and reasonable decision on this issue.

[*English*]

Mr. Paul Forseth (New Westminster—Burnaby, Ref.): Madam Speaker, if the minister is lucky, her Bill C–94 banning gas additives will stall before it backfires.

An innocuous–sounding piece of federal legislation supposedly aimed at reducing auto emissions has left critics wondering whether the Liberal government hasn't inhaled one noxious substance too many.

The bill we are debating, the manganese based fuel additive bill, would ban a gasoline additive called MMT.

Environment Minister Sheila Copps has made the rather dramatic claims that the move will make auto emissions 600 percent cleaner, while saving car buyers an average of $3,000 on the next family clunker. Unfortunately for all, there is considerable evidence that the issue is made up of equal parts of clean air and the hot variety.

A growing number of critics of the legislation—including provincial environment ministers in Alberta, Saskatchewan, Quebec, Nova Scotia and New Brunswick—fear a ban on MMT may actually cause a dramatic increase in choking tailpipe filth, while causing higher gas prices.

MMT has been added to Canadian gasoline since 1977, primarily to increase octane levels.

● (1755)

It was mentioned that it was banned in the United States. That is not particularly the case. It was never really approved because of some early concerns and then it got involved in extensive court battles. Specifically, it was never banned because it was seen as a dangerous substance; it just never received approval.

The alternative is enhanced oil–refining, at greater cost to the petroleum companies and, inevitably, consumers.

Of course that would involve other additives, which may also prove eventually much more harmful than MMT was ever contemplated to be. There is also evidence that MMT may significantly cut smog–producing nitrogen oxide emissions, or what we commonly call NOx.

But the automobile companies claim MMT gums up their emission–control warning systems, possibly causing the malfunction indicator lights on the dashboard to malfunction. If drivers don't know they have a problem with emission control, the industry argues, they will unwittingly be poisoning the air even more than usual.

The alternative of fixing the cars instead of the fuel, according to the federal environment minister, would increase the average car price by $3,000.

One official spokesman for the minister said that ''On this particular issue, the evidence she has seen—has provided her with enough to get this bill through cabinet and the House''. The cabinet dealt with this in a far too cursory manner.

That so–called ''evidence'' is contained in four separate reports—three written by various automobile lobby organizations, the fourth at the request of General Motors. No surprise; all concluded MMT was pretty terrible stuff.

As it happens, there are a few other studies floating around. Health Canada, for instance, concluded MMT poses no particular health risk.

I recall looking at my vitamin bottle, and manganese is on the vitamin pill list. It is a matter of trace amounts or whatever. The studies that were quoted by the parliamentary secretary talk about giving rats an unusual amount of the concentrated substance. I would think that any vitamin given in a disproportionate amount is going to cause some deleterious effects to a living organism.

Another mega–study was conducted over a five–year period for the U.S. Environmental Protection Agency, which, until recently, had placed a total ban on MMT additives in gasoline. It was not permitted. The results of the study, in part, last month led the U.S. Court of Appeals to order the environmental agency to approve the use of MMT in unleaded gas.

We are waiting for December 5, which is the cut–off date for any filing of appeals. Certainly the motion before the House today would accommodate that wait and see approach to see how the world is generally going to move on this item.

The U.S. court ruling also blew the engine on the minister's argument that, as a trade issue, it was vital to harmonize Canadian and U.S. standards on MMT.

One effect of the U.S. court ruling is that it compelled the American automakers and petroleum industry to launch a new joint study into MMT and the whacky warning lights.

Given the amount of conflicting evidence presented by both sides, the five provincial environment ministers have suggested Copps put the brakes on her pet legislation, at least until the U.S. joint study has been completed.

Even within the Liberal cabinet, we are told, some ministers seem concerned that Copps' determination to ram the MMT legislation through has more to do with her personal political agenda (e.g., saving face) than practical environmental considerations.

Copps's rhetoric on this issue has been so forceful, retreating from the legislation now would produce more political egg than she has face to wear.

Fortunately for her, there is a graceful way out. The Commons is expected to prorogue some time next month, meaning this session of Parliament will be officially declared dead, along with all unpassed bills. In the meantime, the bill still has to go to the Senate, which, if Copps is really lucky, will tie up the bill till prorogation do it part.

● (1800)

This anti free trade bill should die. I think MMT is about to be used around the world. Many countries are not using it now because it is not being used in the United States. They are watching what will happen in the United States. If the American industry begins to use it, many countries are ready to follow suit.

The EPA will be completely out of the picture on December 5. The government should be embarrassed about this bill. It knows it and we know it. Let common sense prevail.

Mr. Clifford Lincoln (Parliamentary Secretary to Deputy Prime Minister and Minister of the Environment, Lib.): Madam Speaker, I want to rectify a few things that have been said by previous speakers.

I think reading from a newspaper article to show that the minister is only pushing Bill C–94 forward as a project to save face is nonsense. The minister believes, as I and the Liberal government do, after much thinking and cogitation and the several weeks of discussion the bill has undergone, that for us it is the best choice.

There are two choices. MMT could be left in, riding on the back of the Ethyl Corporation which both the Bloc Quebecois and the Reform Party quote very extensively. The Ethyl Corporation has done a great lobbying job with the members. I am happy for the Ethyl Corporation that some members are convinced. At the same time, there is an issue of choice, an issue of whether we keep a heavy metal, which is what MMT is, in our future gasolines and cars, or whether we try to move toward more environmentally sound fuels.

I heard the Bloc Quebecois member question whether ethanol will one day be found to be just as bad for the environment as lead or something else is today. I would suggest that she read the testimony made before many committees of the House on ethanol and that she consult with people involved in the ethanol industry. Perhaps she should consult with those who crafted the clean air act in the United States. It was amended so that in the future more and more ethanol would be used because of its cleaner properties. The scientists are very clear that ethanol is a cleaner fuel because it is derived from natural, biological properties. Obviously, it is not a heavy metal.

When I referred to manganese as a toxin I was quoting from studies of scientists who referred to it. A statement was made by the United States House of Representatives Committee on Health and Environment at the EPA hearing on June 22, 1990. Reference was made that like lead, manganese is not only neurotoxic, it is an element, et cetera. We are talking about neurotoxic in the generic sense, not in the sense of the Canadian Environmental Protection Act. We are talking in a generic sense.

I will quote other scientists from the University of Pittsburgh, Western Psychiatric Institute and Clinic at the same hearings: ''The page 15 appendix to their waiver application''—talking about Ethyl Corporation—''that deals with health nowhere mentions the neurotoxic properties of manganese''.

The Department of Health and Human Services in the United States stated: ''MMT can be absorbed through the skin and probably readily by the nose and lungs''. Obviously they are talking in a generic sense about a heavy metal.

Perhaps the Bloc Quebecois critic should check with the deputy minister of the Department of the Environment.

● (1805)

[*Translation*]

In a letter dated July 7, 1995, the minister said that they were thinking of supporting the Canadian position on MMT in order to maintain the uniformity of car fleets and to take advantage of the environmental gains that will be made possible by the new motor vehicle emission control technologies.

The Quebec Deputy Minister of the Environment wrote to his federal counterpart that they were thinking of supporting the Canadian position on MMT in order to maintain the uniformity of car fleets and to take advantage of the environmental gains that will be made possible by the new motor vehicle emission control technologies.

This, of course, was denied in a November 2, 1995 letter from the Quebec Minister of Natural Resources, who disagrees. In any case, it is interesting to note that they agreed from an environmental point of view. It is clear that this issue has two components. We could argue, like the Reform critic, that once MMT is accepted in the U.S., the rest of the world will follow.

[*English*]

There is no evidence of that. There is no evidence that the Netherlands, Germany, Sweden, Norway, Finland, Denmark or Japan, environmentally conscious countries, would join in because a court case was won by the Ethyl Corporation in the United States.

Certainly the EPA opposed the court case all the way along. The Environmental Protection Agency of the United States also pointed out that several states of the United States would not be able to use MMT because they were using reformulated gasoline so that they could clean up their own air emissions faster.

It is a stalling tactic to try to kill the bill, to produce another amendment that is exactly the same as the amendment we defeated very fairly the other day. There was a similar amendment on second reading to defer it for six months and we defeated it. That is the democratic process. I am sure the same result will greet this amendment.

Mr. Forseth: Madam Speaker, certainly stalling has been basically our position all along because of the appeal situation in the United States. Our position, which was purported to support the MMT bill, has been well pointed out in the House and at committee.

When I began to cross–examine some of the evidence at committee, for instance the sparkplug evidence, it turned out to be fake. I demolished the testimony of the person who had the nerve to come to the table and put forward evidence that turned out to be completely erroneous.

That is why the government has been very reluctant to agree to independent third party testing. It has rejected that down the line. However I understand some groups are getting together in the United States to have independent third party testing to be able to remove the pressure of lobby groups.

Certainly our party has not been siding with any particular lobby group. Right from the beginning we have been asking for independent third party tests. My colleague asks who stands up for science. We wonder about the government and what lobby groups it is supporting.

The delay is to see what will happen in the United States and certainly this is an ill advised bill that should die.

The Acting Speaker (Mrs. Maheu): Is the House ready for the question?

Some hon. members: Question.

• (1810)

The Acting Speaker (Mrs. Maheu): The question is on the amendment. Is it the pleasure of the House to adopt the amendment?

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Mrs. Maheu): All those in favour of the amendment will please say yea.

Some hon. members: Yea.

The Acting Speaker (Mrs. Maheu): All those opposed will please say nay.

Some hon. members: Nay.

The Acting Speaker (Mrs. Maheu): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mrs. Maheu): Call in the members.

And the bells having rung:

The Acting Speaker (Mrs. Maheu): Pursuant to Standing Order 45, a division on the question now before the House stands deferred until November 28 at the end of government business, at which time the bells to call in the members will be sounded for not more than 15 minutes.

Mr. Boudria: Madam Speaker, in view of the time of the day which leaves very little time to commence a new order I suggest that we call it 6.30 p.m.

The Acting Speaker (Mrs. Maheu): Is there unanimous consent?

Some hon. members: Agreed.

ADJOURNMENT PROCEEDINGS

[*Translation*]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

THE CONSTITUTION

Mr. Gilbert Fillion (Chicoutimi, BQ): Madam Speaker, on November 7, the Prime Minister announced that a ministerial committee had been set up to review the whole question of constitutional and administrative changes to the Canadian federation. It is strange though to set up such a committee, whose mandate and schedule remains unknown, even as we speak.

It is strange also that this committee is made up only of federal ministers, when everyone knows full well that the real decision makers in that regard are the provincial premiers. I for one believe that this committee was struck just for the Prime Minister's satisfaction, to give him something to say, or else to distract momentarily from the poor performance during the referendum.

How can this committee have any credibility when some of its members have gone out of their way to trample on Quebec. What can be said about the Minister of Justice, who was looking for legal means to prevent Quebecers from voting again on their future? And what about the fisheries minister who invited thousands of Canadians to act in violation of the Referendum Act? What about the Minister of Canadian Heritage who will not recognize that Quebecers are a nation? What about the Minister of Citizenship and Immigration who, when he was a member of the opposition in this House, voted against a government proposal which recognized, among other things, the distinct society in the Meech Lake Accord?

And what about the Minister of Intergovernmental Affairs who, when answering the question I put to him on November 8 about the mandate of the committee, simply said, and I quote: ''Our committee will also look at non constitutional measures, so as to not overlook any means to make our federation more effective''?

Yet, by giving such an answer, the minister admits his helplessness. The measures which will be considered are non constitutional measures. How can such measures come up to the expectations of the Quebecers? Again, it is a committee established to do away with the legitimate expectations of the Quebecers.

[*English*]

Mr. John English (Parliamentary Secretary to President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Madam Speaker, on November 8 the member for Chicoutimi asked the Minister of Intergovernmental Affairs about the mandate of the cabinet committee on unity.

The minister replied that the committee was going to look at all the possibilities for constitutional and administrative changes in the federation.

The member further asked if the minister could inform the House whether the committee would look at options, such as a resolution to recognize Quebec's distinct character, as well as a bill on regional referendums.

The minister responded that the commitments made by the Prime Minister during the campaign concerning a distinct society and constitutional veto for Quebec will be fulfilled.

[*Translation*]

The initiatives announced today by the Prime Minister represent a ground breaking and effective way of achieving a major constitutional objective without reopening the Constitution, since Lucien Bouchard and the PQ government have stated clearly and repeatedly that they were not interested in constitutional change.

Our legislation on the right of veto ensures that we will not make any constitutional change Quebec does not want. We must not let the intransigence of Lucien Bouchard and of the Quebec government impede the adoption of non–constitutional changes, changes the people of Quebec and of other Canadian regions are looking forward to.

[*English*]

The results of the October 30 referendum have shown the clear desire of Quebecers to remain within Canada, a country that they have helped to build into the tolerant, compassionate society we know today.

At the same time, the referendum has signalled that Quebecers and many other Canadians are looking for changes within the federation that will make the government more responsive to the needs of Canadians.

[*Translation*]

The Acting Speaker (Mrs. Maheu): Pursuant to Standing Order 38(5), the motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 10 a.m. pursuant to Standing Order 24(1).

(The House adjourned at 6.17 p.m.)

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