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OFFICIAL REPORT  
(HANSARD)

**Monday, March 17, 1997**

**Speaker: The Honourable Gilbert Parent**

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## HOUSE OF COMMONS

Monday, March 17, 1997

The House met at 11 a.m.

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*Prayers*

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[*English*]

**The Speaker:** I have notice of a question of privilege.

[*Translation*]

### PRIVILEGE

MEMBER FOR LONGUEUIL

**Mr. Nic Leblanc (Longueuil, BQ):** Mr. Speaker, I want to inform you that I have decided to resign from the caucus of the Bloc Québécois and to sit from now on as an independent sovereignist member.

I entered politics in 1984 to promote decentralization, personal responsibility, sound public finances and national reconciliation. I was re-elected in 1988 for the same reasons and to finalize the North American Free Trade Agreement and the Meech Lake accord.

I resigned from the Progressive Conservative Party on June 26, 1990, when English Canada refused to ratify the Meech Lake accord. On the 29th of the same month, I invited other former Conservative members to my office in Longueuil to discuss our future and our contribution to sovereignty plan for Quebec.

At that meeting, we chose Lucien Bouchard as the leader of our parliamentary group. In the fall, we set up our caucus so as to be more effective in the House. On September 20, I was given the position of president of the caucus and became the group's main organizer.

When it was decided to establish the Bloc Québécois party in early February 1991, I agreed to be interim director general and to be responsible for the party's organizing activities in the Montérégie.

In Tracy on June 15, 1991, the Bloc Québécois became a party, and I had the honour of being the signatory vice-president. Subsequently, I was on the winning team in the 1993 election. Our party's platform was twofold: to defend the interests of Quebec and

to promote sovereignty until a majority voted in favour of this concept in a referendum.

Unfortunately, after the 1993 election, decision making within the Bloc Québécois became rigid and authoritarian. Opportunities to promote my own ideals and those of the business community, especially those of Quebec's small businesses, which is my background, were steadily dwindling.

During the recent leadership campaign, the hon. member for Laurier—Sainte-Marie, who was a candidate, confirmed that he would maintain the same rigid policies. As we all know, the hon. member was elected leader and will continue to promote his political vision, which is diametrically opposed to my own.

But that is not all. In fact, some fairly reliable rumours lead me to believe that the hon. member for Laurier—Sainte-Marie headed the group of members which brought about the departure of the former leader, the hon. member for Roberval. We have never had a satisfactory explanation of this situation.

For all of these reasons, you will understand that I can neither come to terms with nor support the leadership of the hon. member for Laurier—Sainte-Marie. After spending so much time and energy on the party and our cause, I sincerely regret that I must resign from the caucus of the Bloc Québécois.

Several colleagues and party members very sincerely insisted that I should let bygones be bygones and continue to sit with the Bloc Québécois, even if this meant staying home, so as to avoid tarnishing the image of the party and our cause just before a major election.

Keep silent, me? Me, a member of Parliament from Quebec for nearly 13 years, and in a party I founded? Certainly not. Never.

Others accused me more openly of putting my own insignificant self before the cause. I say to them: does the greatness or insignificance of an individual depend on the person's ability to be a sacrificial lamb or on moral and ethical integrity?

Can they not understand that the rules of morality and ethics are not so many obstacles that we can circumvent at will?

I cannot remain in the caucus of the Bloc Québécois. This would only lead to tension and conflict that would be just as bad.

My constituents in Longueuil, who have known and supported me since 1984, know that to me, honesty and frankness are sacred.

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I am sure they will realize, although they may not like it, that this decision was inevitable and is in the best interests of all concerned.

I would like to say to my colleagues who honoured me with their trust and friendship that I appreciate their co-operation and wish to express my sincere thanks.

As for the future, I will continue to work where I feel I will be most useful to defend the interests of Quebec.

**The Speaker:** My dear colleague, this is my ruling: this is not a question of privilege but most certainly a personal statement.

Since this is a personal statement and not a question of privilege, no other members will be recognized to speak to this matter. I wish to thank you for your personal statement.

[English]

The hon. member for North Vancouver is not present to move the order under Private Members' Business as listed in today's Notice Paper. Accordingly, the motion is dropped to the bottom of the order of precedence on the Order Paper.

## SUSPENSION OF SITTING

**The Speaker:** The sitting will be suspended until twelve o'clock.

(The sitting of the House was suspended at 11.15 a.m.)

## SITTING RESUMED

The House resumed at 12 p.m.

**GOVERNMENT ORDERS**

[English]

**EXCISE TAX ACT**

**Hon. David Dingwall (for the Minister of Finance, Lib.)** moved:

That the amendment made by the Senate to Bill C-70, an act to amend the Excise Tax Act, the Federal-Provincial Fiscal Arrangements Act, the Income Tax Act, the Debt Servicing and Reduction Account Act and related acts be now read the second time and concurred in; but

That this House, while disapproving of any infraction of its privileges or rights by the other House, in this case waives its claim to insist upon such rights and privileges, but the waiver of said rights and privileges is not to be drawn into a precedent; and

That a Message be sent to the Senate to acquaint Their Honours therewith.

**Mr. Williams:** Mr. Speaker, a point of order. I was listening to your point about the government asking us to waive certain rights and privileges. I wonder if we could get an explanation of what these rights and privileges are before we get into debate.

**The Deputy Speaker:** That is not the wording of the Chair. That is a matter of debate.

**Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.):** Mr. Speaker, I rise once again in support of Bill C-70. My remarks today will focus on an amendment that was adopted in the other place last week.

As hon. members will recall from earlier debates in the House, the purpose of Bill C-70 is to implement the harmonized sales tax in the provinces of Nova Scotia, New Brunswick, Newfoundland and Labrador. As of April 1, 1997 the harmonized tax will replace the GST and provincial retail sales taxes in those provinces.

This legislation also proposes over 100 technical amendments to the Excise Tax Act. These technical improvements will apply not only to the harmonized sales tax, but also to the GST in the rest of Canada.

A key element of the legislation that was debated by the House a few weeks ago is tax included pricing. This is the feature of Bill C-70 that the hon. senators propose to amend. Specifically, the proposal is to delay tax included pricing until such time as provinces with sales taxes that comprise at least 51 per cent of Canada's population have harmonized or otherwise adopted tax included pricing.

To repeat, the proposal is to delay tax included pricing until such time as provinces with sales taxes and that comprise at least 51 per cent of Canada's population have harmonized or have otherwise adopted tax included pricing.

I would like to make two points concerning this development.

First, in every other respect the proposed legislation that is the subject of today's debate is identical to the legislation that was passed by the House on February 11. The postponement of tax included pricing is the only change on which the hon. members will be asked to vote.

Second, the government continues to recognize the importance of tax included pricing. As I have said many times, consumers want tax included pricing. This is a policy to which the government remains committed. As more provinces harmonize in the future, we will welcome tax included pricing as the solution to the annoyance, the inconvenience and the frustration that consumers now experience at the cash checkout every day.

I would now like to explain the practical considerations that govern our approach today.

Essentially, opposition senators on the banking, trade and commerce committee gave us a choice: either postpone tax included pricing or delay passage of the bill beyond the April 1 implementation date.

Speaking for the Progressive Conservative Party, Senator Angus stated emphatically that if the pricing requirements remained in the

bill, it would not see the light of day by April. He said in no uncertain terms that his party would delay the bill regardless of the chaos and confusion that such a delay would entail for businesses and everyone else that are gearing up for harmonization to come into effect 15 days from now.

Given the potential for chaos, and given the fundamental economic benefits that harmonization will bring to the Atlantic economy, the risk of missing the April 1 deadline is a risk the government is not prepared to take.

In the course of the banking, trade and commerce committee's recent hearings on the legislation, witness after witness spoke of the real and immediate advantages of the HST. The Atlantic Provinces Economic Council argued that the harmonized sales tax will make Atlantic Canada more competitive by ridding their economy of embedded sales taxes and by bringing the relatively high sales tax rates into line with those of other provinces. They see it as a way to reduce costs for businesses and stimulate consumer spending.

• (1210)

The government and its provincial counterparts also see harmonization as a way to reduce administrative costs. These and many other points were eloquently endorsed by the finance ministers of the participating provinces. All three ministers took the time to appear before the Senate committee.

No matter how it is looked at, this is legislation that will work to the benefit of Newfoundlanders, Nova Scotians and New Brunswickers. That is a point these ministers came to Ottawa to make in the face of criticism from opposition parties that think they know better and that want to tell that region of the country what it should or should not do.

On balance, the gains in this legislation outweigh the postponement of tax included pricing. We accept Bill C-70 in its amended form because of the long term economic benefits it will bring to the Atlantic region.

A more immediate consideration is that April 1 is fast approaching and we must ensure the transition to a harmonized sales tax does not cause disruption and confusion for businesses and consumers.

From the time the House of Commons Standing Committee on Finance began studying options for replacing the GST three years ago, the goal of an orderly transition has been a guiding principle in developing the harmonization model that is before us today.

In its current form, Bill C-70 contains several features that will contribute to a smooth transition. The harmonized tax will have the same tax base and same basic operating rules as the GST. There will be no requirement for GST registrants to obtain new registra-

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tion numbers. Most businesses already know and understand the rules for applying the GST and for claiming input tax credits. These rules will continue to apply under the harmonized sales tax.

The Atlantic business community needs certainty, a smooth and orderly transition to the harmonized system. The importance of a smooth transition is not lost on lawmakers in those provinces or on us in the House, for they have given their respective harmonization bills swift passage, something we are anxious to do as well. It is now time for hon. members to do likewise by supporting the proposed amendment to Bill C-70.

[*Translation*]

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, we are faced with a monumental farce. If being ridiculous were fatal, all of the members of the government would be dead. Why?

I would like to begin by reminding my listeners what our debate is about at this time. Bill C-70, which sets out the mechanisms for harmonizing the GST with the provincial sales taxes in three maritime provinces, was reviewed by the other House.

The other House proposes, contrary to what is set out in the bill, which provides for the inclusion of the new harmonized 15 per cent tax in the price in three maritime provinces, to postpone implementation of this provision, or in other words to continue the status quo. This means that a consumer's receipt, and the price label on the item, will show the price, with the new tax rate beside it. The senators are asking that tax-inclusive pricing be postponed until 51 per cent of Canadians, and therefore a certain number of provinces, accept this inclusion in the price.

How does the government respond to this proposed amendment by the Senate? As follows:

That this House, while disapproving of any infraction of its privileges or rights by the other House, in this case waives its claim to insist upon such rights and privileges, but the waiver of such rights and privileges is not to be drawn into a precedent; and

That a Message be sent to the Senate to acquaint Their Honours therewith.

What this means is that the government is bowing to the other House, whose members are unelected, and part of an archaic, outmoded system that absolutely must be abolished. They accept the arguments of the other House, provided that this does not create a precedent.

It is shameful to see them bowing to an unelected House with an archaic system, and moreover to arguments which were presented by elected members throughout the entire debate on Bill C-70.

• (1215)

Allow me to explain. One of the major points made throughout the entire debate—three readings and the report stage as well—by the official opposition, the Bloc Québécois, which is made up of elected members, was precisely the fact that the new harmonized tax was being included in the price.

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In January, the finance committee heard witnesses representing maritime businesses and consumers tell us that including the new harmonized tax in the price made no sense, and would create chaos, total turmoil in the maritimes, particularly for companies doing business across Canada.

We in the Bloc and the Reform Party as well—both of which are made up of duly elected members—hit the nail on the head. Yet, every time, the response was: “You are wrong, the new harmonized tax must be included in the price right away, otherwise there will be total chaos in the maritimes, the system will be inefficient, and there will be chaos at the fiscal level”.

Now, when the other House, which is made up of unelected, illegitimate members, proposes a similar amendment to the one we debated, the one to which the government turned a deaf ear, it gets presented and accepted, of course. We trust this will not serve as a precedent, that it will not reduce the rights and privileges of the House of Commons, of the duly elected members of the House of Commons. It makes no sense whatsoever to present things in this way.

It does not make any sense either to make us debate and work for weeks on the finance committee to try to come up with something worthwhile, to try to listen to criticism and opinions from people from the maritimes even, to end up wasting time and taxpayers' money in this exercise, when we arrived at the very same conclusion as is being proposed today by the outmoded and outdated other House. We went through the entire process: lost time, wasted energy, overspent taxpayers' money so that the government could accept today, for purely partisan and election purposes, the amendment of the other House.

Democracy has never been so badly served. The rights and privileges of the elected members of the House of Commons have never been so badly served as in this matter, which has been a disaster since the start.

If that were the only issue, but there is also the one of 104 individuals, whose appointments were totally partisan, who were appointed by the office of the Prime Minister. There is worse yet. The entire bill should be dumped.

It is still around and it should be dumped, because it is not right, after the government's capitulation before unelected officials on the point of not including the new harmonized sales tax in the cost price, that we find ourselves back at the start—in other words, with the GST not harmonized with the provincial sales taxes. What is this situation? The GST remains, the problem remains in its entirety, politically. This government lied about its intentions and it is presenting this legislation to us as the bill of the century.

Democracy is being very badly served, when, even before we passed Bill C-70, a few weeks ago, \$961 million was paid out to

the maritimes. Even before the bill was passed, even before democratic process was applied to this bill, the government had decided that democracy was of no importance.

• (1220)

They do not care about the rights and privileges of members of the House. They released the funds they are already paying out to the maritimes. Under what pretext? Under the pretext of avoiding chaos, a chaos they created in the first place with this flawed and partisan bill to buy the maritimes with nearly \$1 billion in compensation. This chaos is their doing. They would not listen to us, in the official opposition, when we told them that including the new harmonized sales tax in the price made no sense. Now, the same suggestion, coming from the 104 dinosaurs in the other place, is looked upon favourably.

Sometimes, there is no logic in politics. What we have before us is a motion totally devoid of logic. Indeed, after going through the democratic process of debating a bill, where is the logic in the government going along with whatever nonsense the other place may have come up with? The government is overlooking the privileges of members of Parliament and forgetting the importance of the House of Commons. It has reached a point where the sovereignists have more respect for this institution, its rights and privileges, than the federalists, who claim to be 100 per cent behind the federal system, including its greatest manifestation: the House of Commons.

It is a sad day for democracy when funds are released before the appropriate legislation is passed. At this rate, what will be the use of the House of Commons, of elected representatives, of debates on issues as fundamental as this one? One billion dollars is taken out of the pockets of taxpayers and literally thrown out the window. The GST problem remains unresolved. Nothing has been resolved. Even innovations like tax included pricing were no use, since the other place rejected the idea. Where does that leave us?

We are back to square one. It is the provincial sales tax in three maritime provinces, three Atlantic provinces, that is being harmonized with the GST. The GST remains, but the new harmonized tax rate will drop to 15 per cent, at a cost of \$1 billion to Canadian taxpayers. The initial situation was strangely similar to that prevailing in Quebec in 1993.

We in Quebec harmonized our provincial sales tax with the GST, and not the other way around as provided for in the initial plan. We did not include the tax in the price. The situation in the maritimes is exactly the same as Quebec's situation since 1991. If that is the case, it means the people across the way owe us \$2 billion. That amount was calculated based on specific criteria, on readily identifiable costs incurred in harmonizing Quebec's sales tax with the GST. The federal government owes us \$2 billion.

This morning, we have an opportunity to demand that the government treat Quebec fairly. If our province were the only one making that claim, if it had no ally in this great federation, one might say "Quebec is always complaining", but three Canadian premiers support Quebec's claim. The British Columbia premier even said that if, based on the calculation method and the transition costs used, the maritimes were entitled to \$961 million in compensation, then Quebec also deserved a compensation, estimated at \$2 billion. There is basically a Canada-wide consensus that Quebec must be compensated for its harmonization efforts.

If there is a matter in which the government is acting like a clown, in which government members, including the finance minister, are acting like clowns, it is definitely the GST. The Liberals made an issue of the GST during the last election campaign. Promises were made by the Prime Minister and the Deputy Prime Minister. These commitments were not fulfilled. Not only did the Liberals not fulfil their commitments, they also created total chaos in the maritimes.

Earlier, the hon. member talked about uncertainty. He said that business people need certainty.

• (1225)

Business people need certainty. Big deal. The Liberals themselves created situations filled with uncertainty. So much so in fact that, just a few weeks ago, eminent representatives of business people from the maritimes no longer knew what to expect. They were told all sorts of things, such as: "You could, perhaps, in the first three months, not include the new harmonized sales tax in the price. However, after three months, you should include that tax". People no longer knew what to do. National companies no longer knew what to do, because they were now required to have a dual labelling system. They were now required to have a dual storage system for the goods they sell in the maritimes and those they sell elsewhere.

Then the Senate came up with an amendment saying: "Until such time as 51 per cent of Canadians agree to include the new harmonized sales tax in the price, we will not force them to do so". What do business people think now? They are saying to themselves: "We set up a system that allowed us to implement the main provisions of Bill C-70. Now the government is changing its mind because of the 104 anachronisms in the other place". If that is not uncertainty, if that does leave businesses wondering where to head next, I do not know what it is.

It was such an unsatisfactory bill that, the very day it was introduced in the House, the government decided it had better table over a dozen amendments along with it, right at the outset. For a government that knows where it is headed, when you introduce a bill and a dozen amendments to it at the same time, it is pretty hard

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to take. And then, at the end of the line, they accept to set aside one of its provisions.

So I continue to say that this bill makes no sense. It solves nothing. It is costing us almost \$1 billion, outside the maritimes, in Quebec, Ontario, British Columbia, Manitoba, Saskatchewan and Alberta. The taxpayers in these provinces are the ones who will be footing the bill for this compensation that is still unjustified and unjustifiable when we look at the treatment received by Quebec with respect to the harmonization process.

And now, on top of that, the members opposite now say that they do not care about the rights and privileges of elected members. They are handing over part of the rights and privileges of the House of Commons to the 104 anachronisms in the other place, in a completely outdated institution which most Quebecers and Canadians would like to see abolished at the earliest opportunity.

Therefore, in light of all this, and we will have some explaining to do during the upcoming election, we can only reject this motion because it comes from an institution we condemn, an institution that is costing taxpayers \$43 million annually and does nothing more than add additional layers of uncertainty that the government bows to in agreeing to waive the rights and privileges of this House.

We will also oppose this motion because overall this bill makes no sense to us. It is a bill that is costing Canadian taxpayers \$1 billion, and \$1 billion in compensation to the maritimes should in the normal course of events lead to \$2 billion in compensation to Quebec. But the government is turning a deaf ear to that.

We are not about to congratulate this government, nor am I about to congratulate my colleague, because caving in like this in the face of a real process to reform overall taxation—something it defended when in opposition—and caving in as well before such an out-moded institution is unbelievable. We reject this motion, as we rejected Bill C-70.

[*English*]

**Mr. Monte Solberg (Medicine Hat, Ref.):** Mr. Speaker, once again I rise to speak to Bill C-70. It seems to pursue us like a bad dream, having returned with amendments from the other place.

I want to talk a bit about some general principles which most people would hold to be extremely important. They are ones people believe very strongly in the principles of honesty, equality and accountability. The government has ignored those principles in bringing about Bill 70 again, and in bringing it about in the first place. I want to elaborate a little on that.

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• (1230)

During the last election campaign a great fraud was perpetrated in this country. The opposition at the time, the Liberals, criticized the government for years on end over the goods and services tax. It had gone on and on.

The rhetoric was extreme. The Liberals said over and over again that they would get rid of the GST when they came into power. I have all kinds of quotes. I will not run through them again but I have stacks of quotes from prominent members across the way who now sit in cabinet who said that the GST would be gone when they came into power.

The current defence minister was involved in this, the current finance minister, the Deputy Prime Minister, and of course the Prime Minister. There were many other backbench members as well. In their campaign literature many said they would get rid of the GST. That was the tone of the debate.

Hon. friends opposite will say that in the red book on page 22 they said they would replace the GST. Indeed that is true. I acknowledge that. However, what is important to point out is while they were saying that and distributing it in the red book, which went to about 70,000 people with about three weeks left in the campaign, they were saying something quite different on national television. They were using the mass media to communicate a very different message.

It is convenient that they could have both messages out there. They thought it would allow them to escape from a tight spot. In fact they did not escape. In the last few months we have seen this whole issue come back to bite them once again. I will touch on that in a moment.

The point I want to make is that the end can never justify the means. My hon. friend, the parliamentary secretary for finance, is arguing that there are some positive changes in this legislation that will aid business. I acknowledge that tax simplification is a good idea. To the degree that business can work together with government at all levels and with consumers to simplify things so that it is easier for everyone, we should all support that. However, the ends do not justify the means.

We have a situation here where the government set out quite deliberately in my judgment to take people down a course where they believe they were going to get rid of the GST. If we pass this amendment and legislation we are sending completely the wrong message. We are sending the message that they can dupe Canadians, that they can draw them in with what is nothing more than a huge mistruth and get them to vote for them, then turn around, do something completely different and it is okay. That is what the government is essentially saying.

I cannot go along with that. There is a greater principle at stake here than just simplifying the tax system. We have a problem in this country where we actually have the public so cynical about what governments say they will do in election campaigns that we have a lawsuit going on in British Columbia. Some people in that beautiful province have decided that they will not put up with it any more. They are actually suing their provincial government because they are tired of being misled during election campaigns.

That is precisely what has happened to this point where we are now talking about passing legislation that would change the GST. There is a huge principle in that. There is far more at stake here. It is far more important than the one that has been talked about by the parliamentary secretary.

Simplification of the tax system is an important issue. No one really disagrees with that. However, the big issue is does one allow governments to go ahead and do things that they said they would not do simply to get elected. That is the big issue.

That is the issue that is more important to a great majority of Canadians. The government has, frankly, misled Canadians over the last three and a half years.

I want to talk a bit more about that. Some hon. friends across the way are saying that is not the case. However, I would remind the chairman of the finance committee and other hon. friends across the way that the Prime Minister himself was caught in a trap on the GST at a town hall meeting on CBC just a few short months ago when he denied that he had said he would scrap the GST, get rid of it. When he was challenged by a young waitress from Montreal on this issue, he said "I did not say any of those things".

• (1235)

What happened? The CBC just happened to have all kinds of footage of the Prime Minister saying precisely those things. Again the trust of the public was undermined.

This is a far more important principle than whether we should go about simplifying the tax system. It was not just that. We had a byelection because the Deputy Prime Minister said on national television two weeks before the last election campaign that if the GST were not scrapped she would resign. She did indeed resign, and we were glad about that, but she took a poll first to find out whether it was okay to resign so she could run again.

The issue here is whether politicians should be allowed to go ahead and make those kinds of promises only to turn around and completely refute them and then expect to get re-elected and expect to have people jump up and down about legislation that they are bringing through to simply cover up what it was they were trying to hide in the first place.

I think people today are very cynical. It is interesting that this bill would come down on the eve of an election. To me this is the

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poster child for the GST, for the broken promises that the government has been unable to fulfil since the last election. Of all the different promises that the government has broken, on things ranging from NAFTA, to the CBC, to day care spaces, to unemployment, this has to be one of the biggest broken promises.

I would certainly encourage Canadians who are watching to hold the government accountable to the greatest degree that they can on this issue in the upcoming election.

I also want to say a few words about equality. Equality is something most Canadians believe in very strongly. They believe that we should treat all the provinces equally. However, I would argue that by paying the Atlantic provinces, with the exception of Prince Edward Island, a billion dollars to go along with this deal, the government has done something that just flies in the face of what most Canadians believe to be fair and right, which is to treat all the provinces differently. It decided that it was going to pay a billion dollars to Atlantic Canada because that was the only way it could get it to go along with the deal.

If members remember the atmosphere leading up to the agreement with Atlantic Canada, Atlantic Canadian provinces simply were not coming forward to the government saying "boy, I wish you would offer us a harmonization deal". They did not say that. In fact, the government was caught at that time because it was facing tremendous heat from the Canadian public because it had broken its GST promise so it needed a way out. Therefore it went to the Atlantic provinces and told them it would give them a billion dollars if they would go along with the harmonization deal. Because the Atlantic provinces are of course strapped for cash they said they would take the deal. That is how it happened.

When the other provinces said they would be interested in talking about this too if there was that kind of money involved, all of a sudden there was no money left. The government could only provide for Atlantic Canada. The people of Quebec were asking for \$2 billion in compensation. Ontario wanted over \$3 billion. The government of course said it just could not do it. It points to how the government thinks differently about what the notion of equality is.

Most Canadians feel that equality should be equal opportunity. If it is offered to one then it should be offered to everybody. The government has a different notion. It thinks that equality means equality of outcome. It thinks that equality means that we take from some provinces and give to other provinces and that makes everyone happy. It really does not work that way. In fact, all it does is divide Canadians. That is precisely what this legislation has done. It has divided Canadians on the notion that somehow some provinces are more equal than others.

• (1240)

I want to say a few words on the whole issue of accountability. I have talked about honesty, I have talked about equality and I want to say just a couple of words about accountability. Accountability is a common theme through the whole sorry tale of this legislation, going back to 1993 when the Liberals raised this as an issue during the election campaign. At that point they said they were going to scrap the GST.

Unfortunately now Canadians would like to hold them accountable on that issue and they cannot, at least not until the next election campaign. In the meantime other things have happened that really raised the issue of whether or not we can properly hold our politicians accountable in this country, not just at the federal level but also at the provincial level.

We had a situation, as I mentioned a minute ago, where the Atlantic provinces took \$1 billion to introduce harmonization in those three provinces. But when that happened there were no hearings between the provincial governments and their own people. We all know that was a huge mistake because the province of New Brunswick for instance had to back down from the tax inclusive pricing portion of the legislation. It saw that the public simply did not support it there. Those people would have known better if they had talked to their people beforehand when they were accepting the money from the federal government.

It does not just end there. There are all kinds of problems with the lack of accountability with respect to this legislation. It was not very long ago when other members of the finance committee and I sat here in Ottawa during the January break and we voted on an amendment that my party moved that we go to Atlantic Canada to have hearings on this issue. The Liberals voted against that. They denied the people of Atlantic Canada the chance to have a say on whether they wanted this legislation in Atlantic Canada.

In the United States people fought a war over taxation without representation. In Canada I guess we look at things a little differently. Newfoundland is going to be celebrating 500 years of history this year. We would think the government would say to the people of Newfoundland "after 500 years we think it is probably okay for you to have a little say in how your taxation system should be structured".

The Liberal government denied them that opportunity. It took the unelected, patronage filled Senate to do it. It took the Senate to show the government what it means to go and talk to people, to consult with people. To me, that is absolutely ridiculous that they would be denied the chance to do that before their elected representatives in the House of Commons, but that is precisely what happened. That is so fundamentally wrong. It is completely wrong.

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The accountability issue again is notable by the fact that very few Atlantic MPs have risen to speak to this issue, even though we know it was a major issue in Atlantic Canada. In fact, 16,000 people signed a petition on the tax inclusive pricing issue alone. There were hearings before the provincial legislatures because there was such a public outcry.

Where were the Atlantic MPs? Why did they not stand up for their constituents? There were stores closing down in many of their ridings. Did they stand to protest before the finance minister, before the government to say that there are problems? They were silent because they were afraid of what would happen if the party whip was put in place. We have seen how the government has dealt with dissenters in the past.

There were a number of different occasions where the issue of accountability was raised and it was proven in this legislation that the government has no intention of being held accountable on an issue that is of vital importance to the people of Atlantic Canada.

I want to speak about some of the specifics now. During the hearings we had back in January my party raised over and over again the issue of tax in pricing.

• (1245)

At the time hon. members said that everybody in Atlantic Canada was on board. Now we know that was false. The government of New Brunswick said that it did not want tax in pricing after it had rethought it. Many businesses, almost entirely to the person, said that they did not want tax in pricing in one part of the country at one time, that it made no sense. We also know that consumers spoke out against it. Provincial politicians came forward to say that it would be a nightmare.

What did the government do? It did nothing. Again it took the unelected patronage filled Senate to push the issue. That is a sad commentary. It does not say much for the government. They are the ones who have to take the pulse of the public along with my party to get the government to change its mind. Nevertheless it happened and people can judge for themselves what it says about the government.

A concern with the legislation is how the government has over the years led physicians and providers of ambulance services on to believe that perhaps someday it would actually change the GST legislation to allow them to pass on the GST just like many small businesses pass it on, or at least to have it zero rated. Unfortunately the government has led these people on for a long time. It has basically slammed the door in their face over the last several months saying it was not on.

We have a situation where doctors cannot pass on GST costs. It is one of the aggravating factors that causes physicians to flee the country to other places like the United States, which leaves us with

a shortage of physicians in rural areas. Again the government has misplaced priorities. It has lots of money when it comes to providing funds for its friends at Bombardier but not when it comes to providing funds to ensure health care across the country and that all people are treated equally in the taxation system. All of a sudden it cannot find the money. It should be criticized very strongly for that.

The final point I will make is with respect to the notional input tax credit. Over the last several days it has been interesting to watch the papers. There has been considerable discussion about how the government has been hiding millions of dollars of revenue. We need to point to one of the most least understood tax grabs the government has yet to bring about, one of the biggest tax grabs it is to bring about, that is the removal of the notional input tax credit on many different items.

It will mean the government will bring in hundreds of millions of dollars. Some people estimate that it will \$1 billion year more in revenue for the government. The people it hits are low income people because the notional input tax credit applies primarily to used goods. People who buy used goods are paying tax on tax on tax. The beneficiary of that is the federal government. It brings in hundreds of millions of dollars more a year in tax.

For some reason the government has ignored this message and will push ahead with it anyway. The people who will pay the price are the people who can least afford it.

I will wrap up by simply saying that the government has broken some very big principles: the principles of honesty, equality and accountability. Therefore I move:

That motion be amended in the first paragraph by deleting all the words after the word "That" and substituting the following:

"this House agrees with the principle set out in the amendment made by the Senate to Bill C-70, an act to amend the Excise Tax Act, the Federal-Provincial Fiscal Arrangements Act, the Income Tax Act, the Debt Servicing and Reduction Account Act and related Acts, but would propose that the following amendment be amended to read as follows: pages 334 and 335, clause 242: replace lines 40 to 45 on page 334 and lines 1 to 4 on page 335 with the following: 'Subsection (1) comes into force on a day fixed by order of the governor in council, which day shall not be before the first day on which all provinces have enacted laws requiring that suppliers include the tax under part IX of the act in indications of the prices of property and services supplied'".

• (1250)

**The Deputy Speaker:** The Chair will reserve judgment on the matter for the time being but will as quickly as possible indicate whether or not the amendment is acceptable.

**Mr. Chuck Strahl (Fraser Valley East, Ref.):** Mr. Speaker, the amendment proposed by the member for Medicine Hat includes provisions for all provinces and the necessity for the agreement of all provinces if we are to proceed with the sections and subsections mentioned in the amendment.

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I would be interested in hearing from him what impact that would have, especially in Alberta. What will we do with Alberta? Will it continue to be the lowest taxed province? Will it continue to have the highest rate of growth? Will it continue to have the best job creation program with lower taxes? Does he believe the idea that lower taxes equal more jobs would continue with the amendment?

**Mr. Solberg:** Mr. Speaker, I thank the hon. member for his most excellent question.

The question of what would happen with Alberta would ultimately be answered by Alberta. The whole amendment is contingent upon the province and the people of Alberta agreeing with what the federal government is proposing. It would ultimately be up to the people of Alberta to make that decision.

The people of Alberta believe that taxes are a cancer on job creation, to use a phrase the finance minister has used in the past. I would argue that high taxes are ultimately the reason for the country failing to meet its job creation targets. It is the reason the Liberal government has failed to make any real progress on the issue of jobs, jobs, jobs.

I spoke a minute ago about the Liberal promise on the GST. One of the biggest promises the government has broken for reasons that are worthy of our attention is that it would create jobs, jobs, jobs. There is such a tremendous tax burden on Canadians overall and particularly in payroll taxes that job creators, the small business people who create about 85 per cent of all jobs, simply do not have the incentive to create jobs. The federal government is proposing to increase premiums on CPP by 73 per cent, which will make it even more difficult for job creators to create jobs.

In Alberta we have very low taxes relative to the rest of the country. The people in my province have a tremendous incentive to make money. When they do that they know they will be able to keep most of it. That gives them the incentive to keep working harder and harder and harder.

In high tax jurisdictions, which I would regard Canada as a whole as being—and certainly relative to our G-7 neighbours that is true—it is difficult for people to get excited about creating jobs, knowing they will have to pay more and more in taxes the more money they make.

I hope that adequately answers my friend's question.

• (1255)

**Mr. John Williams (St. Albert, Ref.):** Mr. Speaker, at the end of the speech by the member for Medicine Hat he spoke about notional tax credits being eliminated not only in Atlantic Canada. We thought the harmonized sales tax was applicable to only Atlantic Canada but we found that it was applicable right across the country.

For example, every time a car changes hands, and cars get traded quite frequently, the government will take 7 per cent tax. It will be on new goods and on used goods. The government will be there with its hand out saying: "7 per cent, please".

I recall some years ago when the Liberals were on this side of the House and they adamantly forced the Tory government of the day to make an absolute guarantee that used goods would never be taxed.

Does the member for Medicine Hat feel this is another broken promise of the Liberal government? Is taxation which is usurious and ongoing beneficial to the economy, or does it kill more jobs?

**Mr. Solberg:** Mr. Speaker, I appreciate the tough question. It is a broken promise which we could add to the long list of broken promises on taxation.

My friend mentioned the notional input credit. The removal of the notional input tax credit would mean that people would have to pay more for used books. Another broken promise is that the government was to get rid of the GST on reading material. It did not do that even though it promised to in a letter from the Prime Minister to the Don't Tax Reading Coalition and in a number of policy conventions. In many respects the government is penalizing people who read, which is flying completely in the face of what it said it would do.

My hon. friend has it right. The government has broken promises on the taxation issue and to people it thought would support it on the basis of its promise not to tax reading materials.

**Mr. Jim Peterson (Willowdale, Lib.):** Mr. Speaker, I am very pleased to follow my friend and colleague from Medicine Hat.

Let me clear up a few misunderstandings. Are Reform Party members advocating that no used goods should be subject to the GST? Are they saying that people who sell used goods should be favoured as opposed to people who sell new goods? Is this what they are trying to prejudice?

**Mr. Williams:** You are the guys who are trying to change the policies.

**Mr. Peterson:** Are they advocating that no used goods should be subject to the GST? Are they saying that services should not be subject to the GST? Do they want a level playing field or do they not? They cannot have it both ways.

The hon. member for Medicine Hat made great issue about compensation being paid to the three Atlantic provinces over a three-year period. He said it was a breach of equal treatment for provinces.

Let us take a look at it. Every province that wants to harmonize the GST at a lower rate and loses money will be entitled to compensation. That is what we call equality of opportunity for all provinces.

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We must remember the combined sales tax rates in Newfoundland were about 20 per cent. In the other two provinces, Nova Scotia and New Brunswick, they were about 19 per cent. These are punitive rates. Why should these provinces have to pay outlandish rates of taxes just because they are the poorest provinces? We are pleased they were able to benefit consumers by getting their combined rates of tax down to about 15 per cent. I am proud of that.

If the provincial governments lose money because of it, I am not upset at all if some compensation is to be paid over a three-year period to help those provincial coffers adjust to that temporary loss of revenue.

Members will say it was not fair. Have we not in other circumstances helped other provinces?

• (1300)

The member talked about Alberta, which has the lowest rate of tax. There is no provincial sales tax in Alberta. Why is that?

**An hon. member:** We do not need it.

**Mr. Peterson:** Why is that? Because it has a tax other provinces do not have. It has a tax on its energy royalties. It gets a tremendous tax revenue out of its energy which no other province does.

In spite of that, what did the federal government do recently? It gave tax incentives which would allow the tarsands to develop. It amounted to millions upon million of dollars. Did they complain about that type of grant not being offered to other provinces? No. They cannot have it both ways.

I do not apologize for one minute that this government is in the position of making loans to enterprises which are employing Canadians, creating exports, building planes and putting us at the leading edge of the global economy.

This is a responsible use of federal power. Let us not shrink for one minute from the fact that in these areas we do have leading edge technology. Our companies are world leaders because we have a partnership, not through grants but through loans.

Let me return to the issue of the harmonized sales tax. We have looked as a finance committee and as a Parliament at this issue for a long period of time. Our committee had the privilege in 1993-94 of looking at alternatives to the goods and services tax. The thing that we found most compelling was that Canada is the only country in the world that had not just one retail sales tax but ten different retail sales taxes. Canada was the only country in the world that had more than one retail sales tax.

What did that mean to Canadians? It meant that we were supporting as taxpayers ten bureaucracies instead of one. It meant that businesses had to assume the incredible cost of complying with not just one sales tax regime but ten different regimes. Some

European countries have a value added tax. Canadian consumers did not have the benefit of tax included pricing. The price they saw advertised on the item was not what they had to pay when they went to the cash register.

One witness appeared before us, among many, who put on the table \$40,000 in cancelled receipts from irate customers who, when they got to the checkout counter and found they had to pay more than the price shown, decided not to buy the item. That is the phenomenon of sticker shock or counter shock.

We have found through extensive surveying and working with consumer groups that consumers want to know what they have to pay when they get to the cash register and take the money out of their wallets. Overwhelmingly, 86 per cent of Canadians surveyed on the issue of tax inclusive pricing for the three Atlantic provinces involved wanted tax inclusive pricing. Why should they not? Why should merchants not want to give it to them? After all, the price they see is the price they should have to pay.

Another advantage of the harmonized tax system goes to our business competitiveness and our capacity to create jobs. Today in Canada businesses are paying about \$6 billion in provincial sales taxes on their business inputs. These are things which they must purchase in order to carry on business, such as a car, a computer, furniture and so on.

Why should Canadian businesses have to pay this type of tax burden when their American counterparts do not?

• (1305)

This is why businesses in the three provinces of Atlantic Canada were paying \$580 million in provincial taxes on their business inputs. This made them non-competitive in many cases with their American counterparts. They should not have to pay provincial sales taxes on their business inputs. It is against all good tax policy.

Therefore this was one of the great advantages of this harmonized sales tax. No longer would Atlantic provinces have their businesses at this competitive disadvantage when it came to creating jobs.

Through the harmonization process they have gone through, they will have these tax savings. They will be able to pass much of those savings, if not all of them, on to consumers in Atlantic Canada. Those businesses will have a competitive advantage over businesses in Ontario and other provinces where the provinces still tax their business inputs in terms of creating jobs and being competitive.

These are some of the compelling reasons why we need harmonization and why no one in this House has spoken against harmonization. Not one witness before our finance committee spoke against the harmonized regime.

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The member for Medicine Hat was quite right in suggesting that tax inclusive pricing was a bit of a problem. If a national retailer based outside Atlantic Canada had to publish another catalogue showing the real price people would have to pay, or if someone had to retag the price of goods, that would be an added cost.

Let us be very clear. There were some added costs to businesses that were going to be doing business in Atlantic Canada but were not getting the benefit of the input tax credits because they did not purchase any of their business inputs in Atlantic Canada.

If someone had a business based outside the three harmonized provinces and they were not spending money in that area, or very little money, because what they were doing was running a retail operation, bringing the goods in, selling them and not making a lot of purchases there, they were not going to get the benefits. All witnesses realize this. They would not participate in that \$580 some million of tax savings per year. It is quite understandable that businesses that were going to have the added costs from tax inclusive pricing that were not offset by the tax savings on their business inputs were going to complain.

I have no problem with that. They were quite right in doing it. However, for the hon. member for Medicine Hat to say that what the Senate did was create a victory against tax inclusive pricing is wrong. We were not going to take the chance that we could not get this bill through on time.

The Senate threatened to hold it up beyond the implementation date of April 1 if we were not capable of doing something about tax inclusive pricing. Therefore, we said maybe we have to go along with that because what is really critical to Atlantic Canada is that we get the harmonized tax in place, even without tax inclusive pricing.

The Senate did not reject tax inclusive pricing as a fundamental concept of this tax. It said that as soon as provinces with 51 per cent of the Canadian population are on board, it will then insist on tax inclusive pricing for all provinces.

This is an acceptance, even by the Conservative majority in the Senate, of this concept of tax inclusive pricing. It recognize it is good for consumers. We have held all along that it is important to consumers to know exactly what they will pay.

This is supported by not only the polls of consumers but by the Consumers' Association of Canada. It has argued very strongly in front of our committee and Parliament that we need the concept of tax inclusive pricing. Telling people in advance how much it is going to cost them out of their wallet is just fairness.

• (1310)

I regret that we are not able to proceed with the tax inclusive pricing. However, let me be clear. We were not dogmatic about how

it went into effect. We in the finance committee, along with the government, suggested many compromises that would have softened the burden of tax inclusive pricing for most businesses. For example, we told businesses they only needed to have one catalogue, not two, if they were a national advertiser. We told them they could advertise at one price throughout the whole country but to put a little disclaimer somewhere in the catalogue stating that provincial sales taxes are not included.

We suggested to businesses that they did not have to reticket every item that was in inventory. They could go to other things such as rack pricing, bin pricing and dual ticketing on items that were there. For certain items they could even have certain types of signage which would indicate what the prices were. In other words, we suggested that there were many ways we could achieve benefits for consumers of tax inclusive pricing and reduce the cost from those which were originally contemplated and would apply under a fully harmonized, hardline, tax inclusive pricing regime.

We were working with business groups. We worked with the Canadian Federation of Independent Business. It was working with its members to come back to us in order to find ways to implement the tax in such a way that the burdens were reduced and the benefits for consumers were still there.

I am pleased that we have proceeded with the harmonization in these three provinces. I think this is just a step on the journey to achieving a fully harmonized sales tax system throughout Canada. It is inevitable that it will come. Taxpayers do not want to support the duplication and overlap of now eight different systems as opposed to ten. It is just stupid. The Canadian Federation of Independent Business castigated us and asked us when we were finally going to get our act together as politicians, federal and provincial, and do what was right for the people to help make businesses competitive and help get rid of the unnecessary costs. We are on that road and we will do it.

When we brought in the concept of the Canada Health Act there were only two provinces that initially signed on. It took some years before all the other provinces agreed to go along with it. This is what I envisage in terms of the future of it. No one is arguing against that concept and the inevitability that we should have one sales tax system throughout Canada based on the GST model, and this is what we will achieve.

**Mr. John Williams (St. Albert, Ref.):** Mr. Speaker, first I would like to point out that he was talking about the inevitability of a universal sales tax right across this country when three and a half years ago they were talking absolutely and categorically that there would be no sales tax courtesy of the federal government. So this is an absolute, complete turnaround on behalf of the member for Willowdale.

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While the member talks about a universal sales tax right across the country, it seems to me he is talking in the same model that they have proposed for Atlantic Canada of 15 per cent right across the board. What does he intend to do for the province of Alberta which has no provincial sales tax at all at this point in time and the people of Alberta have no intention of having any provincial sales tax of any kind? Is it the intention of the member that the government would compensate the province of Alberta by reducing its rate, according to what kind of vision he has, so that it would only pay the federal rate so that Albertans would recognize that they are not subsidizing the rest of Canada as they have done in many other issues?

We think back to the national energy policy of 1983 where Albertans basically carried the federal government and the rest of the country on their backs. They felt that they were being hard done by as billions of dollars flowed from the province of Alberta to the rest of the country.

• (1315)

I would like to ask the member when he envisions this universal sales tax right across the country, whether or not Alberta is going to pay more than its share again and how inevitable is this tax when three and a half years ago the Liberals were telling us there would be no tax at all?

**Mr. Peterson:** Mr. Speaker, I thank the hon. member for St. Albert for his question.

It is very simple. Canada is a difficult country to govern, as we all know, with its various jurisdictions. When the members of the finance committee recommended that the 10 different sales taxes be replaced by a single national value added tax we contemplated two things. We did a lot of work on this.

We contemplated and recommended a tax that could be brought in one province or two provinces at a time. In other words, not all provinces had to accede to the new regime at the same time. Second, although it makes a more complicated tax, provinces did not have to come in all at the same rate.

Over time I can see provinces coming in at different rates. For example, Premier Harris had promised before the last Ontario election that Ontario recognized the incredible advantages to that province of having a harmonized sales tax system. Ontario could probably harmonize at about 13 to 14 per cent instead of 15 per cent and be revenue neutral. Why would it come in at a higher rate?

The tax system in place, as the member for St. Albert well knows because he has a strong accounting background, envisages the possibility of different rates. It would be easier to administer if the rate is the same in every province and maybe over years, after all the provinces have acceded to the tax, the rates will come together. That will be a further step in the process of simplification.

When the member goes back to the perceived injustices of the national energy program of the 1980s, why does he not talk about the billions of dollars of tax grants that were given to make the tar sands available just recently? Is he ashamed of that? Why does he not talk about the millions on millions of dollars that we are giving to the farmers in western Canada, the western diversification fund, in helping them transport their goods to market or to diversify and get away from their dependence on some of the funds they have had?

What bothers me most about this debate is that we can differ as parliamentarians about the HST. But when members deliberately set out to create a balance sheet where they do not put in all the figures on what provinces are receiving from Confederation, they are trying to be divisive and set provinces against provinces, rather than recognizing that we are so fortunate to be in this country.

This country is diverse, with different economic circumstances from coast to coast. But part of being a nation is to help those regions from time to time with things like equalization and perhaps special breaks that will help them with their resources, with their transportation needs or whatever. That is the essence to me of being a country.

I do not shy away from these programs which are entered into in the spirit of helping those regions that need it most. This, to me, is what this nation is about.

**Mr. Herb Grubel (Capilano—Howe Sound, Ref.):** Mr. Speaker, I just wanted to make one quick comment.

In the finance committee report on the harmonized sales tax, I had the privilege of drafting, and later getting approved by my colleagues, the idea that perhaps the tax in pricing should be suspended for the provinces. If the government had followed my recommendation, then it would have saved itself all this embarrassment.

• (1320)

I agree that tax in pricing at this stage is a good thing to do. Because of the fear that the Conservatives had over the ability of the government simply to raise taxes by one little percentage point on the harmonized sales tax and get away with it because people would not notice it is just not true. In western Europe we have seen that when the German government tried to do that it had a major tax revolt on its hands. The Conservative argument in the light of those experiences is not valid.

In the hearings of the finance committee the member and I heard from 1,000 witnesses the suggestion that we still have a real bad monster on our hands, a value added tax which has in it exemptions, zero rating and all kinds of complications which are an

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accountants' nightmare. Witnesses suggested getting rid of this, put the same rate on everything at a much lower percentage than it is right now. If there are good causes—magazines and poor people who need subsidies—write them cheques. Give them explicit subsidies. It will be open and everyone will know about it.

I would like to ask the hon. member's position on this suggestion. Does he see any hope that a reform of this sort will be carried through in the future?

**Mr. Peterson:** Mr. Speaker, I thank the hon. member for Capilano—Howe Sound for what I think is a very important question.

I agree with him that from a strict tax policy point of view the ideal tax would be the simplest. It would apply to everything, no exemptions. That would mean a lower rate. For example, if the GST were to apply to basic groceries it could probably be reduced by about 0.7 per cent. Everything in the country would have a slightly lower tax rate.

In asking this question the member has displayed the type of integrity and intellectual honesty which we in the finance committee have to come respect over the last three years. I commend him for this. The problem is from a tax policy point of view. It might be right but Canadians at this point are not yet prepared to accept that the tax should apply to things such as basic groceries, certain medicines, drugs and health devices.

I do not mind that debate being held. I commend the hon. member for bringing this forward but at this time I do not think Canadians are ready to accept that type of tax reform. We are having enough difficulty getting the harmonized tax in place. Maybe that is something that can be contemplated down the road.

**The Deputy Speaker:** The amendment proposed by the Reform Party is in order subject to a small editorial change. It reads:

That the motion be amended in the first paragraph by deleting all the words after the word "That" and substituting the following:

this House agrees with the principle set out in the amendment made by the Senate to Bill C-70, an act to amend the Excise Tax Act, the Federal-Provincial Fiscal Arrangements Act, the Income Tax Act, the Debt Servicing and Reduction Account Act and related acts, but would propose that the amendment be amended to read as follows:

Pages 334 and 335, clause 242: Replace lines 40 to 45 on page 334 and lines 1 to 4 on page 335 with the following: "Subsection (1) comes into force on a day fixed by order of the Governor in Council, which day shall not be before the first day on which all provinces have enacted laws requiring that suppliers include the tax under Part IX of the act in indications of the prices of property or services supplied".

• (1325 )

**Mr. Campbell:** Mr. Speaker, a point of order. You have been trying to clarify that amendment which comes from a party that promises to practise politics differently.

Can the Chair or the Reform members clarify whether the amendment would have the effect of denying the benefits of harmonization to Atlantic Canada because one province does not have a sales tax and it calls for—

**The Deputy Speaker:** The parliamentary secretary knows that is not a point of order but debate.

[*Translation*]

**Mr. Richard Bélisle (La Prairie, BQ):** Mr. Speaker, the Standing Committee on Finance held three days of hearings on Bill C-70 in January. Here are some powerful examples of what was contained in the briefs. I will provide a quick overview.

For example, the Retail Council of Canada, which submitted a brief, represents over 65 per cent of all retail business in Canada. Even though this body supports the harmonization of provincial and federal sales taxes, it opposes the inclusion of the tax in the selling price in the maritimes as a policy that will drive up costs and add to the confusion among consumers.

By approving several different ways of displaying the price with the tax and by providing a number of exceptions to these rules, federal policy seriously complicates the situation. How is it possible to compare costs at two retailers that use different methods to display a price with the tax?

Consumers will be faced with different labelling within a single store. For example, some products will display the price with the tax, others without; others will have a package label without tax, but a shelf label with it and then there will be products that are tax exempt or that do not need to have the price indicated with the tax. How are we going to know the total cost of our purchases with such a system, with such confusion? A single product could have as many as four different prices on the label: the regular price with and without tax, and the discount price with and without tax.

In short, as these examples show, it will be much more difficult for the consumer to discover the price of merchandise quickly and easily.

The tax can be included in the price over a four month period, as the legislation provides. The Retail Council of Canada claims, and rightly so, that the firms including the tax in the price ahead of the others will be shooting themselves in the foot, because they will display a price on a product that will be higher than at a competitor's.

The buffer period may well be useless, because, in all likelihood, every firm will be waiting until the last minute to display prices with the tax included.

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In terms of the costs involved in Bill C-70, the Retail Council of Canada estimates it will cost the retail industry \$90 million in recurring annual costs and another \$85 or \$90 million for the initial adjustment to switch over from the old way to the new harmonized Liberal tax.

Finally, the council vehemently criticizes the fact that hearings were held on only three days in January. It also criticizes the Standing Committee on Finance for holding hearings only in Ottawa, thus preventing a multitude of small retail merchants from testifying and expressing their opinion.

The Council said, and I quote:

[English]

“These tactics leave retailers wondering whether legislators have any interest in their views whatsoever”.

[Translation]

It should be pointed out that the Bloc Québécois supported the Reform motion to continue hearings in the maritimes, a motion that was defeated by the Liberal majority in committee. I clearly remember that hearing day; I sat on the committee as a Bloc Québécois member.

• (1330)

In its brief to the committee, and this is a second example, Sears Canada, said, and I quote: “For Canadian retailers, tax inclusive pricing in a partially harmonized system will mean higher costs and more complex systems”.

Sears will produce 52 million catalogues in 1997, but the production of “harmonized” catalogues, to accommodate the standards applying to the maritimes, will cost Sears a fortune. It may also mean fewer catalogues or higher retail prices for consumers in the maritimes.

Sears also testified that, while the purpose of this legislation is not to limit product availability in harmonized provinces, this will certainly be the result”. In addition, like many other large chain stores, Sears labels its products before shipping them to its stores. With Bill C-70, the company will have to keep two separate stocks, depending on whether the price includes the tax or not, with the related increase in production costs being reflected in retail prices. Goods will have to be divided in lots and stored separately before shipping, which complicates things, be it only by imposing the use of a dual stock system.

The brief submitted by Woolworth Canada Inc., a company with over 100 stores and 14,000 employees in the provinces affected by harmonization, included the following: “Given that the proposed legislation applies only to three small provinces, and given the current proposals regarding tax inclusive pricing, we believe that

costs will significantly increase for retailers and consumers, and that this legislation will also result in extreme confusion”.

In its brief, Canadian Tire writes the following, and I quote:

[English]

We are opposed to the piecemeal approach to the application of tax inclusive pricing as part of the introduction of the new HST. This would create very significant ongoing costs as well as extreme confusion to our customers—for the retail industry, any benefits derived from input tax credits are more than offset by the significant cost increases resulting from tax inclusive pricing. There are no savings; in fact there are increased costs.

[Translation]

Here are a few excerpts taken from the Liberal minority report of November 1989 on the GST, when the Conservatives decided to introduce this consumer tax, and I quote: “The Liberal members of the finance committee maintain that the goods and services tax proposed by the Tory government is bad and that no ‘repair job’ of any kind will make it fair for taxpayers”. You can find that quote on page 283 of the report.

What are the Liberals doing with Bill C-70, if not a repair job? Except for the fact that the tax is hidden in the price, the GST remains the same and its rate remains the same. In fact, it is the provincial tax that is being harmonized. Therefore, the Liberals are only doing a repair job on the Conservatives’ GST and, if we are to believe their own words, this new HST is as bad and unfair for taxpayers as the old GST. “Moreover, if the GST is hidden in the sales price, it will be a lot easier for the government to raise it later”. This is from page 298 of the same report.

Based on the Liberal logic, one can conclude that the Minister of Finance will certainly increase the GST in the maritimes in his next budget, since he is in the process of hiding that tax in the sales price. In 1989, the Liberals condemned the idea of hiding the GST in the price. However, in 1997, they are doing just that, on the false pretence that this is what consumers want.

Consumers want the Liberal government to fulfil its commitments, including the promise to scrap the GST; they do not want the government to hide it in the price or partially harmonize it.

• (1335)

Why, then, have the Liberals systematically refused, since they have formed the government, to carry out such a total reform of the Canadian taxation system?

Even though this ill advised promise will cost Quebecers and other Canadians close to \$1 billion, all the Liberals can think about is getting out of the mess at any cost and as quickly as possible. Just as they did with the Airbus affair, Pearson and the Somalia inquiry.

This is therefore not the first time the Liberals have made colossal errors that will cost taxpayers hundreds of millions of dollars but not taken any responsibility for their actions. Even in

the case of the GST, the Liberal government showed its contempt for democracy by preventing opposition members from doing their job.

Yet the Liberals came up with 13 important amendments, those were their words, to Bill C-70, the very evening of the third and final day of public consultation, claiming that these amendments were a response to the complaints heard during the three days of hearings. If it was possible to find 13 amendments in three days, imagine how many we would have had if we had been able to extend the public hearings by one or two weeks.

In their haste to leave behind the embarrassing issue of the GST, the Liberals do not want to hear what people have to say; they are afraid that people in the maritimes will tell them the plain truth: Bill C-70 is a botched job, a very bad bill. The Liberals are standing in the way of democracy by preventing citizens from expressing their views during the legislative process, and by moving full steam ahead, worrying more about their electoral agenda than about doing a good job of serving the citizens who will pay for this new tax, and who, in the meantime, are paying their salaries.

That is why the Bloc Quebecois is opposed as a block to this bill to harmonize the GST in the maritimes. This is a botched bill. It is based purely on political and electoral considerations. It is badly written. People have pointed out all sorts of shortcomings that the government does not even want to hear about. It is not the harmonization model that maritimers deserve and are calling for.

What is more, in order to convince the three maritime provinces in question, the federal government had to promise political compensation of \$1 billion, while it has systematically refused to pay Quebec, in all fairness, the \$2 billion it lost by harmonizing its provincial sales tax with the GST in 1991.

If the federal government is able to come up with \$1 billion for the maritimes, let it also find a way to come up with the \$2 billion owing Quebec. Otherwise, everyone should receive the same treatment and the federal government should stop subsidizing New Brunswick's corporate raiding in Quebec using Quebecers' tax money.

For these reasons, the Bloc Quebecois is calling upon the government to go back to the drawing board, to start from scratch with a new bill on its plan to harmonize the GST, this time taking the time required to present a serious bill, and particularly taking the time to listen to what people have to say.

The Liberal government had winning votes in mind when it spoke out against the partial removal of the tax from books. Only educational and literacy institutions will pay no GST on books purchased, while what I would call the normal taxpayer, the person

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who buys books at the neighbourhood bookstore, will continue to pay it. No doubt what the Liberals want is to be able to say, during the next campaign which is almost upon us, that they have taken the GST off books. But that is not true.

In conclusion, I would like to say that, with the Senate amendment to Bill C-70, there will be no further reference to including the GST in the price as long as a minimum of 51 per cent of the population of Canada does not have a provincial sales tax system harmonized with the federal sales tax. During all of the House debates on Bill C-70, the Bloc Quebecois spoke out against the government's haste to get rid of the GST business before the election.

• (1340)

The Bloc Quebecois spoke out against, and voted against, Bill C-70, asking the government, as I have said, to go back to the drawing board, to propose another model for harmonizing the sales tax, since this one was full of defects.

Unfortunately, the Liberals would not listen to us. But now we have the Senate proposing an amendment to Bill C-70 which is, basically, along the same lines as what we were finding fault with in the bill, and the Liberals are preparing to adopt it.

I would therefore like to say in closing that the Minister of Finance has stated, on a number of occasions, that Bill C-70 would introduce inclusion of the GST in the price in response to the wishes of the people. Now that they are preparing to remove inclusion of the tax in the price from Bill C-70, what is left of Bill C-70? Nothing. The GST is still the GST. What is being harmonized is the provincial tax, not vice versa, despite what they are trying to make us believe. And for that they are going to pay the maritimes \$1 billion, while Quebec gets turned down when it asks, in all fairness, for \$2 billion for having done the same.

[English]

**Mr. Jim Silye (Calgary Centre, Ref.):** Mr. Speaker, I promise I will not use the word you and I debated in the House a little while ago or refer to the definitions the Parliamentary Secretary to the Minister of Finance was so worried about.

I will call it an inducement. I will call it a payment to another province that tried to make up for a shortfall in revenue in terms of the provincial sales tax it was charging. They have now converted it to a broader base of goods and services which in effect has the final impact of raising the GST in the three Atlantic provinces from 7 per cent to 15 per cent.

After two or three months consumers will realize that they have to pay more for goods and services in the three provinces thanks to the Liberal government and thanks to Atlantic MPs. During the

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election campaign I hope they remember that and vote for the people who will represent their region.

I find it interesting that two groups are responsible for having the bill come back to the House. It passed third reading; it was pushed through. The Liberal government was praising its merits and the value of a harmonized sales tax. One of the two groups is the provincial government of New Brunswick and Premier Frank McKenna.

He is no longer a Liberal in the true tradition in that he has broken with the rank and file Liberal philosophy. He has chosen to do something the Reform Party prides itself in doing. He has chosen to represent the people who voted him into power. He listened to the people in his region and argued their position so that they got a chance to have an impact on a collective group like the House of Commons.

The second group that had influence was the Senate banking committee. If it were not for its members taking the time to go to the Atlantic provinces, the government would have been able to force, pressure, foist, push, cajole or put it on to the people of Atlantic Canada and then brag about how good the harmonized sales tax was for the rest of the country.

The Senate committee listened to the people of the Atlantic region. As a matter of fact the master of myth, the Minister of Finance, even felt it was so important that he should show the courage to show up at the committee to tell Atlantic Canada why he felt he had to have tax inclusive pricing.

Having done so it all came out: all the things Reform Party members said in the House of Commons and all the things committee members said in the Standing Committee on Finance on what was wrong with harmonized sales tax: that it was ad hoc, that it was partial, that it was confusing, that it was coercion.

• (1345)

Yes, that payment of \$961 million to the Atlantic provinces was definitely an influencing factor for those three provinces. Not that it was better for business or for anybody, because at the end of the day everybody in the Atlantic provinces who made representation to the Senate committee complained. The Canadian Federation of Independent Business and the Retail Council of Canada complained that the Liberals were not listening. However, the finance minister said that consumers wanted this and the government was going to give it to them. That is why we have tax inclusive pricing.

The minister was not listening to the people. This was strictly a poorly concocted, politically motivated effort so that in the next election the Liberals can stand up and say they kept their promise to replace the GST.

Because the deputy leader quit, we all know the Liberals did not keep the promise they made door to door to get elected which was that they would kill the GST. They said they hated it, they would kill it, they would abolish it and they would scrap it. They know they did not keep that promise, so they want to shift the debate on to another level, another plane which is to read the red book which said "replace". They wanted to put this in there. They wanted to change the name. They wanted tax inclusive pricing so they could call it the harmonized sales tax and nobody would be referring to the GST.

They did not get their way. The GST is still there. I am very disappointed that at the end of the day we have a bunch of politicians who end up lacking integrity and losing their principles. How can a person as knowledgeable and as competent as the Minister of Finance lose his principles? How can a person like that, who sat in opposition dreaming of being in government and who finally is in government, entrench the GST in people's lives forever when he said that if one ever combines a provincial sales tax with the goods and services tax we would have the net result of entrenching the GST? Is this his legacy to the people of Canada? Is this his idea of representation and doing what is in the best interest of all Canadians or is this just an example of partisan politics at its worst?

Another gentleman, one I respect an awful lot and one I think is a Reformer in Liberal clothing, is the current Minister of National Defence. I remember when he was minister of transport, the job he did there, the way he did it and how he took that department and downsized it. He did not fire 44,000 employees like the secretary of Treasury Board has. He had all those people relocated. He privatized some aspects of the service of that department that should be in the private sector and retained those aspects of the department that should be in the public sector. He then went to the area of unemployment insurance and was on his way of doing a good job there and then the rug got pulled from underneath him because they needed help in defence. Now he is there.

However, as much as I respect him I will criticize him. I criticize him for a lack of integrity and for changing his principles. Is it not important to stand on principles? He is one of the Atlantic MPs. When he was on this side of the House he said there was no way a government should ever impose a hidden tax. He said that the tax must be open and visible because that was the only way to hold the government accountable. Both the finance minister and the defence minister were right then. What has happened? Why have they changed their minds? It is not wrong. It is right. That is the right attitude and the right philosophy.

I sadly conclude that the only reason they have done this is strictly for politically motivated purposes. Where are the Liberals today? They are sheepishly talking about how they are going to meet the deadline of April 1. They are going to go ahead with this

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bill because harmonization is important. They have backed off on the tax inclusive pricing because the Senate has forced them to do it.

• (1350)

Why are they not standing up and condemning the senators? Why are they not condemning all those people in front of the hearings who said they did not like this tax and the government knows better than the people do on what is good for them?

Why are they not praising today tax inclusive pricing? Where are all those advantages that they talked about before, how the harmonization would blend in nicely with the consumer and the retailer, and that the price the consumer sees on the item is the price they pay at the till, everybody will just spend more money, everybody will be happy, the whole economy will grow and everything will be wonderful?

Why are they not talking about that today? They are not hammering on all those advantages any more. Where did they go? This was so important. What about the consumers, Mr. Finance Minister? Mr. Finance Minister, you said that you will give the Canadian public what it wants, and what it wants is tax inclusive pricing and this government gives the people what they want. Where is he today? Where is he on this issue?

I am proud of the fact that Canadians and especially those Canadians in Atlantic Canada took the time to go to those hearings and made themselves heard. I am proud of what the senators did. I will give them a lot of credit too. They have some power.

We as members of the third party here have no power. It shows the dangers of a democratic dictatorship that does not listen. All the things that we pointed out have come to pass. They are true. The Senate has done its job. That is why I am always in favour of a Senate; the type of Senate is another story and another debate. At least it is a check and control. It is a chamber of sober second thought.

The government and the cabinet need a lot of second sober thoughts. They are ramming some of the worst legislation in the history of this country on Canadians. From gun control to endangered species to financial institutions, the government is wreaking havoc on the whole economy and the rights and freedoms of Canadians and corporations across the country.

This harmonized sales tax is another example of that. The government is setting bad precedents. We have a finance minister who has been criticized by the auditor general and who made this \$961 million payment to the Atlantic provinces one year ago. He charged it off to the year ending 1996.

I will read from the public accounts how we are supposed to do our accounting and how we are fairly supposed to represent the

finances of the nation. This finance minister who has been getting all the credit and all the praise from the left wing leaning Liberal press in this city has gone against generally accepted accounting principles. The auditor general says so, most CAs, most CGA, CMAs, RIAs and MPs would say so who have an accounting background.

In the public accounts of 1996 the auditor general said: "The inclusion of the transitional assistance of \$961 million in the 1996 deficit and accumulated deficit represents a departure from both sound accounting practice and the government's own accounting rules".

Second, so that people who are listening understand what we are to do when we charge something into a current year's budget, we have to have an agreement in place on how the money is going to be spent and who the two parties are that are involved, not a letter of intent, which is what the finance minister argues on this or, as it says here, the financial obligations are reported as liabilities if the underlying event occurred prior to or at year end.

We are speaking of March 1996. This deal takes effect April 1, 1997. We still do not have a harmonized sales tax in place. Why did Atlantic Canada get \$961 million, if not as an inducement to procure these signed agreements? Even today the agreement is not in place and the money has been put out.

• (1355)

We are talking about integrity. These are the finances of the nation and we have a finance minister who is so cocky, so overconfident that he feels he can do anything with any piece of legislation, that he can ram it down the throats of Canadians and nobody will question him on it.

Thank God there is a Senate, especially with this kind of House where we are fractured, where we cannot hold the government accountable because we do not have enough manpower to do it.

I think the Liberals are very lucky to have a free thinking, open minded Liberal premier in the province of New Brunswick. I predicted that those three premiers in the Atlantic provinces would lose their jobs if they went ahead with the harmonized sales tax, the tax inclusive pricing. At least somebody was listening.

Frank McKenna, in a newspaper article written by April Lindgren of the Ottawa *Citizen*, said he is unapologetic for doing what he did even though he is a Liberal premier: "When you are a provincial government and the federal government is of the same persuasion, there is no law requiring that you park your brains and your opinions at the door". That is what the backbenchers from Atlantic Canada have done on the issue. They parked their brains and their opinions at the door. They are like trained seals. They just follow the pack, do what the cabinet says must be done and what the finance minister says should be done because they are high in the polls. Everything here is related to polls. They are trying to get

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themselves re-elected. Liberal members support what is in their own self-serving best interests and not the interests of Canadians.

I commend the premier of New Brunswick for having the courage to tell the truth. The truth is that the consumers will have to pay the tax.

**The Speaker:** I know that consumers, as I, will wait with bated breath for the end of your speech. You still have four minutes and the floor will be yours if you wish at the end of question period today.

It being almost 2 p.m., we will proceed to Statements by Members.

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## STATEMENTS BY MEMBERS

[English]

### RECOGNIZING MEMBERS

**Mr. Stan Dromisky (Thunder Bay—Atikokan, Lib.):** Mr. Speaker, there are thousands of Canadians who do not know the name of the member of Parliament who is speaking from in Chamber at this very moment.

Currently, Mr. Speaker, you address members according to ridings. My name and riding are printed for a few seconds in small letters at the bottom of the TV screen.

The Canadian National Institute for the Blind and severely visually impaired Canadians have indicated that this practice is unfair, given that blind persons cannot read members' names and province of origin as printed on the screen.

I recommend that it would be more appropriate to have members addressed by their name, riding and province. This would only pertain to the manner in which the Speaker addresses members and not to the manner in which members address each other in the House.

In the name of fairness I pray that this recommendation be given serious consideration.

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[Translation]

### FRANCOFONIE

**Mr. Maurice Dumas (Argenteuil—Papineau, BQ):** Mr. Speaker, 1997 is a banner year for la Francophonie. This year we celebrate the 20th anniversary of the Charte de la langue française, the 10th anniversary of the Semaine du français, the 5th anniversary of the Semaine internationale de la Francophonie and the 7th

anniversary of the Journée internationale de la Francophonie in Quebec. These various events have now been combined in the Francofête, being held for the first time from March 16 to March 23, with the author Marie Laberge as honorary chair.

The Francofête is an event marked by pride and excellence. At the heart of this event we find the French language, the official and common language of Quebecers at work, in communications, business, culture and education.

To quote Yves Duteuil: "It is a beautiful language with magnificent words that expresses its history through its many accents". This week is a wonderful opportunity to speak, write, read, sing and love this language of ours.

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[English]

### JUSTICE

**Mr. Art Hanger (Calgary Northeast, Ref.):** Mr. Speaker, the Reform Party's fresh start for justice has the Liberal Party's spin doctors scrambling for answers.

An access to information request clearly points to the Liberal failure to deal with hardened criminals who make a career out of hurting or killing innocent Canadians. The Liberal justice minister believes that capital punishment and truth in sentencing are "buzzwords" and are an act of revenge.

The Liberal idea of a safer society is to release violent offenders earlier because it is cheaper to do so, all under the name of rehabilitation. Liberals do not believe that the punishment should fit the crime. Neither do they believe that criminals are responsible for their actions. They say that you and I and society are to blame.

The bottom line is that the Liberal government continues to support criminals with its weak laws. On the other hand, innocent citizens are victimized and to the Liberal mind this is good.

The Liberal government is deluded. Fresh start for justice is the only answer to law and order in this country.

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### THE ECONOMY

**Mr. Vic Althouse (Mackenzie, NDP):** Mr. Speaker, for more than a decade this government and the previous one have pursued the same economic policies: deregulate, cut spending, lay off workers.

Both business and government have sung the same tune. Has it worked? We have 45 per cent more child poverty in the country than in 1989 when this House passed a motion to do away with it. Today's *Globe and Mail* reports that the working poor are now 6 per cent worse off than 10 years ago.

University of Saskatchewan economists tell us that realized net farm income for their province was \$315 million in 1996, or about \$5,000 per farm. The projections are that it will be lower in 1997.

Bankruptcies hit record levels in 1996 under these policies. Real income for most Canadians is declining as are living standards. However, big business profits are up and so is the stock market. But for ordinary people, nothing but harder times.

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### THE BUDGET

**Mr. Harold Culbert (Carleton—Charlotte, Lib.):** Mr. Speaker, there is financial light at the end of the deficit tunnel, as we heard from the Minister of Finance during his recent budget presentation.

Canadians have a right to be proud of the accomplishments toward deficit reduction: proud of moving from being referred to as a third world country financially in the early nineties under the previous administration to today, once again, being the envy of the industrialized countries of the world.

Canadians are proud also that the deficit reduction accomplishments have provided the flexibility for financial investment in health care, student education, children and families, rural Canada, the tourism industry, the infrastructure program extension and programs to foster small business, economic growth and jobs.

This is responsible government. Canadians have a right to be proud of their accomplishments. God bless and long live Canada.

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### FOREIGN AID

**Mrs. Sue Barnes (London West, Lib.):** Mr. Speaker, I recently attended the 46th parliamentary seminar in the United Kingdom. Participants included legislators from all corners of the globe: Malawi, Sierra Leone, Singapore, South Africa, Sri Lanka and Uganda. The seminar coincided with Commonwealth Day, March 10.

Canada is held in high esteem abroad and is well served by its commitment to multilateral organizations such as the Commonwealth and la Francophonie.

One of the lasting impressions I will have will be the importance of our country's foreign aid to the well-being of fellow Commonwealth and la Francophonie citizens. I urge all members, as legislators in one of the richest and most senior members of both organizations, to recognize and promote the value of foreign assistance.

I call on the government during la semaine internationale de la Francophonie, specifically the Minister for International Co-operation, to continue our foreign aid activities so that we may look

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forward to a time when we will be members of organizations such as la Francophonie and the Commonwealth where wealth is indeed—

**The Speaker:** The hon. member for Kenora—Rainy River.

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### TRANSFERS TO PROVINCES

**Mr. Robert D. Nault (Kenora—Rainy River, Lib.):** Mr. Speaker, as an Ontario MP I have been hearing a lot of whining from Mike Harris and his chorus line in the Reform Party. They are trying to blame every cut in Ontario on the federal government.

They are tossing out accusations that Ontario's transfers have been cut by over 40 per cent. The fact is, when this government assumed office, total transfers to Ontario, cash and tax points, amounted to \$10.3 billion. This year it is \$9.1 billion.

The real reduction is 11 per cent, which only represents 2.5 per cent of provincial revenues. The 1996 budget includes a plan to start increasing transfers once again.

• (1405)

How much has Mike Harris cut? More than \$6 billion from hospitals, schools, municipalities, social assistance and shelters for battered women. And why has he had to make these cuts? To pay for an irresponsible \$5 billion tax cut for his rich friends.

Reformers can say what they like, but my constituents do not buy their sudden belief in medicare. I look forward to pitting our record and commitment to social programs against these right wing relics of the past.

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[*Translation*]

### ST. PATRICK'S DAY

**Mrs. Pierrette Venne (Saint-Hubert, BQ):** Mr. Speaker, yesterday thousands of Quebecers filled St. Catherine Street to celebrate St. Patrick's Day, when all Quebecers become O'Quebecers, as Cardinal Turcotte pointed out.

St. Patrick's Day is a time to remember when this community came to Quebec from its country of origin some 150 years ago to escape the potato famine. The conditions for these immigrants on board ship and subsequently in quarantine on Grosse-Île remain painful memories that testify to the courage and determination of the Irish.

In his sermon yesterday in St. Patrick's Cathedral, which was founded 150 years ago, Cardinal Daly recalled the warm welcome extended in the past by Canada's francophones who, together with the Irish already established in Montreal, worked so hard to alleviate the suffering of these Irish newcomers.

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St. Patrick's Day has become a tradition in Quebec. We all celebrate this day and hope that this tradition will be maintained for many years to come.

A happy St. Patrick's Day to everyone.

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[English]

**ENDANGERED SPECIES**

**Mr. Philip Mayfield (Cariboo—Chilcotin, Ref.):** Mr. Speaker, the people of Cariboo—Chilcotin support the protection of endangered species but they oppose Bill C-65, the federal government's endangered species protection act.

Bill C-65 threatens the rights and livelihoods of thousands of responsible ranchers, miners, foresters and landowners in the B.C. interior. It gives federal authorities the power to dictate to responsible landowners and users how they will use their land. It offers no compensation to landowners and users who are forced to leave productive land dormant, and Bill C-65 allows activist groups to go to court solely to stop resource development. This bill is an unfair, unbalanced and unsatisfactory piece of legislation.

Fortunately there is a better way. The Reform Party has proposed 42 amendments that would ensure fair compensation, co-operation by all concerned and a commitment to the preservation of all endangered species. If the government refuses to pass these amendments I will vote against Bill C-65 on behalf of the people of Cariboo—Chilcotin.

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**PORTS CANADA POLICE**

**Mrs. Elsie Wayne (Saint John, PC):** Mr. Speaker, Friday's announcement by the Minister of Transport abolishing Ports Canada Police bypasses the democratic process in this House. Bill C-44, the Canada marine act, is presently before the House. There are provisions in that bill that deal with ports police. It is confusing that the minister would abolish ports police before Bill C-44 is passed.

In the announcement the minister has placed access control in the hands of the ports and municipal police forces to ensure standard police services at the ports. But the minister made no reference to the present ports police officers. What are the minister's plans for these dedicated and specially trained people? And what is he going to do about continued funding for such services?

The ports police officers are specialists in their field. They are trained and knowledgeable in national and international crime. Why is the minister subjecting our communities to the possibility of increased crime? I urge this minister and this House to reconsider what came out on Friday.

**ST. PATRICK'S DAY**

**Ms. Shaughnessy Cohen (Windsor—St. Clair, Lib.):** Mr. Speaker, 150 years ago the great potato famine was devastating the Irish countryside and Irish tenants were fleeing their homeland.

Today Canada, while celebrating St. Patrick's Day, also celebrates the great migration of those people who became the backbone of so many of our communities. Whether it is corned beef and cabbage at the historic Victoria Tavern in Windsor or a green beer at the Knights of Columbus in Tecumseh, the people of Canada are all Irish today.

However, as we enjoy the fun, let us not lose sight of the historical fact that so many came here out of such a great tragedy and that they joined with others to build one of the great free democracies of the world.

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**HEALTH CARE**

**Mr. Tony Valeri (Lincoln, Lib.):** Mr. Speaker, health care continues to be a priority for my constituents in Lincoln, and they are worried about its future.

As the Ontario government continues to pursue its plans to restructure hospitals like the West Lincoln Memorial in Grimsby and St. Joseph's Hospital in Hamilton, let me share with the House what my constituents are saying. They want a health care system that is focused on patient care and wellness and not one that offers fewer services at fewer locations.

Let us be clear. Premier Harris has decided to close hospitals in Ontario. That is his choice and no one else's. The National Forum on Health stated that Canadians want the federal government to continue to play a strong role in protecting our publicly funded medicare system. The government has demonstrated that support through the recent budget which invests in the delivery of health care services.

• (1410)

Clearly we will continue to ensure that our universal health care system is protected and meets the needs of all Canadians.

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[Translation]

**MONTREAL'S EAST END**

**Mr. Mac Harb (Ottawa Centre, Lib.):** Mr. Speaker, for too many years, the east end of Montreal has been associated with factory closings and unemployment. As of today, this unfortunate perception will change and there is new hope for the east end of Montreal.

At a press conference this morning, the Minister of Human Resources Development announced a \$8.1 million subsidy to Iris Inc., a sock manufacturer. This financial assistance comes out of

the 30 per cent of the transitional job fund which has been earmarked for Quebec.

Thanks to this partnership between the Government of Canada, the municipality of Ville d'Anjou and the private sector, an expansion plan worth an estimated \$63.7 million will create more than 3,000 permanent full time jobs in the east end of Montreal over the next three years.

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### BLOC QUEBECOIS

**Mr. Pierre de Savoye (Portneuf, BQ):** Mr. Speaker, the Bloc Quebecois has a new leader, and, for the first time, the leader of a federal political party was elected by universal suffrage.

More than 50,000 members of the Bloc exercised their right to vote. That figure is more than the number of Quebecers belonging to the Liberal Party of Canada. This is an extraordinary democratic exercise, and I challenge the other federal political parties to follow the Bloc's example.

I speak on behalf of all my colleagues, supporters of the Bloc, and leadership candidates in congratulating the member for Laurier—Sainte-Marie.

We have no doubt that, with our team of members, he will gain the support of all those who hold so dear the sovereignty of Quebec and the defence of the interests of the people of Quebec.

Well done, Gilles.

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[English]

### 1997 BRIER

**Miss Deborah Grey (Beaver River, Ref.):** Mr. Speaker, Kevin Martin and his Ottwell Curling Club rink have once again proven that Edmonton is a city of champions.

Kevin, along with lead Don Bartlett, second Rudy Ramcharan, third Don Walchuck and fifth man and coach, Jules Owchar, won the 1997 Brier yesterday in Calgary with a thrilling 10-8 victory over the powerful Vic Peters rink from Manitoba.

All who helped organize this year's Brier championship are to be congratulated. A quarter of a million people attended the event during the week.

It looked bad when we lost to Peters in the round robin during the week, but on Friday night in the quarter final we squeaked out a win and it was then one game each. Then Sunday was the all-time, ever-lovin', championship tie-breakin' round. In the eighth end my heart sank when Peters stole two, but in the ninth we scored three

back and then in the tenth end we stole one for the win. What a finish.

Now it is on to the world championships where once again Martin will prove that we are the best of the best. Way to go Kevin Martin, you are the champ.

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### RENEWABLE FUELS

**Mr. Julian Reed (Halton—Peel, Lib.):** Mr. Speaker, the Canadian Renewable Fuels Association and its members are gathering in Ottawa today to discuss the environmental and health benefits of ethanol fuels. Ethanol and other renewable fuels can greatly reduce vehicle tailpipe emissions, the leading source of air pollution and related health problems. The use of ethanol in our vehicles will reduce ground level ozone, carbon monoxide and particulate matter in the air we breathe.

A healthy and vibrant ethanol fuel industry in Canada will provide the following benefits: clean air, reduced health care costs, a domestic and renewable fuel supply and a stable domestic market for Canadian grains.

It is time for all Canadians, both rural and urban, to adopt the vision of cleaner air through renewable fuels like ethanol. It benefits all of us.

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[Translation]

### MONTFORT HOSPITAL

**Mr. Mauril Bélanger (Ottawa—Vanier, Lib.):** Mr. Speaker, three weeks ago, the Ontario Health Services Restructuring Commission recommended the closure of the Montfort hospital. Since the announcement, there has been an upsurge of popular opinion in eastern Ontario and especially within the francophone community in support of the Montfort hospital.

● (1415)

To mark the blossoming of this solidarity in support of the Montfort, a rally will be held at the Ottawa Civic Centre this Saturday, March 22 at 2 p.m.

I invite everyone in the community, everyone who is a friend of the hospital, everyone who believes in the importance of being given health care in one's own language to help the organizers of the SOS Montfort campaign fill the Civic Centre to the overflowing.

## ORAL QUESTION PERIOD

[Translation]

### ORGANIZED CRIME

**The Speaker:** We will now proceed to oral question period with the new Leader of the Opposition.

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

*Oral Questions*

**Mr. Gilles Duceppe (Leader of the Opposition, BQ):** Mr. Speaker, yesterday a crowd of over 600 demonstrated noisily in front of the Hell's Angels headquarters in Saint-Nicolas.

These citizens turned out, despite low temperatures and gang members' attempts to intimidate them. They are calling for concrete and rapid action from this government to put an end to the biker war. They even carried placards asking politicians how many more victims it would take to get them moving.

My question to the Prime Minister is this: How many victims will it take before this government makes up its mind to take action and finally introduce a bill outlawing gangs like the Rock Machine and Hell's Angels as criminal groups and known law-breakers?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, first of all, on behalf of all members of the House, I would like to congratulate the new Leader of the Opposition on his democratic election as leader of his party. I wish him much good luck, not too much, obviously, but enough to enjoy his new duties, which I have already performed and which are not very easy. It is not always easy to lead a party. I come from Shawinigan, and I know whereof I speak.

I would just like to say that you have already been in the House for some time now and that we are ready to work in everyone's best interests.

Obviously, I had occasion to answer the hon. member's question last week. The Quebec Minister of Public Security, Robert Perreault, echoed the words of his predecessors last week when he said that an anti-gang law would not resolve the problem, that it was a question of the administration of justice. Sufficient staff were needed to work on this problem.

Furthermore, the member for Hochelaga—Maisonneuve said that Pierre Sangollo was the man most qualified to speak on this topic. He quoted Mr. Sangollo as saying that the bomb problem would not go away because of anti-gang laws; the only way to restore peace to Quebec was to increase the number of Carcajou investigators and give them the tools they need.

This could be sorted out if you were to call the head office in Quebec and ask them to bump up the number of investigators in the Carcajou squad, as Mr. Sangollo recommended.

**Mr. Gilles Duceppe (Leader of the Opposition, BQ):** Mr. Speaker, that is interesting because Mr. Perreault also said that he was open to a public debate.

Is the Prime Minister telling us that if he receives a request from Quebec—because the Criminal Code is a federal statute, is it not—he is prepared to respond positively, to take action, to outlaw groups like the Rock Machine and the Hell's Angels as criminals and law-breakers? If he were to receive a request from the

Government of Quebec, am I to understand that he would agree to take action?

**The Speaker:** By its wording, the question is a hypothetical one, but if the Prime Minister wishes to reply, it will be allowed to stand.

• (1420)

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I am aware that the Solicitor General and the Minister of Justice are in constant communication with responsible authorities in all provincial governments. This is not a problem peculiar to Quebec; groups like this exist throughout Canada. It is very difficult to define with any great precision which are criminal and which are not.

I am certain that my colleagues, the Minister of Justice and the Solicitor General are presently holding discussions with provincial authorities. If they have any good proposals to make that require legislation, the government will consider them, as we always do.

**Mr. Gilles Duceppe (Leader of the Opposition, BQ):** Mr. Speaker, the Prime Minister is almost the only person in Canada who does not know who the Rock Machine and the Hell's Angels are. We are not talking about choir boys or a bowling team, as everyone knows.

There is an emergency in Quebec. People have been killed as a result of what is going on. Bombs are going off weekly. Is the Prime Minister ready to hold an emergency debate, here, today, this evening, on the issue of biker gangs in Quebec, because that is where they are raging?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I think that the administration of justice is a provincial government problem. The responsible police forces in Quebec report to the provincial government and are directed by one of the opposition leader's predecessors. If the Quebec police need the federal police, we are always prepared to come to their assistance, but the responsibility is Quebec's.

He could call his former leader and tell him what to do.

**Mr. Michel Bellehumeur (Berthier—Montcalm, BQ):** Mr. Speaker, once again, the Prime Minister appears to be out of touch with Quebec reality. There is a bikers war in Quebec, and it has been going on for some years, but the Prime Minister keeps blathering on, as though nothing was wrong.

How can the Prime Minister contend, as he did today, that we have all the tools necessary to combat the activities of criminal biker gangs, when in Quebec not one week goes by without buildings being blown up, or worse, innocent bystanders being killed?

**Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, the government appreciates the

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confusion and dismay biker gangs are causing in the Quebec City area. It is a very serious and dangerous situation indeed—and a tragedy, in the case of young Daniel Desrochers, who was killed in Montreal last year.

At the same time, the Prime Minister said, might I remind the hon. member, that this is essentially a provincial matter. It concerns the administration of justice, which falls primarily under the jurisdiction of the provincial government.

The Solicitor General of Canada and myself have made it clear that we are prepared to work with our Quebec counterparts to find appropriate ways and tools for the police to fight organized crime. We said so six months ago, at the national forum on organized crime that was held here in September. We are prepared to work with our counterparts to find tools that can help the police.

**Mr. Michel Bellehumeur (Berthier—Montcalm, BQ):** Mr. Speaker, the Prime Minister will neither hold an emergency debate, as requested by the Bloc Québécois, nor undertake to act on proposals made by the Government of Quebec to deal effectively with the gang war. Meanwhile, the Hell's Angels and the Rock Machine are causing mayhem in Quebec.

My question is for the Prime Minister and I would like him to answer because this is a very important question. Will the Prime Minister admit that, by being stubborn, he is protecting criminal biker gangs instead of protecting the life and safety of innocent people in Quebec?

**Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, there are more than 800 sections in the Criminal Code to assist peace officers in the performance of their duties. I do not think there is a simple or magical solution.

• (1425)

Robert Perreault, the Minister of Public Security in Quebec, said essentially the same thing. In his opinion, an anti-gang law is not a magical solution; it would cause more problems than it would resolve.

Former Quebec Minister of Public Security Serge Ménard made the following comment: "I remain convinced that what we lack to fight organized crime is not legislation but sustained law enforcement". That is the solution: police work. As I said, if we can help police in any way by adding something to the Criminal Code of Canada, we will gladly do so.

\* \* \*

[English]

### THE ECONOMY

**Miss Deborah Grey (Beaver River, Ref.):** Mr. Speaker, on Friday it was reported that personal bankruptcies had jumped

22 per cent for last year over 1995. Almost 80,000 Canadians went broke thanks to Liberal economic policies.

Not only have the government's high tax policies given us the worst string of unemployment numbers since the great depression, they are causing Canadians to go broke at near record numbers.

What does the Prime Minister have to offer the unemployed and the bankrupt other than his empty election promise of jobs, jobs, jobs?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I tell everybody that the government is trying very hard to make sure the economy performs very well. At this moment, as I have repeated in the House, we have the lowest interest rates we have had in 35 years. Everybody who reads the newspaper realizes that housing is picking up, that people are buying more cars, and so on.

We have seen the country producing net more than 700,000 new jobs, more than as I have said Germany, France, Great Britain and Italy. It is not enough. The level of unemployment went from 11.4 per cent to 9.7 per cent. We wish it would be lower but we have done the right thing to achieve these goals. That is why in the last week of reports in terms of optimism in the country for investment it is the best in many years.

We had to tackle the problems that were left to us when we formed the government, a deficit that was \$42 billion. We had to reduce it and we have managed to create a lot of jobs in the meantime.

We are working very hard. I know the people of Canada will have an occasion within the next 18 months to make a judgment on our policies and the flip-flop of the Reform Party.

**Miss Deborah Grey (Beaver River, Ref.):** Mr. Speaker, it is one thing to talk about flip-flop. These kinds of numbers and encouraging words the Prime Minister fools himself with are no comfort and mean absolutely nothing to people who are unemployed and looking desperately for jobs.

The Liberals' flowery words and rosy predictions are absolutely cool comfort to the 1.5 million unemployed Canadians and the nearly 80,000 Canadians who went broke last year.

Since the Prime Minister's jobs strategy has failed miserably and since he has ruled out tax relief, I ask him to get to the facts and not give us the flowery numbers and predictions he knows are glossy. How does he plan to keep his red book myth of jobs, jobs, jobs that he tried to snow the people with in 1993?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, as I have explained, we have seen the confidence of consumers growing very fast in the last quarter. For example, residential investment has grown by 23 per cent. Consumer spending is

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increasing by 5.6 per cent and fixed business investment by more than 23 per cent.

We do not claim we have solved all the problems, but I am telling the hon. lady we have done our best with the right preoccupations. We are not a party that is just proposing.

I know they can say that because they will not form the government. The only goal they have whenever they get up is to make sure there will be no more old age pension or Canada pension plan for the poor and that there will be tax cuts for the rich.

**Miss Deborah Grey (Beaver River, Ref.):** Mr. Speaker, it is interesting to hear this rhetoric.

In 1992 someone who sat exactly there with 1.5 million unemployed, Brian Mulroney, told us not to worry, that Canada had the best job creation record in the G-7.

• (1430)

Now in 1997 with 1.5 million still unemployed someone who sits in the very same chair, the present Prime Minister, is saying: "Don't worry, Canada has the best jobs creation record in the G-7". It is the same old story.

We could not trust Mulroney with that line in 1992. Why in the world should we trust the Prime Minister with the same old line in 1997?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, it was not the same line that we had because it was not our slogan. The member is right that it was Mr. Mulroney's slogan of jobs, jobs, jobs.

We said to the Canadian people that we would restore confidence and tackle the deficit and the debt of the country. When we formed the government interest rates were four points above those of the Americans. Now our interest rates are below theirs. At this time our interest rates are 2.5 per cent lower than those of the Americans. We have not seen that in 40 years.

I agree with the hon. member that we are paying the price because we had nine years of the Tories in government, and they are not about to come back.

\* \* \*

[Translation]

**JOB CREATION**

**Mrs. Francine Lalonde (Mercier, BQ):** Mr. Speaker, my question is for the Minister of Human Resources Development.

With the election fast approaching, the Liberals should be ashamed of their poor performance in job creation. In addition to the fact that 45 per cent of all new jobs since 1993 were created in 1994, only 288,000 jobs were created in the years 1995 and 1996 together.

How can the minister shamelessly predict the possible creation of 300,000 to 350,000 new jobs in 1997, given that, for 1995 and 1996 together, only 288,000 new jobs were created, 60 per cent of which were part time jobs?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, obviously, as a government, we cannot be pleased with the figures regularly heard in this House.

We are constantly striving to create an economic climate that will convince people to invest more. We also implemented job creation initiatives like no government before us. We changed an unemployment insurance system that acted as a disincentive to work, and replaced it with job creation funds, with a transitional job creation fund.

This morning, I was pleased to announce, in the east end of Montreal, an \$8 million subsidy from the transitional job creation fund that will help create 3,000 jobs in the textile sector in the east end of Montreal.

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

**Mrs. Francine Lalonde (Mercier, BQ):** Mr. Speaker, it takes some nerve for the minister to boast about using the transitional fund to create jobs when the \$300 million to be spent over three years comes from the UI fund and the cuts affecting the unemployed.

The minister talks about creating many new jobs in 1997, in the private sector, but he is trying to hide the reality of massive job losses in that sector. Indeed, from February 1996 to February 1997, 85,000 workers in the private sector lost their jobs. Of the 189,000 jobs created in 1996, 125,000 were precarious independent jobs.

How can the minister use such a smoke and mirrors approach in promising 350,000 new jobs?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, Canada is lucky enough to be a member of the OECD, one of the world's foremost brain trusts, and it relies on the economic studies made by that organization.

The hope to create 350,000 jobs in our economy in the next year is based on the serious work done by these people, who have identified our economy as the most promising, since it is basically sound.

It is perfectly normal to have jobs of a different nature than in the past, including independent jobs, which are perfectly acceptable in the new economy, and which should not be looked down on.

\* \* \*

• (1435)

[English]

**THE ECONOMY**

**Mr. Monte Solberg (Medicine Hat, Ref.):** Mr. Speaker, according to a study by the C.D. Howe Institute, the government has been hiding about \$9 billion in income and sales taxes that it has sucked

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out of the pockets of ordinary Canadians. This represents about \$1,700 per family.

In a related story the government has been busted for going \$9 billion over target on the spending projections put forth in its 1995 budget. In the case of regional development it is about 50 per cent over its target, just like the money the minister announced.

Is cooking the books the Prime Minister's definition of fiscal responsibility?

**The Speaker:** The hon. Secretary of State for International Financial Institutions.

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

**Hon. Douglas Peters (Secretary of State (International Financial Institutions), Lib.):** Mr. Speaker, I thank members of the Reform Party for their greeting.

Members of the Reform Party should read some of the independent comments about Canadian government policies. I suggest they read, for example, the comments of Maureen Farrow of Loewen, Ondaatje, McCutcheon Limited who said:

International investors, whom I talk to every day, are looking at Canada as if it we've sort of arisen from the ashes. It's fascinating because it's the deficit, the debt—the current account, the contained inflation—the overall competitiveness, the restructuring of the export sector, and we've gained enormous market shares across the board on our export markets.

She was referring particularly to markets in the far east. That is an economic success. Those are not the problems the hon. member is talking about. He is talking about non-existent problems. Definitional problems were mentioned in the particular article. As usual for the Reform Party, the numbers he quoted were incorrect.

**Mr. Monte Solberg (Medicine Hat, Ref.):** Mr. Speaker, we eagerly await the member's retirement.

It is obvious government members are using creative accounting and tax increases including \$3.7 billion in user fees to cover up their managerial incompetence. They are as guilty of fudging the books as the Tories before them.

How can Canadians trust anything government members say when it is obvious they have blown their spending reduction targets, just like Michael Wilson did, and covered them up with tax increases?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, when the secretary of state retires he will be able to talk about the successes he had as a secretary of state for the Department of Finance.

In the case of the hon. member who just spoke, he will have a forced retirement.

[*Translation*]

**TOBACCO**

**Mrs. Pauline Picard (Drummond, BQ):** Mr. Speaker, my question is for the Minister of Health.

Last night, CTV reported that Agriculture Canada has for years subsidized research enabling cigarette manufacturers to use plants with a high nicotine concentration, and here the government has just passed its anti-smoking legislation claiming to have the health of Canadians and young people at heart.

Would the Minister of Health confirm whether the federal government has supported research on levels of nicotine in the past?

[*English*]

**Mr. Jerry Pickard (Parliamentary Secretary to Minister of Agriculture and Agri-Food, Lib.):** Mr. Speaker, it is very clear Agriculture and Agri-Food Canada does not fund research on nicotine. We do measure the amount of nicotine in plants in a similar way that we measure sugar in plants. We measure the length of tobacco plants. We measure placement of the leaves on plants, but we do not research in the area of putting nicotine into plants.

Quite frankly those types of measurements are done on all products grown as a crop in Canada.

• (1440)

It is very clear that the nicotine level in plants that have been approved by agriculture Canada, the varieties, has gone down from high levels in the 1980s through the 1990s consistently. The level of nicotine in plants has dropped in Canada.

[*Translation*]

**Mrs. Pauline Picard (Drummond, BQ):** Mr. Speaker, a recent study by Health Canada revealed that nicotine levels in tobacco increased 53 per cent in the past 27 years—that is a scandal.

My question is for the Minister of Health. Aside from his fancy speeches on health, does the minister intend to do what is needed to reduce nicotine levels in tobacco in order to fight addiction to this product at the source?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I have a very hard time remaining seated. These are the members who last week were on their feet trying to block our bill banning tobacco advertising directed at young people. Such hypocrisy.

Last week they voted against a bill that restricts advertising on tobacco and today they are complaining about tobacco. The people of Quebec, however, will understand that they have once again failed to look after the interests of young Quebecers who give in to smoking.

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**The Speaker:** My dear colleagues, I would prefer that words such as “hypocrite” and “hypocrisy” not be used.

[*English*]

**Mr. Grant Hill (MacLeod, Ref.):** Mr. Speaker, the tobacco companies say they do not manipulate nicotine in tobacco products. We have found out that they do not need to. Agriculture Canada is doing that very thing by searching out and researching strains that raise the nicotine level in those strains.

The Liberal government is directly implicated in this search. Why the double standard?

**Mr. Jerry Pickard (Parliamentary Secretary to Minister of Agriculture and Agri-Food, Lib.):** Mr. Speaker, I will reiterate the fact that we are not. We had very high levels of nicotine in the 1980s. Through the 1990s those levels have been decreased consistently with every brand coming forward.

I might well point out while I am on my feet that the research in agriculture Canada is for agronomic purposes, making sure our environment is safe, making sure that we have alternate crops for those people who are involved in agriculture with tobacco.

We have taken out over 50 per cent of the tobacco growers in this country in the last 10 years. As a matter of fact, 90 per cent of the research dollars that have been spent in agricultural research in tobacco have been taken away.

**Mr. Grant Hill (MacLeod, Ref.):** Mr. Speaker, I disagree. I will quote a research arm of this government. This is what the research is doing: “Overall these lines have improved yield and grade quality and will contribute greatly to the economic well-being of who? The tobacco companies”.

The new tobacco bill has a proposal in it that would allow this government to control nicotine levels. We thought, frankly, that it would lower it. What has it done? Research that will raise it.

The tobacco companies lost the battle on ads. It looks like they have won the war on addicts. Why?

**Mr. Jerry Pickard (Parliamentary Secretary to Minister of Agriculture and Agri-Food, Lib.):** Mr. Speaker, I would like to point out that the nicotine levels are generally set on an international basis. Within those structures on the international basis the levels of tobacco that have been approved in Canada, that go forward in Canada, have declined through the 1990s. The number of people who are growing tobacco has declined. There has been absolutely no commercial tobacco production in the maritime provinces, the Atlantic provinces, since 1996.

We have reduced the number of people growing tobacco. We have provided alternate crops. We have changed the whole mechanism by which tobacco is grown.

• (1445)

[*Translation*]

**LAC BARRIÈRE RESERVE**

**Mr. Claude Bachand (Saint-Jean, BQ):** Mr. Speaker, on January 23, 1996, the Minister of Indian Affairs and Northern Development recognized an interim band council to administer the Lac Barrière reserve.

This irresponsible act led to 100 children having their school closed for more than a year, several roads being barricaded, numerous court cases, a community divided, and a trilateral agreement coming to an end on December 31 of last year.

My question: since the Liberal government bears the bulk of the responsibility for this crisis, will the minister finally make up his mind to take action to put an end to this situation, which has gone on far too long already?

[*English*]

**Hon. Ron Irwin (Minister of Indian Affairs and Northern Development, Lib.):** Mr. Speaker, the problem in the Algonquin First Nation of Barrière goes back to the 1950s and 1960s. There was an outburst in 1964. The community has been in rough shape.

The chief did not hold elections for 15 years. We spent half a million dollars with the province of Quebec to look at abuse on the reserve. A petition came forward asking for an election.

We have the most qualified person I could find to go in there, Judge Réjean Paul, an aboriginal superior court judge, and two elders. They have been working with the band. It is difficult. However, I am sure that the hon. member would not want to use this incident, which is a tragic incident, for political purposes.

[*Translation*]

**Mr. Claude Bachand (Saint-Jean, BQ):** Mr. Speaker, as a member of the opposition, I am entitled to ask questions. One thing is clear: the entire situation at Lac Barrière is paralyzed at present, and the minister is directly responsible for this state of affairs.

The barricades make it difficult for all of the forestry activities in this region to be carried out. In order to make things easier for the businesses in this region, will the minister commit to negotiating with the Lac Barrière band council and the Government of Quebec a new trilateral agreement on the 10,000 square kilometres of forest resources around the reserve?

[*English*]

**Hon. Ron Irwin (Minister of Indian Affairs and Northern Development, Lib.):** Mr. Speaker, we had worked in the past with the province of Quebec on a trilateral agreement. It was not mandatory in the federal government to do so. We did pay a fair

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share of the moneys. We are prepared to work co-operatively with Quebec on the forestry problem.

On the band itself, Judge Réjean Paul, who had actually quit, was convinced to go back and put a last proposal to the band. Hopefully it will accept this proposal and perhaps get on with its future.

It is a problem that has been there for four decades. Using this group for political purposes does not cover the hon. member in grace.

\* \* \*

[*Translation*]

**HEALTH**

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, my question is for the Minister of Health.

Last October 16, the minister and the president of the Canadian Pediatric Society indicated their concerns about fetal alcohol syndrome, stating that the wisest decision for a woman to make was to abstain from alcohol during pregnancy.

Can the minister clarify for us what initiatives his department intends to take in support of this recommendation?

[*English*]

**Hon. David Dingwall (Minister of Health, Lib.):** Mr. Speaker, the hon. member will know that the improving of the health of Canadian mothers and babies is an important priority not only for the federal government but certainly for provinces and other stakeholders.

Four initiatives have been undertaken by my department. We are working in partnership with the Canadian Paediatric Society. We have developed a joint statement on the prevention of fetal alcohol syndrome. Health Canada has also provided funding to the Canadian Centre on Substance Abuse to operate its 1-800 information service. We produced and are distributing public awareness materials.

Finally, prevention through early intervention programs such as the Canada prenatal nutrition program reinforces the government's commitment to giving children the best start in life.

While I am on my feet, I want to thank the hon. member for his continuing interest in this subject matter and for the various suggestions he is putting forward in trying to rectify this.

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**SOMALIA INQUIRY**

**Mr. Jack Frazer (Saanich—Gulf Islands, Ref.):** Mr. Speaker, Major Armstrong appearing before the Somalia inquiry stated that in his opinion the shooting of Ahmed Aruush on March 4, 1993 was a murder.

He reported this to his superiors and it seems that headquarters in Ottawa was also advised. It then took six weeks to dispatch a police investigation team. Some think this sent a message that may have contributed to the torture death of Shidane Arone on March 16.

Neither the justice review nor the committee of four can tell the minister of defence what took place at national defence headquarters. How does he intend to find out?

• (1450)

**Hon. Douglas Young (Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr. Speaker, the hon. gentleman refers to the work done by a retired chief justice of the supreme court, Mr. Dickson, and his team on the military justice system. I know that the hon. member has deep concerns about the Canadian forces and how the military justice system works, how the military police organization responds to the kinds of challenges that obviously occurred in Somalia.

I have now received the report from Mr. Justice Dickson. I will be reporting to the Prime Minister before the end of the month. I think I can say without equivocation that the hon. member will be as impressed as I have been by the work done by Mr. Justice Dickson.

That having been said, with specific reference to the question he put today, the hon. member will know that I have not in the past commented on testimony brought before the Somalia commission of inquiry and I will not do that now. I will have nothing to say about how it has dealt with that issue until such time as it has prepared its recommendations and has submitted them to the government.

I am sure the hon. member and Canadians look forward to receiving the report of the Somalia commission of inquiry no later than the end of June.

**Mr. Jack Frazer (Saanich—Gulf Islands, Ref.):** Mr. Speaker, the justice committee probably has provided good recommendations but that does not deal with the problem of what happened at NDHQ after that report. It seems that there may have been several cover-ups at several levels, in Belet Huen, in Mogadishu and then the so-called damage control in Ottawa.

The commission may be able to answer the questions about Belet Huen and Mogadishu, but with the inquiry shut down it will not be able to establish the facts of what took place in Ottawa.

How does the minister intend to deal with this apparent attempt of a cover-up of murder?

**Hon. Douglas Young (Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr. Speaker, the incidents to which the hon. member refers have been the subject of various proceedings within the military justice system. I do not intend to comment on that.

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With respect to the roster of witnesses, of the agenda and the workplan of the commission of inquiry on Somalia, I have not commented on that. We are now two years beyond the time when that commission began its work.

I will leave it to the hon. member and to keen observers of this entire exercise to determine for themselves and to respond in their own way whether they believe that people who were involved or who were aware of the incidents when they occurred in Somalia should have been heard at the end of two years or earlier. I do not intend to comment on that.

\* \* \*

[*Translation*]

**EMPLOYMENT INSURANCE**

**Mr. Jean H. Leroux (Shefford, BQ):** Mr. Speaker, my question is directed to the Minister of Human Resources Development.

According to the minister, one of the characteristics of the new Employment Insurance Act is to calculate the number of hours worked, and no longer the number of weeks. However, the Employment Insurance Act still excludes one class of casual workers. I am referring to the 20,000 members of the army reserve whose assignments for less than 30 days do not count for employment insurance. However, members of the reserve very often have assignments of less than 30 days between September and June.

What explanation does the minister have for the fact that 20,000 members of the reserve are partly excluded from the provisions of employment insurance, while according to the government, the purpose of the new legislation is to allow a larger number of people to qualify for employment insurance benefits?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, it will be a pleasure to look into the particular case of members of the reserve.

The fact is that we want to encourage people to accept more work. As soon as workers finish their first hour of work, we start covering them. We want to encourage people to accept more hours of work.

Obviously, to obtain the amount necessary for coverage and benefits, we think it is also important that people have an incentive to look for work other than what they can get within a certain period on the labour market. That is what we are doing.

**Mr. Jean H. Leroux (Shefford, BQ):** Mr. Speaker, the minister has shown his ignorance in this respect.

Is the minister prepared to make a commitment, as of today or at least as soon as possible, to do what is necessary to remedy the

situation and provide equal treatment to 20,000 members of the reserve by removing this unfair and inequitable exclusion?

• (1455)

**Hon. Douglas Young (Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr. Speaker, it is unfortunate that a question such as this which is rather technical and concerns a group of people who are very important to us at the Department of National Defence, should be asked without prior notice, because otherwise we could have checked all aspects of the legislation.

As members know, very few members or ministers in this House are in a position to know every detail of every act, however complex it may be.

I can assure the hon. member that the government is doing what it can to encourage people in the public service to participate, if they so wish, in the activities of the reserve or the militia. We want to do everything we can to encourage Canadians who are interested, because we are increasing the membership from 20,000 to 30,000.

I can assure the hon. member, as the Minister of Resources Development just did, that we are doing everything we can to be fair and equitable to everyone who needs employment insurance.

\* \* \*

[*English*]

**JUSTICE**

**Mr. Garry Breitkreuz (Yorkton—Melville, Ref.):** Mr. Speaker, a week ago today the hon. member for Saskatoon—Dundurn said in this House: “Everybody knows Clifford Olson will not be granted parole”.

I would like to ask the Minister of Justice if he agrees with this former chair of the justice committee. If so, why is he allowing Clifford Olson to terrorize his victims over and over again?

**Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, the application brought by Clifford Olson will be determined by a jury in a courtroom in British Columbia in the months ahead.

In the last three and a half years that it has been my privilege to be Minister of Justice, I have made it my business to meet as often as I can with those who survive and grieve the loss of victims of crime. One thing I have learned about that process and the victims of crime is that it is terribly important not only to sympathize with them and their terrible grief but to be honest with them. I know the hon. member would want to be honest with the victims of crime.

It should be remembered that it is not the present government that created section 745. Section 745 has been part of the criminal law of this country since 1976. It is this government that introduced

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important changes to section 745 so that multiple murderers will never be able to apply in the future, so that juries will have to be unanimous, so that judges will first screen even those applications that can be brought.

My point is let us be honest about what is going on. There was no easy way to roll back Clifford Olson's right to apply under section 745. We have taken care of the section for the future. When we introduced those changes the hon. member and his party voted against them.

**Mr. Garry Breitkreuz (Yorkton—Melville, Ref.):** Mr. Speaker, I remind this House that it was Liberals who brought in section 745.

Are the Liberals trying to rehabilitate Clifford Olson by allowing him telephones, fax machines, word processors and early parole? Are you trying to rehabilitate—

**The Speaker:** Colleagues, please be sure to address your questions to the Speaker.

**Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, the fate of Clifford Olson and his application, as I have already said, will be determined by a jury in the courtroom. That is where such matters should be dealt with.

I want to be clear in response to the hon. member's more general inquiry. This government has on many justice issues stood four square with victims of crime. Victims of crime were in this very building the day that Bill C-68 came up for a vote in the House of Commons, the gun control bill. My hon. colleague and his fellow members of the Reform Party voted against the gun control bill.

Victims of crime were one floor away in tears as they recalled their tragedies. They implored the members of the Reform Party to vote for gun control, and the members of the Reform Party voted against it. This government stood with the victims. The government stood with the victims when it amended the Young Offenders Act to provide for victim impact statements at sentencing, and the Reform Party voted against it.

• (1500)

Let me close by saying that at times there have been differences with victims on matters of principle, but victims know the government stands with them in strengthening the criminal law of the country.

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**NORTH ATLANTIC TREATY ORGANIZATION**

**Mr. Jesse Flis (Parkdale—High Park, Lib.):** Mr. Speaker, my question is for the Minister of Foreign Affairs.

The North Atlantic Treaty Organization will meet in Madrid this summer to decide on the entry of new members to the alliance. Could the minister tell the House how the Canadian government

will decide its position on NATO enlargement and how he sees NATO enlargement reinforcing European security?

**Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.):** Mr. Speaker, I thank the hon. member for the question and take the opportunity, in light of his recent statement about voluntary retirement, to pay special tribute and to say thanks for the major contribution he has made to Canadian foreign policy over the years.

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

**Mr. Axworthy (Winnipeg—South—Centre):** As parliamentary secretary and chairman of the defence board he has played a major role, particularly in his concern about applying standards of security and democracy in central and eastern Europe.

On the specific question, the Prime Minister has taken a very strong position in relation to the broadest and widest application of membership. That is now being discussed in certain circles.

We have also supported the notion of a special arrangement with Russia. Just a week ago in a meeting with the Prime Minister the Ukrainian foreign minister was given the assurance of a special relationship with Ukraine.

All these initiatives support the initiatives the member has taken over the years to ensure that Canada has an important role to play in the expansion of democracy in eastern Europe.

\* \* \*

**TRANSPORT**

**Mr. Vic Althouse (Mackenzie, NDP):** Mr. Speaker, my question is for the Minister of Transport.

In moving grain to the west coast it is obvious the railways have failed to perform. Yet they bear no responsibility. The \$65 million of losses due to demurrage and non-performance of contract are borne by farmers. Non-performance is not the fault of farmers, of grain companies or of grain handlers. Only the railways were responsible.

Does the government now realize this and is it prepared to amend the Transport Act to rebalance the relationship between shippers and railways by including the right of shippers to performance guarantees with appropriate penalties for poor rail performance?

**Hon. David Anderson (Minister of Transport, Lib.):** Mr. Speaker, I am pleased to report to the House that there have been very dramatic improvements in the shipment of grain to the coast. Rail car unloads for the last week for which I have figures were at 4,500 cars as compared to under 4,000 for the previous week.

Things are improving and I hope we will soon have the backlog dealt with. There is a reduction in the ships waiting on the west coast from 39 to 30.

However I have been requested by the ministers of transportation of three of the four western provinces to look into the issue by way of an inquiry. I am in discussion with them on whether that is

*Routine Proceedings*

the best approach. Our objective in government is to make sure we come up with new approaches which will prevent the types of delays we had this winter.

This will take the co-operation of all parties. I reject out of hand the suggestion of the New Democratic Party of simply pointing the finger of blame at one of the various parties. We have done that for 110 years and the result is the problem we had this winter.

\* \* \*

[Translation]

**PRESENCE IN GALLERY**

**The Speaker:** I bring to the attention of the House the presence in our gallery of His Excellency Ahmed Attaf, Minister of Foreign Affairs of the People's Democratic Republic of Algeria.

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

[English]

**The Speaker:** I also bring to the attention of members the presence in the gallery of Dr. John H. Gibbons, Science and Technology Adviser to the President of the United States.

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

\* \* \*

**POINTS OF ORDER**

## COMMENTS DURING QUESTION PERIOD

**Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.):** Mr. Speaker, I rise on a point of order.

During question period a Reform member alleged that Clifford Olson had a fax machine, word processor and telephone. I want to inform the House that the hon. member's information, like most of what the Reform members say in this regard, is totally incorrect.

● (1505)

## ANSWER OF PRIME MINISTER

**Mr. Lee Morrison (Swift Current—Maple Creek—Assiniboia, Ref.):** Mr. Speaker, I rise on a point of order. I would request that the Prime Minister be required to withdraw his slanderous inference that the Reform Party would do away with old age pensions.

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, if every time the Reform Party says something about me that is not the way I like it, I would be up on my feet quite often.

I will let the people of Canada decide within 18 months. Get ready.

**ROUTINE PROCEEDINGS**

[Translation]

**GOVERNMENT RESPONSE TO PETITIONS**

**Mr. Paul Zed (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 three petitions.

\* \* \*

[English]

**CRIMINAL CODE**

**Mr. Jim Abbott (Kootenay East, Ref.)** moved for leave to introduce Bill C-386, an act to amend the Criminal Code (probation order).

He said: Mr. Speaker, I am pleased to be able to present the bill to the House of Commons, although I am very sad about the conditions which led to my presentation.

Last summer there was a situation where a father beat up his 28-day old son. The judge recommended that there be changes in legislation that would allow judges to attach probation periods to federal sentences.

When sentences are put by a judge where there is full understanding of the situation, the judge at the time of sentencing should be able to set probation standards so that they are not established at some future point in time by people who are unaware of the absolute horror and tragedy of many of these situations.

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

\* \* \*

**CULTURAL GRANTS ACKNOWLEDGEMENT ACT**

**Mr. Jim Abbott (Kootenay East, Ref.)** moved for leave to introduce Bill C-387, an act to require that in the advertising and at the opening of a cultural project supported by public money a public acknowledgement of the grant be made.

He said: Mr. Speaker, I am pleased to present the bill in light of the amount of discussion at the moment concerning issues like Canada cultural grants and things of that nature.

If there were the ability to be able to understand public involvement in some of the cultural projects with public money, two things would happen. First, the public at large would be able to assess the value it has received from its dollars.

*Routine Proceedings*

● (1510)

Second, it would give ability to the people of Canada to understand the support for cultural events. This would be particularly applicable in areas where federalism seems to be getting a black eye at the moment.

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

\* \* \*

**PETITIONS**

## NATIONAL HIGHWAY SYSTEM

**Mr. Mac Harb (Ottawa Centre, Lib.):** Mr. Speaker, I have a petition signed by constituents in the national capital region.

They want the House of Commons to call on the federal government to establish an infrastructure program that would help with the establishment of a proper national highway system.

## CRIMINAL CODE

**Mr. Art Hanger (Calgary Northeast, Ref.):** Mr. Speaker, I have several petitions to present. The first six bear 376 signatures and deal with the following.

The petitioners call upon Parliament to enact two strikes legislation requiring that everyone convicted for the second time of one or more sexual offences against a minor person, as defined under the Criminal Code of Canada, shall be sentenced to imprisonment for life without eligibility for parole or early release whatsoever.

For anyone awaiting trial on the offences mentioned in the petition, the petitioners pray that such a person be held in custody without eligibility for bail or release of any form whatsoever until such time as the matter is fully concluded in a Canadian court of law.

## SEXUAL OFFENDERS REGISTRY

**Mr. Art Hanger (Calgary Northeast, Ref.):** Mr. Speaker, I have a petition bearing 53 signatures that deals with pedophiles.

They request that sexual offenders be made public through a registry including their date of release and the community into which sexual offenders or pedophiles settle.

## IMMIGRATION

**Mr. Art Hanger (Calgary Northeast, Ref.):** Mr. Speaker, I have a petition bearing 150 signatures.

The petitioners call upon Parliament to deport immediately all refugee and landed immigrants who commit and are convicted of a serious criminal offence in Canada, thereby protecting the Canadian people from these perpetrators.

**Mr. Hanger:** Mr. Speaker, I have another petition—

**The Speaker:** I think three in one day is enough.

## GOODS AND SERVICES TAX

**Hon. Audrey McLaughlin (Yukon, NDP):** Mr. Speaker, I have a petition signed by hundreds of Canadians from the east coast to the west coast. Some are from Quebec and Ontario.

The petitioners are very concerned about the 7 per cent GST on reading materials. They feel the GST is an unjust taxation on reading materials, that education and literacy are critical to the development of our country, and that an aggressive tax on reading handicaps this development.

The petitioners call on the government to zero rate books, magazines and newspaper under the GST.

## PUBLIC SAFETY OFFICERS

**Mr. Paul Steckle (Huron—Bruce, Lib.):** Mr. Speaker, pursuant to Standing Order 36 I have a petition from a number of petitioners in the Campbell River, B.C., area who are petitioning the Government of Canada.

They believe police and firefighters are often required to place their lives at risk in the execution of their duties on a daily basis. They also believe that employment benefits of police and firefighters often provide insufficient compensation to the families of those killed while on duty.

The petitioners therefore call upon Parliament to establish a fund known as the public safety officers' compensation fund for the benefit of families of public safety officers killed in the line of duty.

## SEXUAL OFFENDERS

**Mr. Andy Scott (Fredericton—York-Sunbury, Lib.):** Mr. Speaker, I have a petition signed by 400 constituents of Fredericton—York-Sunbury.

They call upon the House of Commons to institute the minimum mandatory sentence of five years of incarceration for persons convicted of sexual abuse against children.

## GOODS AND SERVICES TAX

**Mr. Andy Scott (Fredericton—York-Sunbury, Lib.):** Mr. Speaker, I have a second petition signed by 600 constituents from New Brunswick.

They urge all levels of government to demonstrate their support for education and literacy by eliminating the sales tax on reading materials.

The petitioners ask Parliament to zero rate books, magazines and newspapers under the GST. In those provinces with the HST they ask that both levels of government consider harmonizing their sales taxes and that reading material be zero rated under the provincial sales tax as well.

*Routine Proceedings*

## CANNABIS

**Mr. Andy Scott (Fredericton—York-Sunbury, Lib.):** Mr. Speaker, I have a petition signed by 300 constituents calling upon Parliament to legalize cannabis.

• (1515)

## HIGHWAYS

**Mr. Joe McGuire (Egmont, Lib.):** Mr. Speaker, I have a petition signed by people in my riding of Egmont, Malpeque, Dartmouth and Halifax.

The petitioners state that because the national highway policy study identified job creation, economic development, saving lives, avoiding injuries, lower congestion, lower vehicle operating costs and better international competitiveness as benefits, they wish to see the national highway system in Canada being upgraded as it is being upgraded in the United States and Mexico.

## PUBLIC SAFETY OFFICERS COMPENSATION FUND

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, I have two petitions to present today.

The first petition comes from Mississauga, Ontario. The petitioners would like to draw to the attention of the House that our police officers and firefighters place their lives at risk on a daily basis as they serve the emergency needs of all Canadians.

They also state that in many cases the families of officers are often killed in the line of duty and left without sufficient financial means to meet their obligations.

The petitioners therefore pray and call on Parliament to establish a public safety officers compensation fund to receive gifts and requests for the benefit of families of police officers and firefighters killed in the line of duty.

## TAXATION

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, the second petition comes from Ottawa, 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.

The petitioners therefore pray and call on Parliament to pursue initiatives to assist families who choose to provide care in the home for preschool children, the chronically ill, the aged and the disabled.

## ELECTORAL BOUNDARIES

**Mr. Jim Abbott (Kootenay East, Ref.):** Mr. Speaker, I have in hand a petition with 25 signatures from the citizens of Riondel, which is a small community that is literally at the end of a road in Kootenay East. It has been cut off as the result of the federal electoral boundary changes and is going to be included in the Okanagan riding. It is a grievous error.

The petitioners pray and request that Parliament take the necessary action to correct this error and return Riondel to the federal electoral district of Kootenay—Columbia.

## CANDU REACTORS

**Mr. Andy Mitchell (Parry Sound—Muskoka, Lib.):** Mr. Speaker, I am pleased to present a petition on behalf of a number of my constituents. These constituents are opposed to the government selling Candu reactors or Candu technology to China.

**The Speaker:** Before I give the hon. member for Parkdale—High Park the floor, did I understand that a statement was made today that you will not be presenting yourself in the next election?

**Mr. Flis:** Yes, Mr. Speaker.

**The Speaker:** As an old timer with you, Jesse, I am sorry to hear that news. I now recognize the hon. member for Parkdale—High Park.

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

**Mr. Flis:** Thank you, Mr. Speaker, for putting the icing on my retirement.

## NORTH ATLANTIC TREATY ORGANIZATION

**Mr. Jesse Flis (Parkdale—High Park, Lib.):** Mr. Speaker, following my question to the Minister of Foreign Affairs today on NATO enlargement, I am pleased to table seven pages of signatures on the same topic.

The petitioners argue that the security of central and eastern Europe is of fundamental importance, not only to the countries of the region, but also to the members of NATO, including Canada.

Therefore, the petitioners humbly pray and call on Parliament to support unequivocally the enlargement of NATO to include all countries of central and eastern Europe that wish to join, excluding non a priori.

\* \* \*

## QUESTIONS ON THE ORDER PAPER

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

**The Speaker:** Is that agreed?

**Some hon. members:** Agreed.

\* \* \*

[Translation]

## REQUEST FOR EMERGENCY DEBATE

## CRIMINAL BIKER GANGS

**The Speaker:** Does this request for an emergency debate refer to the letter I have received from the leader of the party? Because only he can—

*Government Orders*

**Mrs. Tremblay:** Perhaps the fact that Mr. Duceppe is the new leader was overlooked.

• (1520)

**The Speaker:** Could I see the letter please?

I am sorry. I am getting old and I cannot see very clearly. It certainly looks like the signature of the hon. member for Rimouski—Témiscouata.

**Mrs. Suzanne Tremblay (Rimouski—Témiscouata, BQ):** Mr. Speaker, pursuant to Standing Order 52 of the House of Commons, I wish to request that an emergency debate be held regarding the social, economic and human consequences of the war being waged by some biker gangs in Quebec.

The Bloc Québécois represents the majority of Quebecers in the House of Commons, and the biker gang war recently moved from Montreal to the Quebec City region where, in the past year, some 80 criminal incidents have taken place.

The Quebec government took action by setting up an operational co-ordination group, as well as a regional intervention group against organized crime, known as the GRICO unit. The provincial government earmarked \$1.5 million for Operation GRICO. In spite of all the efforts made by the public and the government, people are absolutely helpless against what is happening.

We in the Bloc Québécois listened to our party's grassroots during our national convention and passed an urgent motion in that regard. We must not forget the recent rally in Saint-Nicolas and last weekend's bomb.

Mr. Speaker, I would therefore ask that you consider favourably our request for an emergency debate.

## SPEAKER'S RULING

**The Speaker:** I have here the hon. member's letter. The issue raised by the hon. member for Rimouski—Témiscouata is a serious one, which causes great concern in Quebec and elsewhere in Canada.

However, upon reading the Standing Orders of the House of Commons, it seems to me that the hon. member's request does not meet the prescribed requirements. Should the context change, the hon. member could always avail herself of the same process.

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## GOVERNMENT ORDERS

[English]

### AN ACT TO AMEND CERTAIN LAWS RELATING TO FINANCIAL INSTITUTIONS

**Hon. Douglas Peters (for Minister of Finance, Lib.)** moved that Bill C-82, an act to amend certain laws relating to financial institutions, be read the second time and referred to a committee.

**Mr. John Williams (St. Albert, Ref.):** Mr. Speaker, we do not mind that Orders of the Day being changed halfway through the day. As you know, we were talking about the amendments by the other House to Bill C-70. Now we find, with no consultation, we will be debating Bill C-82.

We think of the co-operation that we have given the government side on the tobacco legislation and other legislation. Now we find, with no consultation whatsoever, it changes the order of business and we are now expected to debate another bill today when we have been talking about the harmonized sales tax all morning.

I am wondering where the government is coming from in changing the Orders of the Day like this.

**The Deputy Speaker:** The hon. member will appreciate that Standing Order 40(2) states that:

Government Orders shall be called and considered in such sequence as the government determines.

**Mr. Silye:** Mr. Speaker, a point of order.

**The Deputy Speaker:** Is it the same point of order?

**Mr. Silye:** Yes, Mr. Speaker.

**The Deputy Speaker:** No, I am not going to listen to any more.

**Mr. Silye:** Well, it is a new point of order then.

**The Deputy Speaker:** That will be judged very quickly, whether or not it is a new point of order.

**Mr. Jim Silye (Calgary Centre, Ref.):** Mr. Speaker, prior to question period starting at two o'clock, I was on my feet during my 20 minute allotment. I was not finished. I was told by the Speaker who chaired question period that I would get the floor after Routine Proceedings. I do not have the floor. I was given a certain amount of time to finish my speech because I have some very important things to say on that bill.

• (1525)

**The Deputy Speaker:** The member has raised an interesting point. Speaker Parent did give an undertaking that the member for Calgary Centre would speak right after question period. Undoubtedly the Speaker thought that the bill would be recalled and the member could finish his intervention.

Of course, if there is unanimous consent, we can do anything that the House wishes to do. I wonder if the member wishes to ask for unanimous consent to complete his intervention.

**Mr. Paul Zed (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, perhaps when Bill C-70 is brought back there would be favourable winds to having the hon. member finish his speech at that time.

The government has the prerogative to call what business it wishes. I know you have already ruled on that. I would remind my hon. colleague from St. Albert to refer to the House business

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statement that was given on Thursday which clearly indicates that Bill C-82 is coming forward today.

**The Deputy Speaker:** It goes without saying that the hon. member will be entitled to finish his intervention the next time that matter is called.

I take it from the comments of the parliamentary secretary to the government House leader that there will not be unanimous consent to allowing the member to finish his remarks.

Accordingly, we are caught by the Standing Order. I have heard enough on that point of order. The Standing Order is very clear. The government can call any order it wishes at virtually any time.

**Mr. Silye:** Mr. Speaker, I rise on a question of privilege. I had the floor prior to question period. As a member of Parliament, my privileges are that I am allowed to give a speech with a certain allotment of time.

Because question period comes at a certain time and interferes with my speech, I should not be denied my right as a member of Parliament to finish my speech which has four minutes left.

If this government is in such a darn hurry to get on with other legislation without letting me finish my four minutes, this is just another example of the dictatorial power that these—

**An hon. member:** Order.

**Mr. Silye:** I had the floor, Mr. Speaker. My privileges are being denied.

**The Deputy Speaker:** There was the possibility of a solution which, obviously, is not one that is acceptable to all the members of the House as it must be. Accordingly, it is my duty under the orders to put the bill presently before the House.

**Mr. Williams:** Mr. Speaker, I rise on a point of order. You alluded to the fact that you thought there was no unanimous consent. I do not recall you seeking unanimous consent of the House to let the hon. member for Calgary Centre finish the four minutes of his speech.

**The Deputy Speaker:** That is correct. There was not a call for unanimous consent. Perhaps the easiest thing to do is ask if there is unanimous consent to let the hon. member for Calgary Centre finish his speech?

**Some hon. members:** Agreed.

**An hon. member:** No.

**The Deputy Speaker:** The Chair heard a no, therefore there is not unanimous consent.

**Mrs. Wayne:** Mr. Speaker, I rise on a point of order. If we are not going to debate Bill C-70 this afternoon as I was told we were, could you advise us please on what day next week we will be debating it?

**The Deputy Speaker:** The hon. member for Saint John probably does not realize that the Chair does not know these things. The Speaker is not able to do that. Perhaps the hon. Secretary of State for International Financial Institutions will do that in his remarks.

• (1530)

**Mr. Silye:** Mr. Speaker, a point of order. I have a quick question which I hope you can answer. The Speaker told me as a member of Parliament that I would have the floor after question period for four minutes. That Speaker left and there was a transition when the Speakers changed. If that is what happened I still stand in my place and I insist that I get my four minutes.

**The Deputy Speaker:** The same point was made before. I will try to put it in other words. The government is entitled under our rules, which have been passed by all members, to change the order of business whenever it wishes to do that.

**Hon. Douglas Peters (Secretary of State (International Financial Institutions), Lib.):** Mr. Speaker, I welcome the opportunity to add my voice to those of hon. colleagues in the government in support of Bill C-82. I hope my other colleagues will be equally supportive.

I attach particular importance to the consumer protection measures in Bill C-82. We live in a period of rapid evolution in the financial sector. Technological advances, globalization of financial services markets and a changing competitive landscape are some of the broad trends at play. All of these trends have major implications for consumers, most of which are positive in nature.

Canadian consumers enjoy more choice and convenience in the financial services market than ever before. Long gone are the days when we had to go to the bank between 10 a.m. and 3 p.m. on a week day to take out money and write cheques to make payments. Now we can get cash at any hour of the day or night through automated banking machines. Payments can be made using convenient new mechanisms like direct debit and pre-authorized debits. In addition, we can do the basic banking we want, apply for loans or seek insurance coverage from our home computers or by telephone.

Technological innovations have been accompanied by an ever-increasing array of financial products from a range of service providers. For example, insurance products can be tailor made to fit an individual's circumstances. Consumers who carry credit card balances can reduce their interest costs by using one of the new low rate credit cards on the market, and consumers can satisfy many of their financial needs through one stop shopping. For example, they can take out mortgages, invest in guaranteed investment certificates and buy mutual funds from the same trust company.

These innovations bestow countless benefits on consumers. At the same time, they have led to changes in the relationship between financial institutions and their clients. Consumers want this relationship to be balanced and fair, and have therefore expressed

the desire for better protection in their dealings with financial institutions.

The government agrees that consumer protection must be enhanced in the context of a rapidly evolving financial sector. Bill C-82 proposes several measures to accomplish this.

One key measure deals with privacy. Privacy protection is of utmost importance to the government. This is an age where technological advances permit increasingly easier access to and analysis of personal information. In this environment, consumers want to maintain control over their own information. They want to know why their information is being collected, how it will be used and how it will be stored.

In the financial sector the collection and handling of personal information is a significant issue. Financial institutions rely on extensive amounts of often sensitive information to offer their services. As a result it is important that they take privacy protection seriously.

**Mr. Williams:** Mr. Speaker, do we have quorum?

**The Deputy Speaker:** The member is correct. There is not a quorum. Call in the members.

*And the bells having rung:*

**The Deputy Speaker:** There are now 20 members in the House. We have a quorum. Resuming debate, the hon. secretary of state.

• (1535)

**Mr. Peters:** Mr. Speaker, financial institutions have made efforts to deal with privacy concerns. For example, they participated with consumer groups, government representatives and other business groups in the development of the Canadian Standards Association model code for the protection of personal information which was finalized in April 1996.

The government wants to build on these efforts. Accordingly, the bill provides the authority to make regulations in the area of privacy. Specifically, it allows for regulations requiring financial institutions to establish procedures governing the collection, retention, use and disclosure of customer information and to inform customers about these procedures. In addition, the bill provides the authority to require financial institutions to establish procedures for dealing with complaints on privacy and to report annually on complaints received and actions taken to respond to them.

Following passage of the bill, the government intends to establish regulations to implement all of these requirements. I am sure that hon. members will agree with the merits of this proposal. Although privacy protection is an issue that cuts across industries, and the government is developing a broader approach to privacy protection, it is important to take this opportunity to respond to the immediate concerns of consumers of financial services.

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Bill C-82 also provides for enhancements to the cost of credit disclosure provisions in the legislation. These provisions were designed to ensure consumers are informed about the cost of credit before they enter into loan contracts.

As part of the internal trade initiative, federal and provincial governments agreed in September 1996 to harmonize cost of credit disclosure requirements across jurisdictions. The objective of the harmonization exercise is to ensure uniform disclosure practices across the country and to ensure consumers benefit from a consistently high standard of protection.

Accordingly, the bill proposes amendments to the disclosure provisions in federal legislation. These amendments will allow the government to implement all aspects of the agreement with the provinces.

Under the new cost of credit disclosure regime, consumers will receive fair, accurate, timely and comparable information about the cost of borrowing. Armed with such information, they will be better able to assess credit options and obtain the most economical credit for their needs.

The government has been working to better protect consumers in other ways. I would like to report on significant initiatives in two areas: access to basic financial services and information about fees.

During the course of the 1997 review, several consumer groups expressed concern that low income individuals often have difficulty in getting access to basic financial services such as opening accounts and cashing cheques. For example, it was pointed out that financial institutions' identification requirements often include credit cards and a driver's licence which not everyone has. To remedy the situation the government held discussions with consumer groups and with financial institutions.

I am pleased to report that the major banks have made a number of important commitments to improve access. In particular, banks have agreed that they will require only two pieces of signed identification instead of three to open accounts or to cash cheques. They will also accept sponsorships from responsible customers known to the branch. In addition, employment will not be a condition of opening a bank account. Bank staff will be trained to follow these policies and to be sensitive to the needs of low income individuals.

The government has also encouraged improvements with respect to information about service fees. While consumers have access to a broad range of accounts in deposit taking institutions, they often find it difficult to compare the changes applicable to various accounts and therefore choose the best account for their needs. After discussion, the major banks have agreed to ensure that clear information about their products and services is available in publicly accessible areas of their branches. This will include information about low cost accounts and tips on minimizing fees. The banking industry is also working with Industry Canada to

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provide information about bank accounts on Industry Canada's Internet site.

• (1540)

I believe that the measures I have discussed today will provide important benefits to consumers of financial services. We are confident that these initiatives will help ensure a healthy balance in the relationship between financial institutions and their clients.

In closing, on behalf of the government I would like to extend sincere appreciation to the various consumer groups that played a role in shaping these initiatives. These groups gave freely of their time and energy to ensure that the consumer voice was heard in this review, and the government has listened.

I call on my colleagues in the House to do the same by giving their support to Bill C-82.

[*Translation*]

**Mr. Richard Bélisle (La Prairie, BQ):** Mr. Speaker, more than anything else, Bill C-82 is a technical revision of the Bank Act. It does not contain major changes such as the deregulation of financial institutions, for example, allowing banks to sell insurance and the merger of major banks.

The government does, however, propose some legislative novelties, one might call them, which, although they do not go as far as the white paper and the Liberal finance committee report, do merit our further attention.

In addition to technical amendments to the Banking Act, Bill C-82 seeks to modify or develop legislation on two main themes: enhancing consumer protection, on the one hand, and lessening the burden of regulation imposed on financial institutions on the other. It must be noted that implementation of a new access system for foreign banks will, it seems, come in a separate act slated to come out by the end of the year.

The government will adopt clauses on the protection of confidential information, better information on the cost of credit, and protection of consumers from tied selling. After discussions with the government, the banks will take a number of steps to improve access by low-income individuals to basic financial services, as well as information on banking services which, we must admit, have been virtually non-existent until now, possibly to the detriment of users of banking services. Banks must also adopt a policy on tied selling, and set up mechanisms to handle complaints on this. Some banks have already taken such initiatives.

As for tied selling, the government is naive almost to the point of complacency. These measures apply only to banks, while the same thing is not required of other financial institutions. This is because banks fall under federal jurisdiction, while the other institutions, such as insurance companies, come under provincial jurisdiction. The federal government should let the provinces set the rules and

require its federal institutions to adhere to the provincial legislation. This is the opinion of the Bloc Québécois. That way, the legislation would not have the double standards it does at the moment.

The government also states that the clauses to amend the Bank Act so as to prevent high-pressure tied selling will come into effect only if they prove necessary. Banks are being asked to create their own internal complaint handling system, and the act will apply only if this proves insufficient—but using what criteria?

The government is therefore doing nothing concrete about tied selling. What is proposed to do eventually is not even the right thing, in our opinion. It just refers to tied selling in order to gain brownie points as the elections come closer, but in actual fact it strikes us that this is nothing but hot air.

• (1545)

If the government wants to do something concrete, it should make the banks subject to the same legislation as financial institutions that come under provincial jurisdiction, which offers consumers genuine protection.

We deplore the fact that the federal government is trying to interfere, through the back door, with areas under provincial jurisdiction. Under sections 254 to 259 of the Insurance Companies Act, an insurance company with a federal charter or a foreign company regulated under this act is currently prohibited from selling its policies in Canada to another insurance company that is provincially regulated.

Since most foreign insurance companies operate in Quebec under a federal charter, Quebec insurance companies cannot buy their policies when these companies withdraw from the Quebec market.

This is unfair to Quebec insurance companies for the following reasons: first of all, they cannot freely enter into transactions with another insurance company that is federally regulated, even to purchase a block of policies that are all held by Quebec policy holders. Second, it is against the spirit of NAFTA because through Ottawa, artificial trade barriers are being created in Quebec. Third, banks and trust companies do not have the equivalent in their legislation, so that a federally regulated bank or trust company may buy blocks of business from their provincially chartered counterpart.

In other words, Quebec insurance companies are not treated as well as foreign companies and this, in their own country. In a joint brief dated February 1996, the Canadian Life and Health Insurance Association, the Canadian Bankers Association, the Insurance Bureau of Canada, Canada Trust, the Trust Companies Association of Canada and the Credit Union Central of Canada—this is starting to look like quite a crowd—asked the federal government to allow, with the approval of the minister, the transfer of policies in Canada

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from a federal insurance company to a provincial insurance company.

The Government of Canada did not respond to this request in Bill C-82, thus perpetuating the unfair treatment of provincially chartered insurance companies like those in Quebec. If nothing is done, C-82 will continue to restrict the opportunities for expansion of provincially regulated insurance companies, so that many will prefer to obtain a federal charter. Let us not forget that insurance is a strictly provincial matter. The federal government has always tended to forget that.

The reason the federal government is prohibiting the sale of policies by a federally chartered company to a provincially chartered company is that the latter is outside its control and supervision. On the other hand, the federal government is permitting the sale of blocks of insurance policies by a provincially or federally chartered company to a federally chartered company—the reverse is not permitted—on the grounds that the latter is under its supervision and must be a member of the Canadian Life and Health Insurance Compensation Corporation.

Clearly, it is a one way street: what goes one way does not go the other. It has been this way since 1867, always to the federal government's advantage. Over time, companies, and especially the major ones, end up with only a federal charter, because a provincial charter penalizes them by preventing them from acquiring blocks of policies from a federally chartered company.

The provincial market, which is shrinking as a result, may well disappear. Sooner or later, if there are no more companies with a provincial charter, the province, as we know, will become a redundant lawmaker, and this is how the federal government will take total control of an area that, under the Constitution, comes totally under provincial jurisdiction.

• (1550)

In such a situation, the Bloc certainly has nothing against the protection of consumer information, but this is a matter of civil law, an area of provincial jurisdiction. Quebec already has legislation on consumer protection, on the protection of personal information, on insurance and on market intermediaries, which is to be reviewed shortly.

The aim of the federal government is to be able to make additional regulations in an area of jurisdiction where it has no business, by duplicating and overlapping what already exists. In this regard, federal policy never changes.

This is to be found in section 459 of the Bank Act, which is amended by clause 55 of Bill C-82, which is before the House today. The government claims in its fine speeches to want to eliminate overlap and allow the level of government best suited to provide the public with the services it needs to do so. In fact,

however, it continues to trample all over fields of provincial jurisdiction.

It cites an agreement between the provinces in order to legislate in this area. That is not what federalism is about. It is not because ten provinces agree on a subject that the federal government has the right to make laws and regulations in an area of jurisdiction that is not its own.

The federal government claims with Bill C-82 to be improving access to basic financial services for low income Canadians. For instance, only two pieces of identification instead of three would be required to open an account or cash a cheque, photo ID being considered desirable but not mandatory. This is a mere facade, since the problem remains.

The federal and provincial governments forbid banks to ask for some identification that most Canadians carry, including their social security number. The solution would be to think of a piece of ID that everyone has and that banks are allowed to ask for to check the identity of individuals. More often than not, the only cards they can ask for are credit cards, which very few low income people have.

Banks are not allowed to impose undue pressure on their clients, but the legislation does not say what constitutes undue pressure. In any case, it is up to the provinces to define this undesirable practice, as consumer protection is a provincial responsibility. However, the federal government reserves the right to make regulations in an area under provincial jurisdiction where there is already duplication and overlap, as pointed out earlier, in the case of Quebec. This is unacceptable to us, Bloc members.

In addition, Bill C-82 makes a distinction between undue pressure and favourable tied selling in subsections 459.1(2) and (3).

This policy raises major questions, since the goods that are tied seldom have the same life or expiry. This will make control extremely difficult, in a word, it cannot work. Why not require banks to comply with provincial consumer protection and tied selling regulations?

We know that, for the federal government, streamlining and duplication are synonyms, while harmonization really means interference. But this must stop, particularly if the government wants to fulfil the commitments made in the last speech from the throne. We feel that Bill C-82 provides the government with a good opportunity to show that it intends to fulfil its fine promises by not legislating and by not adopting regulations that duplicate and overlap what is already being done at the provincial level.

The federal government is imposing on banks standards that are not imposed on other institutions that come under provincial jurisdiction. Given that all these financial institutions are ultimately competing against each other, the only way to ensure they are subjected to the same rules is to let the provinces decide how these

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institutions, including banks, must deal with the issue of consumer protection, including complaints relating to tied selling.

• (1555)

The Insurance Brokers Association of Canada fears that federal regulations in the financial planning sector would interfere with what is already being done. According to the association, the code of ethics on the disclosure of personal information, which is currently adhered to on a voluntary basis, is too soft on banks, given what is required of intermediaries in the marketplace.

The Bloc Quebecois expressed a number of reservations regarding Bill C-82. The government should correct the irritants that we mentioned today. Then, and only then will we be able to support Bill C-82.

**Mr. Asselin:** Mr. Speaker, I rise on a point of order. The hon. member sitting next to me just made an excellent speech. He gave some advice to the government, but I notice that there are more Bloc Quebecois members than government members, or even Reform Party members, in the House of Commons. I am asking the Chair to check to see if there is a quorum.

*And the count having been taken:*

**The Deputy Speaker:** There are now more than 20 members in the House, we can therefore resume debate.

[English]

**Mr. Jim Silye (Calgary Centre, Ref.):** Mr. Speaker, I rise to address Bill C-82. I would like to go over a number of issues and review some of the items that are in the bill which the parliamentary secretary has pointed out.

I would also basically like to submit to the House a lot of the work that was done by my colleague from Okanagan Centre who is our critic for industry and who has been monitoring and following the impact of this bill on Canadians and the four pillars of our financial institutions in Canada. A lot of what I do will be some work that he has done and that he has monitored.

I will express the overall outline of the Reform Party and then explain to Canadians who are watching how standing committees work, what actually is presented at standing committees by various groups and how that has an impact or no impact on final legislation. I will then read into the record a report by the member for Okanagan Centre which he has sent to the Secretary of State for International Financial Institutions. That way our position as a party and our contribution to this debate on this issue will definitely be moved forward.

The Secretary of State for International Financial Institutions indicated that Bill C-82 was really about protecting consumers. In a sense that is right but there are objections I have to that comment. How do we protect consumers when we increase their taxes? How do we protect consumers when we confuse them across this country, for instance, with the harmonized sales tax in three provinces but not in the other provinces? How can we implement tax reform and how do we encourage financial institutions and the four pillars to know what is going on when we have one tax regime in three provinces and a different one in other provinces?

• (1600)

We saw that big flaw. We saw that the direction of the government in terms of taxation was the wrong direction. We saw that in terms of another bill we debated earlier today, Bill C-70, the harmonization tax, the blended sales tax or the tax inclusive pricing which the Senate sent back to the House. I thought we were finished with it.

Although the amendment is headed in the right direction on that bill, tax inclusive prices in three provinces confuses consumers and lenders. The bill does not go far enough. I do not see why the bill should not have had, along with being open and visible, a national harmonized sales tax, not a partial one, and a single rate, not a mid-double digit rate. A lower rate would force the federal government to keep its expenses down and not overspend. There should have been another amendment to allow doctors to claim the GST on input credits.

The Liberals are very lucky they have a Senate and senators who went on a trip. Because of the power they have in the other place they were able to send the bill back to this House. At least they understand the meaning of representation and what is in the best interest of an area or a community. The Liberal premier of New Brunswick also understands the meaning of representation. He puts the people of New Brunswick first and not the Liberals. He puts the people he represents first and not his party. He puts his province first and not the Liberal federal government. Many Atlantic MPs will benefit from that decision.

I said many times that the harmonization effort was not really based on economic benefits for Canadians. I submitted sufficient proof that it bears a high cost. Yet the parliamentary secretary just said on Bill C-82 that he is worried about consumers.

Consumers are taxpayers. Taxpayers have had to pay three provinces \$961 million. Taxpayers are consumers. They have a traditional cost in terms of their businesses and government transitional costs of \$200 million. They are over a billion dollars now. There will be a huge increase in costs to consumers when the blended sales tax is applied in the three provinces after April to goods and services the provincial sales tax never applied to before. It will represent a 7 per cent tax increase to consumers.

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I have read all the news about the government and what the Liberals are doing by introducing this bill and that bill and by jumping back and forth one to another. A new issue has come up that amazes me and disappoints me. The Liberals truly sound like the Conservatives before them.

During the Charlottetown accord Mulroney labelled anyone who voted against his accord as enemies of Canada. Now certain Liberals feel threatened by the actions of the Liberal premier of New Brunswick, Frank McKenna, in terms of the Liberals' re-election chances federally. They are angry he did a flip-flop on the harmonized sales tax. They are angry he did an about-turn and does not support the harmonized sales tax the way it was being shoved down the throats of Atlantic Canadians.

McKenna sided with the Senate banking committee to defer tax inclusive pricing, much to the embarrassment of the Liberal government and in particular the finance minister who claims that he was representing the consumers of Canada, the consumers of Atlantic Canada. Yet he is contradicted by the Liberal premier.

A disgruntled Liberal MP claims that "people are getting tired of his shenanigans", referring to Premier McKenna and his actions. The Liberal MP goes on to state further "on the condition of anonymity". This is a public servant elected by people and he speaks on the condition of anonymity. Does that show real courage? He says: "I have never seen a premier accumulate so many enemies in three and a half years".

Because a Liberal premier, no less, disagrees with the federal government on what is best for the constituents of New Brunswick, he is labelled an enemy of the federal Liberals. Shame. Arrogance abounds on the government side.

• (1605)

All members of Parliament should be evaluating the consequences of increased taxes. All members of Parliament should be evaluating the consequences of tied selling, allowing banks to get into all businesses and becoming a stronger oligopoly. All MPs should be interested in representing the wishes of their constituents.

Our job as politicians is to represent voters across the country, not just the wishes of the federal Liberal government. If they do not agree with the government they should not be labelled as enemies of the country, as enemies of Canada, or as enemies of the Liberal government. If the Liberal government cannot keep an election promise it is not the fault of those who oppose. Nor should they be labelled as enemies.

I spent some time on the aspect of consumer protection. That is what Bill C-82 is all about. After the review will the bill improve things for the people of Canada, the consumers, as the Secretary of State for International Financial Institutions claims?

Let us look more specifically at what the legislation does for Canada and for Canadians. Some of the more notable clauses in the bill provide that more detailed information be available to the consumer regarding cost of credit disclosure. They require simplified and improved dissemination of information to consumers about basic financial services, low cost options and fees on products and services. They also allow non-deposit taking institutions to opt out of the Canada Deposit Insurance Corporation and loosen subsidiary requirements. So far so good.

They introduce regulations to allow financial institutions to enter into joint venture agreements and propose changes that permit mutual insurance companies to issue participating shares. They require that large mutual insurance companies remain widely held after conversion to a stock company. They also permit foreign banks to be regulated as Canadian banks.

In terms of foreign competition the Reform supports competition in the financial sector. We support permitting foreign banks to be regulated as Canadian banks. The Reform feels that competition leads to the best service and to a lower cost for the delivery of that service.

There is also an item called coercive tied selling. The whole issue of tied selling is probably the single most controversial aspect of the bill the government will have to address and be held accountable and responsible for. The issue raises serious concerns with regard to tied selling. Subsection 459.1(1) in clause 55 states:

A bank shall not impose undue pressure on, or coerce, a person to obtain a product or service—

Subsections (2) and (3) set out provisions where the banks are allowed to offer loans to persons on more favourable terms and conditions, on the condition they buy other products and services from a particular person. A bank or one of its affiliates may offer a product and service to persons on more favourable terms, on the condition a person obtains a loan from the bank.

Although subsections (2) and (3) are intended to be interpretative clauses for the courts, it is our opinion that they permit tied selling and give the banks considerably more power than they enjoy now.

We recommend that these clauses be deleted. If not, the banks will have the ability to pressure individual and small businesses to consolidate their financial activities and requirements into a single provider. This would not be considered fiscally prudent. Having assets under one roof increases the relative influence of the bank to determine who is granted loan capital and who is denied access.

• (1610)

In order to ensure a balanced system that respects both the interests of the consumer and the integrity of Canada's financial

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institutions it is necessary to ensure that legislation such as the Bank Act is clear in its meaning and intent.

We must be prudent in all cases and ensure that access to capital is freely available without constraints of any kind. That point is trying to strengthen the argument that tied selling is a very delicate and potentially divisive issue. It deserves further review and discussion.

Earlier I said I would talk about some items raised in the Standing Committee on Finance in October last year. This is where the issue was discussed and certain groups came before the committee to make representations.

I will read the fourth report of the Standing Committee on Finance of October 1996 under tied selling:

Tied selling occurs when a vendor requires a customer to purchase one product or service as a condition of purchasing another one. As the white paper points out "concerns have been raised that the special nature of the relationship between financial institutions and their customers renders their customers especially vulnerable to coercion and that market forces and the Competition Act may not provide sufficient safeguards for these consumers".

The committee is concerned that tied selling must not be confused with cross selling. Cross selling, in essence, involves offering a lower price for a particular product or service if the customer agrees to purchase another product or service.

That is like a volume discount. It continues:

Non-coercive cross selling may actually result in savings to customers who often find package sales attractive. As well, banks may find it worthwhile to make small business loans only if other services to that customer are part of a package, and the committee does not wish to discourage lending to small business. It is not always a simple matter, however, to distinguish between tied selling and cross selling.

That gets back to my earlier point that the Bank Act must be clear in its language and in its intent, and I do not believe it is. It goes on:

The Independent Investment Dealers Association brought three specific cases of alleged coercive tied selling by banks before the Senate Committee on Banking, Trade and Commerce. The Canadian Bankers Association has disputed that these cases involve tied selling. Without investigating the details of each case, the committee cannot judge their merits. Suffice it to say, however, the committee remains concerned about the possible abuse of power by not only banks but by all financial institutions and insists that their customers not be subjected to abusive practices involving tied selling.

The Competition Act currently prohibits tied selling by "a major supplier of a product in a market that is likely to

- (a) impede entry into or expansion of a firm in the market,
- (b) impede introduction of a product into or expansion of sales of a product in the market, or
- (c) have any other exclusionary effect in the market with the result that competition is or is likely to be lessened substantially".

The committee does not believe that any of its concerns about tied selling of financial services can be dealt with by the Competition Act prohibitions since undue pressure on an individual customer would not meet the test of substantially lessening competition in that market. Accordingly, arguments to the effect that the Competition Act can resolve this committee's concerns about tied selling are specious.

In addition to the Competition Act prohibitions against tied selling, section 416(5) of the Bank Act states as follows:

"No bank shall exercise pressure on a borrower to place insurance for the security of a bank with any particular insurance company—"

The committee received representations from both the Canadian Bankers Association—and the Independent Investment Dealers Association—on this provision.

The IIDA asked that section 416(5) be amended to read as follows:

"No bank shall exercise pressure on a borrower to purchase or obtain any financial product or service from any particular supplier".

The CBA objects to the use of the word "pressure" as it currently applies, and to the expansion of its prohibition beyond "insurance for the security of the bank" to "any financial product or service".

The committee shares the concerns of the CBA that the word "pressure" is not defined and that many aspects of selling could involve an element of pressure. As stated by the Consumers' Association of Canada, what is important is that the pressure not be undue or coercive. The committee therefore recommends that section 416(5) of the Bank Act be reconsidered with a view to reflecting that it is not just any pressure, but only undue or coercive pressure, that amounts to unacceptable behaviour.

Secondly, the committee recommended that the prohibition in section 416(5) of the Bank Act against undue or coercive pressure should apply to the provision of "any financial product or service" and not just "insurance for the security of the bank". There is no reason why such pressure should be permitted in any instance.

Thirdly, the committee recommends that a provision similar to section 416(5) of the Bank Act as amended above apply to all federally regulated financial institutions. Undue or coercive pressure should not be prohibited only among banks. Recognizing the possibility that constitutional issues might arise, the committee recommends that the government undertake discussions with the provinces with a view to obtaining this protection for consumers of all financial institutions.

Fourthly, the committee recommends that financial institutions would be required to:

- designate a senior level officer in each financial institution to implement procedures for dealing with consumer complaints;
- provide customers with details on how customers can make complaints; and
- report annually on the complaints received and the actions taken to respond to these complaints.

Fifthly, the committee recommends that customers who believe their complaints have not been dealt with adequately by the financial institution concerned shall be informed of their right to complain directly to the Consumer Protection Bureau—under the Minister of Industry, and the CPB shall report to Parliament on such complaints.

Sixthly, in the event the largely self-regulatory regime proposed herein proves inadequate to protect customers against undue or coercive pressure from tied selling, stronger measures should be undertaken.

Lastly, the committee recommends that officials study the laws and jurisprudence in other jurisdictions to assist in determining more precisely the difference between tied selling and cross selling. For example, section 106 of the 1970 Bank Holding Company Act of the United States spells out in some detail the instances of activities of banks that are not considered to be tied selling and which are therefore presumably for the benefit of consumers. Various provincial laws dealing with this issue might also prove helpful.

These are the conclusions drawn by the Standing Committee on Finance based on the submissions given by various witnesses on the issue of tied selling.

One can see how technical this issue is in the sense that it is hard to understand and is hard for anybody to really get it clear in their mind the difference between tied selling and cross selling, when they are going from one by placing conditions into the other where they are just suggesting a better deal or a lower rate and a real benefit if they are offering cross selling.

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I would like to read from a document written by the member for Okanagan Centre, our chief critic of industry, who is not here today. It is just a short article that he entitled "It's Time to Stop and Take a Good Look at the Financial Sector". Having read this, I share the general thrust and view of his position on this.

• (1620)

He goes on to write:

[The finance minister] surprised many in his 1996 budget speech by assuring Canadians that banks would not be allowed to sell insurance through their branch networks—this year. This soft ball, so deftly tossed our way, neither assuaged our concerns or addressed the issue.

The real issue is not whether the banks should be allowed to sell insurance or enter into the car leasing business but whether true competition exists within the financial sector and thus whether the consumer and the economy will benefit if banks are allowed to enter other markets.

The banks assure us that their own industry is competitive and not the oligopoly that Canadians suspect. This is difficult to believe when the six largest banks in Canada move en masse to raise or lower interest rates every time the bank rate so much as twitches. The only competition in this case is, who will move first.

The four pillars of the financial sector, banking, insurance, trust companies and securities dealers, have crumbled as deregulation and technological progress has blurred the lines of distinction. The banks have been applying pressure ever since to sell insurance in their branch networks, enter into auto leasing, and increase their interest in the securities market. Further deregulation and the subsequent increase in the size of banks, however, could reduce competition in the financial sector and hurt consumers. These are perennial issues in Parliament particularly when a review of the Bank Act is scheduled. Major reviews are conducted every 10 years, interspersed with minor reviews every 5 years.

1997 brings a minor review but it is a major review that is required. We need to know a good many things: How do our financial institutions interact? How do they operate in relation to other sectors of the economy? What are the strengths and weaknesses of the current regulatory structure? Not only will the answers reveal whether or not true competition exists within the banking sector and thus, whether or not they should be allowed to expand into other financial services, the answers will determine the veritable strength of our financial sector as it heads into the 21st century. Until such a review is completed, a moratorium should be placed on making further decisions about financial institutions.

Furthermore, Parliament must be the venue, perhaps in the form of a joint committee of the finance and industry committees. It is the only way we can assure all interests will be recognized and the process will be both accessible and transparent. Canadians must be able to see the process in order to put faith in it.

As lobbyists from all sides pressure members of Parliament to take sides and others to try to frame the issue within the overly political constraints of a war between big and small business, the challenge will be to keep our eye on the ball. That is, to ensure true competition exists and is free to function within the marketplace, that stability is maintained in respect of financial sectors, and a prudent regulatory structure is in place to protect the consumer.

If the bottom line is met, Canadians and the economy will indeed emerge as winners.

**Some hon. members:** Time.

**Mr. Silye:** That is the opinion of the hon. member for Okanagan Centre, who was our chief critic on industry.

I would like to continue, but I notice members on the opposite side are either wanting to take a breath of fresh air outside or they want me to finish speaking.

I want to add that if I would have been given unanimous consent, which Liberal members denied me, I would have finished that four

minutes, I would have gone back to my office and I would not be making these people yell "time".

For the sake of clarification and for their benefit, I would like to let them know how much time I have left in this speech. I believe I have another 15 minutes, if I am correct. Will the Liberal members kindly indulge me and allow me to finish my remaining 15 minutes without yelling "time"?

**Ms. Catterall:** Mr. Speaker, could you please clarify that. I understood that the member had 20 minutes for his speech. He has now spoken for approximately 25 minutes. He seems to be under the impression that he has more time remaining.

• (1625)

**The Deputy Speaker:** The hon. member is allowed 40 minutes for his intervention. He has 12 minutes and 26 seconds left in his intervention.

**Mr. Silye:** Mr. Speaker, would you add another minutes for this intrusion and please make it 13 minutes and 20 seconds. These people want to rush things through in such a dictatorial undemocratic fashion. They have used closure more times than the previous government, which is not democratic. Now I am off on a tangent which I will take a minute to do.

When you are in opposition you have the rules of the House which are here to protect the interests of the minority. Obviously the Liberals have such a strong majority and they are representing the wishes of those people who put them in here. But for the protection of all Canadians and all provinces the Liberals have to take the time and give us time to be heard. They have to allow us to tell them what we think is right or wrong about a bill. They have to give us the opportunity to point out what we feel on a constructive basis could make the bill better.

If they do not have the integrity or the fortitude to sit there and listen, then they are not really interested in the people of Canada; they are interested in themselves. They have no place to go this afternoon. They have nowhere else to go except for here where they can sit and listen, and that they will do at least while I have the floor for another 11 minutes and 20 seconds.

This is meant to be a democratic institution. I wish government members would recognize that just because they have a majority they do not have the right to trample over our rights in the minority. We have to be heard. We insist on being heard. The games this House leader plays and the way the Liberals fool around with the government orders with no notice, a lack of notice on this bill. Our chief critic is not here. He is not able to tell the people what he really thinks. He has been in the standing committee. He could shed a heck of a lot more light on this bill than I could.

I have some experience with banks and financial institutions so I feel qualified as a businessman to speak on this bill. I will get little

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more personal if not as technical on this bill once I have read this letter which was sent by my colleague from Okanagan Centre to the Secretary of State for International Financial Institutions. This is the kind of work that Reform Party members do. It is a sample of the kind of hard work that Reform members of standing committees have done.

My colleague from Capilano—Howe Sound sits on the Standing Committee of Finance and has been our chief finance critic. He has made a number of valuable interventions in standing committee. They have been good, open, democratic and non-partisan suggestions. Here is an example from the member for Okanagan Centre. I hope the government listens to what he has to say. The reason I want to read this into the record is to show Canadians how things work in Parliament. It is not just debate and question period. For the media and for a lot of people it is just question period, it is theatrics. The real work is done right now on debate like this where people get up and put forth their arguments for or against a bill. Then the bill is sent to committee where people come forward as witnesses and argue their points of view, how they feel a certain bill will impact on them. And then there is the work that gets done behind the scenes.

Here is a sample of some work behind the scenes, a letter to the Secretary of State for International Financial Institutions written by the Reform member for Okanagan Centre:

Dear Minister,

As the Reform Party critic for financial institutions, I wish to express a concern that a growing number of small business people and I have with Bill C-82, an act to amend certain laws relating to financial institutions.

Specifically our concern rests with clause 55, section 451.1 subsections (2) and (3).

While 459.1(1) states explicitly that no bank shall impose undue pressure on, or coerce, a person to obtain products and services, subsections (2) and (3) appear to contradict 459.1(1) by allowing the banks to do just that. In our opinion these provisions for tied selling give the banks considerably more power than they enjoy now.

As acknowledged by your officials, the definitions of tied selling and coercive tied selling are numerous. While sectors do practise tied selling or product bundling, we feel caution must be exercised where coercive or pressure tied selling is concerned. Any legislation which could be interpreted as giving the banks the ability to coerce or exert pressure is grievous. Mechanisms such as conditions for preferred rates on loans and/or products and services which unduly influence the consumer to consolidate assets within one financial institution is not prudent in our opinion.

While we understand subsections (2) and (3) are considered to be interpretive and are intended to assist the courts, the Reform Party feels it would ultimately be in the best interests of all concerned to delete (2) and (3) thereby allowing 459.1(1) to stand on its own merits and to remove any chance of misinterpretation which would give the banking sector grounds for unfair advantage. Any resulting confusion can be adequately clarified by the provisions set out in 459.1(5) via the regulatory powers of the Governor in Council.

Barring this amendment, we would like to suggest an alternative amendment to Clause 45 and Clause 55 be deleted.

We are extremely aware of the time constraints inherent in the Bank Act which emphasize a preference for speedy passage of Bill C-82 through the House. The Reform Party does not wish to unduly delay the passage of this Bill. However, since

a growing number of small business people, including members of the casualty and property insurance sector, share our concerns, I feel it would be irresponsible of me as a critic to advise our caucus to support Bill C-82 as long as Clause 55 stands as is.

We would like to see an amicable resolution to our concerns and wish to express our support for the merits of this legislation. Our main objective is and will always be to ensure that the integrity of our financial institutions remains intact and the interests of the consumer and the small business person are balanced with the interests of the financial sector.

I ask that you give fair and reasonable consideration to these concerns.

● (1630)

It is signed by the Reform member of Parliament for Okanagan Centre.

As members can see, our main concern with this bill lies in that aspect which controls tied selling and the difference between that and cross selling. One must be very careful when passing legislation and making laws that one does not step on people's toes or infringe on the rights of the corporation or the individual.

Banks are in a position to offer a lot of services. However, when looking at the size of banks and the number of people who are dependent on them, there has to be in anyone's mind some concern that legislation is not passed that allows the banks to have an unfair advantage over smaller or specialized businesses. That specialized business may be a large insurance company which offers just one service. It is not in a position to cross sell its product or offer volume discounts unless a person takes out a bigger life insurance policy or leases a more expensive vehicle or something like that.

When these smaller businesses are involved in their own specialized niche, it is important that when dealing with the banks that legislation is not imposed that gives the banks more power than the other financial institutions and investment dealers raising money, who can be offering chequing services and who cannot.

I have heard arguments from people who are anti-bank or bank bashers who say that the banks can get into any business they want. They can lend money for any purpose they want, provide insurance services or provide leasing facilities or whatever. We should then allow other people like investment dealers or other institutions to get into the banking business.

They do not like that so why not allow that so that we can have these specialized businesses if they have sufficient capital to offer other services? It seems to me that insurance companies have sufficient cash around. They could be in the deposit taking business, chequing business or credit card business which is a big business. We notice in the the Eaton's bankruptcy application that the most successful portion of its business is the credit card business and it is highly profitable.

We are trying to review the Bank Act, trying to make it fair for consumers and, at the same time, not make it punitive for the banks. We have to make sure that while one is applying for a loan for a house and the bank is approving the mortgage, it can suggest

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one may need insurance for the house, so while one is there the bank might like to show its package.

The problem is how can one be inside that room or how can we pass legislation that puts one inside the law inside that room? We do not know what the bank manager or the account manager is saying.

• (1635)

The manager is telling the customer that the bank is giving him or her a mortgage. There is a big difference between your mortgage is approved, you have the proper credit facility and you know what, we can offer you insurance. Here is our package and I think it is a heck of a deal. You should take a look at it. That is okay and is cross selling in my mind. However, if the manager says that your mortgage is approved if you also take this insurance policy on the house, they come together, that is tied selling. That is not right. That is coercive. That is undue pressure on the consumer.

I feel that a lot of my intervention today was technical in nature, but I wanted to tell Canadians that a lot of work goes into bills like this. A lot of different people with different points of view make contributions. It is not easy: tied selling, cross selling, the difference, who is inside that room, how do you know.

Although the intent of the bill is necessary and we agree with the majority of it, the one area that we are still unhappy with is the area of the tied selling in that clause.

Consequently, I move:

That the motion be amended by deleting all the words after the word "that" and substituting the following therefor:

"Bill C-82, an act to amend certain laws relating to financial institutions, be not now read a second time; that the order be discharged, the bill withdrawn and the subject matter thereof referred to the Standing Committee on Industry".

We are very concerned about that one area, tied selling versus cross selling. As I said earlier in my speech, the Bank Act must be clear and concise in its language so that people can interpret it without ambiguity.

**Mr. Morrison:** Mr. Speaker, a point of order. I would think that great herd of Liberals could somehow manage to maintain a quorum.

**An hon. member:** There is a quorum.

**The Deputy Speaker:** Resuming debate, the hon. Parliamentary Secretary to the Minister of Finance.

**Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.):** Mr. Speaker, I guess for some of the members opposite math is difficult.

The hon. member for Calgary Centre has carried on in a diatribe about his not being permitted to finish the last four minutes of his

speech on the previous bill. I am sure which all members look forward to hearing from him on Bill C-70 when it is taken up again.

I want to point out, because he has harped on this, that in the Thursday question the House was informed that the government would commence consideration of Bill C-82 with respect to financial institutions no later than 3 p.m. today, Monday and that is exactly what we did.

[*Translation*]

**Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.):** Mr. Speaker, it is a great pleasure for me to start the second reading debate on Bill C-82.

This legislation proposes important measures to better protect consumers of financial services, to lighten the regulatory burden of financial institutions, and to define some of the provisions in the legislation affecting these institutions.

These measures are the results of a thorough consideration process and of widespread consultations. Therefore, I would like to take advantage of this opportunity to thank, on behalf of the government, the many consumer groups, industry members and other stakeholders who shared their opinions with us.

I want also to mention the very helpful participation of the House of Commons Standing Committee on Finance and of the Senate Committee on Banking, Trade and Commerce.

• (1640)

Canada has one of the strongest financial systems in the world, a system that is effective, efficient and stable. It strikes a balance between our financial institutions' competitiveness and their stability. We want this to continue. That is why the Canadian government is keeping a close eye on the evolution of the financial sector and considering ways of evaluating the system.

In 1992, we eliminated a large number of restrictions that prevented financial institutions from freely competing with each other. The consensus seems to be that these changes had a positive effect. When the 1992 bill to amend the legislation on financial institutions was passed, it was agreed that the legislative framework would be reviewed five years later. That is why the legislation contained provisions calling for a review in 1997. We embarked on this legislative review with two objectives in mind: to determine whether the measures adopted in 1992 had yielded the desired results and to see whether the legislative framework was still appropriate in view of the financial sector's evolution.

Following extensive consultations and in-depth analysis, the government came to the conclusion that the framework put in place in 1992 was working well in general and that its main components had to be maintained. The majority of stakeholders agree with this evaluation. However, we believe it is possible to make a number of

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major changes to give consumers better protection and to bring the legislation more in line with the new realities of the markets.

[*English*]

Let me now turn to the specifics of these adjustments. They involve amendments to statutes governing financial institutions and related acts, including the Bank Act, the Co-operative Credit Associations Act, the Insurance Companies Act, the Trust and Loan Companies Act, the Canada Deposit Insurance Corporation Act and the Canada Payments Association Act.

Several of the proposed adjustments are aimed at strengthening consumer protection. Relationships between financial institutions and their clients are in constant evolution and regulation needs to reflect this changing environment.

The bill proposes a number of amendments to improve protection for consumers in their dealings with financial institutions. The first of these changes involves privacy. The protection of personal information is an area of growing concern to consumers. Accordingly, the bill provides the authority to require financial institutions to establish procedures governing the collection, retention, use and disclosure of customer information, to implement complaints handling procedures and to report annually on complaints. Regulations will be passed to implement these requirements.

The bill also proposes to enhance cost of credit disclosure provisions in the financial institutions statutes following the recent federal-provincial agreement on harmonization of disclosure requirements. These changes will result in improved and uniform disclosure practices throughout the country.

Another matter the government will address is tied selling. The matter is a complex issue and, indeed, members opposite have been talking about it for a few minutes and should hear the reply.

Tied sales can be beneficial in many situations where a consumer pays less for one product if he or she purchases a second product. However, concerns have been expressed about the potential for financial institutions to exert undue pressure on consumers when selling financial products. In response, financial institutions will be asked to adopt a policy on tied selling and establish procedures for dealing with complaints in this area. While the government is confident that this is the best approach, we are prepared to go further if the need arises. The bill includes an amendment to Bank Act to prohibit coercive tied selling.

The Secretary of State for Financial Institutions issued a press release on February 14 which suggested that the government would proclaim this amendment if necessary. After additional consideration, the government is now prepared to set a specific date for proclaiming the amendment. We intend to bring it into force on September 30, 1998.

At the same time the government wants to provide an opportunity for the institutions to address the tied selling matter through the establishment of appropriate policies and procedures. Therefore, the government is requesting that, before the proclamation date, the House of Commons finance committee carry out a review. This review would assess the degree to which tied selling remains a problem and the extent to which financial institutions have responded to the challenge. It would also consider methods to differentiate between beneficial practices such as when discounts are offered for taking more than one service, something the hon. member for Calgary Centre did not want consumers to have the advantage of, and those forms of tied selling that might be anti-competitive. These matters would be reflected in regulations.

• (1645)

Consumers raised other issues during the 1997 review, including the difficulty many low income individuals face in getting access to basic financial services and the difficulty of comparing service charges across financial institutions. While the government is not proposing legislative changes in these areas, I am pleased to report that discussions with major financial institutions and consumer groups have resulted in concrete commitments to address these problems. I am confident that these commitments will result in significant improvements in access and information on service charges.

The government recognizes that to promote a proper climate for economic growth and jobs, we need to ensure regulatory requirements that are fair and necessary. The bill identifies several areas where the regulatory burden on financial institutions can and should be eased.

First, several rules governing the operations of foreign banks in Canada will be modified. These will streamline regulatory requirements and lower costs for foreign banks. In particular, the legislation removes the requirement for regulated foreign banks which own a schedule II bank to own other financial institution subsidiaries only through a schedule II bank. It also includes changes to ease regulatory requirements for near banks.

Near banks are entities that do not generally take deposits and are not regulated as banks in their home jurisdiction but provide banking type services. Approval requirements will be reduced for near banks in certain circumstances and near banks will be permitted to own non-bank financial institutions.

Another element of the bill that will reduce regulatory burden is deposit insurance opt-out for eligible institutions. Many banks in Canada specialize in serving wholesale customers whose deposits far exceed the amounts insurable by the Canada Deposit Insurance Corporation. Such institutions will be permitted to opt-out of Canada Deposit Insurance Corporation, CDIC coverage, provided they are not affiliated with another CDIC member. As a result they

will no longer have to fulfil the reporting requirements associated with CDIC membership. Banks serving retail customers are still required to be members of the deposit insurance program.

In addition, subsidiary requirements will be eased. Currently financial institutions can engage in certain types of business only through subsidiaries. To reduce operating costs the legislation will permit financial institutions to carry on both information processing and specialized financing activities in-house.

The bill also includes a number of changes to streamline the self-dealing regime. These involve streamlining the operations of the conduct review committee, narrowing the range of related parties and allowing subsidiaries of a federal financial institution to transact with each other.

Changes are also necessary to keep the financial institution statutes current with evolving trends. The bill proposes a number of changes in the area of corporate governance. Although the corporate governance provisions were updated in 1992 and are generally considered to be working well, changes are needed to keep the legislation in tune with evolving standards. The bill proposes measures to update and improve corporate governance procedures, including clarifying the duty of the audit committee and enhancing policy holders' rights.

Regulatory adjustments will also be made to provide more flexibility to financial institutions seeking to enter into joint venture agreements. The requirement that the eligible joint venture be controlled by a financial institution will be removed. These adjustments will enhance the ability of financial institutions to compete both in Canada and abroad.

The legislation includes a number of amendments to enhance access to capital for mutual insurance companies. They will be permitted to issue participating shares. In addition, the demutualization regime will be extended to apply to all mutual life companies and added flexibility will be provided. Large mutual insurance companies will be required to remain widely held after conversion to a stock company.

• (1650)

The Superintendent of Financial Institutions will have the authority to exempt companies on specific aspects of the demutualization regime on a case by case basis. The Minister of Finance will have the authority to exempt companies in financial distress from any aspect of the demutualization process. Details will be set out in regulations to be developed in consultation with industry participants over the coming months.

Bill C-82 also includes a number of amendments of a technical nature that are aimed at further streamlining the statutes governing financial institutions and the agencies that govern them.

Among the technical amendments are changes to the Bank of Canada Act to remove outdated impediments to certain activities of the bank. These include expanding the range of instruments that a

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bank may buy and sell in clarifying the ability of the bank to carry ancillary activities such as licensing anti-counterfeiting technology.

The bill also includes technical amendments to the Bank Act, the Co-operative Credit Associations Act, the Insurance Companies Act, the Trust and Loan Companies Act, the Canada Deposit Insurance Corporation Act, the Office of the Superintendent of Financial Institutions Act and consequential amendments to the Winding-Up and Restructuring Act and the Greenshield (Canada) Act.

[*Translation*]

The financial services sector is in constant evolution. It is absolutely necessary to update constantly the regulations governing this important sector of our economy to reflect the various changes that occur.

Even though it is agreed that the system works well in general, as I said earlier, it will be improved immediately through the bill before you. We are still focused on the future. That is why we have established a task force on the future of the Canadian financial services sector. The task force will be responsible for advising the government on the appropriate framework for the financial sector in the 21st century, a framework that will promote economic growth and job creation.

We have also undertaken a review of the payment system. Moreover, we are reviewing the access rules for foreign banks, which will lead to a system for establishing branches. Legislative proposals on this subject will be made public by the end of the year.

We have to approach tomorrow's challenges intelligently, but the same applies to the changes before us today. This is an important bill for many Canadians and I urge the House to adopt it as quickly as possible.

[*English*]

**Mr. Jim Silye (Calgary Centre, Ref.):** Mr. Speaker, I would like to ask a couple of questions of the parliamentary secretary to the finance minister.

One of the amendments to the bill allows foreign banks to branch directly into Canada. I do not disagree with that. It is a good thing. It helps increase the number of service providers. It increases choice which should lead to more efficiency and lower cost of services.

I would like to ask the hon. member, on the other side of the coin, has the government addressed the Canadian banks' concerns regarding what they need? What is the government doing to help our banks compete in foreign markets?

Foreign banks are now allowed to come in here. What have the big banks, if anything, said to the finance committee with respect to their expansion abroad? What has the government done there? That is one question.

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The second question I would like him to touch on is with respect to tied selling. In the press release that the government issued, it said that it would introduce tied selling safeguards. I do not think he would argue that there is a difference between tied selling and cross selling, and that one is good and yet the other we have to be careful about. I know that even in my intervention I used terminology which is difficult to understand. If we do not go slowly it is difficult to convey the message we are trying to pass along to consumers.

• (1655)

What specific protection is the government providing for consumers, as the bill stands now? What are the safeguards against tied selling? I assume the member is also against allowing the big banks to do it.

**Mr. Campbell:** Mr. Speaker, I regret, because I have great regard for the member opposite, that he has it wrong. The bill does not allow foreign branching. There was an announcement at the time the bill was introduced that a foreign branching regime would be put in place by the end of the year. However, a great deal of study needed to be done about many features of the foreign branching proposal. He is not quite right on that, but he makes an important point about how that will enhance competition in certain sectors.

He is right, there is a flip side to that, which is the position of Canadian banks abroad. I can assure the member opposite that the government would not have taken the step of announcing the possibility of direct branching, as opposed to the current regime, unless it was assured that in those major jurisdictions where Canadian banks operate, namely the United States and Europe, they were gaining additional access.

If he talked to bankers today he would learn that the doors have been increasingly opening south of the border to allow greater expansion for Canadians doing business there. Recent changes, particularly under their securities acts, have made that an even more hospitable environment than just a few weeks or months ago.

I am glad the member asked the question because it gives me a chance to reinforce something which I said in French and will now say in English, that is, the establishment of the task force on the future of the financial services sector. That task force, which is under way and will report to the minister roughly 18 months hence, will address the very question of what the shape of the sector should look like, both to ensure that our institutions can be competitive internationally and to serve the needs of Canadian consumers.

That brings me to the last point, which dealt with tied selling and cross selling. I agree with the member opposite that there are a lot of terms involved which can be quite confusing. As a former competition lawyer I can tell him that it is a very interesting but complex field.

If he was concerned, as he asserts, about the ability of banks to grow and compete internationally, then I invite him, when the finance committee studies further this issue, to read up on it, do a bit of work on it, talk to people who know something about the field and share his views with the committee.

**Mr. Silye:** Mr. Speaker, I do not appreciate the answer I was given. I asked two questions. On the first issue the member gave a nice political speech about foreign banks and what is not in the legislation.

He said that I am confused. Yes, maybe I am confused. I am confused because the government shoves legislation down our throats, does not even give us a copy of the legislation and expects us to debate it.

The press release to which I referred was issued by the government on February 14. That was four weeks ago. It said what it was going to do. It said that it had listened to everybody. It said that the matter had been reviewed, that it was different from the June 1996 white paper and that it was going to include a new regime allowing foreign banks directly into Canada. That is where I obtained that information. If the government can change its mind in four weeks, maybe it should give all of us notice.

The member did not answer my second question on tied selling. The question was: What safeguards are in the legislation for my benefit as a person who has not had a chance to read the final version of Bill C-82? I wonder how many Liberals have read the final version. What is in the bill that will satisfy the concerns which some Canadians have about the issue of tied selling? What is in there to protect the consumer from undue pressure and coercion? What is in the bill which allows the banks to hold their heads up high and claim they are not doing it? What is in the bill? I would like an answer to that question.

• (1700)

**Mr. Campbell:** Mr. Speaker, I am sorry if I offended the hon. member opposite. He has not done his homework by his own admission. When I rise to ask questions on questions and comments I have usually read the sections I am asking about, read the press releases properly, and know generally what I am talking about.

The foreign branching regime will be the subject of additional legislation in place by the end of this year. It is not in the bill. The press release makes that perfectly clear. That was his first question.

His second question was on our banks abroad. I answered it.

His third question was on tied selling. I am tempted, as lawyers say in court sometimes, to respond to all three questions by saying asked and answered.

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Specifically on tied selling, we have proposed a change in the law with respect to coercive tied selling in direct response to the testimony we had. We would welcome the member's input at the finance committee on what he thinks should be done.

**The Deputy Speaker:** The motion of the hon. member for Calgary Centre is acceptable as to form.

[*Translation*]

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: the hon. member for Frontenac—agriculture; the hon. member for Mackenzie—railways.

**Mr. Roger Pomerleau (Anjou—Rivière-des-Prairies, BQ):** Mr. Speaker, as my hon. colleague from the Liberal Party indicated, in 1992, the federal government conducted a comprehensive review of the legislation governing the operation of financial institutions and changed things that had remained unchanged for 50, or even 60 years, in some cases.

At the time, the industry asked that the act or amendments thereto be reviewed after five years to see what, if anything, had gone wrong with the 1992 reform. That is why we are doing this now, in 1997.

We have before us Bill C-82, an act to amend certain laws relating to financial institutions. My hon. colleague from the Reform Party referred to this bill as a highly technical 250-page bill, which it is indeed. These amendments will affect a fair number of acts. It will affect the Bank Act, the Cooperative Credit Associations Act, the Insurance Companies Act, the Trust and Loan Companies Act, the Canada Deposit Insurance Corporation Act and the Canadian Payments Association Act, to name a few.

This bill is very much a symbol and an object lesson for Quebec. A symbol because, once again, it contains provisions that encroach upon Quebec's jurisdiction—but I will get into that later; we have used the word "encroachment" so often in the past three and a half years that it is beginning to stick in my craw—encroachments that fly in the face of the Canadian Constitution.

It is kind of funny to see Quebec being taken to the Supreme Court of Canada to find out whether we have the right, under the constitution, to take a democratic step in this country, while every day, the Liberal Party, the government in office, encroaches on, invades provincial areas of jurisdiction without even bothering to ask permission, thus violating its own law. It even amended the Canadian constitution in 1982 without asking Quebec's permission. In fact, it did so in spite of the unanimous opposition of Quebec's National Assembly, which included federalists. The

federal government uses the constitution when it wants to and the way it wants to, while forcing Quebec to comply with it.

I want to take this opportunity to stress that the decisions to be made in the next Quebec referendum will not have to take into account what the Supreme Court of Canada thinks, what the Minister of Justice thinks, or what the Prime Minister of this country thinks. Quebecers will make a decision that concerns them alone. I am reminded of a famous line coined by Mr. Bourassa, who was a known federalist in Quebec. He used to say: "Quebec is, today and forever, the master of its own choices and of its destiny".

• (1705)

The bill is also a great object lesson in that it tells us a lot of interesting things I will get back to later.

Generally speaking, we can live with the bill in its present form. However, we deplore the fact that the federal government is trying to interfere, as I was saying, in areas under provincial jurisdiction, through the back door as it were, as is often the case. That is why our main amendments—and I give advance notice, there will be a few covering the bill as a whole once we have gone over it in depth—will be along the lines that the federal government should just require federal institutions to respect, which they do not do, the provincial legislation in effect where they conduct their activities, when these activities come under provincial jurisdiction; insurance being strictly a provincial matter.

In a joint brief mentioned by my colleague, the member for La Prairie, some twenty minutes ago, which was signed by a number of people, including the Canadian Life Insurance Association, the Canadian Bankers Association, the Insurance Bureau of Canada, Canada Trust, the Trust Companies Association of Canada, and Credit Union Central of Canada—we are talking about a lot of people here—they all asked the federal government to allow, with the minister's approval, life insurance policies in Canada to be transferred from a federal to a provincial underwriter. This is not in the bill, with the result that the injustice to provincial underwriters and specifically those in Quebec continues to exist.

A provincial underwriter may not buy blocks of insurance policies from a federal underwriter under the law as it now stands. What exactly does this mean? It means that when underwriters want to obtain a charter, they are better off going for a federal charter, which lets them buy up blocks of provincial insurance policies, because the reverse is not permitted under law. In the long term, underwriters in Quebec and elsewhere will always be better off obtaining a federal charter, while Quebec already has legislation covering this. In the long term, underwriters will gradually switch over to federal charters, with the result that, in a few years, the federal government will be able to say that the legislation we

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have in Quebec covering these fields of activity is redundant, without purpose, and should be abolished.

This is how the federal government has gradually taken over the provinces' and specifically Quebec's fields of jurisdiction. In the long term, the purpose of this interference is to increase Ottawa's powers. This has been going on for a long time. People have been talking about it as far back as 1867, well before my time. This is how they have gradually turned Canada from a confederation into a federation.

The term "confederation" has an extremely specific meaning. First of all, it is the name that was given to Canada: the Canadian confederation. A confederation is a group of virtually autonomous states which decide to provide themselves with a central government less powerful than the sum of themselves, to pool certain things. That is what we are seeing in Europe. Europe will be a confederation.

But, gradually, the central power has taken over certain jurisdictions, or taken over from some participants in this power, and the circumstances have gradually turned Canada into a federation. In other words, the central power is now greater than the power of the provinces, not what the Fathers of Confederation initially planned. This has led to the political impasse we are now at, going from one referendum to another, until the next one.

• (1710)

The goal of all of the federal government decisions is to transfer more and more power to Ottawa, more and more political power, while the economic power is being transferred, generally speaking, to Ontario. To refer to Gordon Gibson's famous book, *Plan B*, which I think my Reform friends have read, he says that the major problem in Canada is not Quebec, the problem is Ottawa.

I recommend that my colleagues, who think we are the only ones saying this, read Gordon Gibson's famous *Plan B*, where he states that the federalists are the problem. The problem is Ottawa, and the senior public servants, the bureaucracy that exists here, which is perpetuated by inertia.

I will return later to a discussion of the invasion of jurisdictions, but this act is one of the many we have spoken out against since coming to this House. I could not begin to list the laws we have spoken out against as invading Quebec's areas of jurisdiction, as gradually transferring powers that belong to Quebec to the central power in Ottawa.

We know very well that being a political minority leads inevitably to being an economic minority. The one with power over the purse strings has control, and vice versa. The more power, the more control. Ottawa is gradually assuming all of the power by invading Quebec's areas of jurisdiction, and it is making the decisions. This bill represents a decision to invade one area of jurisdiction:

insurance, which belongs literally to the provinces. It has been decided to pass legislation to cover all insurance, whereas Quebec already has a set of laws governing this.

So this is a minor decision in a 250-page piece of legislation that will have long term consequences for Quebec insurance companies.

I would like to give a few examples of minor decisions made in the past that have had disastrous economic consequences in the long term. Take for instance when they dug the St. Lawrence Seaway. At one point it was decided to dig the St. Lawrence Seaway. What have the consequences been for Quebec? Well, Montreal lost its basic economic infrastructure. As you know, ships used to stop in Montreal before the seaway was built, and all the plants were there. The government wanted to shift the economic centre to Toronto to have direct access to the core of the U.S. market: Chicago, Detroit and Milwaukee, via the Great Lakes.

So they created the St. Lawrence Seaway, which took away Montreal's basic economic infrastructure, and you do not have to take my word for it. Mordecai Richler said as much himself in his book *Oh Canada! Oh Quebec!* My dear friend Mordecai tells us:

[English]

"Once the St. Lawrence seaway was in place Montreal's slippage was inevitable".

[Translation]

Once the St. Lawrence Seaway was built, Montreal's decline started. It was inevitable. A minor decision made in Ottawa which had disastrous consequences for Quebec, in the long term, exactly like those we find in Bill C-82.

Another example, much more recent, is the Borden line. In 1963, the federal government started to regulate the sale of crude oil by establishing the Borden line. All oil sold in Ontario had to be western oil, and the pipeline built from the west to Sarnia ended in Sarnia. At the time, the petrochemical industry was in the east end of Montreal, in my riding, in Montréal-Est, in Anjou. That is where the oil companies were. We were refining the oil.

So what happened as a result of this minor political decision? The oil companies in Montreal that were refining oil had to get the oil in Sarnia, refine it and return it to Ontario. In the long run, the oil companies realized they would be better off if they transferred their refineries to Sarnia, got the oil locally, refined it and then delivered the finished product to Quebec. We lost 8,000 jobs when four of our six major oil companies moved out.

A minor decision was made in Ottawa, with disastrous economic consequences in the long run for Quebec, like the decision we see in Bill C-82.

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What about the auto pact? The entire automobile industry was established in Ontario. Quebec never got any of the tens of thousands of jobs in that sector.

Air transportation: more minor decisions were made in Ottawa.

• (1715)

They decided one day to build the Mirabel airport, because Dorval was busy and had too much air traffic. Once the Mirabel airport, which cost an arm and a leg, was built, and tens of thousands of people were moved out of their homes, a minor political decision was made: the requirement that air carriers arriving from the east serve Montreal ahead of all other Canadian cities was lifted. The requirement was eliminated.

What costs airlines the most is not flying time, but take offs and landings. So it is to their advantage to land in only one place to serve Canada, and of course they chose Toronto.

Once Mirabel was emptied, hundreds of millions of our dollars were allocated to expanding Pearson airport in Toronto. Money was spent to empty the place, because a decision was made in Ottawa, just like the decisions that appear in C-82.

What happened as the result? Ottawa could then question the use of having the air traffic controllers' school in Montreal, when Toronto was where the action was. So the school was moved to Toronto, and the head office of Air Canada was moved to Toronto, because that was where the action was. A minor decision to transfer things to Toronto had dreadful economic consequences.

In the energy system, what about the billions of dollars that were spent? I think \$12 billion was spent in all over 20 or 25 years in Ontario to create 40,000 jobs in atomic research, whereas Quebec all on its own developed the single it controls, hydro electricity. One quarter of the \$12 billion came from Quebec and went, because of a government decision, to the development of atomic energy in Ontario, which will eventually become a competitor.

Then there was the tobacco debate. Today in Oral Question Period, we saw that the federal government has been doing research up to now to increase levels of nicotine. I worked in the tobacco fields in Ontario for a number of years, and the research centre is in Delhi. I know this city well, because I spent some time there.

They did studies for about ten years in order to increase the nicotine content in tobacco and then they turn around and, choking with emotion, make decisions in the House to show their concern about smoking among young people and they abolish tobacco company sponsorships.

Where does most of the tobacco sponsorship occur? In Quebec. In two to three years, we may lose the Montreal Grand Prix, the Jazz Festival or the Benson & Hedges Symphony of Fire because of a government decision. All this is happening because the government has decided to pass laws and make decisions encroaching on our areas of jurisdiction.

All those cases are examples of small decisions with catastrophic consequences, the same way a small provision in Bill C-82 encroaches on Quebec's jurisdiction. The government is trying to justify this—and what an object lesson it is—by claiming that the transfer of insurance blocks between a company with a federal charter and a company with a provincial charter raises a problem of civil law and common law by virtue of what is called “novation”, an extraordinary word.

This means that someone cannot transfer his debts to another person without the agreement of his creditor. In other words if I borrowed, for instance, \$6,000 from a bank, I cannot tell the bank that my brother will pay my debt. Under the principle of novation, a bank will never accept that, and the peculiar thing is that this principle is being used in bill C-82 to encroach on one of Quebec's areas of jurisdiction.

• (1720)

Double standards again, if that principle applies—and, as I just explained it largely does—a debt is not transferrable. The government has used this principle in a bill to encroach upon Quebec's areas of jurisdiction and has failed to specify that the same principle would apply to the transfer of Canada's debt.

You will remember, I am sure, that the Bélanger-Campeau Commission received three studies. One was conducted in France, the other in England and the other, if I am not mistaken, under the aegis of the C.D. Howe Institute. They all came to an extraordinary conclusion saying that Quebec is not legally required to take on part of Canada's debt if it becomes a country. These studies were conducted by people outside the government.

We all remember what Ross Perot said. During the presidential campaign in the United States, he said: “Poor Quebecers, you do not have to carry that debt”. Those are the words of Ross Perot, who was then in the running for the presidency of the United States. He did not get in, but he did say that.

These studies tabled before the Belanger-Campeau Commission explained the principle of “novation”, and they were taken up by English columnists across Canada. I will briefly read from one of those texts to show that whenever you refer to principles in a bill, you have to recognize that these principles apply everywhere and at all times. The principle is the following; I am quoting in English

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from a December 13, 1994 article by David Crane. As you know, David Crane is the financial editor of the *Toronto Star*. He said:

[*English*]

“Canada’s foreign creditors would not want to transfer part of Canada’s debt to Quebec. This is money they loaned to Canada, not Quebec. There is no way in the world you can go to an international banker and for every \$100 Canadian bond get a \$75 Canadian bond and a \$25 Quebec bond. In a way that helps Quebec because it means that Canada would have to reach an accommodation with Quebec. Since Canada cannot force Quebec to take its share of the debt technically Quebec could walk away from its share of the debt”.

[*Translation*]

That is all. I yield the floor to my friends. However, William Johnson has a similar text.

**Mr. Yvan Bernier (Gaspé, BQ):** Madam Speaker, once again we are witnessing in this House an attempt on the part of the Liberal federal government to meddle in an area of provincial jurisdiction, as my colleague from Anjou—Rivière-des-Prairies so ably proved. He gave several examples. What is the federal government trying to do?

We have every right to believe that we will have an election in the spring. During the last referendum, the Liberal government promised it would recognize distinct society. It is so distinct that as soon as we turn around, it tries to step into yet another area of provincial jurisdiction through its spending power.

One may well wonder if the Prime Minister gets it. He knows full well though that when it comes to provincial powers, Quebecers are adamant. We would like to repatriate the powers Ottawa took away from us, and now he wants to interfere in areas that come under our jurisdiction. It is very rude on their part. If we are on the eve of an election, why are they doing this? They know full well that Quebecers are going to say: “This time you will not get away with it”.

It is supper time, young people at home are watching us; I would like my colleague from Anjou—Rivière-des-Prairies to quickly go over what he explained earlier so that people really understand what is at stake here, the dark side of Bill C-82, and why it is so important for Quebecers to pay attention and remember how the Liberal government is intruding. People must understand this and let the government know what they think come election time.

• (1725)

I would ask my colleague to repeat the examples that clearly show how the Liberal government, the Prime Minister, the member for Shawinigan, are once again trying to pull the wool over our eyes.

**Mr. Pomerleau:** Madam Speaker, I do not know if I should repeat everything I just said.

**Mr. Bernier (Gaspé):** Give other examples.

**Mr. Pomerleau:** There is indeed no lack of examples showing that, every time Canada’s and Quebec’s interests come into conflict, our friends opposite, originally from Quebec, francophones from Quebec, are the first to come down on Quebec and vote in a way that serves Canada’s interests at the expense of Quebec.

I think that my hon. colleague can fully understand that, any time nationwide issues are discussed, Liberal members from Quebec, who are a minority in their own caucus, will eventually toe the line of the Canadian majority, and put Canada’s interests before those of Quebec.

Take for example the tobacco issue. Every single member on the other side, including those from Quebec, voted with the government, knowing full well that this legislation directly affects all festivals held in Montreal. They all voted with the government.

We will recall that, when we were dealing with the raw milk cheese issue, in a fanciful departure from reality, the Minister of Health decided it was harmful to people’s health, even though people have been eating raw milk cheese for ages and no one has ever died from it. All of a sudden, the minister decided that raw milk cheese, which just happens to be sold, made and widely sold in Quebec, was bad for our health and that its production should be discontinued. The Bloc Québécois then had to organize a sampling of this “poisoned” cheese in this House to show the public and those voting on the other side that there was nothing wrong with it. Not one member from Quebec on the other side took a stand with us on this issue.

These two recent examples show that members from Quebec elected under the Liberal banner inevitably stand on the side of Canada, for the interests of Canada, as opposed to those of Quebec.

Before I conclude, I will remind you of the famous words of the Minister of Interdepartmental Affairs who, just a few months before the referendum, and that is why he was made a minister, said in Toronto—I heard him myself and could not believe my ears—that the best way to resolve the Quebec issue was to make Quebecers suffer.

A member from Quebec, paid by Quebecers and sent here to look after their interests, comes here with only one idea in mind: to make Quebecers suffer. That is what Quebec members on the Liberal side are like.

[*English*]

**Mr. Andy Mitchell (Parry Sound—Muskoka, Lib.):** Madam Speaker, I am pleased to have an opportunity to rise in the House today to debate Bill C-82 and to discuss its provisions and some of its impacts on consumers.

Having just listened to the previous speech in the House I will try to address the bill as opposed to having a diatribe about something that was not relevant to the bill.

The bill is about making important progress to ensure that our banking regime, our financial institution regime, is more responsive to the needs of consumers wherever they live in Canada, be it in Quebec or elsewhere.

This is part of an ongoing process undertaken by the Liberal government. We are trying to combine the best of our financial institutions. There are some positives we want to maintain as a society and as a government.

Our banks are successful corporations. They are strong. They are world leaders in finance. They provide financial stability to the country, far more so than the banking industry in many other countries.

• (1730 )

Today the banks in Canada employ 500,000 people. They represent 3.5 per cent of the whole Canadian workforce. The financial services industry in Canada represents about 7.5 per cent of GDP. These are all important aspects of financial institutions in Canada and something we as a government and we as Canadians want to ensure continues.

However, we need to balance that as well. We need to balance that with the need to ensure that these financial institutions are serving consumers. We need to balance that with the need to protect consumers who use our financial institutions from potential abuses. Regardless of their socio-economic status, we also need to ensure that consumers of all stripes have access to our financial institutions.

What this bill is about is combining those two things, maintaining what is best in our financial institutions but also ensuring that we have the appropriate protection for consumers built into legislation.

This is not something that is just happening today. It is something we have done all along. I had an opportunity, when we dealt with the issue of access to capital as part of the industry committee's examination of the banking industry, where we worked as a government to institute changes with the banks so that there would be better protection for consumers. Coming out of that process was some progress. We were able to put in place a number of tools to help our small business community to have better access to capital. One of the tools was ensuring that the banks would have to establish a code of conduct that governs how they deal with their small business customers.

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I would say to all of those small business men and women who may be watching today, when they are talking to their account manager at their local branch they should ask for that code of conduct. It sets out the rules on how the banks are going to deal with their accounts.

A second tool that was put into place was an alternative dispute resolution system. If someone is not pleased with the process that is taking place with their account manager there is a mediation process available at their banks and they should ask to use it.

As a third tool, all the financial institutions, the banking institutions anyway, have an ombudsman in their operation to whom the consumer can appeal his or her problem if they are not pleased with the decision of the account manager. The banks have come together now and have an industry-wide ombudsmen consumers can appeal to if they are not satisfied with what is happening in the institution.

The fifth tool that we have been able to put in place is the requirement that the banks provide to the government and to the people of Canada quarterly statistics on their small business lending. In fact, I believe it is close to 19,000 different stats that are provided each quarter on small business lending.

Some of these tools that we were able to develop through the industry committee and working with the financial institutions are finding their way into the legislation that we are debating in front of the House today. The code of conduct is one where the rules have to be set out up front and in writing so that the consumer understands exactly what the rules are and that the institutions understand exactly what the rules are that they are going to play by.

We see those types of tools coming out in the privacy code that is being suggested in this piece of legislation. We are seeing, in the whole issue of tied selling, that there will be a code of conduct that outlines what is and what is not permissible, that it is public and that the consumer knows in advance.

We also see the use of the ombudsmen in this piece of legislation where if the consumer is not satisfied on the issue surrounding tied selling, that the institution is following its code of conduct, then the consumer should appeal it to the ombudsman.

The third tool that we see coming out in this piece of legislation as well is the whole issue of reporting. The financial institutions will have to report the number and nature of the complaints they are receiving on the issue of privacy and on tied selling so that there can be public accountability of what they are doing.

It has been mentioned by a number of speakers in the House that this bill is fairly technical in nature in the changes that it is proposing. However, there really is some important application to what everyone will actually see in dealing with their financial institutions.

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• (1735)

First is the whole issue of privacy and privacy protection. Most consumers who deal with financial institutions are concerned when they see the array of computers and the massive amount of information that banks have on individuals. They are rightly concerned that the information is going to be maintained in a confidential nature. None of us would like that type of information to be exchanged with phone marketers or whoever else it might be given to.

This bill calls on the financial institutions to develop a public code of conduct as to how they will deal with privacy issues. It calls on them to publish that code. It calls on the financial institutions to establish a method by which consumers can complain and put forward their concerns that the privacy code is not being maintained and to make those types of complaints and concerns public. That is positive. Consumers want to see their privacy protected.

Another issue that is being addressed in the review of the banking and financial services industry is disclosing the cost of credit. Over the years Parliament has moved and financial institutions have moved on the need to disclose the cost of credit. That is very important to someone who is obtaining a loan or a lease, although I believe more work has to be done in terms of disclosure. The consumer needs to know what will be the actual cost.

Although we have had disclosure laws for some time, this will make those disclosure laws more uniform so that a consumer can make an informed comparison between the disclosure of one company and the disclosure of another company, or between one industry and another. That is something which is being taken on with this review and it is positive.

Then there is the whole issue of tied selling. That is of real concern to consumers. All of us would agree that it would be inappropriate if somebody from a financial institution said to someone "I will approve this loan only if you buy something else from me". That is the type of tied selling which we do not want to see. It is different from cross selling and up selling, which is quite appropriate and a normal business function. However, we do not want to have tied selling.

That is why I am pleased to see that this legislation contains an amendment to the Bank Act which would prohibit tied selling if the self-regulation that I talked about a little earlier was not enough, that being the development of a published policy, a public complaints procedure, an appeal mechanism to an ombudsman and a reporting by the ombudsman on what he or she believes are infractions. If we find that is not going to be enough, if we find that is not going to ensure that this practice does not become wide-

spread, then there is some legislative fallback position that we are able to provide ourselves.

This legislation will lead to an entry policy review, which the minister has committed to completing in this calendar year. We will take a look at streamlining the procedures by which foreign banks can operate in Canada. Most of us would see that as being positive. If we can increase the amount of competition in the financial services industry in this country, most people believe that will lead to improved service, improved access to capital and a whole range of good things that will come through increased competition. Most people in Canada would see that as being positive. I am pleased to see that the Secretary of State for International Financial Institutions is proceeding with that review and will complete it in fairly short order.

There are a couple of things the minister was able to announce which came out of the review he has been undertaking and the discussion paper which he put forward some months ago. One of them has to do with the access to basic financial services.

• (1740)

I think there are a lot of consumers who have been frustrated in dealing with their local financial institution when they try to cash a cheque and do not happen to be at their own institution or they try to deposit a cheque and then find out that the funds will be held and they cannot get access to the funds for a week or two. Perhaps they are trying to open an account and for some reason there are arbitrary rules in the institution and they will not be allowed to open an account.

Often it is low income Canadians or those who are not in the workforce who have great difficulty accessing these financial institutions. It is not appropriate. There should be equal access to financial institutions.

I was pleased to see as part of the discussion paper and in discussions with the financial services community that a number of standards have been put forward and the institutions have agreed to work toward and implement within their branches things like lessening the identification requirements, explaining clearly whether a hold funds will be placed on the individual's account, eliminating employment as a condition of opening an account, ensuring that there is no minimum deposit requirement in order to open an account, training of staff to be more sensitive when dealing with consumers who might be opening a small account. I think these are positive things that needed to be worked out and I am pleased to see that has been done.

As part of the discussion paper some important work has been done which has been discussed in the House, the need for the banks and other financial institutions to proactively advertise their low cost services. We heard that in the discussion on credit cards where

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many institutions have low cost credit cards. When it is pointed out some would say they did not even know that existed.

I was pleased to see that in response to the discussion paper the financial institutions have made a commitment to proactively advertise their low cost services. I look forward to seeing that implemented and the changes taking place.

In conclusion let me say that with the legislation the government is moving along the road to find a balance between keeping those things about our financial services industry that are strong and helpful to the country and to the citizens of our country. We want to make sure that financial stability is maintained and that employment opportunities that are presented by financial institutions are maintained.

We also want to make sure it is done in a way which will protect individual consumers and will give consumers the right to access those services.

This has been an ongoing process by the government over the last three and a half years and progress is being made. I am sure the task force which was struck to look at future changes and at our financial services sector going into the 21st century will continue. I look forward to its findings.

**Mr. Herb Grubel (Capilano—Howe Sound, Ref.):** Madam Speaker, I would like to take this opportunity to congratulate my colleague, John Chant, for having been named the director of research for the task force on financial services which was appointed in response to Bill C-82 and some of the difficulties that were raised in that context.

Professor Chan is a trained economist who was for a long time the chairman of the department of economics at Simon Fraser University. I have spent many hours with him in seminars, tenure committees and various other official functions. I am very pleased that the government has appointed him to this position.

As a result of my acquaintance with him, I am sure that the report which will come out will be superb. All the research papers will be of the highest quality. What the government does with it is another question.

• (1745)

The white paper on financial services was tabled in June 1996. The first draft of Bill C-82 was discussed in the finance committee. We heard from many witnesses. My special interest was on the restraints to be put on foreign banks because I had written and done research in that field. It was of great interest to me to see what innovation would take place.

There is a lot of scepticism about what committee hearings do, whether or not they are a waste of time, and in the end the government does what it wants to do anyway.

After this experience I must say I am very encouraged. At the same time I am also somewhat concerned about how it was possible the white paper of June 1996 could do what it did. What did this paper do? What did we find out was wrong in Bill C-82 with respect to foreign banks?

It turns out that foreign banks in Canada are now required to operate at all times as subsidiaries of their foreign parents. That imposes a huge cost on the operation of foreign banks in Canada. It has prevented the establishment of a lot of banks. In recent years it has driven out a large number of them. The owner is required to have capital of at least \$10 million, to have a board of directors, and to issue every six months very large and onerous reports.

We were told in the finance committee hearings that this was a serious detriment to the expansion of further foreign competition in the country, which almost everybody agrees would be to the benefit of consumers.

That is not all. I was even more disturbed when I heard witnesses telling us that they had been providing services of extreme importance to Canadians. For example, a company told us that it was about to introduce a new credit card system under which it would be possible to charge an interest rate of about half the current normal charge under bank cards issued at the moment.

The company has developed a computer program which allows it to investigate the credit worthiness of large blocks of people. As a result of that and the experience of operating in the United States, it is able to break even and make a normal profit on a much lower interest rate. It would be a great innovation if such a system were introduced in Canada. It would put downward pressures on all interest charges on credit cards. At any rate if Canadians do not want it they do not have to go to that company.

Bill C-82 suggested in its first draft that the company wanting to introduce the new credit card would have to incorporate itself, spend \$10 million on a capital base, have a board of directors and have all kinds of onerous reporting requirements.

• (1750)

Similarly there has been a company in Canada for many years specifically aimed at making loans to people who have been turned down by conventional banks, people who cannot get credit anywhere. This is often the last recourse for certain borrowers.

The company happens to be owned by an American company. The first draft of Bill C-82 suggested that this organization would have to incorporate with a minimum of \$10 million. We were told that if the company had been forced into doing that it would simply have left Canada, to the detriment of the Canadian public.

I find very disturbing how these ideas got into the first draft of Bill C-82. I asked very pointed questions of the witnesses, especially people, namely the representatives of the big banks who argued that those rules were in the interest of Canada.

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The answers received from the representatives of the big banks were not very good. They did not look very good when they tried to answer my questions in a rhetorical fashion without going into details on why it was taking place.

While there is this disturbing aspect about how this could have been put into the bill in the first place, it raises questions about the power of banks and their influence.

The people of Canada should feel confident that the second reading of the bill has eliminated this onerous requirement for foreign bank subsidiaries. Now they can operate as branches. Those companies that provide a limited range of financial services even if they are owned by a foreign banks will not have to incorporate.

This is a great victory for the parliamentary system and the functioning of the finance committee. To anybody wishing to read the blues or the reports of the finance committee on what went on I will take a little credit for complaining about how bad this part of the bill was. It was removed in 18 months.

The task force will report. I hope and trust, knowing John Chant and knowing the quality of the people on the task force, we will get more competition from foreign banks or from other financial intermediaries. That is the only way to make sure there is no concentration of power in the banks or in the financial system.

This ends my discussion of Bill C-82. I welcome the changes. However I would now like to turn to an issue raised by John Geddes in *The Financial Post* last weekend. The story has the potential of hurting the credibility of the government on an issue on which it invested a great deal of credibility going into the next election.

When the 1997 budget document came out there were tables, summaries of transactions, what money was coming into the government over the next two years, what was going out and where it was being spent.

In 1995-96 in that same document there were tables outlining the size of departmental spending. It was broken down separately. These numbers are almost impossible to obtain except if one goes through the onerous job of looking at the estimates.

• (1755)

In the past departmental spending in 1993, 1994 and 1995 was always there. There was a lot of bragging in the document of two years ago about how the program review undertaken by the head of the Treasury Board would reduce departmental spending from \$51 billion to \$42 billion or by 19 per cent. I wondered why that was not there this year.

In previous documents the yearly target for each department was clearly outlined. The yearly obligated spending cuts in the departments of defence, transport, native affairs, natural resources,

heritage and culture were outlined, but for this year they were not there. I did not think through why the information was not there. I asked someone who said it just was not done this year.

This week the Senate finance committee is holding a hearing in which it will ask the government precisely what happened and why. The government is supposed to be cutting 19 per cent of departmental spending and is not on target. It is way off target at only 9 per cent. Less than half the proposed cuts have been undertaken.

The article goes on to discuss how the people in the Treasury Board are trying to spin this scandal. The scandal is not just that they did not meet the target. In the eyes of the Liberals there was a certain fairness in the way in which they distributed the burden of fiscal restraint. They claimed they would download a certain percentage on the provinces because everybody has to share 24 per cent. They said that was okay because they cut their program spending by 19 per cent. They did not and they will not. Let us see how they will fix it up over the next two years. If they do not fix it in this year's budget, when will they do it?

I remind the people of Canada that the government came in with a deficit of \$42 billion. By 1998-99 there will still be a \$6 billion deficit, which means that the Liberals have projected to eliminate \$36 billion from the deficit. I ask viewers to test themselves as they listen to this debate. What percentage of the \$36 billion total came from cuts to government spending? I have what is alleged to be \$9 billion from departmental spending. Now we find out that is not true. Instead of \$9 billion it will only be \$4 billion.

How did government members break the back of the fiscal crisis? It was by increased revenue. They say that it was the gross dividend but nevertheless it is higher taxes. Some \$28 billion worth of higher taxes is the main instrument used by the government to eliminate the deficit. It was supposed to have cut \$9 billion in departmental spending. Now it turns out the government is way off target by \$4 billion.

Let us look at that in the context of what the government asked the provinces to absorb. It has reduced transfers to the provinces by \$7.5 billion. The government was supposed to have cut its departmental spending by now and it is not even delivering on this. I believe this is really a major scandal. This raises major questions about the ability, the seriousness and the integrity of the government on its highly touted fiscal plans.

• (1800)

It is true that the Minister of Finance has set hurdles about one inch high, jumped over them, cleared them by a large margin and then bragged that he is hitting his targets, that he is doing better than his targets. I must congratulate him on the ability of his spin doctors to so fool the people of Canada into thinking that he is doing the right thing, that all of the attention in the aftermath of the

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budget release was focused on hitting the targets, exceeding the targets.

That to a very large extent was due to circumstances over which the minister had no control. One of them was lower interest rates. We know there were lower interest rates, not just in Canada but throughout the world. It was the world interest rates which came down.

I am prepared to admit that there were also some reductions in the gap between the U.S. and Canadian interest rates which should be attributed to the deficit reduction progress made. I do not deny this. Nevertheless, the attention on this low barrier that the minister set for himself, and was exceeded and was very easily exceeded, was due, first, to the lower interest rates created outside of Canada. Second, it was created by economic growth which resulted in bracket creep and higher tax take. That is how the government came to the position of being able to brag as it did.

Because of this excellent, superb spin doctoring by the minister and his department, nobody noticed until the Senate finally got around to it that the government is away off target on the spending for which it is directly responsible, namely what is known as departmental spending. It is supposed to be \$9 billion when it is only \$4 billion. I say shame.

**Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.):** Madam Speaker, I find myself in the rather awkward position of thinking that we had heard the last from the member for Capilano—Howe Sound last week and standing up to thank him on that occasion for his even-handedness in giving credit where credit is due. Now to my great chagrin I see that he will not stay dead and I am going to have to put a stake through his heart once more.

I did mean what I said last week about him doing politics a little differently but today his colleagues seem to have got to him. I think he has been a little unfair in his comments today.

There are two targets that matter, the targets for reducing the deficit and reducing overall program spending. We are on target for both. In fact, we are doing better than we projected for both. There has been no increase in program spending as today's article that the hon. member referred to claims.

Projected program spending would amount to \$106 billion in 1997-98 and \$105 billion in 1998-99. With program review the 1997 budget forecast program spending was revised downwards, as the member knows. As with our deficit reduction targets we are ahead of our original projections.

I will use this time to say that. It is in the nature of a comment because I care not to ask him a question.

• (1805 )

**Mr. Grubel:** Madam Speaker, this is spin doctoring at its best. However, as I have great respect for the hon. member, I do not think this is the cause of his problem.

There is a difference between program spending and departmental spending. I am not talking about program spending. Sure, the downloading went ahead as expected. The problem I have is with something that is called departmental spending which is part of program spending.

Since this was not stated in the budget, I can only rely on the graph that has been provided here. For example, government services were supposed to have gone from about \$6 billion to \$4 billion in the 1997-98 fiscal year. Where is it? It is still at \$6 billion. This goes on and on. The only department that hit its target is the Department of National Defence.

I would be happy to learn from the hon. parliamentary secretary if he has in his briefing notes a page dealing with this issue. His comments concerned program spending, which I have no problem with. However, the issue that is being discussed this week in the Senate committee deals with departmental spending. I would love to hear why this article is wrong. I would love to be able to tell my people in the next election that the government is really on track but these numbers suggest it is not. I wonder what went wrong.

**Mr. Jim Silye (Calgary Centre, Ref.):** Madam Speaker, I always listen with great interest when the member for Capilano—Howe Sound takes the time to make a speech. I especially listen when he goes off any written text because I find then he gives us the benefit of what he is really thinking and it comes out a lot clearer.

I would like to get something straight. I have never read that newspaper article to which he referred. I do not have a clue what he is talking about.

Therefore, as an individual MP sitting here, I am hearing for the first time that the government is behind in its departmental spending cuts. It has not made the size or kind of cuts in departmental spending that it had projected it would when it bragged about how it was going to eliminate the deficit. It did that by downloading 25 per cent or 29 per cent on to the provinces. The member for Capilano—Howe Sound told me that we also had to get our spending under control. We are all going to share this equally.

What the member just said is that the government indicated it would cut departmental spending by 19 per cent, which means \$9 billion. It has not done that. Nor does it appear that it is going to be able to achieve that. I just want to get this perfectly straight and clear because I know this member does not say things just to win political brownie points like members on the opposite side do. He does not take cheap, political, partisan shots like members on the other side do.

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**Mr. Morrison:** Like you do.

**Mr. Silye:** Like I do sometimes. However, he does think things through. I would like to know, as a taxpayer, will the government be able to achieve what the master of myth, the finance minister, set out in budgets? Where is the government on its \$9 billion in spending cuts by departments now? Has it cut anything at all? How much has it cut? What is there left to cut? How much time does he have to get there?

Over a four year period has the government pulled the wool over Canadians' eyes? Has the master of myth led the Canadian taxpayer astray again by not coming clean on where we are on departmental spending?

• (1810)

**Mr. Grubel:** Madam Speaker, if I may read from an article from the *Financial Post*, dated March 15-17, authored by John Geddes, it states that according to figures published last month by Treasury Board, with the government's main spending estimates: "The government projects that its departments will spend about \$50 billion in fiscal 1997-98 beginning April 1, compared with the target of just under \$42 billion set out in Martin's landmark 1995 budget". This budget said the spending cut would be 19 per cent. In fact, it will be only 9 per cent. This is a true scandal.

The only department which has met its 1995 target is the defence department. Even the department headed by one of the most effective managers in the government, namely the department of transport, has fallen by a steep 38 per cent, but that still does not equal the 51 per cent cut which was targeted in 1995.

I urge anyone who is interested in this to have a look at this table. It raises serious questions about the integrity of the government. It keeps on talking about how far it has exceeded that one-inch target it set for itself. What really counts is smaller government. What really counts is doing what is right but is politically hard, namely to undertake the cuts in departmental spending.

Why has that not taken place? What is going on? How much more is missing from the 1997 budget as we go into an election?

I hope that the other House in its committee work will make sure that if there are other skeletons in this closet they will be dug out and the government will be held accountable for not carrying through with the grandiose plans it had. We will not be diverted by spin doctors from what is going on in government.

**Mr. Silye:** Madam Speaker, I thank the member for his answer. I guess what he is really saying is that over the last four years the

government has cut \$7.5 billion in transfers to the provinces and only \$1 billion of departmental spending and that the reduction in the deficit has come from increased taxes. Is that correct?

**Mr. Grubel:** Madam Speaker, that is correct. If I may repeat those numbers, of the \$36 billion improvement, \$28 billion came from increased taxes through bracket creep.

**Mr. Jim Abbott (Kootenay East, Ref.):** Madam Speaker, it has been interesting listening to the debate on Bill C-82. We have had the government interpretation and we have had the Reform interpretation. We have not heard a lot of interpretation by the Bloc.

I thought that it might be of value to read into the record a totally independent interpretation written by the law firm of Gowling, Strathy & Henderson in Ottawa. It is entitled "Financial Institutions Legislation and Foreign Branch Banking". It states:

In mid February the Secretary of State for Finance—tabled legislation to strengthen consumer protection, ease the regulatory burden on financial institutions, and "fine tune" certain provisions in the financial institutions statutes. Bill C-82, an act to amend certain laws relating to financial institutions, responds to proposals set out in the June 1996 consultation paper, the 1997 Review of Financial Sector Legislation: Proposals for Changes, and to comments received during the consultative hearings. The legislation establishes March 31, 2002, as the new "sunset" provision for all federally regulated financial institutions.

The government has given itself expanded authority to make regulations governing privacy and enhanced cost-of-credit disclosure. The Bill also introduces tied-selling safeguards, and provisions to improve dissemination of information about fees.

To update and fine tune financial institutions regulation, banks that do not take retail deposits will be allowed to opt out of the Canada Deposit Insurance Corporation coverage, more flexibility will be provided to financial institutions seeking to enter into joint venture arrangements and access to capital for mutual insurance companies will be enhanced.

Changes to the provisions governing the operations of the foreign banks in Canada include: "near banks" (entities which do not generally take deposits and are not regulated as banks in their home jurisdiction but do provide one or more banking type services) which have received approval under the Bank Act to enter the Canadian market will no longer need to seek further approvals, provided their unregulated activities do not include taking deposits;

Removing the requirement for regulated foreign banks owning Schedule II banks to own their own financial institution subsidiaries through the Schedule II bank; and

Permitting near banks to own non-bank financial institutions.

Mr. Peters also announced that separate legislation will be made public before the end of the year to allow foreign banks to branch directly into Canada. The easing of foreign bank entry was a priority recommendation contained in separate reports released last fall by the Senate Committee on Banking, Trade and Commerce and the House of Commons Committee on Finance.

The government's decision to act in this area prior to receipt of the report of the Task Force on the Future of the Canadian Financial Services Sector was "noted" in the Finance Minister's February 18 budget when he stated: "the increased competition this [foreign branch banking] should produce will increase the financing options—that is, the increased access to capital required by small- and medium-sized Canadian businesses.

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• (1815)

Before I go on to conclude this analysis by the law firm I might say that any action that the government, indeed any government, can take which will increase access to capital required by small and medium sized Canadian business surely must be a positive activity. What is stopping so many operations in Canada from being able to survive, let alone thrive, is a lack of access to capital. If in the judgment of our industry critic this bill turns out to be a tool that will work in that direction, then if for only that reason I would be inclined to support it.

Carrying on with this analysis:

The main characteristics of the new branching regime would be as follows:

Foreign bank branches would not be allowed to take retail deposits.

The ability to operate branches would generally apply to foreign banks with at least \$25 billion in assets on a world-wide basis, a limit that would permit most foreign banks operating in Canada as subsidiaries to operate as branches.

The Superintendent would have the power to require the maintenance of assets in Canada with an unrelated approved financial institution to cover liabilities of the branches.

A capital equivalency deposit of at least 5% of branch liabilities would have to be maintained at all times with a recognized financial institution.

The foreign bank would have to be regulated on a consolidated basis in its home jurisdiction in line with internationally recognized regulatory standards acceptable to the Superintendent, with appropriate co-operative regulatory arrangements in place.

Branches would be subject to appropriate Canadian reporting, auditing and taxation requirements. In cases of branch liquidation all assets in Canada of the foreign bank could be seized to satisfy the obligations of the Canadian branches.

The government will also review all other aspects of foreign bank entry policy. Pending completion of this review, foreign companies offering a limited range of financial services which now operate unregulated in Canada as well as new entrants that meet certain criteria, (i.e., non-deposit taking with a \$200 million ceiling on the assets of Canadian operations) will be allowed to carry on their activities without being regulated, but will be required to disclose to creditors and customers that it is not regulated as a financial institution in Canada.

A final decision on the status of those unregulated foreign companies now operating in Canada and of those intending to set up operations during the interim period, will be taken once the branching regime and review of the foreign bank entry policies have been completed. It is expected that once the banking regime is in place a number of these companies will convert their Canadian activities to branch operations.

• (1820)

I wanted to put on the record an independent analysis or evaluation of what is a very technical bill. I recognize that not infrequently members end up in some fairly partisan sparring, and various things are said sometimes in jest and sometimes in the heat

of the moment. However, with us having the unfortunate title of politician, sometimes we act like politicians.

The bill is probably one in which each of us would do well to rise above the normal partisan discussion which is going back and forth because it is so key to what ends up impacting Canadians in every day of their lives.

As I understand it from a summary that has been given to me by our industry critic, the bill will provide that more detailed information will be available to the consumer regarding cost of credit disclosure.

I recall that very frequently, almost on an annual basis, there is discussion in the public domain about the cost of credit cards of banks as well as credit cards of the financial institutions. I note that in the current Eaton's difficulty that the credit card section of the Eaton's empire is one of the strongest assets it has. It is reported to be a part of the corporation that does not require support and ends up contributing to the bottom line of the Eaton's group.

We also note that most of the banks issue credit cards with 18, 20 and 24 per cent interest rates on an outstanding balance. While Canadian consumers have a personal responsibility for what they do and must not always be looking to the government to be protected, on the other side of the coin there is a clear understanding that the Canadian consumer who has a piece of plastic, a credit card by which he or she can access all sorts of goods and services, has a responsibility in the way that credit card is used.

Clearly, as the credit card balance goes up and particularly where there is a very high interest rate, it is important that there be detailed information available to the consumer so that he or she may understand what the cost of constantly carrying a balance will be. I wonder how many Canadians are really aware if they have a \$2,000, \$3,000 or \$5,000 balance on their credit card, that as long as they leave it on their credit card, just how much more interest they will actually end up paying for the use of that money? It is the equivalent of a very high cost loan.

A second part of Bill C-82 requires a simplified and improved dissemination of information to consumers about basic financial services, low cost options and fees on products and services.

• (1825)

It works to the the advantage of some of us to pay a \$25 monthly fee or whatever the fee is where everything is rolled in whether it is inclusive of a safety deposit box, perhaps a credit card with no further fee, perhaps overdraft protection that is available on the side that simply needs to be activated. But all of these financial services end up costing money.

In a lot of instances when people started to use their bank card, they were drawn into the practice of using that card on the

*Government Orders*

assumption that their transaction was not going to cost them money. Indeed, some banks actually did that.

I applaud what the government is bringing forward where there is a simplified and improved dissemination of information to consumers about what the services are and what the costs are.

Allowing non-deposit taking institutions to opt out of the Canada Deposit Insurance Corporation and loosen subsidiary requirements makes sense. This becomes a user pay kind of a situation of which the Reform Party is completely in favour. We believe that people who are making use of any service, whatever the service may be, it is their responsibility to make sure that the service is properly and adequately funded.

If non-deposit taking institutions are required to pay into the Canada Deposit Insurance Corporation the danger is much the same as the danger that we have realized with both the Conservatives and now the Liberals leaving people with no option. Both have told people that they have to pay into the unemployment insurance fund, for example. Where there is a mandatory requirement, where there is a sucking in of money we can count on the fact that there is a government somewhere in the background.

In this instance the fact that the Canada Deposit Insurance Corporation will permit non-deposit taking institutions to opt out is only fair, right and proper.

It introduces regulations to allow financial institutions to enter into joint venture arrangements and proposes changes that permit mutual insurance companies to issue participating shares. This gets into a slightly tricky area in my judgment.

On the surface it appears to be a very sound move. Not infrequently people will end up in a business situation where they require someone, some corporation, some financial body, some venture capital. That venture capital has to come from an organization with very deep pockets. Quite frankly, I cannot think of a better description of banks than an institution with deep pockets.

It would allow the bank entering into joint venture arrangements for that bank to be able to get into the boardroom, into the decision making process should it so choose if the venture is going off track. One of the difficulties in my constituency, and I suspect with a lot of businesses all over Canada, is that when they enter into an arrangement with the bank, almost invariably the bank ends up making sure that it is triple secured for any of the money that it actually extends in the form of a loan.

When it is triple secured it ends up falling back on a feeling of comfort. Perhaps they do not have to look over the shoulder of the entrepreneur to the same extent. Not looking over the shoulder of the entrepreneur in itself ends up creating some difficulty or some problem. More often than not, the financial institution, the venture

capitalist, having a vested interest, will be able to foresee difficulties.

Madam Speaker, I note that you are giving me the high sign. I will sit down. I know that the House will just be waiting with bated breath for me to continue my intervention the next time this topic comes up.

\* \* \*

[*Translation*]

## CANADA LABOUR CODE

BILL C-66—TIME ALLOCATION MOTION

The House resumed from March 13, 1997, consideration of the motion.

**The Acting Speaker (Mrs. Ringuette-Maltais):** It being 6.30 p.m., pursuant to order made Wednesday, March 12, 1997, the House will now proceed to the taking of the deferred division on the motion for time allocation at third reading stage of Bill C-66.

Call in the members.

● (1900)

(The House divided on the motion, which was agreed to on the following division:)

(*Division No. 260*)

### YEAS

#### Members

Anderson	Arseneault
Assadourian	Augustine
Axworthy (Winnipeg South Centre/Sud-Centre)	Barnes
Beaumier	Bélair
Bélangier	Bellemare
Bethel	Bhaduria
Bodnar	Bonin
Brushett	Caccia
Campbell	Catterall
Cauchon	Chamberlain
Cohen	Collenette
Copps	Culbert
Cullen	DeVillers
Dingwall	Dion
Dromisky	Duhamel
Dupuy	English
Fewchuk	Finestone
Fliis	Fontana
Fry	Gaffney
Gagliano	Galloway
Gerrard	Godfrey
Graham	Grose
Guarnieri	Harb
Harper (Churchill)	Harvard
Hickey	Hopkins
Hubbard	Ianno
Itody	Irwin
Jackson	Jordan
Kilger (Stormont—Dundas)	Kirkby
Knutson	Kraft Sloan
Lee	Lincoln
MacLellan (Cape/Cap-Breton—The Sydneys)	Malhi
Maloney	Marchi
Massé	McCormick
McGuire	McTeague
McWhinney	Minna
Mitchell	Murphy
Murray	Nault
O'Reilly	Pagtakhan
Parrish	Patry
Peric	Peterson

*Government Orders*

Phinney  
Pillitteri  
Reed  
Richardson  
Scott (Fredericton—York—Sunbury)  
Sheridan  
Steckle  
Szabo  
Torsney  
Verran  
Whelan  
Zed—105

Pickard (Essex—Kent)  
Proud  
Regan  
Robichaud  
Serré  
Simmons  
Stewart (Brant)  
Thalheimer  
Valeri  
Walker  
Wood

[*Translation*]

**COPYRIGHT ACT**

The House resumed, from March 13, 1997, consideration of Bill C-32, an act to amend the Copyright Act, as reported (with amendments) from a committee.

**The Acting Speaker (Mrs. Ringuette-Maltais):** The House will now proceed to the taking of the deferred divisions on report stage of Bill C-32.

[*English*]

The question is on Motion No. 1. A vote on Motion No. 1 applies to Motions Nos. 8, 11, 39, 42, 43 and 46.

**Mr. Kilger:** Madam Speaker, I would propose that you seek unanimous consent that members who voted on the previous motion be recorded as having voted on the motion now before the House—there will be some exceptions—with Liberal members voting yea.

**Mrs. Chamberlain:** Madam Speaker, I wish to have clarification. On group 7, I wish to have some amendments but this would not affect those.

[*Translation*]

**Mrs. Dalphond-Guiral:** Madam Speaker, members of the official opposition will vote yes.

[*English*]

**Mr. Strahl:** Madam Speaker, Reform Party members present will vote no unless instructed otherwise by their constituents.

**Mr. Blaikie:** Madam Speaker, NDP members present vote yes on this motion.

**Mrs. Wayne:** Madam Speaker, the PC Party will be voting nay.

**Mr. Bhaduria:** Madam Speaker, I will be voting for the motion.

**Ms. Blondin-Andrew:** Madam Speaker, had I been here for the first vote I would have voted with my party. I would therefore like my vote applied as such.

**Mr. Telegdi:** Madam Speaker, I would like to be recorded as voting with my party on this one, as I did not vote on the previous one.

**Mr. Epp:** Madam Speaker, in order to have clarity and no big problems about this later, you indicated this was on Motions Nos. 8 and 11. I believe the intent is 8, 9, 10 and 11. I would like that clarified, please.

● (1905 )

**The Acting Speaker (Mrs. Ringuette-Maltais):** The question is on Motion No. 1 and the vote on Motion No. 1 applies to Motions Nos. 8 to 11, 39, 42, 43 and 46.

(The House divided on Motion No. 1, which was agreed to on the following division:)

**NAYS**

## Members

Abbott  
Asselin  
Bellehumeur  
Bernier (Gaspé)  
Blaikie  
Chrétien (Frontenac)  
Cummins  
de Jong  
Debien  
Dumas  
Fillion  
Frazier  
Grey (Beaver River)  
Guay  
Hanger  
Hart  
Jacob  
Landry  
Laurin  
Leroux (Richmond—Wolfe)  
Mayfield  
McLaughlin  
Morrison  
Plamondon  
Rocheleau  
Silye  
Strahl  
Venne  
White (North Vancouver)

Althouse  
Bélisle  
Bergeron  
Bernier (Mégantic—Compton—Stanstead)  
Breitkreuz (Yorkton—Melville)  
Crête  
Dalphond-Guiral  
de Savoye  
Deshaies  
Epp  
Forseth  
Gouk  
Grubel  
Guimond  
Harper (Simcoe Centre)  
Hill (Macleod)  
Lalonde  
Langlois  
Lebel  
Leroux (Shefford)  
McClelland (Edmonton Southwest/Sud-Ouest)  
Meredith  
Nunez  
Pomerleau  
Sauvageau  
Speaker  
Tremblay (Rimouski—Témiscouata)  
Wayne  
Williams —58

**PAIRED MEMBERS**

Bakopanos  
Brien  
Calder  
Davialt  
Duceppe  
Gagnon (Québec)  
Lastewka  
Lefebvre  
McKinnon  
Mercier  
Picard (Drummond)  
Ur

Boudria  
Brown (Oakville—Milton)  
Collins  
Dubé  
Easter  
Goodale  
LeBlanc (Cape/Cap-Breton Highlands—Canso)  
Loubier  
Ménard  
Paré  
Tremblay (Rosemont)  
Vanclief

**The Acting Speaker (Mrs. Ringuette-Maltais):** I declare the motion carried.

[*English*]

**Mr. Gouk:** Madam Speaker, could you confirm that this is in fact the 37th time that the Liberals have invoked closure with this motion?

## Government Orders

(Division No. 261)

## YEAS

## Members

Althouse	Anderson
Arseneault	Assadourian
Asselin	Augustine
Axworthy (Winnipeg South Centre/Sud-Centre)	Barnes
Beaumier	Bélaïr
Bélangier	Bélisle
Bellehumeur	Bellemare
Bergeron	Bernier (Gaspé)
Bernier (Mégantic—Compton—Stanstead)	Bethel
Bhaduria	Blaikie
Blondin-Andrew	Bodnar
Bonin	Brushett
Caccia	Campbell
Catterall	Cauchon
Chamberlain	Chrétien (Frontenac)
Cohen	Collenette
Copps	Crête
Culbert	Cullen
Dalphond-Guiral	de Jong
de Savoye	Debien
Deshaies	DeVillers
Dingwall	Dion
Dromisky	Duhamel
Dumas	Dupuy
English	Fewchuk
Fillion	Finestone
Flis	Fontana
Fry	Gaffney
Gagliano	Galloway
Gerrard	Godfrey
Graham	Grose
Guarnieri	Guay
Guimond	Harb
Harper (Churchill)	Harvard
Hickey	Hopkins
Hubbard	Ianno
Iftody	Irwin
Jackson	Jacob
Jordan	Kilger (Stormont—Dundas)
Kirkby	Knutson
Kraft Sloan	Lalonde
Landry	Langlois
Laurin	Lebel
Lee	Leroux (Richmond—Wolfe)
Leroux (Shefford)	Lincoln
MacLellan (Cape/Cap-Breton—The Sydneys)	Malhi
Maloney	Marchi
Massé	McCormick
McGuire	McLaughlin
McTeague	McWhinney
Minna	Mitchell
Murphy	Murray
Nault	Nunez
O'Reilly	Pagtakhan
Parrish	Patry
Peric	Peterson
Phinney	Pickard (Essex—Kent)
Pillitteri	Plamondon
Pomerleau	Proud
Reed	Regan
Richardson	Robichaud
Rocheleau	Sauvageau
Scott (Fredericton—York—Sunbury)	Serré
Sheridan	Simmons
Steckle	Stewart (Brant)
Szabo	Telegdi
Thalheimer	Torsney
Tremblay (Rimouski—Témiscouata)	Valeri
Venne	Verran
Walker	Whelan
Wood	Zed —142

## NAYS

## Members

Abbott	Breitkreuz (Yorkton—Melville)
Cummins	Epp
Forseth	Frazer
Gouk	Grey (Beaver River)
Grubel	Hanger
Harper (Simcoe Centre)	Hart
Hill (MacLeod)	Mayfield
McClelland (Edmonton Southwest/Sud-Ouest)	Meredith
Morrison	Silye
Speaker	Strahl
Wayne	White (North Vancouver)
Williams—23	

## PAIRED MEMBERS

Bakopanos	Boudria
Brien	Brown (Oakville—Milton)
Calder	Collins
Daviault	Dubé
Duceppe	Easter
Gagnon (Québec)	Goodale
Lastewka	LeBlanc (Cape/Cap-Breton Highlands—Canso)
Lefebvre	Loubier
McKinnon	Ménard
Mercier	Paré
Picard (Drummond)	Tremblay (Rosemont)
Ur	Vanclief

[Translation]

**The Acting Speaker (Mrs. Ringuette-Maltais):** I declare Motion No. 1 carried. I therefore declare Motions Nos. 8, 9, 10, 11, 39, 42, 43 and 46 carried.

[English]

**Mr. Kilger:** Madam Speaker, I believe you will find unanimous consent to apply the results of the vote just taken to report stage Motion No. 49, report stage Motion No. 6 and report stage Motion No. 17.

**The Acting Speaker (Mrs. Ringuette-Maltais):** Is that agreed?

**Mrs. Chamberlain:** Madam Speaker, on Motion No. 17, I wish to abstain.

**Mr. Blaikie:** Madam Speaker, I wonder if the government whip could repeat what he said.

**Mr. Kilger:** That the vote previously taken on report stage Motion No. 1 be applied to report stage Motions Nos. 49, 6 and 17.

**The Acting Speaker (Mrs. Ringuette-Maltais):** Do we have unanimous consent?

**Some hon. members:** No.

**The Acting Speaker (Mrs. Ringuette-Maltais):** There is not unanimous consent.

[Translation]

The question is on Motion No. 48.

*Government Orders*

• (1910)

[English]

An affirmative vote on Motion No. 48 obviates the necessity of putting the question on Motion No. 49. A negative vote on Motion No. 48 necessitates the question being put on Motion No. 49.

The question is on Motion No. 48

**Mr. Kilger:** Madam Speaker, I would propose that you seek unanimous consent that members who voted on the previous motion be recorded as having voted on the motion now before the House, with Liberal members voting nay.

[Translation]

**Mrs. Dalphond-Guiral:** Madam Speaker, members of the official opposition will vote nay.

[English]

**Mr. Strahl:** Madam Speaker, Reform Party members present will vote yes.

**Mr. Blaikie:** Madam Speaker, New Democrats vote no.

**Mrs. Wayne:** Madam Speaker, I will be voting yes.

**Mr. Bhaduria:** Madam Speaker, I will be voting against the motion.

**Mrs. Chamberlain:** Madam Speaker, I wish my vote to be recorded with the government on this motion.

(The House divided on Motion No. 48, which was negated on the following division:)

*(Division No. 262)*

**YEAS**

Members

Abbott	Breitkreuz (Yorkton—Melville)
Cummins	Epp
Forseth	Frazer
Gouk	Grey (Beaver River)
Grubel	Hanger
Harper (Simcoe Centre)	Hart
Hill (MacLeod)	Mayfield
McClelland (Edmonton Southwest/Sud-Ouest)	Meredith
Morrison	Silye
Speaker	Strahl
Wayne	White (North Vancouver)
Williams—23	

**NAYS**

Members

Althouse	Anderson
Arseneault	Assadourian
Asselin	Augustine
Axworthy (Winnipeg South Centre/Sud-Centre)	Barnes
Beaumier	Bélaïr
Bélangier	Bélisle
Bellehumeur	Bellemare
Bergeron	Bernier (Gaspé)
Bernier (Mégantic—Compton—Stanstead)	Bethel
Bhaduria	Blaikie
Blondin-Andrew	Bodnar
Bonin	Brushett
Caccia	Campbell

Catterall	Cauchon
Chamberlain	Chrétien (Frontenac)
Cohen	Collenette
Copps	Crête
Culbert	Cullen
Dalphond-Guiral	de Jong
de Savoye	Debien
Deshaies	DeVillers
Dingwall	Dion
Dromisky	Duhamel
Dumas	Dupuy
English	Fewchuk
Fillion	Finestone
Flis	Fontana
Fry	Gaffney
Gagliano	Galloway
Gerrard	Godfrey
Graham	Grose
Guarnieri	Guay
Guimond	Harb
Harper (Churchill)	Harvard
Hickey	Hopkins
Hubbard	Ianno
Iftody	Irwin
Jackson	Jacob
Jordan	Kilger (Stormont—Dundas)
Kirby	Knutsen
Kraft Sloan	Lalonde
Landry	Langlois
Laurin	Lebel
Lee	Leroux (Richmond—Wolfe)
Leroux (Shefford)	Lincoln
MacLellan (Cape/Cap-Breton—The Sydneys)	Malhi
Maloney	Marchi
Massé	McCormick
McGuire	McLaughlin
McTeague	McWhinney
Minna	Mitchell
Murphy	Murray
Nault	Nunez
O'Reilly	Pagtakhan
Parrish	Patry
Peric	Peterson
Phinney	Pickard (Essex—Kent)
Pillitteri	Plamondon
Pomerleau	Proud
Reed	Regan
Richardson	Robichaud
Rocheleau	Sauvageau
Scott (Fredericton—York—Sunbury)	Serré
Sheridan	Simmons
Steckle	Stewart (Brant)
Szabo	Telegdi
Thalheimer	Torsney
Tremblay (Rimouski—Témiscouata)	Valeri
Venne	Verran
Walker	Whelan
Wood	Zed —142

**PAIRED MEMBERS**

Bakopanos	Boudria
Brien	Brown (Oakville—Milton)
Calder	Collins
Daviault	Dubé
Duceppe	Easton
Gagnon (Québec)	Goodale
Lastewka	LeBlanc (Cape/Cap-Breton Highlands—Canso)
Lefebvre	Loubier
McKinnon	Ménard
Mercier	Paré
Picard (Drummond)	Tremblay (Rosemont)
Ur	Vanclief

*Government Orders*

**The Acting Speaker (Mrs. Ringuette-Maltais):** I declare Motion No. 48 lost.

**Mr. Kilger:** Madam Speaker, I believe you will find consent to apply the results of the vote just taken to report stage Motions Nos. 5, 44, 25, 28, 31, 35, 38, 40, 41 and 55.

**The Acting Speaker (Mrs. Ringuette-Maltais):** Is there unanimous consent?

**Some hon. members:** Agreed.

[*Editor's Note: See list under Division No. 262.*]

**The Acting Speaker (Mrs. Ringuette-Maltais):** I declare Motions Nos. 5, 44, 25, 28, 31, 35, 38, 40, 41 and 55 defeated. Motions Nos. 2, 3, 50, 51 and 52 are therefore defeated.

[*Translation*]

The next question is on Motion No. 49.

• (1915)

**Mr. Kilger:** Madam Speaker, you will find there is unanimous consent that members who voted on the previous motion be recorded as having voted on the motion now before the House, with Liberal members voting yea.

**Mrs. Dalphond-Guiral:** Madam Speaker, members of the official opposition will vote yea.

[*English*]

**Mr. Strahl:** Reform Party members present will vote no.

**Mr. Blaikie:** New Democrats vote yes, Madam Speaker.

**Mrs. Wayne:** I will be voting no, Madam Speaker.

**Mr. Bhaduria:** I will vote yes on this motion.

[*Translation*]

[*Editor's Note: See list under Division No. 261.*]

**The Acting Speaker (Mrs. Ringuette-Maltais):** I declare Motion No. 49 carried.

[*English*]

**Mr. Kilger:** Madam Speaker, I believe you will find consent to apply the results of the vote just taken to the following government report stage Motions Nos. 6 and 17.

**The Acting Speaker (Mrs. Ringuette-Maltais):** Do we have unanimous consent?

**Some hon. members:** Agreed.

[*Editor's Note: See list under Division No. 261.*]

**The Acting Speaker (Mrs. Ringuette-Maltais):** I declare Motions Nos. 6 and 17 agreed to.

[*Translation*]

The question is on Motion No. 4.

**Mr. Kilger:** Madam Speaker, you will find there is unanimous consent that members who voted on the previous motion be recorded as having voted on the motion now before the House, with Liberal members voting nay.

**Mrs. Dalphond-Guiral:** Madam Speaker, members of the official opposition will vote yea.

[*English*]

**Mr. Strahl:** Reform Party members present vote no.

**Mr. Blaikie:** New Democrats vote yes, Madam Speaker.

**Mr. Silye:** I would like to vote yea on this motion.

**Mrs. Wayne:** Madam Speaker, I will be voting no.

**Mr. Bhaduria:** Madam Speaker, I will be voting no on this motion.

[*Translation*]

(The House divided on Motion No. 4, which was negated on the following division:)

(*Division No. 263*)

## YEAS

## Members

Althouse	Asselin
Bélisle	Bellehumeur
Bergeron	Bernier (Gaspé)
Bernier (Mégantic—Compton—Stanstead)	Blaikie
Chrétien (Frontenac)	Crête
Dalphond-Guiral	de Jong
de Savoye	Debien
Deshaies	Dumas
Fillion	Guay
Guimond	Jacob
Lalonde	Landry
Langlois	Laurin
Lebel	Leroux (Richmond—Wolfe)
Leroux (Shefford)	McLaughlin
Nunez	Plamondon
Pomerleau	Rocheleau
Sauvageau	Silye
Tremblay (Rimouski—Témiscouata)	Venne—36

## NAYS

## Members

Abbott	Anderson
Arseneault	Assadourian
Augustine	Axworthy (Winnipeg South Centre/Sud-Centre)
Barnes	Beaumier
Bélair	Bélangier
Bellemare	Bethel
Bhaduria	Blondin-Andrew
Bodnar	Bonin
Breitkreuz (Yorkton—Melville)	Brushett
Caccia	Campbell
Catterall	Cauchon
Chamberlain	Cohen
Collenette	Copps
Culbert	Cullen
Cummins	DeVillers
Dingwall	Dion
Dromisky	Duhamel

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Dupuy	English
Epp	Fewchuk
Finestone	Flis
Fontana	Forseth
Frazer	Fry
Gaffney	Gagliano
Galloway	Gerrard
Godfrey	Gouk
Graham	Grey (Beaver River)
Grose	Grubel
Guarnieri	Hanger
Harb	Harper (Churchill)
Harper (Simcoe Centre)	Hart
Harvard	Hickey
Hill (Macleod)	Hopkins
Hubbard	Ianno
Ifody	Irwin
Jackson	Jordan
Kilger (Stormont—Dundas)	Kirkby
Knutson	Kraft Sloan
Lee	Lincoln
MacLellan (Cape/Cap-Breton—The Sydneys)	Malhi
Maloney	Marchi
Massé	Mayfield
McClelland (Edmonton Southwest/Sud-Ouest)	McCormick
McGuire	McTeague
McWhinney	Meredith
Minna	Mitchell
Morrison	Murphy
Murray	Nault
O'Reilly	Pagtakhan
Parrish	Patry
Peric	Peterson
Phinney	Pickard (Essex—Kent)
Pillitteri	Proud
Reed	Regan
Richardson	Robichaud
Scott (Fredericton—York—Sunbury)	Serré
Sheridan	Simmons
Speaker	Steckle
Stewart (Brant)	Strahl
Szabo	Telegdi
Thalheimer	Torsney
Valeri	Verran
Walker	Wayne
Whelan	White (North Vancouver)
Williams	Wood
Zed—129	

● (1920)

**Mr. Silye:** Madam Speaker, I rise on a point of order. I would like to make it clear that on this set of motions I am voting nay as opposed to the previous ones so it will not apply in the same way.

(The House divided on Motion No. 7, which was negated on the following division:)

(Division No. 265)

**YEAS**

Members

Althouse	Asselin
Bélisle	Bellehumeur
Bergeron	Bernier (Gaspé)
Bernier (Mégantic—Compton—Stanstead)	Blaikie
Chrétien (Frontenac)	Crête
Dalphond-Guiral	de Jong
de Savoye	Debien
Fillion	Dumas
Guimond	Guay
Lalonde	Jacob
Langlois	Landry
Lebel	Laurin
Leroux (Shefford)	Leroux (Richmond—Wolfe)
Nunez	McLaughlin
Pomerleau	Plamondon
Sauvageau	Rocheleau
Venne—35	Tremblay (Rimouski—Témiscouata)

**NAYS**

Members

Abbott	Anderson
Arseneault	Assadourian
Augustine	Axworthy (Winnipeg South Centre/Sud-Centre)
Barnes	Beaumur
Bélair	Bélanger
Bellemare	Bethel
Bhaduria	Blondin-Andrew
Bodnar	Bonin
Breitkreuz (Yorkton—Melville)	Brushett
Caccia	Campbell
Catterall	Cauchon
Chamberlain	Cohen
Collenette	Copps
Culbert	Cullen
Cummins	De Villers
Dingwall	Dion
Dromisky	Duhamel
Dupuy	English
Epp	Fewchuk
Finestone	Flis
Fontana	Forseth
Frazer	Fry
Gaffney	Gagliano
Galloway	Gerrard
Godfrey	Gouk
Graham	Grey (Beaver River)
Grose	Grubel
Guarnieri	Hanger
Harb	Harper (Churchill)
Harper (Simcoe Centre)	Hart
Harvard	Hickey
Hill (Macleod)	Hopkins
Hubbard	Ianno
Ifody	Irwin
Jackson	Jordan
Kilger (Stormont—Dundas)	Kirkby
Knutson	Kraft Sloan
Lee	Lincoln

**PAIRED MEMBERS**

Bakopanos	Boudria
Brien	Brown (Oakville—Milton)
Calder	Collins
Daviault	Dubé
Duceppe	Easter
Gagnon (Québec)	Goodale
Lastewka	LeBlanc (Cape/Cap-Breton Highlands—Canso)
Lefebvre	Loubier
McKinnon	Ménard
Mercier	Paré
Picard (Drummond)	Tremblay (Rosemont)
Ur	Vanclief

**The Acting Speaker (Mrs. Ringuette-Maltais):** I declare Motion No. 4 lost.

**Mr. Kilger:** Madam Speaker, I believe you would find unanimous consent to apply the result of the preceding vote to the following motions: Motions Nos. 7, 54, 57 and 32.

[English]

**The Acting Speaker (Mrs. Ringuette-Maltais):** Is there unanimous consent?

**Some hon. members:** Agreed.

*Government Orders*

MacLellan (Cape/Cap-Breton—The Sydneys)	Malhi
Maloney	Marchi
Massé	Mayfield
McClelland (Edmonton Southwest/Sud-Ouest)	McCormick
McGuire	McTeague
McWhinney	Meredith
Minna	Mitchell
Morrison	Murphy
Murray	Nault
O'Reilly	Pagtakhan
Parrish	Patry
Peric	Peterson
Phinney	Pickard (Essex—Kent)
Pillitteri	Proud
Reed	Regan
Richardson	Robichaud
Scott (Fredericton—York—Sunbury)	Serré
Sheridan	Silye
Simmons	Speaker
Steckle	Stewart (Brant)
Strahl	Szabo
Telegdi	Thalheimer
Torsney	Valeri
Verran	Walker
Wayne	Whelan
White (North Vancouver)	Williams
Wood	Zed—130

## PAIRED MEMBERS

Bakopanos	Boudria
Brien	Brown (Oakville—Milton)
Calder	Collins
Daviault	Dubé
Duceppe	Easter
Gagnon (Québec)	Goodale
Lastewka	LeBlanc (Cape/Cap-Breton Highlands—Canso)
Lefebvre	Loubier
McKinnon	Ménard
Mercier	Paré
Picard (Drummond)	Tremblay (Rosemont)
Ur	Vanclief

**The Acting Speaker (Mrs. Ringuette-Maltais):** I declare Motions Nos. 7, 54, 57 and 32 lost.

The next question is on Motion No. 60.

**Mr. Kilger:** Madam Speaker, I rise on a point of order. If the House would agree I would propose that you seek unanimous consent that the members who voted on the previous motion be recorded as having voted on the motion now before the House, with Liberal members voting yea.

[*Translation*]

**Mrs. Dalphond-Guiral:** Madam Speaker, members of the official opposition will be voting yea.

[*English*]

**Mr. Strahl:** Madam Speaker, Reform Party members present will vote yes unless they make motions otherwise.

**Mr. Blaikie:** Madam Speaker, New Democrats vote yes.

**Mrs. Wayne:** Madam Speaker, I vote yes.

**Mr. Bhaduria:** Madam Speaker, I will be voting yes.

(The House divided on Motion No. 60, which was agreed to on the following division:)

(*Division No. 264*)

## YEAS

## Members

Abbott	Althouse
Anderson	Arseneault
Assadourian	Asselin
Augustine	Axworthy (Winnipeg South Centre/Sud-Centre)
Barnes	Beaumier
Bélair	Bélangier
Bélisle	Bellehumeur
Bellemare	Bergeron
Bernier (Gaspé)	Bernier (Mégantic—Compton—Stanstead)
Bethel	Bhaduria
Blaikie	Blondin-Andrew
Bodnar	Bonin
Breitkreuz (Yorkton—Melville)	Brushett
Caccia	Campbell
Catterall	Cauchon
Chamberlain	Chrétien (Frontenac)
Cohen	Collenette
Copps	Crête
Culbert	Cullen
Cummins	Dalphond-Guiral
de Jong	de Savoye
Debien	Deshaies
DeVillers	Dingwall
Dion	Dromisky
Duhamel	Dumas
Dupuy	English
Epp	Fewchuk
Fillion	Finestone
Flis	Fontana
Forseth	Frazier
Fry	Gaffney
Gagliano	Galloway
Gerrard	Godfrey
Gouk	Graham
Grey (Beaver River)	Grose
Grubel	Guarnieri
Guay	Guimond
Hanger	Harb
Harper (Churchill)	Harper (Simcoe Centre)
Hart	Harvard
Hickey	Hill (Macleod)
Hopkins	Hubbard
Ianno	Ifody
Irwin	Jackson
Jacob	Jordan
Kilger (Stormont—Dundas)	Kirby
Knutson	Kraft Sloan
Lalonde	Landry
Langlois	Laurin
Lebel	Lee
Leroux (Richmond—Wolfe)	Leroux (Shefford)
Lincoln	MacLellan (Cape/Cap-Breton—The Sydneys)
Malhi	Maloney
Marchi	Massé
Mayfield	McClelland (Edmonton Southwest/Sud-Ouest)
McCormick	McGuire
McLaughlin	McTeague
McWhinney	Meredith
Minna	Mitchell
Morrison	Murphy
Murray	Nault
Nunez	O'Reilly
Pagtakhan	Parrish
Patry	Peric
Peterson	Phinney
Pickard (Essex—Kent)	Pillitteri
Plamondon	Pomerleau
Proud	Reed
Regan	Richardson
Robichaud	Rocheleau
Sauvageau	Scott (Fredericton—York—Sunbury)
Serré	Sheridan
Silye	Simmons
Speaker	Steckle
Stewart (Brant)	Strahl
Szabo	Telegdi
Thalheimer	Torsney

*Government Orders*

Tremblay (Rimouski—Témiscouata)  
Venne  
Walker  
Whelan  
Williams  
Zed—165

Valeri  
Verran  
Wayne  
White (North Vancouver)  
Wood

**NAYS**

Members

—0

**PAIRED MEMBERS**

Bakopanos  
Brien  
Calder  
Daviault  
Duceppe  
Gagnon (Québec)  
Lastewka  
Lefebvre  
McKinnon  
Mercier  
Picard (Drummond)  
Ur

Boudria  
Brown (Oakville—Milton)  
Collins  
Dubé  
Easter  
Goodale  
LeBlanc (Cape/Cap-Breton Highlands—Canso)  
Loubier  
Ménard  
Paré  
Tremblay (Rosemont)  
Vanclief

**The Acting Speaker (Mrs. Ringuette-Maltais):** I declare Motion No. 60 agreed to.

The next question is on Motion No. 13. An affirmative vote on Motion No. 13 obviates the necessity of putting the question on Motions Nos. 14 and 15. A negative vote on Motion No. 13 necessitates the question being put on Motions Nos. 14 and 15.

[*Translation*]

**Mr. Kilger:** Madam Speaker, I believe you would find unanimous consent that members who have just been recorded as having voted on the previous motion be now recorded as having voted on the motion now before the House, with Liberal members voting yea.

**Mrs. Dalphond-Guiral:** Madam Speaker, members of the official opposition will be voting nay.

[*English*]

**Mr. Strahl:** Madam Speaker, Reform Party members present will vote no.

**Mr. Blaikie:** Madam Speaker, New Democrats vote yes on this motion.

**Mrs. Wayne:** Madam Speaker, I will vote yes.

**Mr. Bhaduria:** Madam Speaker, I will vote yes.

(The House divided on Motion No. 13, which was agreed to on the following division:)

(*Division No. 266*)

**YEAS**

Members

Althouse  
Arseneault  
Augustine  
Barnes  
Bélair  
Bellemare  
Bhaduria

Anderson  
Assadourian  
Axworthy (Winnipeg South Centre/Sud-Centre)  
Beaumier  
Bélangier  
Bethel  
Blaikie

Blondin-Andrew  
Bonin  
Caccia  
Catterall  
Chamberlain  
Collenette  
Culbert  
de Jong  
Dingwall  
Dromisky  
Dupuy  
Fewchuk  
Flis  
Fry  
Gagliano  
Gerrard  
Graham  
Guarnieri  
Harper (Churchill)  
Hickey  
Hubbard  
Iftody  
Jackson  
Kilger (Stormont—Dundas)  
Knutson  
Lee  
MacLellan (Cape/Cap-Breton—The Sydneys)  
Maloney  
Massé  
McGuire  
McTeague  
Minna  
Murphy  
Nault  
Pagtakhan  
Patty  
Peterson  
Pickard (Essex—Kent)  
Proud  
Regan  
Robichaud  
Serré  
Simmons  
Stewart (Brant)  
Telegdi  
Torsney  
Verran  
Wayne  
Wood

Bodnar  
Brushett  
Campbell  
Cauchon  
Cohen  
Copp  
Cullen  
DeVillers  
Dion  
Duhamel  
English  
Finestone  
Fontana  
Gaffney  
Galloway  
Godfrey  
Grose  
Harb  
Harvard  
Hopkins  
Ianno  
Irwin  
Jordan  
Kirkby  
Kraft Sloan  
Lincoln  
Malhi  
Marchi  
McCormick  
McLaughlin  
McWhinney  
Mitchell  
Murray  
O'Reilly  
Parrish  
Peric  
Phinney  
Pillitteri  
Reed  
Richardson  
Scott (Fredericton—York—Sunbury)  
Sheridan  
Steckle  
Szabo  
Thalheimer  
Valeri  
Walker  
Whelan  
Zed—112

**NAYS**

Members

Abbott  
Bélisle  
Bergeron  
Bernier (Mégantic—Compton—Stanstead)  
Chrétien (Frontenac)  
Cummins  
de Savoye  
Deshaies  
Epp  
Forseth  
Gouk  
Grubel  
Guimond  
Harper (Simcoe Centre)  
Hill (Macleod)  
Lalonde  
Langlois  
Lebel  
Leroux (Shefford)  
McClelland (Edmonton Southwest/Sud-Ouest)  
Morrison  
Plamondon  
Rocheleau  
Silye

Asselin  
Bellehumeur  
Bernier (Gaspé)  
Breitkreuz (Yorkton—Melville)  
Crête  
Dalphond-Guiral  
Debien  
Dumas  
Fillion  
Frazer  
Grey (Beaver River)  
Guay  
Hanger  
Hart  
Jacob  
Landry  
Laurin  
Leroux (Richmond—Wolfe)  
Mayfield  
Meredith  
Nunez  
Pomerleau  
Sauvageau  
Speaker

## Government Orders

Strahl  
Venne  
Williams—53

Tremblay (Rimouski—Témiscouata)  
White (North Vancouver)

(Division No. 267)

## PAIRED MEMBERS

Bakopanos  
Brien  
Calder  
Daviault  
Duceppe  
Gagnon (Québec)  
Lastewka  
Lefebvre  
McKinnon  
Mercier  
Picard (Drummond)  
Ur

Boudria  
Brown (Oakville—Milton)  
Collins  
Dubé  
Easter  
Goodale  
LeBlanc (Cape/Cap-Breton Highlands—Canso)  
Loubier  
Ménard  
Paré  
Tremblay (Rosemont)  
Vanclief

**The Acting Speaker (Mrs. Ringuette-Maltais):** I declare Motion No. 13 agreed to.

The next question is on Motion No. 24. An affirmative vote on Motion No. 24 obviates the necessity of putting the question on Motion No. 25. A negative vote on Motion No. 24 necessitates the question being put on Motion No. 25.

• (1925)

**Mr. Kilger:** Madam Speaker, I rise on a point of order. If the House would agree I would propose that you seek unanimous consent that members who voted on the previous motion be recorded as having voted on the motion now before the House.

At this time I would draw your attention to deleting the name of the Minister of Foreign Affairs. Otherwise Liberal members will be voting nay.

[Translation]

**Mrs. Dalphond-Guiral:** Madam Speaker, the official opposition will be voting nay.

[English]

**Mr. Strahl:** Madam Speaker, Reform Party members present vote no.

**Mr. Blaikie:** Madam Speaker, New Democrats vote yes on this motion.

**Mrs. Chamberlain:** I vote yes on this motion, Madam Speaker.

**Mr. Telegdi:** I vote yes on this motion, Madam Speaker.

**Mr. Perić:** Madam Speaker, I want to be recorded as voting yes on this motion.

**Mrs. Wayne:** I will be voting yes, Madam Speaker.

**Mr. Bhaduria:** I will be voting no on this motion, Madam Speaker.

(The House divided on Motion No. 24, which was negated on the following division:)

## YEAS

## Members

Blaikie  
de Jong  
Peric  
Wayne—8

## NAYS

## Members

Althouse  
Chamberlain  
McLaughlin  
Telegdi

Abbott  
Arseneault  
Asselin  
Barnes  
Bélair  
Bélisle  
Bellemare  
Bernier (Gaspé)  
Bethel  
Blondin-Andrew  
Bonin  
Brushett  
Campbell  
Cauchon  
Cohen  
Copp  
Culbert  
Cummins  
de Savoye  
Deshaies  
Dingwall  
Dromisky  
Dumas  
English  
Fewchuk  
Finestone  
Fontana  
Frazer  
Gaffney  
Galloway  
Godfrey  
Graham  
Grose  
Guarnieri  
Guimond  
Harb  
Harper (Simcoe Centre)  
Harvard  
Hill (MacLeod)  
Hubbard  
Iftody  
Jackson  
Jordan  
Kirby  
Kraft Sloan  
Landry  
Laurin  
Lee  
Leroux (Shefford)  
MacLellan (Cape/Cap-Breton—The Sydneys)  
Maloney  
Massé  
McClelland (Edmonton Southwest/Sud-Ouest)  
McGuire  
McWhinney  
Minna  
Morrison  
Murray  
Nunez  
Pagtakhan  
Patry  
Phimney  
Pillitteri  
Pomerleau  
Reed  
Richardson  
Rocheleau  
Scott (Fredericton—York—Sunbury)

Anderson  
Assadourian  
Augustine  
Beaumier  
Bélanger  
Bellehumeur  
Bergeron  
Bernier (Mégantic—Compton—Stanstead)  
Bhaduria  
Bodnar  
Breitkreuz (Yorkton—Melville)  
Caccia  
Catterall  
Chrétien (Frontenac)  
Collenette  
Crête  
Cullen  
Dalphond-Guiral  
Debien  
DeVillers  
Dion  
Duhamel  
Dupuy  
Epp  
Fillion  
Flis  
Forseth  
Fry  
Gagliano  
Gerrard  
Gouk  
Grey (Beaver River)  
Grubel  
Guay  
Hanger  
Harper (Churchill)  
Hart  
Hickey  
Hopkins  
Ianno  
Irwin  
Jacob  
Kilger (Stormont—Dundas)  
Knutson  
Lalonde  
Langlois  
Lebel  
Leroux (Richmond—Wolfe)  
Lincoln  
Malhi  
Marchi  
Mayfield  
McCormick  
McTeague  
Meredith  
Mitchell  
Murphy  
Nault  
O'Reilly  
Parrish  
Peterson  
Pickard (Essex—Kent)  
Plamondon  
Proud  
Regan  
Robichaud  
Sauvageau  
Serré

*Government Orders*

Sheridan  
 Simmons  
 Steckle  
 Strahl  
 Thalheimer  
 Tremblay (Rimouski—Témiscouata)  
 Venne  
 Walker  
 White (North Vancouver)  
 Wood

Silye  
 Speaker  
 Stewart (Brant)  
 Szabo  
 Torsney  
 Valeri  
 Verran  
 Whelan  
 Williams  
 Zed—156

PAIRED MEMBERS

Bakopanos  
 Brien  
 Calder  
 Daviault  
 Duceppe  
 Gagnon (Québec)  
 Lastewka  
 Lefebvre  
 McKinnon  
 Mercier  
 Picard (Drummond)  
 Ur

Boudria  
 Brown (Oakville—Milton)  
 Collins  
 Dubé  
 Easter  
 Goodale  
 LeBlanc (Cape/Cap-Breton Highlands—Canso)  
 Loubier  
 Ménard  
 Paré  
 Tremblay (Rosemont)  
 Vanciel

**The Acting Speaker (Mrs. Ringuette-Maltais):** I declare Motion No. 24 lost.

**Mr. Kilger:** Madam Speaker, I rise on a point of order. I believe you would find consent to apply the results of the vote just taken to the following report stage Motions Nos. 29 and 34.

**The Acting Speaker (Mrs. Ringuette-Maltais):** Is there unanimous consent?

**Some hon. members:** Agreed.

[*Editor's Note: See list under Division No. 267.*]

**The Acting Speaker (Mrs. Ringuette-Maltais):** I declare Motions Nos. 29 and 34 lost. Motion No. 30 is therefore defeated.

The next question is on Motion No. 26.

**Mr. Kilger:** Madam Speaker, I rise on a point of order. If the House would agree I would propose you seek unanimous consent that members who voted on the previous motion be recorded as having voted on the motion now before the House, with Liberal members voting nay with the exception of the member under whose name the motion stands.

• (1930)

[*Translation*]

**Mrs. Dalphond-Guiral:** Madam Speaker, the official opposition will be voting nay.

[*English*]

**Mr. Strahl:** Madam Speaker, Reform Party members vote yes.

**Mr. Blaikie:** Madam Speaker, New Democrats vote yes on this motion.

**Mrs. Wayne:** Madam Speaker, I will be voting yes.

**Mr. Bhaduria:** Madam Speaker, I will be voting yes for the motion.

**Mr. Kilger:** Madam Speaker, for clarification, the member for Guelph—Wellington under whose name the motion stands will be voting yea and all the other Liberals will be voting nay.

(The House divided on Motion No. 26, which was negated on the following division:)

(*Division No. 268*)

YEAS

Members

Abbott  
 Bhaduria  
 Breitzkreuz (Yorkton—Melville)  
 Cummins  
 Epp  
 Frazer  
 Grey (Beaver River)  
 Hanger  
 Hart  
 Mayfield  
 McLaughlin  
 Morrison  
 Speaker  
 Wayne  
 Williams—29

Althouse  
 Blaikie  
 Chamberlain  
 de Jong  
 Forseth  
 Gouk  
 Grubel  
 Harper (Simcoe Centre)  
 Hill (MacLeod)  
 McClelland (Edmonton Southwest/Sud-Ouest)  
 Meredith  
 Silye  
 Strahl  
 White (North Vancouver)

NAYS

Members

Anderson  
 Assadourian  
 Augustine  
 Beaumier  
 Bélanger  
 Bellehumeur  
 Bergeron  
 Bernier (Mégantic—Compton—Stanstead)  
 Blondin-Andrew  
 Bonin  
 Caccia  
 Catterall  
 Chrétien (Frontenac)  
 Collenette  
 Crête  
 Cullen  
 de Savoye  
 Deshaies  
 Dingwall  
 Dromisky  
 Dumas  
 English  
 Fillion  
 Flis  
 Fry  
 Gagliano  
 Gerrard  
 Graham  
 Guamieri  
 Guimond  
 Harper (Churchill)  
 Hickey  
 Hubbard  
 Iftody  
 Jackson  
 Jordan  
 Kirkby  
 Kraft Sloan  
 Landry  
 Laurin  
 Lee  
 Leroux (Shefford)

Arseneault  
 Asselin  
 Barnes  
 Béclair  
 Béllisle  
 Bellemare  
 Bernier (Gaspé)  
 Bethel  
 Bodnar  
 Brushett  
 Campbell  
 Cauchon  
 Cohen  
 Copps  
 Culbert  
 Dalphond-Guiral  
 Debien  
 De Villers  
 Dion  
 Duhamel  
 Dupuy  
 Fewchuk  
 Finestone  
 Fontana  
 Gaffney  
 Galloway  
 Godfrey  
 Grose  
 Guay  
 Harb  
 Harvard  
 Hopkins  
 Ianno  
 Irwin  
 Jacob  
 Kilger (Stormont—Dundas)  
 Knutson  
 Lalonde  
 Langlois  
 Lebel  
 Leroux (Richmond—Wolfe)  
 Lincoln

*Government Orders*

MacLellan (Cape/Cap-Breton—The Sydneys)	Malhi
Maloney	Marchi
Massé	McCormick
McGuire	McTeague
McWhinney	Minna
Mitchell	Murphy
Murray	Nault
Nunez	O'Reilly
Pagtakhan	Parrish
Patry	Peric
Peterson	Phinney
Pickard (Essex—Kent)	Pillitteri
Plamondon	Pomerleau
Proud	Reed
Regan	Richardson
Robichaud	Rocheleau
Sauvageau	Scott (Fredericton—York—Sunbury)
Serré	Sheridan
Simmons	Steckle
Stewart (Brant)	Szabo
Telegdi	Thalheimer
Torsney	Tremblay (Rimouski—Témiscouata)
Valeri	Venne
Verran	Walker
Whelan	Wood
Zed —135	

McClelland (Edmonton Southwest/Sud-Ouest)	McLaughlin
Meredith	Morrison
Silye	Speaker
Strahl	Wayne
White (North Vancouver)	Williams —28

**NAYS****Members**

Anderson	Arseneault
Assadourian	Asselin
Augustine	Barnes
Beaumier	Bélaïr
Bélanger	Bélisle
Bellehumeur	Bellemare
Bergeron	Bernier (Gaspé)
Bernier (Mégantic—Compton—Stanstead)	Bethel
Blondin-Andrew	Bodnar
Bonin	Brushett
Caccia	Campbell
Catterall	Cauchon
Chamberlain	Chrétien (Frontenac)
Cohen	Collenette
Copps	Crête
Culbert	Cullen
Dalphon-D-Guiral	de Savoye
Debien	Deshaies
DeVillers	Dingwall
Dion	Dromisky
Duhamel	Dumas
Dupuy	English
Fewchuk	Fillion
Finestone	Flis
Fontana	Fry
Gaffney	Gagliano
Galloway	Gerrard
Godfrey	Graham
Grose	Guarnieri
Guay	Guimond
Harb	Harper (Churchill)
Harvard	Hickey
Hopkins	Hubbard
Ianno	Iftody
Irwin	Jackson
Jacob	Jordan
Kilger (Stormont—Dundas)	Kirkby
Knutson	Kraft Sloan
Lalonde	Landry
Langlois	Laurin
Lebel	Lee
Leroux (Richmond—Wolfe)	Leroux (Shefford)
Lincoln	MacLellan (Cape/Cap-Breton—The Sydneys)
Malhi	Maloney
Marchi	Massé
McCormick	McGuire
McTeague	McWhinney
Minna	Mitchell
Murphy	Murray
Nault	Nunez
O'Reilly	Pagtakhan
Parrish	Patry
Peric	Peterson
Phinney	Pickard (Essex—Kent)
Pillitteri	Plamondon
Pomerleau	Proud
Reed	Regan
Richardson	Robichaud
Rocheleau	Sauvageau
Scott (Fredericton—York—Sunbury)	Serré
Sheridan	Simmons
Steckle	Stewart (Brant)
Szabo	Telegdi
Thalheimer	Torsney
Tremblay (Rimouski—Témiscouata)	Valeri
Venne	Verran
Walker	Whelan
Wood	Zed —136

**PAIRED MEMBERS**

Bakopanos	Boudria
Brien	Brown (Oakville—Milton)
Calder	Collins
Daviault	Dubé
Duceppe	Easter
Gagnon (Québec)	Goodale
Lastewka	LeBlanc (Cape/Cap-Breton Highlands—Canso)
Lefebvre	Loubier
McKinnon	Ménard
Mercier	Paré
Picard (Drummond)	Tremblay (Rosemont)
Ur	Vanclief

**The Acting Speaker (Mrs. Ringuette-Maltais):** I declare Motion No. 26 defeated. The next question is on Motion No. 27.

**Mr. Kilger:** Madam Speaker, I believe you will find consent to apply the results of the vote just taken to report stage Motion No. 27.

**The Acting Speaker (Mrs. Ringuette-Maltais):** Is there unanimous consent?

**Some hon. members:** Agreed.

**Mrs. Chamberlain:** Madam Speaker, I wish to vote with the government on Motion No. 27.

(The House divided on Motion No. 27, which was negated on the following division:)

(Division No. 269)

**YEAS****Members**

Abbott	Althouse
Bhaduria	Blaikie
Breitkreuz (Yorkton—Melville)	Cummins
de Jong	Epp
Forsyth	Frazier
Gouk	Grey (Beaver River)
Grubel	Hanger
Harper (Simcoe Centre)	Hart
Hill (MacLeod)	Mayfield

*Government Orders*

PAIRED MEMBERS

Bakopanos	Boudria
Brien	Brown (Oakville—Milton)
Calder	Collins
Daviault	Dubé
Duceppe	Easter
Gagnon (Québec)	Goodale
Lastewka	LeBlanc (Cape/Cap-Breton Highlands—Canso)
Lefebvre	Loubier
McKinnon	Ménard
Mercier	Paré
Picard (Drummond)	Tremblay (Rosemont)
Ur	Vanclief

[*Translation*]

**The Acting Speaker (Mrs. Ringuette-Maltais):** I declare Motion No. 27 lost.

The next question is on Motion No. 35.

[*English*]

**Mr. Kilger:** Madam Speaker, I believe you would find that with respect to Motion No. 35, the vote was applied as a result of a vote taken earlier on Motion No. 48.

**The Acting Speaker (Mrs. Ringuette-Maltais):** Thank you, that motion was defeated.

[*Translation*]

The question is on Motion No. 36. The vote on this motion will also apply to Motion No. 58.

**Mr. Kilger:** Madam Speaker, if you were to seek it, I believe you would find unanimous consent that all members who voted on the motion previously before the House be deemed to have voted on the motion now before the House, with Liberal members voting nay, except for the member for Guelph—Wellington, who will be voting yea.

**Mrs. Dalphond-Guiral:** The official opposition will be voting nay, Madam Speaker.

[*English*]

**Mr. Strahl:** Madam Speaker, Reform Party members present will vote no.

**Mr. Blaikie:** Madam Speaker, New Democrats will vote no on this motion.

**Mrs. Wayne:** Madam Speaker, I will be voting yes.

• (1935)

**Mr. Bhaduria:** I will be voting yes on this motion, Madam Speaker.

(The House divided on Motion No. 36, which was negated on the following division:)

(*Division No. 270*)

YEAS

Members
Chamberlain

Bhaduria  
Wayne—3

NAYS

Members

Abbott	Althouse
Anderson	Arseneault
Assadourian	Asselin
Augustine	Barnes
Beaumier	Bélair
Bélanger	Bélisle
Bellehumeur	Bellemare
Bergeron	Bernier (Gaspé)
Bernier (Mégantic—Compton—Stanstead)	Bethel
Blaikie	Blondin-Andrew
Bodnar	Bonin
Breitkreuz (Yorkton—Melville)	Brushett
Caccia	Campbell
Catterall	Cauchon
Chrétien (Frontenac)	Cohen
Collenette	Copps
Crête	Culbert
Cullen	Cummins
Dalphond-Guiral	de Jong
de Savoye	Debieu
Deshaies	DeVillers
Dingwall	Dion
Dromisky	Duhamel
Dumas	Dupuy
English	Epp
Fewchuk	Fillion
Finestone	Flis
Fontana	Forseth
Frazer	Fry
Gaffney	Gagliano
Galloway	Gerrard
Godfrey	Gouk
Graham	Grey (Beaver River)
Grose	Grubel
Guarnieri	Guay
Guimond	Hanger
Harb	Harper (Churchill)
Harper (Simcoe Centre)	Hart
Harvard	Hickey
Hill (MacLeod)	Hopkins
Hubbard	Ianno
Iftody	Irwin
Jackson	Jacob
Jordan	Kilger (Stormont—Dundas)
Kirkby	Knutson
Kraft Sloan	Lalonde
Landry	Langlois
Laurin	Lebel
Lee	Leroux (Richmond—Wolfe)
Leroux (Shefford)	Lincoln
MacLellan (Cape/Cap-Breton—The Sydneys)	Malhi
Maloney	Marchi
Massé	Mayfield
McClelland (Edmonton Southwest/Sud-Ouest)	McCormick
McGuire	McLaughlin
McTeague	McWhinney
Meredith	Minna
Mitchell	Morrison
Murphy	Murray
Nault	Nunez
O'Reilly	Pagtakhan
Parrish	Patry
Peric	Peterson
Phinney	Pickard (Essex—Kent)
Pillitteri	Plamondon
Pomerleau	Proud
Reed	Regan
Richardson	Robichaud
Rocheleau	Sauvageau
Scott (Fredericton—York—Sunbury)	Serré
Sheridan	Silye
Simmons	Speaker
Steckle	Stewart (Brant)
Strahl	Szabo
Telegdi	Thalheimer
Torsney	Tremblay (Rimouski—Témiscouata)
Valeri	Venne
Verran	Walker
Whelan	White (North Vancouver)
Williams	Wood
Zed—161	

*Government Orders*

## PAIRED MEMBERS

Bakopanos	Boudria
Brien	Brown (Oakville—Milton)
Calder	Collins
Daviault	Dubé
Duceppe	Easter
Gagnon (Québec)	Goodale
Lastewka	LeBlanc (Cape/Cap-Breton Highlands—Canso)
Lefebvre	Loubier
McKinnon	Ménard
Mercier	Paré
Picard (Drummond)	Tremblay (Rosemont)
Ur	Vanclief

[Translation]

**The Acting Speaker (Mrs. Ringuette-Maltais):** I declare Motion No. 36 lost. I therefore declare Motion No. 58 lost as well.

[English]

**Mr. Kilger:** Madam Speaker, I believe that you will find consent to apply the results of the vote just taken to report stage Motion No. 37.

**The Acting Speaker (Mrs. Ringuette-Maltais):** Is there unanimous consent?

**Some hon. members:** Agreed.

[Editor's Note: See list under Division No. 270.]

[Translation]

**The Acting Speaker (Mrs. Ringuette-Maltais):** I therefore declare Motion No. 37 lost. I declare Motion No. 59 lost as well.

[English]

The question is on Motion No. 45.

[Translation]

**Mr. Kilger:** Madam Speaker, if you were to seek it, I believe you would find unanimous consent that all members who voted on the motion previously before the House be deemed to have voted on the motion now before the House, with Liberal members voting nay.

I wish to indicate the withdrawal of the members for St. Paul's and Essex—Kent.

**Mrs. Dalphond-Guiral:** Madam Speaker, the official opposition will be voting yea.

[English]

**Mr. Strahl:** Madam Speaker, Reform Party members present will vote yes.

**Mr. Blaikie:** Madam Speaker, New Democrats vote yes on this motion.

**Mrs. Wayne:** Madam Speaker, I will be voting yes.

**Mr. Bhaduria:** I will vote no on this motion, Madam Speaker.

(The House divided on Motion No. 45, which was negated on the following division:)

(Division No. 271)

## YEAS

## Members

Abbott	Aithouse
Assefin	Bélisle
Bellehumeur	Bergeron
Bernier (Gaspé)	Bernier (Mégantic—Compton—Stanstead)
Blaikie	Breitkreuz (Yorkton—Melville)
Chrétien (Frontenac)	Crête
Cummins	Dalphond-Guiral
de Jong	de Savoye
Debien	Deshaies
Dumas	Epp
Fillion	Forseth
Frazier	Gouk
Grey (Beaver River)	Grubel
Guay	Guimond
Hanger	Harper (Simcoe Centre)
Hart	Hill (Macleod)
Jacob	Lalonde
Landry	Langlois
Laurin	Lebel
Leroux (Richmond—Wolfe)	Leroux (Shefford)
Mayfield	McClelland (Edmonton Southwest/Sud-Ouest)
McLaughlin	Meredith
Morrison	Nunez
Plamondon	Pomerleau
Rocheleau	Sauvageau
Silye	Speaker
Strahl	Tremblay (Rimouski—Témiscouata)
Venne	Wayne
White (North Vancouver)	Williams —58

## NAYS

## Members

Anderson	Arseneault
Assadourian	Augustine
Barnes	Beaumier
Bélair	Bélangier
Bellemare	Bethel
Bhaduria	Blondin-Andrew
Bodnar	Bonin
Brushett	Caccia
Catterall	Cauchon
Chamberlain	Cohen
Collenette	Copps
Culbert	Cullen
DeVillers	Dingwall
Dion	Dromisky
Duhamel	Dupuy
English	Fewchuk
Finestone	Flis
Fontana	Fry
Gaffney	Gagliano
Galloway	Gerrard
Godfrey	Graham
Grose	Guarmieri
Harb	Harper (Churchill)
Harvard	Hickey
Hopkins	Hubbard
Ianno	Iftody
Irwin	Jackson
Jordan	Kilger (Stormont—Dundas)
Kirkby	Knutson
Kraft Sloan	Lee
Lincoln	MacLellan (Cape/Cap-Breton—The Sydneys)
Malhi	Maloney
Marchi	Massé
McCormick	McGuire
McTeague	McWhinney
Minna	Mitchell

*Government Orders*

(The House divided on the motion, which was agreed to on the following division:)

(Division No. 272)

**YEAS**

Members

Murphy  
Nault  
Pagtakhan  
Patry  
Peterson  
Pillitteri  
Reed  
Richardson  
Scott (Fredericton—York—Sunbury)  
Sheridan  
Steckle  
Szabo  
Thalheimer  
Valeri  
Walker  
Wood

Murray  
O'Reilly  
Parrish  
Peric  
Phinney  
Proud  
Regan  
Robichaud  
Serré  
Simmons  
Stewart (Brant)  
Telegdi  
Torsney  
Verran  
Whelan  
Zed—104

**PAIRED MEMBERS**

Bakopanos  
Brien  
Calder  
Davialt  
Duceppe  
Gagnon (Québec)  
Lastewka  
Lefebvre  
McKinnon  
Mercier  
Picard (Drummond)  
Ur

Boudria  
Brown (Oakville—Milton)  
Collins  
Dubé  
Easter  
Goodale  
LeBlanc (Cape/Cap-Breton Highlands—Canso)  
Loubier  
Ménard  
Paré  
Tremblay (Rosemont)  
Vanclief

[Translation]

**The Acting Speaker (Mrs. Ringuette-Maltais):** I declare Motion No. 45 lost.

**Hon. Sheila Copps (Deputy Prime Minister and Minister of Canadian Heritage, Lib.)** moved that Bill C-32, an act to amend the Copyright Act, as amended, be concurred in at the report stage with further amendments.

[English]

**Mr. Kilger:** Madam Speaker, if the House would agree I would propose that you seek unanimous consent that members who voted on the previous motion be recorded as having voted on the motion now before the House, with Liberal members voting yea.

[Translation]

**Mrs. Dalphond-Guiral:** Madam Speaker, members of the official opposition will be voting yea.

[English]

**Mr. Strahl:** Madam Speaker, this bill is supposed to help artists but hurts the whole industry. We are going to vote no.

• (1940 )

**Mr. Blaikie:** Madam Speaker, New Democrats vote no on this motion.

**Mrs. Wayne:** Madam Speaker, I will be voting no.

**Mr. Bhaduria:** Madam Speaker, I will be voting no on this motion.

Anderson  
Assadourian  
Augustine  
Beaumier  
Bélanger  
Bellehumeur  
Bergeron  
Bernier (Mégantic—Compton—Stanstead)  
Blondin-Andrew  
Bonin  
Caccia  
Cauchon  
Chrétien (Frontenac)  
Collenette  
Crête  
Cullen  
de Savoye  
Deshaies  
Dingwall  
Dromisky  
Dumas  
English  
Fillion  
Flis  
Fry  
Gagliano  
Gerrard  
Graham  
Guarnieri  
Guimond  
Harper (Churchill)  
Hickey  
Hubbard  
Iftody  
Jackson  
Jordan  
Kirky  
Kraft Sloan  
Landry  
Laurin  
Lee  
Leroux (Shefford)  
MacLellan (Cape/Cap-Breton—The Sydneys)  
Maloney  
Massé  
McGuire  
McWhinney  
Mitchell  
Murray  
Nunez  
Pagtakhan  
Patry  
Peterson  
Pillitteri  
Pomerleau  
Reed  
Richardson  
Rocheleau  
Scott (Fredericton—York—Sunbury)  
Sheridan  
Steckle  
Szabo  
Thalheimer  
Tremblay (Rimouski—Témiscouata)  
Venne  
Walker  
Wood

Arseneault  
Asselin  
Barnes  
Bélair  
Bélisle  
Bellemare  
Bernier (Gaspé)  
Bethel  
Bodnar  
Brushett  
Catterall  
Chamberlain  
Cohen  
Copp  
Culbert  
Dalphond-Guiral  
Debien  
DeVillers  
Dion  
Duhamel  
Dupuy  
Fewchuk  
Finestone  
Fontana  
Gaffney  
Galloway  
Godfrey  
Grose  
Guay  
Harb  
Harvard  
Hopkins  
Ianno  
Irwin  
Jacob  
Kilger (Stormont—Dundas)  
Knutson  
Lalonde  
Langlois  
Lebel  
Leroux (Richmond—Wolfe)  
Lincoln  
Malhi  
Marchi  
McCormick  
McTeague  
Minna  
Murphy  
Nault  
O'Reilly  
Parrish  
Peric  
Phinney  
Plamondon  
Proud  
Regan  
Robichaud  
Sauvageau  
Serré  
Simmons  
Stewart (Brant)  
Telegdi  
Torsney  
Valeri  
Verran  
Whelan  
Zed —134

*Adjournment Debate*

## NAYS

## Members

Abbott	Althouse
Bhaduria	Blaikie
Breitkreuz (Yorkton—Melville)	Cummins
de Jong	Epp
Forseth	Frazier
Gouk	Grey (Beaver River)
Grubel	Hanger
Harper (Simcoe Centre)	Hart
Hill (Macleod)	Mayfield
McClelland (Edmonton Southwest/Sud-Ouest)	McLaughlin
Meredith	Morrison
Silye	Speaker
Strahl	Wayne
White (North Vancouver)	Williams —28

## PAIRED MEMBERS

Bakopoulos	Boudria
Brien	Brown (Oakville—Milton)
Calder	Collins
Daviault	Dubé
Duceppe	Easter
Gagnon (Québec)	Goodale
Lastewka	LeBlanc (Cape/Cap-Breton Highlands—Canso)
Lefebvre	Loubier
McKinnon	Ménard
Mercier	Paré
Picard (Drummond)	Tremblay (Rosemont)
Ur	Vancielief

[Translation]

**The Acting Speaker (Mrs. Ringuette-Maltais):** I declare the motion carried.

(Motion agreed to.)

**The Acting Speaker (Mrs. Ringuette-Maltais):** When shall the bill be read the third time? At the next sitting of the House?

**Some hon. members:** Agreed.

---

## ADJOURNMENT PROCEEDINGS

[Translation]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

### AGRICULTURE

**Mr. Jean-Guy Chrétien (Frontenac, BQ):** Madam Speaker, you have such a good memory that you probably remember that, last Tuesday, I put a question to the Minister of Agriculture. I was not very pleased with the answer, that goes without saying. That is why I want to take advantage of these Adjournment Proceedings to revive the debate; I am ready to listen to the answer of the Parliamentary Secretary to the Minister of Agriculture, who is currently in Japan to promote Canadian exports.

My question is quite simple. Pursuant to the agreement we signed three years ago with GATT, now known as the WTO, the 118 signatory states agreed to reduce direct farm subsidies in their own countries.

Canada is preaching by example. Of course, it is benefiting from all this since it is saving money on the backs of farmers, who will, of course, pass on higher prices to all consumers.

Let me give you an example. Here, in Canada, over a three year period, the government has, under the helm of the Minister of Finance, reduced direct farm subsidies by 21 per cent, or more than one fifth, compared to 23 per cent for our neighbours south of the border.

Some members will say: "Yes, but Jean-Guy, that is 2 per cent more". Yes, I agree, but these cuts are being implemented over seven years instead of three, which is more than twice as long. All things considered, the cuts in Canada are more than twice what they are in the United States. Our farmers are directly affected.

The most striking example is without any doubt the total elimination of subsidies to industrial milk producers over the next five years.

• (1945)

To keep their income at the level it was two years ago, farmers must raise the selling price of industrial milk. And you know as well as I do that each time the price of butter goes up, consumption goes down.

We are in a dilemma and our milk producers are able to increase dairy production by 5 to 10 per cent fairly easily. But if we raise the price, we will have to reduce the quotas. Thus, we are in a catch 22 situation with this government.

For example, the Western Grain Transportation Act was suddenly abolished in the West. That meant \$860 million each year. Sure, since that was in western Canada, this good government of ours gave almost \$3 billion as a bonus to farmers, while there was no bonus to the dairy producers when their grant was cut; there is a double standard.

Moreover, the Federation of Dairy Producers of Canada formally asked the agriculture minister to postpone until February 1, 1998 the next 15 per cent cut in the grant to industrial milk producers, which is to take effect on August 1, 1997. It is only a matter of six months. We are waiting for an answer and if you consult the calendar, you will see that there will be an election in June. I suspect our good Minister of Agriculture will make his announcement during the next election campaign, which I for one would find quite dishonest on his part.

We are only four months away from August 1, and I wish the agriculture minister would make that announcement, which would

be most reassuring for our dairy producers, since, according to reports, the income of Quebec dairy producers has fallen every year because of these famous cuts.

[English]

**Mr. Jerry Pickard (Parliamentary Secretary to Minister of Agriculture and Agri-Food, Lib.):** Madam Speaker, the government is eliminating dairy subsidy gradually at the dairy industry's request so as to avoid any disruptions.

The dairy industry is continually improving its efficiency and competitiveness so consumers can expect that dairy products will continue to represent good value in the future as they have in the past.

The Canadian Dairy Commission has been instrumental through its pricing policies in maintaining fair returns for efficient dairy producers and ensuring a continuous supply of high quality dairy products for consumers at affordable prices. I am confident that the dairy sector will be able to adapt to the changes in the subsidy that remain to be implemented because they will be gradual and foreseeable.

Comparing support for agriculture between countries is best done by looking at producer subsidy equivalents, PSE. The PSE measures how much farm revenue results from policy transfers counting both expenditures by government and support created by market regulations. The PSEs are estimated consistently for all OECD countries.

In 1996 the PSE for Canada for all agriculture was 22 per cent and for the dairy sector it was 57 per cent. In the United States the PSE for all agricultural products was considerably lower at 16 per cent and for the U.S. dairy sector it was lower also at 48 per cent.

Expenditures for agriculture overall in Canada are expected to decline over the next few years. Spending on income support especially for subsectors other than dairy, poultry and eggs is declining, but the spending is also being shifted from passive price or income support toward the development of transitional assistance. In the United States spending is targeted less on adjustment and more on plain income transfers.

The Canadian government's resolve to cut back on spending overall, not only in agriculture, has helped to create an economic environment that is conducive to investment and development. Interest rates are lower in Canada than in the U.S. Agriculture benefits for Canada are very positive.

• (1950)

#### RAILWAYS

**Mr. Vic Althouse (Mackenzie, NDP):** Madam Speaker, some weeks ago I asked a question in the House to which the minister of agriculture chose to respond. It had to do with the establishment of branch lines after the change in the Transportation Act that

#### Adjournment Debate

occurred in the House the last year. The protection of branch lines which was intended to last until the end of 1999 simply disappeared.

As a result we have seen at least the CNR post its list of branch lines that will be abandoned. That list is becoming very instructive for communities looking to see what will happen to them if they are living on branch lines.

The point I was trying to make with the government was that we are finding time after time the railways have announced that they will no longer maintain or provide service to branch lines. When community groups or others investigate to see whether or not they should buy them, they find the railway has already achieved an agreement with the elevator companies along the lines to agree they will not sell to anybody attempting to use the elevators and purchase them later.

The point I was trying to make with the minister of agriculture because he represents a seat on the prairies was that the envisioned creation of a whole bunch of short lines will not happen.

We have several actual examples. One is in my riding. It is light rail. A short line could exist if they moved traffic out slowly and they are willing to set up a short line. There is a large alfalfa dehydrating plant at the end of that short line which provides quite a lot of tonnage. To make the short line efficient and effective economically they will also have to continue to haul the grain gathered on those lines.

The two companies that have elevators at three or four points along that line decided to build inland terminals 30 or 40 miles away. They do not want their own gathering outlets competing against the capacity of those inland terminals. They have an agreement which seems to be held by the railway that the line can only be purchased by someone who refuses to move grain on the line. That makes it uneconomical for the community short line to exist.

The minister being a political person decided to make some politics with his answer. He decided to ignore the question completely and say that if there were no short lines in Saskatchewan it would be because of the provincial law.

If he had listened at the short line conference he and I were in attendance at, he would have heard existing short line operators point out that it was not a problem for them at all. They could simply constitute themselves first off as a Canadian corporation and use Canadian successor right laws. In fact the operators already in existence say Saskatchewan successor right laws are not an impediment whatsoever. Their real problem is having the elevator companies stay in existence along those lines.

We are back to the situation we had 100 years ago before we started regulating rail lines and elevator companies, where the elevator companies and the railroads simply have farmers at their mercy.

*Adjournment Debate*

**Mr. Jerry Pickard (Parliamentary Secretary to Minister of Agriculture and Agri-Food, Lib.):** Madam Speaker, by streamlining and shortening the current process for rail line rationalization the Canadian Transportation Act will encourage the conversion of underutilized rail lines to short line railroads as opposed to their abandonment.

The main line railways are required to make available a three-year plan showing which lines they intend to keep and which they intend to sell, lease or discontinue.

Once the railways have advertised their intention to divest themselves of a particular line, parties interested in setting up short line railroads on that line would then have at least 60 days to indicate their interest to the railway. The elevator companies cannot prevent the creation of short lines.

Within the legislation there is a provision that states the railroads must negotiate with the interested parties in good faith. It is a business decision of the elevator companies whether they continue to operate an elevator or close the elevator to consolidate their operations.

It is anticipated that there will be line abandonments due to elevator closures. However it is also anticipated that opportunities for short line operators will arise on branch lines that have operational elevators and sufficient volumes.

Short line operators have to take into consideration the consolidation of an investment plan of grain companies when they make decisions on potential purchases of lines. If no interest is expressed by short line operators, the CTA allows provincial or municipal governments to acquire the lines at net salvage value.

In summary, new provisions of the CTA encourage the transfer of lines where it makes economic sense and provides opportunity for governments to acquire lines if it is in the public interest to do so.

**The Acting Speaker (Mrs. Ringuette-Maltais):** Pursuant to Standing Order 38(5) the motion to adjourn the House is now deemed to have been adopted. The House stands adjourned until tomorrow at 10 a.m. pursuant to Standing Order 24(1).

(The House adjourned at 7.55 p.m.)

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