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OFFICIAL REPORT
(HANSARD)

Thursday, May 10, 2001

Speaker: The Honourable Peter Milliken

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HOUSE OF COMMONS

Thursday, May 10, 2001

The House met at 10 a.m.

Prayers

● (1000)

[*Translation*]

POINTS OF ORDER

TABLING OF DOCUMENTS

Mr. Stéphane Bergeron (Verchères—Les-Patriotes, BQ): Mr. Speaker, I rise on a point of order.

Sometimes, in a spirit of mutual agreement, political parties seek the co-operation of other parties. Today, in fact, the government party asked for our co-operation with respect to a request it was making.

In the same spirit of understanding and co-operation, I seek unanimous consent for the tabling of the lease linking the Auberge Grand-Mère with the Grand-Mère golf club.

The Speaker: Is there unanimous consent of the House for the tabling of this document?

Some hon. members: Agreed.

Some hon. members: No.

● (1005)

[*English*]

FOREIGN AFFAIRS

Mr. Svend Robinson (Burnaby—Douglas, NDP): Mr. Speaker, I rise this morning to give the Speaker and the House notice of a question of privilege.

I have informed the Speaker that I believe a serious question of privilege has arisen from the conduct of both the Minister of Foreign Affairs and his officials concerning documentation with respect to the activities of Talisman Energy in Sudan and the use of its airfields by the government of Sudan for offensive military purposes.

In view of the fact that the minister is not in the House this morning, I wanted to give notice that I will be pursuing this question of privilege at the earliest opportunity when the minister and myself are both in the House.

ROUTINE PROCEEDINGS

[*English*]

GOVERNMENT RESPONSE TO PETITIONS

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

* * *

[*Translation*]

COMMITTEES OF THE HOUSE

PUBLIC ACCOUNTS

Mr. John Williams (St. Albert, Canadian Alliance): Mr. Speaker, I have the honour to table, in both official languages, the third report of the Standing Committee on Public Accounts relating to vote 20 under finance in the main estimates for the fiscal year ending on March 31, 2002.

I also have the honour to table the fourth report of the Standing Committee on Public Accounts relating to the Public Accounts of Canada, 1999-2000.

Pursuant to Standing Order 109, the Standing Committee on Public Accounts requests that the government table a comprehensive response to this fourth report.

* * *

PETITIONS

MINING INDUSTRY

Mr. Guy St-Julien (Abitibi—Baie-James—Nunavik, Lib.): Mr. Speaker, I am tabling a petition on behalf of residents of the city of Val-d'Or and the Vallée de l'Or RCM, as well as on behalf of all miners working in the mining industry in the Abitibi-Témiscamingue region.

The petition states that the government should act to reinforce its presence and increase its activities in mining regions that are experiencing difficulty in adapting to the new economy. The government should make the rules governing existing programs more flexible and ensure they are being used in resource regions.

Therefore, the petitioners call upon parliament to set up a financial assistance program for thin capitalization mines in Quebec's resource regions.

[*English*]

INCOME TAX

Mr. Keith Martin (Esquimalt—Juan de Fuca, Canadian Alliance): Mr. Speaker, pursuant to Standing Order 36, I submit a petition on behalf of Terry Jessop and other constituents in my riding of Esquimalt—Juan de Fuca.

In order to help Canada's economy and reduce our unemployment, the petitioners request that parliament enact legislation to permit that one vacation per year taken entirely in Canada be subject to a tax deduction for income tax purposes.

FOREIGN AFFAIRS

Mr. Keith Martin (Esquimalt—Juan de Fuca, Canadian Alliance): Mr. Speaker, I have another petition from constituents from across the country.

The petitioners ask that the House of Commons and the Standing Committee on Foreign Affairs and International Trade consider Mr. Hun Sen, the leader of Cambodia, to have committed war crimes, crimes against humanity and genocide, and to implement a resolution as soon as possible to bring this individual to trial and prevent further tragedy.

[*Translation*]

CANADA POST CORPORATION

Mr. Ghislain Lebel (Chambly, BQ): Mr. Speaker, on behalf of 39 petitioners in and around my riding, I am tabling a petition asking the government to repeal section 13(5) of the Canada Post Corporation Act.

I was informed yesterday that United Parcel, the major American courier, is suing Canada Post for unfair competition under chapter 11 of the North American free trade agreement, or NAFTA.

• (1010)

Section 13(5) of the Canada Post legislation grants to this corporation a preference that is refused to other courier companies.

Moreover, rural route couriers are paid less than the minimum wage.

I table this petition.

[*English*]

TRADE

Mr. Svend Robinson (Burnaby—Douglas, NDP): Mr. Speaker, I have the honour to table a petition signed by residents of my constituency of Burnaby—Douglas and others in British Columbia.

The petitioners point out that since 1994 the Canadian government has been secretly negotiating a future free trade area of the Americas agreement with 34 countries of the Americas and the business community. They are concerned about the negative impacts this agreement could have on the environment, on their communities, on their children and, indeed, on all the people of the Americas. They do not wish to have a treaty that is inspired by the destructive elements of the WTO, NAFTA or the MAI. They point out that this has been negotiated in secret for too long and that the right to know is fundamental in a democracy.

Therefore the petitioners call upon the Canadian government to immediately publish the integral version of the free trade area of the Americas negotiation text. Certainly that request is long overdue.

PESTICIDES

Mr. Scott Reid (Lanark—Carleton, Canadian Alliance): Mr. Speaker, I am presenting a petition today on behalf of over 300 Canadians, mostly residents in my riding but also some in Nepean, Kingston and elsewhere.

The petitioners call upon parliament to immediately place a moratorium on the cosmetic use of chemical pesticides until such time as there is scientific evidence demonstrating that these pesticides are safe.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

Mr. Derek Lee (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, Questions Nos. 15 and 16 will be answered today.

[*Text*]

Question No. 15—**Mr. Greg Thompson:**

With respect to the recent Human Resources Development Canada, HRDC, investigations regarding shell fishermen, clam diggers and buyers in New Brunswick Southwest: (*a*) how many individuals were called in for interrogation; (*b*) were these interrogations conducted solely by HRDC officials or in conjunction with other agencies or departments; (*c*) were these investigations conducted as a result of violations of employment insurance regulations by clam diggers or clam buyers; (*d*) were the persons or principals interrogated advised by written or verbal communication identifying the specific infractions being investigated; (*e*) was supporting documentations from other government agencies and departments in

addition to HDRC records of alleged abuse or fraud, disclosed to those individuals and principals being interviewed; (*f*) what are the names and the addresses of all persons and principals interrogated; (*g*) what are the names of the employees who carried out the interviews and what government department or agency employs them; (*h*) was a report of this investigation submitted to the regional director manager, investigation and control; (*i*) was there an internal departmental investigation done to determine any real or potential conflict of interest in regard to departmental officials assigned to these investigations; (*j*) was a report immediately forwarded from the regional director manager to the director, control programs, national headquarters; and (*k*) at what time and date was the minister first made aware ot fhe magnitude of the investigation?

Hon. Jane Stewart (Minister of the Human Resources Development, Lib.): Human Resources Development Canada, HRDC, is mandated to carry out investigations in relation to the employment insurance program. As part of the investigation HRDC officials conduct interviews, not interrogations, with clients. Investigators adhere to a strict code of conduct that respects the rights and dignity of clients. The policies and guidelines on the code of conduct to which investigators must adhere while conducting investigations are outlined in the investigation and control manual. This manual chapter has recently been updated. However it is still in draft format.

As this investigation is ongoing it would be inappropriate to provide specific information on this case.

(a) HRDC investigators interview clients in accordance with our code of conduct.

(b) These interviews were carried out solely by HRDC personnel.

(c) Although an investigation commences as a result of a suspicion of abuse, at that point it cannot be determined if a violation has been committed. Before making that determination HRDC investigators gather information and then interview clients to validate the information obtained. A conclusion on whether a violation has occurred can only be made once the investigation is completed.

(d) All investigations must be carried out within high standards of professional behaviour. Our information to date indicates that this investigation, like others the department conducts every year, is being carried out with the high standards of behaviour the department expects of its employees.

(e) During the course of an interview supporting documentation received from other government agencies could be disclosed to an EI client if the information is specific to their case and the client is required to provide a response. It would be inappropriate to provide a specific answer to the question as the investigation is ongoing.

(f) As per the Privacy Act, the Employment Insurance Act, and associated policies and procedures this information is confidential.

(g) This is an ongoing investigation and it would be inappropriate to release the names of the investigators.

(h) This investigation is not finalized. Therefore a report on the investigation has not yet been completed by the investigators.

There are many activities involved in conducting an investigation including completing reports. For instance, the investigator gathers information, verifies its accuracy by various means including contacting employers and claimants via mail, telephone or in person interviews. Payroll records may also be inspected to verify employment.

Upon completion of an investigation investigators are required to write a report. The steps taken, facts received and records of any interviews are documented in the report of investigation which is the HRDC departmental form used to report on an investigation. The report of investigation is then referred to an HRDC insurance officer to make a decision based on the recommendations and information gathered during the investigation. Additional reports are sometimes prepared for cases of a sensitive nature and are usually sent to the regional level.

(i) The investigation and control code of conduct specifically directs all investigation staff to declare any real, potential or apparent conflict of interest. This is also the case for all public servants and members of the judiciary.

(j) Our information indicates that the investigators have been taking the appropriate steps in these circumstances and there has not been a need for a report to the regional manager. Such a report might be required if it had been brought to the attention of a manager that the conflict of interest guidelines were not followed.

(k) The issue was brought to the attention of the minister on February 6, 2001, following a reference to this investigation in the media.

It is not HRDC policy to inform the minister of every investigation that is undertaken.

Question No. 16—**Mr. Greg Thompson:**

With respect to the HRDC investigation process: (*a*) why is regional discretion in regard to the department's caution statement permitted to be exercised by HRDC officials; (*b*) has the department carried out an internal investigation concerning the practice of using the HRDC official consent form to obtain statements from claimants; (*c*) what is the procedure used by the department to ensure the reliability and credibility of all third party reports used to initiate investigations; (*d*) are interrogations conducted with the use of audio or video equipment in order to determine the accuracy and validity of testimony provided and techniques used during interrogation by departmental officials; (*e*) has HRDC considered providing duty counsel to avoid, minimize or eliminate any charter of rights challenges; (*f*) has the minister been counselled by the department regarding section 2.20 of the HRDC document investigation and control manual and, if so, what measures and directives have been taken to correct the apparent contradictions between this document and subsection 41(5) of the Employment Insurance Act; (*g*) why does the claimant not receive a copy of the signed statement of declaration; (*h*) why does the investigation and control manual not emphasize the legal responsibility of providing the claimant with a copy of the signed statement of declaration; (*i*) what process does the department use to evaluate the investigation control officer's performance; and (*j*) what specific action has the minister initiated to address the issue of incompetence and inexperience, as

noted in the department's prosecution program review report and the auditor general's report regarding the investigation control officer?

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): (a) Most contacts between citizens and Investigation and control officers, investigators, are discussions that involve exchanging information to obtain clarification and explanations on their claims.

The investigation and control manual clearly directs investigators to caution an individual prior to taking a statement when the investigator has reasonable grounds to believe that the individual has committed an offence that is likely to lead to a prosecution. Less than 1% of all investigations lead to prosecution every year. These procedures are followed by investigators in human resource centres across Canada. The decision to caution a client is based solely on whether prosecution is a consideration, as opposed to the geographical location.

(b) Departmental officials consulted are unaware of such a form.

(c) An investigation can be initiated from a variety of sources including tips from third parties. These tips can be received verbally, in writing, by e-mail or by phone and they can be from known or unknown sources. Human Resources Development Canada, HRDC, has the responsibility to protect the integrity of the employment insurance, EI, fund and as such has an obligation to investigate alleged fraud and abuse. While looking into such tips HRDC personnel undertake many activities to verify the accuracy of information received. This is the case whether the source of the tip is known or unknown. This could include but is not limited to contacting employers to verify payroll and employment records, requests by mail or telephone to claimants, and in person interviews.

(d) HRDC personnel interview clients in accordance with guidelines set out in the departmental code of conduct. The policy for investigation and control does not require the audio or video recording of interviews, but it does not preclude it either. Clients can however request such recordings.

(e) HRDC personnel adhere to the legal principles governing the cautioning of individuals and their rights to legal counsel.

Investigators do not have the authority to arrest or detain individuals. Nevertheless, when it is anticipated that an investigation may lead to a prosecution, clients are informed of their right to retain and instruct counsel without delay.

HRDC personnel will provide clients with a reasonable opportunity to consult counsel and they will provide them with information on legal aid if appropriate. HRDC personnel will cease questioning if the client wishes to retain counsel.

Only 1% of all investigations lead to prosecution. In view of this, the department has not considered providing duty counsel.

(f) The directives provided in section 2.20 must be read in conjunction with the preceding sections of this chapter.

As stated in section 2.20 officials can direct claimants under subsection 41(5) of the Unemployment Insurance Act, now changed to subsection 50(5) of the Employment Insurance Act, to attend an interview to provide additional information on their claims. The form used for this purpose is called a direction to report. It is the client's responsibility to attend such an interview and provide information as required. Should they decide not to attend or to withhold information, their benefits could be affected.

If the purpose of the interview pertains to a more serious matter that could lead to a prosecution, investigators use different methods to communicate with claimants such as by telephone or by using the form appointment for interview. In these types of interviews clients are informed of their right to retain and instruct counsel without delay.

The minister has not been consulted on the procedures outlined in the manuals since they are in line with the authorities delegated to HRDC employees. HRDC policies and procedures are in accordance with the law and the charter of rights and freedoms.

The investigation and control directorate is currently updating its manual to ensure the instructions and procedures are simple and clear.

(g) HRDC does not use a departmental form specifically titled statement of declaration. The report of interview is the departmental form used by investigators to document the information obtained during the interview. It is HRDC policy however that all clients are provided with a copy of the report of interview. All clients have a right to request a copy of their report.

(h) The investigation and control manual directs investigators to provide copies of the report of interview to the client.

(i) The timeliness, accuracy, clarity of documentation and fairness in an investigation are some of the key elements that are considered in the assessment of the investigation and control officer's performance. These evaluations can be carried out in various ways including such activities as reviewing investigator's files and in person feedback sessions.

To maintain a high level of skills in its workforce HRDC provides investigators with ongoing training and refresher courses including such subjects as investigative skills and interviewing skills.

(j) The downsizing of federal government employees which took place during the 1990s has resulted in the loss of more experienced investigators. To help build expertise in its workforce HRDC has put in place national training programs, monitoring and quality management policies which ensure that its investigation and control officers conduct investigations in a professional, courteous and fair manner.

With regard to the reference to the auditor general's criticisms, his December 2000 report referred to the working relationship between HRDC and Canada Customs and Revenue Agency, CCRA, in dealing with abuse and fraud in the context of current investigations into the activities of certain farm labour contractors in the lower Fraser Valley in British Columbia. The concerns raised in this report were essentially with the role of CCRA rulings officers, their training, general knowledge of the case, their investigative experience, ability to use our information, et cetera. Both departments recognize the need for co-operation and communication and have been working together to improve the working relationship.

[*Translation*]

Mr. Derek Lee: Mr. Speaker, I ask that the remaining questions be allowed to stand.

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

Some hon. members: Agreed.

GOVERNMENT ORDERS

[*English*]

PATENT ACT

The House resumed from May 7 consideration of the motion that Bill S-17, an act to amend the Patent Act, be read the second time and referred to a committee.

Mrs. Bev Desjarlais (Churchill, NDP): Mr. Speaker, I would like to indicate at this time that I will be sharing my time with my colleague from Vancouver East.

I am pleased to rise today to continue the debate on Bill S-17, an act to amend the Patent Act. I guess to continue the debate would be much along the lines of saying that it has become apparent that the New Democratic Party is the only party taking part in the debate, and that is truly disappointing. When bills such as this come to the House it is important to have an opposition party that has a different perspective from the government's.

The bill would raise the price of prescription drugs in Canada and take over $200 million from the pockets of Canadians. All opposition parties should be up in arms and the government should be hanging its head in shame. However, on the first day of the debate on the bill, it became very clear that we were the only ones speaking out on the issue.

The Alliance industry critic, the hon. member from Peace River, was absolutely thrilled and praised the government. He ran out of words on how great the bill was. For a party that talks about keeping money in the pockets of Canadians, it is rather shameful that it is more keen on keeping profit with the name brand drug companies, making sick people pay more and putting stress on our health care system by increasing the cost of drugs.

The Alliance members, as in a good many cases, are all talk and no action. Although they tell Canadians they will be there for them, they really are not. They are there for corporations. They are not speaking out on behalf of Canadians on this issue.

For those who do not realize exactly what the bill entails, Bill S-17 is an act to amend the Patent Act. The major issue is that the bill came through the Senate.

• (1015)

It is becoming very apparent that whenever the government feels great shame and wants to rush a bill through it introduces it in the Senate and has it sent over to the House of Commons. There are crucial moments when it has to get the legislation through quickly. We all know that because of World Trade Organization rulings the government has to deal with the bill or be in contravention of the WTO.

The bill is intended to come into compliance with World Trade Organization rulings. It is not intended to do what is best for Canadians, what is best for Canada or, for that matter, what is best for the people of the world. The bill is intended to come into compliance with World Trade Organizations rulings to put more money in the pockets of name brand drug companies.

The WTO rulings require that Canada lengthen the term of patent protection on drugs from 17 years to 20 years. It is not as if there has not been protection for patent drug companies. The former Progressive Conservative government made sure that drug companies would make money. Patent protection was increased under its reign.

The Liberal Party, which was the opposition at that time, slammed the Tories for coming across with a terrible piece of legislation that increased patent protection. Now that the Liberals are in government they are increasing it even more. This is much along the lines of the Tories being opposed to the GST and the Liberals when in opposition slamming the Tories on the GST. There is no difference whatsoever.

The bill will eliminate a stockpiling exception which permitted generic drug companies to stockpile an inventory of patented drugs in the last six month period leading up to the expiration of a patent so that they were ready to go to market as soon as the patent expired. The generic companies were ready to put the drug on the market to provide some cost relief to patients and users of the health care system in Canada, the people we should be looking after.

As a result of the elimination of the stockpiling exception generic drug manufacturers will no longer be able to build up their inventories before first going to market. Patent holders will enjoy a whole lot sooner a period of de facto monopoly pricing after the normal expiration of the patent. The Canadian health care system, government and individual insurance plans will have to pay more during that delay.

During the de facto period available to brand name drug companies they have put injunctions in place to delay even further generic drug companies coming on line. If there was a risk of a normal industry patent being infringed upon, the company would have to go through a court process.

Because of the notice of compliance regulations through the Minister of Health and the acceptance of generic drugs coming on the market, brand name drug companies have been given an additional time period whereby they do not have to go through the normal court process. I will give the House a clear version of this point.

Contrary to regular court procedures of settling patent litigation in all other Canadian industrial sectors, the notice of compliance regulations allow triggering an automatic injunction blocking the regulatory approval of Health Canada of generic drugs for 24 months, based on a simple claim of infringement regardless of the merits of the brands patent case and without compensation for any abuse to the generic manufacturer.

In over 80% of cases decided since the 1998 amendments the courts confirmed that the block generics did not infringe on any valid patents. On top of name brand drug companies now having an extended patent, because of the notice of compliance through the office of the Minister of Health an additional two months will be added for no reason whatsoever. This will be done at the whim of brand name drug companies because they want to make more money.

It is not greedy enough that they have extended patents or that before they put affordable drugs on the market they will see people die on the streets. It is not greedy enough that they put on an injunction. We do not have regulations in place to make sure they cannot put injunctions in place. We do not have regulations in place to make sure that they need to have just cause. They just need to have a whim that it will infringe on them. They do not have to go through the normal court process. They just prolong the period of time when generic drugs can come on the market.

● (1020)

There are those who say that brand name drug companies are putting a lot of money into research. Yes, they are putting some money into research, but they do not put the whole pool of money into research. A lot of the research is done over long periods of time through other sectors of the industry. There is historical research and development incorporated into the development of new drugs.

It is not all done strictly by drug manufacturers, to say nothing of the fact that they have received government funds and the benefits from people being trained in universities. It is not as if they have not benefited from the system in place.

The same people who say that we have to support brand name drug companies because of all the research they do sing the praises of those companies. Those same companies would not allow or tried to fight countries to prevent them from producing crucial AIDS medication. They did not want generic treatments to be sold at affordable prices in third world countries. We had to have a major world outcry over what those drug companies were doing. People infected with AIDS were literally dying by the thousands but the brand name drug companies still wanted their last bit of blood. They wanted every last penny they could squeeze out of a dying population in a major epidemic.

I had a lot more that I could have said, but I see that my time is running out and there are a number of members who want to speak to this issue, certainly my colleague from Vancouver East and others. I encourage members of the House to recognize that this is a serious issue in Canada and a cost to our health care system. I suggest members show a whole lot more interest in what is beneficial for all Canadians and not just for drug companies.

Mr. Svend Robinson (Burnaby—Douglas, NDP): Mr. Speaker, I have listened with interest to the eloquent comments of my colleague from Churchill, who is also our spokesperson on industry and primarily responsible for this legislation.

The hon. member has reviewed the quite appalling history of the Liberal Party on this issue. I am one of those members who was actually in the House in 1987 when Bill C-22 was brought before it by the Conservative government of the day. I recall vividly Liberal MPs viciously and vigorously opposing the legislation. They said it was a sellout to multinational drug companies.

An hon. member: They were right.

Mr. Svend Robinson: They were absolutely right, as my colleague says. I recall in 1992 when Bill C-91 was brought before the House, again by a Conservative government. The now Minister of Industry, the member from Newfoundland, was up on his hind legs spitting nails and demanding that the government stand up for seniors, for the poor, for provincial drug plans, and oppose the draconian legislation.

What have we seen since then? The liberals got into government and in one of the most pathetic scenes I have seen in many years the Minister of Industry turned himself inside out, grovelled in

front of Brian Mulroney over in Davos, Switzerland, and said he was sorry and that Mr. Mulroney was right. It was pathetic.

Would the member for Churchill like to comment on the record of the Liberal Party on this issue? If there were some other comments that she was not able to get in, I would be glad to hear them as well.

Mrs. Bev Desjarlais: Mr. Speaker, I have seen the actions of the new Minister of Industry in the House and know his historical background with regard to the issue. Yes, it is extremely pathetic. There is absolutely nothing worse than a politician who says one thing prior to an election, who says one thing while in opposition, and then does something else.

● (1025)

That kind of attitude and that lack of principles result in people having no faith in a democracy and a parliamentary system. For the sake of getting elected they mislead and try to pretend they are there to do what is best for Canadians. Then they get into government and tell Brian Mulroney that they are sorry, that he was right. I guess it must have been the two Brians. That must have been what did it. It is disappointing.

I want to reflect upon my colleague's comments when he mentioned Bill C-22 and Bill C-91. The difference between when those bills came up and this one came up is that the government is sneaking this one through the Senate, allowing next to no discussion nationwide on the issue. That is what is happening. Now it is in a panic state, will impose closure and do whatever because that is the way the government operates.

The issue is important to all Canadians, to seniors most definitely. Some of the most vulnerable people have been faced with huge increases in energy costs and a lack of government funding in numerous areas. It is extremely disheartening to see the government imposing an even greater expense on them. It is absolutely unacceptable.

I expect a good number of seniors to be around at the next election. They are a stalwart bunch and they will weather the storm under the government. I want them to remember, especially those seniors in Ontario, how the Liberal members voted on this bill.

Mr. Leon Benoit (Lakeland, Canadian Alliance): Mr. Speaker, I agree with the member's comments about the government making promises during campaigns and then not respecting those promises. We saw it on the GST. We saw it on the free trade deal.

The member also made some comments about the Canadian Alliance critic never having enough good words to say about the government on this issue. I suggest that the Canadian Alliance critic was saying that because this was agreed to in NAFTA, in the free trade agreement, we can continue to have this special trade agreement and relationship with the Americans and we have to respect the agreement.

Would the member be willing to have Canadians in her constituency, thousands of them, lose their jobs because we do not respect the trade deal? Is that what the member is suggesting should happen?

Mrs. Bev Desjarlais: Mr. Speaker, absolutely not, but I do not think we should go into those negotiations on our knees, begging. We have a great nation. We have a great supply of resources. We have everything to be proud of. We do not have to grovel when we are in trade negotiations. Nobody is opposed to trade agreements.

The Alliance Party is often saying that parliament should decide what is happening within the country. Parliament should decide what happens, not trade agreements made by people who are not elected. That is the issue.

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, I wholeheartedly agree with the member for Churchill and the member for Burnaby—Douglas.

Barely two weeks ago we were in Quebec City with 60,000, 70,000 or maybe even 80,000 people marching for democracy. They were trying to take down the wall and trying to be heard. I think it is important to note that the central issue underlying that process was about defending our democratic system. It was about defending the right of democratically elected parliaments, legislatures or even municipal governments, to uphold the public interest and to make decisions that benefit the public interest.

I take note of what happened in Quebec City because the opposition to the FTAA is directly related to the debate we are having in the House today on Bill S-17 and the drug patent law. We have probably the clearest example of the tail wagging the dog.

We have the Government of Canada rushing around to change its legislation to meet what? Is it something based on public debate and discourse in the country? No. It is something based on a World Trade Organization tribunal ruling.

● (1030)

There is the evidence of what we are up against in the country as a result of the capitulation by the government to international trade agreements that are literally, as my colleague from Churchill said, bleeding away not just people's ability to access prescription drugs in a reasonable and affordable way, but bleeding away our ability to make decisions about our country, decisions that affect how Canadians live, our quality of life and in whose interests we speak in the House.

I feel very strongly that I need to say loud and clear to Canadians that every single member of the New Democratic Party was in Quebec City marching for democracy and upholding the public interest, and we are in the House today to fight the bill. The NDP is

the only party in parliament to do this, because we in our party understand that the bill is very wrong.

We have heard some of the history of the bill. It is not just something that has popped up out of the blue in the last few months. It goes back to 1987 and the glorious days of the Mulroney government, which started changing the laws to favour these massive pharmaceutical companies by changing the patent rules.

Let us be very clear about this. It is about creating legislation that favours the profit making interests of very large pharmaceutical companies at the expense of providing accessible, generic prescriptions and drugs to Canadians. This is now taking place on a global scale.

That happened in 1987. As has been so eloquently pointed out by my colleagues, it is very sad to see the hypocrisy that takes place. The mighty Liberals who took on the Mulroney government in 1987 and again in 1992 seemed to understand that those laws, Bill C-22 and Bill C-91 in those days, were a great threat to our public health care system and to Canadians' accessibility to affordable drugs.

Where are the Liberals on this issue now? They are not even neutral on the question. They have completely come around 360¿ and are now peddling the interests of those same pharmaceutical companies that 10 years ago they were speaking against. Then years ago they clearly outlined their concerns about this.

A few weeks ago before the summit of the Americas in Quebec City, I attended the foreign affairs committee meeting. The witnesses who came forward spoke directly to the issue of intellectual property rights, as they are called, and the so-called rights of these companies to restrict access to the generic versions of their drugs.

At that committee I heard a man speak. I forget his name. He was very smooth. He was the chief spokesperson for the pharmaceutical association. He had the gall to say that trade agreements like the FTAA and the orders that come from the WTO, which prompted this legislation, improve the quality of life for all people around the globe, that intellectual property rights and trade agreements actually improve quality of life.

I sat there thinking how far removed from the truth that was. If anyone needs evidence of that, we have only to look at what took place in South Africa, where 39 pharmaceutical companies were actually forced, through public pressure, to withdraw their claims against the South African government.

Millions of people who live in sub-Saharan Africa are dying of HIV and AIDS. Millions of people in Latin America or Central America and around the globe are desperately in need of essential medicines, not just in terms of HIV and AIDS but for things like TB or hepatitis C. These people understand that these trade agreements are not about improving the quality of life for ordinary people. They are not about improving the quality of life for poor people or people who are sick. This is about conferring greater concentrated power to those multinational corporations and the government is allowing to happen through the bill.

● (1035)

That is why we stand today in absolute opposition to what is taking place. I would like to point out to Canadians that the consequences of what would happen because of the bill are very dire indeed. What would the consequences be? Extending the patent from the current 17 years, which is bad enough, to 20 years, as well as prohibiting generic companies from stockpiling drugs, means that the most likely thing that would happen would undoubtedly be a dramatic increase in prescription and drug prices for Canadians. There is no question about that.

As this debate continues and the issue continues to unfold, we in the New Democratic Party have a very great resolve to work with other organizations, the labour movement, the Council of Canadians, environmental groups and seniors' groups, who understand what is really at stake here. We have a role to play in parliament in trying to defeat this kind of legislation, but we also have a role in working with a broader community and bringing pressure to bear.

Maybe one day we will get to the point where we have the kind of mobilization that took place in South Africa in defeating the multinational corporations who were seeking litigation to prevent people from accessing essential medicines. Maybe one day we will see that type of challenge in Canada. At the very least today, we have to stand in opposition to this legislation. We think it is bad legislation and is nothing more than conferring greater concentrations of power and profit to fewer multinational corporations.

Surely that cannot be in the public interest. I defy any member of the House to stand up and tell us how this can be characterized as being in the public interest. The evidence, going back to 1987 and 1992 and now to what has happened with the FTAA, tells us that the opposite is true, that this is a bad piece of legislation. It must be defeated, as must these international trade agreements that undermine the ability of our governments to make the very kinds of decisions that would ensure this legislation would not go ahead.

Mr. Keith Martin (Esquimalt—Juan de Fuca, Canadian Alliance): Mr. Speaker, I can certainly understand and support some of the comments the hon. member made with respect to ensuring that any agreements to be negotiated pass through the House and that the Canadian public should be made very aware of and be knowledgeable about what is being negotiated, how it is being negotiated and what the principles are.

Quite frankly, though, with respect to the other comments about trying to defeat the free trade agreement and trying to demolish free trade, what is the member thinking of?

Kofi Annan, the secretary general of the United Nations, and leaders of poverty groups in South and Central America and in Africa want trade. They want the obstacles and the barriers to trade removed. They said if there is one thing they want it is trade, not aid. For heaven's sake, they said, remove the barriers to trade that prevent us from maximizing our potential.

Opposition to free trade is opposition to the poorest people of our hemisphere and in this world of ours. It is opposition to them being able to get on their feet. The alternative to free trade is a country like Albania or the former U.S.S.R. I ask the member how can she justify being against free trade when the people behind the free trade agreements are trying to deal with fair labour laws and good environmental laws and trying to improve the lot of the poorest people in our hemisphere.

Ms. Libby Davies: Mr. Speaker, I certainly appreciate and welcome the comments from the member for Esquimalt—Juan de Fuca. However the member knows full well that the issue here is not trade just as a word. Trade has existed for thousands of years among peoples whether they were part of a nation or not. Trade is a part of who we are as human beings. The issue we are debating through this legislation and under things like the FTAA is the issue of the rules that are created around those trade agreements.

● (1040)

For example, there are rules that create such restrictive policies around intellectual property rights that we end up with a piece of legislation such as this which will actually deny people access to affordable drugs in Canada. Surely that is what the debate is about. Let us not send up smokescreens and say the NDP is against trade.

If the hon. member has listened to any of the debates in the House he will know that the NDP has advanced a position on a policy of fair trade based on respecting the dignity and rights of all people. The NDP has a policy of trade that respects the authority of parliament to make decisions in the public interest.

I will say again that this piece of legislation is the complete opposite of that. The House is debating the legislation because the WTO, and who the heck is that, has dictated that it shall be done. Is that not wrong? I believe it is.

Mr. Brian Fitzpatrick (Prince Albert, Canadian Alliance): Mr. Speaker, I did not intend to become involved in the debate, but I just cannot resist it. In 1945 at the end of the second world war, two Asian countries made choices. India made a choice to throw up barriers and be an island unto itself. Another country had another option and that was to become a global trader. That was Japan. Since the destruction of Japan in 1945, the Japanese have made their economy the second biggest in the world.

The NDP member seems to suggest that there are no advantages to trade or competition. Would anybody seriously say that the auto industry in North America is not better today because of Toyota or Honda and that the products we have in the automotive sector have not been improved because of that type of competition? That really seriously ignores a lot of reality.

Another area that was raised is the issue of intellectual property, which is what I will pose my question on. In regard to drugs, I know of companies that have spent up to $600 million or $700 million on research into new drugs which were never approved. I invested in some of those companies. I know what their stock was worth when it was over.

I am asking the member to explain how in the world we are going to get new breakthrough drugs that provide effective treatment for a lot of diseases if the people who are taking all the risks—

The Acting Speaker (Mr. Bélair): The hon. member for Vancouver East.

Ms. Libby Davies: Mr. Speaker, I will briefly respond. Perhaps the member did not listen to the whole debate. I clearly articulated the position of the NDP, which is not that we are somehow opposed to all trade. We are talking about the need to create trade deals that have fair rules attached to them. That is the essential point.

As far as the member's second point is concerned, unfortunately it seems like he has really bought the line of the pharmaceutical companies. Yes, we need research to be done, but why do we need to create so many restrictions which allow them to monopolize an industry and create a scenario whereby people cannot afford to pay for their drugs? This is the problem we face.

● (1045)

Mr. Bill Blaikie (Winnipeg—Transcona, NDP): Mr. Speaker, this bill is very important to our party. We have indicated to the government that we do not intend to hold up this debate for much longer, and we appreciate the government's co-operation in this matter.

For us the bill and the issues that it raises with respect to trade agreements and drug pricing go to the heart of our objection to what has been going on in this country for the last 10 to 15 years. I guess it has been 14 years if we go back to 1987 when the first bill on changing the drug patent legislation in Canada first came before the House of Commons.

At that time it was a Progressive Conservative government under the leadership of Prime Minister Brian Mulroney. A bill was introduced to reduce and transform the way in which we had

constituted our drug patent and drug pricing policies in this country. Until that point, we had a policy which had been established some decades before whereby generic drug manufacturers could bring onto the market generic imitations of new brand name drugs after only two years.

This was one of the reasons why we had one of the most envied health care systems in the world, not just in terms of quality but also in terms of being able to keep costs down. We did not have to pay these exorbitant brand name costs or at least we did not have to pay them for very long. We only had to pay them for two years, then after that our health care system could begin to use and doctors could begin to prescribe these new generic replacements. Of course the brand name drugs were still available and could still be used.

In 1987 we understood, and we still understand, as a prelude to the free trade agreement negotiations between Canada and the United States, the Conservative government at that time, in a very strange form of negotiation, made a big concession before it even got to the table by giving into the Americans on this particular issue. It was not just to the Americans. There were a great many French multinational drug companies and others that were involved. We were very much against this at the time. We were against it again in 1992, when Bill C-91 was brought in. I believe the bill in 1987 was Bill C-22.

We were against it then and today we are against Bill S-17 which is part of a sequence of bills that have progressively eliminated the ability of Canada to have its own independent drug patent and drug pricing policy. The fact that we could not and cannot maintain a system that worked so well for Canada, which was the result of a political decision taken in this country many years ago, is for us transparently what is wrong with the free trade agreement. The fact is the rights, privileges and profits of multinational drug companies come first. The rights, the privileges and the health of Canadians insofar as their need for access to cheaper drugs and collectively in terms of their need for a health care system that is less costly rather than more costly comes second.

Property is put before the public interest in such a blatant way that even the Liberals when they were in opposition could see this. Or did they? We have spent a fair bit of time and appropriately so pointing out that the Liberals have changed their position.

● (1050)

However I maintain that at another level it is not so much that they changed their position, it was the fact that they were insincere in their opposition to Bill C-22 and Bill C-91 in the first place, in the same way they were insincere in their opposition to the free trade agreement, with the possible exception of their leader at the time in 1988, Mr. Turner, who I have come to the opinion was sincere in his opposition to the free trade agreement. At the same time, he led a party that was full of people, some of whom later became Prime Minister and Minister of Finance, who were not opposed to the free trade agreement.

I believe now that they were not genuinely opposed to Bill C-22 and Bill C-91 at the time because they knew, as we know, that the Liberal Party ultimately would do the bidding of the big business community. There are few businesses in this country and internationally that are bigger than the multinational drug companies.

It is not just that they do the bidding of these companies, the problem is now the bidding and the interests of these multinational drug companies is enshrined in international trade agreements, like the World Trade Organization. Now these interests can be advanced without there being a political decision or without anybody having to take responsibility for it. Nowadays, all the drug companies have to do is invoke the WTO and no governing political party takes any responsibility for it.

The Liberals get up and say they have to respect our international obligations and that they have to respect the trade agreements that they have signed, never mind that, at least with respect to NAFTA and the WTO, it was the Liberals who signed Canada on to the NAFTA and the WTO. Why did they sign these agreements if they were sincere in their opposition back in 1987 and 1992? Only they can answer that, and we look forward some day to an honest reckoning of just what happened along the road to corporate Damascus on the part of the Liberals.

For us, although the bill implements a certain ruling of the WTO and is a smaller ruling than the larger ruling in the first place, it is all part and parcel of a trend in international and regional trade agreements that gives priority to the interests and the profits of big business, in this case large drug companies, over the interests of the Canadian people and of people all around the world.

Look at the struggle that was fortunately just won in South Africa where the drug companies invoked their patent rights to prevent the distribution of medicines that treated the disease of AIDS.

While I am at it, I asked a question in the House not so long ago. It had to do with emerging therapies and treatments related to gene therapies. I asked the Minister of Health what the government would do.

There are many people in the medical community who are worried that the same thing that has been done with drugs by the kinds of things we are debating today will be done with these gene therapies, and that some time in the future any time we use a particular gene therapy we will have to pay a royalty to some big drug company that invented that gene therapy in the first place. This will become another burden on our health care system. It will become another argument for privatization, more private sector money and more user fees.

However I asked the question of the Minister of Health, and for me this was very symbolic, because I thought it was a health issue. I thought that distributing cures, therapies and medicines is something over which the Minister of Health ought to have some kind of ultimate authority. Who rose in his place to answer my question or should I say who rose in his place to not answer my question? It was the Minister of Industry.

● (1055)

I am not surprised that I did not get an answer. I suppose I should not have been surprised that it was the Minister of Industry who got up and said that it was a very interesting question, blah, blah, blah. The fact that the government sees this as an industrial question really had already answered my question.

This is a new territory. It is fine if the Liberals wanted to say that perhaps drugs are history and maybe it should be dealt with by the WTO, but there is a whole new area that they must stand fast on, and that is to not allow these new gene therapies to be taken over by the philosophy that they are private or corporate property and should be distributed on the basis of what is in the best interests of the profit margins of the companies involved. They could take a stand there if they did not want to go back and rewrite their own history. They are not even willing to do that. They see it as an industrial matter rather than a health matter.

For all these reasons, we feel it is unfortunate that there seems to be this consensus in the House, a consensus of which we are not a part, and that this is something that is beyond criticism. It reflects the political monoculture that has developed in the House of Commons among the Bloc, the Alliance, the Conservatives and the Liberals, all part of a seamless apology for corporate interests, with only the NDP standing here in our place saying that there has to be another way to look at drugs, at health.

Is there no other way of looking at drugs and health that will not put corporate interest first and people second? We believe there is. We think we had that before the Conservatives and then the Liberals moved to destroy the generic drug regime that we had in place. We feel that we can have that again if we had governments around the world that were willing to stand up to corporate interest, instead of engaging in these acts of self-inflicted powerlessness by which they give up the power that they once had as governments to act in the public interest.

The governments give up their power to trade agreements. Then when these trade agreements kick in years later and impose certain conditions on them, they do not know what to do as they are just living up to their international obligations. They may be international obligations now, but they were political choices at one time that governments made and that the people had at one point but they no longer have.

We want a government that works for the day when those kinds of political choices return to parliament and the Canadian people so they can decide what kind of generic drug regime they want rather than leaving it in the hands of trade bureaucrats at the WTO who are lunching constantly with the drug manufacturers and not lunching with the people whose health care system will be drastically affected by their decisions.

[*Translation*]

Mr. Dan McTeague (Pickering—Ajax—Uxbridge, Lib.): Mr. Speaker, unfortunately, I did not have the opportunity to take part in this debate lately. I was at the Standing Committee on Industry, Science and Technology, which is studying other issues. It will be impossible for me to make a long speech, of course, but I have a few questions for my colleague from Winnipeg—Transcona.

[*English*]

I understand the frustration of the member. Of course the member will remember my work, not only in the House of Commons as a member who was elected in 1993, but also my role in 1995 on the Standing Committee on Scrutiny of Regulations when I single-handedly attempted to bring down the notice of compliance, which was not part and parcel of what the House of Commons had voted for, and the manner in which the industry committee had treated it in 1992 when we were dealing with Bill C-91.

I cannot very well go back and change what has occurred, but I would like to ask two specific questions of the member on where I believe the House of Commons can act with some force and decisiveness.

● (1100)

First, I will deal with the supreme court decision of 1998 which dealt with patented medicines and notice of compliance regulations. In that decision Justice Iacobucci said that section 55 of the Patent Act, which allows drug companies to claim an infringement and effectively maintain a 20 year patent period before allowing generic companies to make cheaper copies of new drugs, has been a question of contention.

The hon. justice suggested that

> It would be manifestly unjust to subject generic producers to such a draconian regime without at least permitting them to protect themselves by reducing the length of the injunction and initiating the NOC process as early as possible.

I would like to hear the comments of the hon. member. This is an issue we can address and it is certainly on the table in terms of the bill. We know why Bill S-17 was concocted with respect to WTO.

Second, and the hon. member has touched on it with respect to South Africa, does he see an opportunity here for the government,

in concert with parliamentarians, to allow a return to compulsory licensing to address the AIDS pandemic in Africa and other places around the world? More specifically, could the government, guided by CIDA, allow a return to compulsory licensing in order to bring down drug costs? That would be the Canadian way.

Mr. Bill Blaikie: Mr. Speaker, the point the hon. member has made about the supreme court opinion is well taken. I am sorry he was not able to persuade his own government to include something in the legislation to deal with that. Perhaps that is what the hon. member has in mind for when the bill gets to committee. Perhaps he will go to committee and argue for changes or additions to the bill that reflect what the supreme court had to say on the matter.

With respect to South Africa, I am not sure what the hon. member means when he talks about acting through CIDA to return compulsory licensing. However, I hope, and I am sure the drug companies do not hope it but I do, that the backing down of multinational drug companies with respect to South Africa and their willingness to overlook or transcend their immediate self-interest and patent rights to deal with the AIDS epidemic will become not only a legal but a moral precedent.

Such a moral precedent could instruct the international community, governments that participate in constructing international agreements and citizens around the world that if a sufficient moral argument is made we might someday reverse the way various trade agreements have entrenched property rights over the rights of the sick.

Mr. Scott Brison (Kings—Hants, PC): Mr. Speaker, it is with pleasure today that I rise to speak to this important legislation.

When applied to drug development and production, the whole notion of intellectual property protection becomes a very divisive issue that in many ways pits the right to patent protection and commercial opportunities for Canadians and Canadian pharmaceutical companies against the need for cost effective access to these technologies.

● (1105)

It is important to recognize that without investment in research and development there would never be a debate on how best to enable important pharmaceutical developments to reach people.

Whatever public policy we put forward regarding intellectual property, patent protection and commercialization, we must be careful not to reduce incentives to the point where we stifle the development of leading edge drugs and treatments that ultimately benefit all Canadians. At some point these technologies and pharmaceuticals become commodities and the generic industry plays a role in that as it occurs.

This piece of legislation, like so many others passed by the Liberals, identifies and in some ways exemplifies the hypocrisy that pervades the government. The government says the WTO ruling has no significant or sustained impact on drug costs. It says the impact of the ruling over the eight year horizon is equivalent to less than 1% of pharmaceutical sales in a single year. It says Canadians will continue to have access to affordable drugs at prices below those of the U.S.

These arguments sound eerily similar to those presented by the Conservative government in the early 1990s, arguments which were rejected by the opposition Liberals. The current Minister of Industry and self-promotion was the Liberal opposition's key spokesperson against using patent and intellectual property protection as a vehicle for promoting a more successful Canadian pharmaceutical industry and greater economic growth.

This is a 180¿ shift in the position of the Liberals. It is completely consistent with their inconsistency on free trade, the GST and others issues. I will quote the colourful language used at that time by the current Minister of Industry and self-promotion. In the early 1990s he said:

> The citizens will need more than generic drugs to recover from the festering wounds which are about to be inflicted on the exposed ankles of Canada's poorest citizens when the Minister sinks his teeth in, past the bone, into the marrow and sucks the lifeblood out of Canada's poorest citizens with Bill C-22.

That was the statement of the then Liberal opposition member who is now the Minister of Industry and self-promotion. Was he referring to the minister at the time or to himself? Could he look into the future and see that he would become a minister and eagerly embrace the policies he vociferously opposed in opposition?

The Minister of Industry has stated on several occasions, and most recently at an economic conference in Davos, that he was wrong about the policies he espoused and opposed while in opposition and that the Conservative Party had been right. Perhaps through action he is now making the same admission.

● (1110)

It is in some ways annoying and upsetting for Conservatives to see Liberals embrace policies they had opposed in opposition and then take credit for the results. However we would prefer that they steal Conservative policies and take credit for the results than implement their own policies, which could in the long term have a far more negative impact on the country.

While it is important to point out their hypocrisy on these issues it is also important to credit them with extraordinary intellectual flexibility. They are at least intelligent enough to swallow themselves whole and recognize that some policies introduced by the previous government have made their lives a heck of a lot easier.

Woody Allen once said that 80% of life is just showing up. For seven years the government has done just that but for probably closer to 90%. For the Prime Minister it is probably 95%. I am not talking about golf; I am talking about governing.

We must walk a fine line. We must provide enough patent protection to allow the pharmaceutical industry and the emerging biotech industry to grow and prosper and develop new technologies which have such potential for the future of humankind. However we must also ensure that new medicines and pharmaceuticals reach the public in the most cost effective and timely way. It is a difficult balance to maintain.

Our current patent protection in Canada by and large strikes a reasonable balance. Our policy is not working badly and has created economic growth in the leading edge, knowledge based industries of pharmaceuticals and biotechnology. That being the case, we should be looking at ways to create a more effective balance between the two policy priorities.

The *Economist* magazine about three years ago published a study conducted in the U.K. about a policy which could balance the need for patent protection with the importance of getting pharmaceuticals into the hands of those who need them in the most cost effective way.

It involved an auctioning process whereby when pharmaceutical companies announced new drugs or medical treatments governments would have an opportunity to bid on them. Governments would of course pay a significant price for the privilege by recognizing the public good of making pharmaceuticals more widely available. They would then make them available to the generics in order to provide lower cost access to the consumer.

● (1115)

We should at least consider doing it that way or investigate the matter as part of the debate in order to balance patent protection and economic opportunities for pharmaceutical companies and biotech companies while making these new pharmaceuticals available more expeditiously to the public. We should be engaging in a debate that would find ways to bring these two divergent interests together in a more realistic way.

The other aspect we have to consider is the emergence of Canada's biotechnology sector. Around the world biotechnology is one of the key components of information technology within the knowledge based industries, which are becoming so important to our global competitiveness.

Canada has demonstrated some significant strengths on the biotech side which capitalizes on our post-secondary university infrastructure. In Nova Scotia we have 11 degree granting institutions. Those universities, which were at one point seen as a cost, are now in a knowledge based economy and seen as an asset.

If members looked at the symbiotic relationship between the small biotech companies and the big pharmaceutical companies, they would recognize that this is not simply an argument about big business and big pharmaceutical companies versus consumers. The notion that only the big pharmaceutical companies benefit from patent protection is a specious argument.

If we were to reduce patent protection and take an aggressive approach that would reduce the incentives for pharmaceutical companies to develop new drugs and treatments, we would be significantly hurting the biotech companies. They are, by and large, small companies and involve our post-secondary institutions across the country. We must be very careful not to do something from a political perspective that would have a negative impact on Canada's competitiveness in biotechnology.

We must also consider a second argument. How do we get new drugs or pharmaceuticals into the hands of Canadians faster? If we cannot ensure an environment within which those new technologies can be developed in the first place, the second discussion is a moot one. It would be a terrible step backward for the government to reduce, in any way, shape or form, the incentives we have in place to encourage the leading edge development of new pharmaceuticals and new advancements in biotechnology.

Some provinces have been more successful than others in terms of creating a critical mass of activities in these areas. This is one of the areas where significant growth can be achieved in the future both on the biotech side and in pharmaceuticals. We must focus on our medical schools and our undergraduate programs in terms of science and research.

I am pleased to see that the government has in fact recognized the error of its ways in the past. It has embraced and continues to support and foster Progressive Conservative policies with the introduction of this legislation.

I hope we will have an opportunity in the future to discuss some of the other alternatives that could balance more effectively the needs of consumers and patients. It is important to create a greater level of commercialization, intellectual property protection and opportunities in Canada.

● (1120)

The government has not been as creative as it might have been in studying more carefully some of the alternatives that are available in terms of moving forward in a more innovative way in that regard.

Mr. Dan McTeague (Pickering—Ajax—Uxbridge, Lib.): Mr. Speaker, I was interested in the member's comments about trying to find the balance between consumers and patents as well as the need to ensure that Canada remains competitive globally from the perspective and interest of intellectual property.

I too am somewhat confounded by how we have changed over the past few years. I was also interested to hear many of the comments made by his Conservative colleagues in the Senate who also have demonstrated a rather interesting perspective that is far different from the enthusiasm that was expressed by his party and his colleagues. Perhaps they are more sensitive now because of their age, being at the point where they may have to use some of these therapies and drugs.

Since the hon. member will be sitting on the industry committee with me, will he take some of those enlightening comments from his Senate colleagues to the committee? His Conservative colleagues in the Senate have sent a number of caution flags, particularly in the area of infringement.

Infringement goes well beyond Canada's obligations to the WTO and beyond the question of honouring a lengthy drug patent regime that is competitive by any international standard. Will he speak in the industry committee and in the House about the need to ensure that evidence brought forward on the basis of a claim of infringement be not based on any prima facie evidence that has to be brought before court? Will the hon. member raise that issue and try to advocate it? The opportunity to do that is now with Bill S-17.

Mr. Scott Brison: Mr. Speaker, the senators in our national caucus have advanced some important ideas on the legislation. Certainly we should be discussing some of them in the industry committee.

I would argue that some of our senators' aversions to stronger patent protection has very little to do with their age. The fact is that once one is in the Senate aging ceases to a considerable extent and the quality of life issues there help preserve mental acuity, health and life for a lot longer. The differences in age between some of our senators and some of the members of our elected caucus really do not play into this in real terms.

Mr. Keith Martin (Esquimalt—Juan de Fuca, Canadian Alliance): Mr. Speaker, I compliment my friend for his eloquent speech. I would like his response to a very important issue dealing with access to essential medication in developing countries. This was brought up by the NDP and it is an important issue.

We just saw the recent court battle in South Africa over access to anti-HIV medications. HIV is one of a series of diseases plaguing developing countries for which there are very simple, cheap and easily distributed drugs that could have a widespread and positive effect on the lives of these people. The research based pharmaceutical companies have a program that enables developing countries to get access, but much more has to be done.

What can be done to enable Canada, perhaps CIDA, to work in partnership with the research based pharmaceutical companies and the generic companies in order to provide access in developing countries to essential, cheap medications that can have a profound effect on some of the terrible scourges that plague these countries, such as TB, kala azar, river blindness and malaria?

● (1125)

Mr. Scott Brison: Mr. Speaker, the member has identified an area of public interest and public good that is extraordinarily important. It is the availability of these pharmaceuticals in developing countries where the need is so great.

We have to find ways to balance the profit motivation of research based pharmaceuticals with the public good of having the drugs available to people in more cost effective and timely ways. That is where government can play a role. If we look at the long term cost of treatment with leading edge pharmaceuticals versus not doing anything at all, it is a better investment to treat them. The member, as a physician who has worked in developing countries, is absolutely right in suggesting that CIDA could play a role.

The governments of Canada, provincial and federal, could work together to play a role in ensuring that the profit motivation is not weakened for the research based pharmaceuticals to develop the new technologies. Developing new drugs is a lot like mineral exploration. A lot of holes are dug before hitting a vein of minerals. No pun intended on the vein.

Drug research is expensive and not all research initiatives actually yield results. We should not do anything to reduce the financial incentives that create opportunities in biotechnologies and pharmaceuticals but we should be addressing in a more innovative way the question of what role government has in ensuring the public good and by facilitating the public's access to the drugs in a cost effective and timely manner.

I proposed for consideration the notion of having governments purchase the technologies through an option process once the technologies are developed. This is similar to a proposal published in the *Economist* about three years ago. There was a study done on it and it is one area of debate that we should consider and be engaged in. It would be a way to balance the profit motivation of private interests to ensure that we continue to develop the leading edge pharmaceuticals that we need.

It would also ensure that governments have a role in delivering new technologies and pharmaceuticals to the public whether they be here or in developing countries where the need, as the hon. member suggested, is absolutely critical. We can make strong arguments in favour of a government role on the second part of the issue. The priority should be, once the drugs are developed, to get the drugs to the people who need them the most whether they are in our country or in the developing world.

Mr. Rick Borotsik (Brandon—Souris, PC): Mr. Speaker, I have to say that the member speaks this much in caucus as well. He rambles and goes on and on. However, he does have an awful lot of intelligent things to say. I would like to make two comments and have the hon. member for Kings—Hants respond.

He gave a scathing critique on the Minister of Industry regarding his flip flop on his position respecting the legislation. Does the member believe that the Minister of Industry has actually had a philosophical mindset change, that he now embraces the legislation, or does he see it as a bit of political theatrics on the part of the minister? I hope he can answer that.

The member talked about the need for huge capital investment in research and development. If the bill is not approved, is it his opinion that a lot of the research and development dollars that are in this country now would flee the country if companies did not have the patent protection that would be in place through this proposed legislation?

● (1130)

Mr. Scott Brison: Mr. Speaker, when the whip of your party says something nasty about you in this place, you are really limited in terms of your response. Therefore I guess I will not even talk about the first part of that question and comment.

On the political question about the current Minister of Industry and self-promotion, I would argue that for the individual to have had a philosophical change in mindset would, first, require a philosophy and, second, a mind. I have not seen a tremendous degree of evidence in support of either.

In terms of capital investment, I fear that if we reduce the incentives for leading edge, or in this case bleeding edge, development of pharmaceuticals and biotech in Canada, we will reduce and drive the much needed capital and investment from Canada. It is not just taxes that redistribute investment. It is also regulations, particularly in the areas of intellectual property and knowledge based economies.

I think the hon. member is absolutely right. We would be taking a huge risk of losing a lot of that investment, productivity, growth and opportunity for Canadians.

[*Translation*]

Ms. Jocelyne Girard-Bujold (Jonquière, BQ): Mr. Speaker, it is a pleasure to take part in today's debate on Bill S-17, an act to amend the Patent Act. The objective of the bill is clearly to change our patent legislation in light of two recent WTO rulings.

The first ruling relates to the duration of patents before October 1, 1989, and the second concerns the provisions of the act on storage.

In 1987, several important changes were made to the Patent Act. The duration of patent protection went from 17 years after patent registration to 20 years after the filing of the patent application. That change came into effect on October 1, 1989.

Before the Uruguay round, multilateral trade negotiations on GATT did not cover intellectual property rights. The Uruguay round, which gave birth to the WTO, also produced the agreement on trade related aspects of intellectual property rights, which contains certain provisions on patent protection. Section 33, for example, says that the protection duration must not be less than 20 years from the date the patent application was filed.

As a matter of fact, in 1992 the federal government undertook to amend the Patent Act by introducing in the House of Commons Bill C-91, an act to amend the Patent Act, 1992. This bill eliminated compulsory licensing for drugs. Compulsory licensing had been set up under the act. It authorized the licence owner, and only him, to produce, use and sell a patented invention before the patent expired.

This bill also created two exceptions to infringement of patent, a rule under which anyone who produced, used or sold a product protected by a valid patent without the consent of the patent owner could be sued for infringement of patent, by authorizing the use of a patent for certain purposes before it expired.

● (1135)

I would like to provide members of the House with some background information. At the end of 1997, the European Union asked Canada to hold consultations as part of the dispute settlement procedures of the WTO, on the one hand because of the protection provided to pharmaceutical inventions under Patent Act, and on the other because of Canada's obligations under the TRIPS agreement.

Specifically, the European Union was concerned about the exceptions regarding regulatory approval and storage. In early 1999, the WTO created a special panel mandated to review the European Union challenge to these two exceptions under the agreement, with regard to intellectual property rights as they related to trade.

The European Union argued in this regard that the Patent Act and the regulations authorizing protection and storage of drugs without the consent of the owners of the patent during the six months prior to its expiry—this is section 55.2(2)—was an infringement of Canada's obligations under the TRIPS agreement—namely sections 28.1 and 33.1.

The European Union also argued that by applying to drug patent owners a less generous treatment than for other technological areas, Canada had ignored its obligations under section 27.1 of the TRIPS agreement, which provides for the granting of patents and the enjoyment of patent rights without discrimination based on technology.

On this occasion, the European Union also indicated that the provisions of section 55.2(1) of the Patent Act authorizing a third party, without the consent of the patent holder, to use a patented invention during the term of the patent, in order to obtain regulatory approval for the sale of an equivalent product after the expiry of the patent, violated the provisions of section 28.1 of the agreement on TRIPS.

The WTO struck a special panel, which backed the European Union as far as the exception relating to storage contained in section 55.2(2) of the Patent Act was concerned, deeming it to be incompatible with Canada's obligations under section 4 of the agreement on TRIPS.

Canada was to implement the panel's decision concerning the exception relating to storage by October 7, 2000 at the latest. The manufacturing and storage of patented medicines regulations were revoked in accordance with this decision.

In September 1999, a special WTO panel was struck to address a claim by the United States that the protected period conferred by a Canadian patent as the result of an application filed prior to October 1, 1989 was incompatible with the obligations under the agreement on TRIPS. The same thing is happening today with the United States, as in the example of the softwood lumber agreement.

According to the United States, under the agreement, the protection conferred by a patent is for a minimum of 20 years from the date the application was filed. Patents granted in connection with applications filed prior to October 1, 1989, those granted under the old legislation, with a duration of 17 years from date of issue, would therefore be contrary to the agreement on TRIPS, if that period of 17 years from date of issue is shorter less than 20 years from date of filing.

This argument applied to patents under the old legislation that were issued within three years of the date of filing.

● (1140)

As a result of the position the United States has stated, Canada maintained that the patents granted under the old act enjoyed essentially the same protection as those granted under the new legislation, and that the provisions of the TRIPS agreement on the term of protection did not apply to patents granted before the coming into effect of the agreement.

In October 2000, the WTO ruled in favour of the United States. It felt that the term of protection for patents granted under the old act was not compatible with the TRIPS agreement in the case of patents granted during the three years following the date that the request was made. I am referring to section 5.

Bill S-17 would amend the Patent Act to comply with the rulings issued by the WTO following the challenges by the Europeans and the Americans concerning certain provisions of the act.

The Bloc Quebecois supports these changes. It is clear that the protection of intellectual property must go along with technological and pharmaceutical advances.

However, it is unfortunate that Canada had to appear twice before the WTO's tribunal to solve this dispute, which is, after all, a minor one. There are much more fundamental issues with which the tribunal should be dealing.

I am thinking, among others, of the lumber issue where, even after registering several victories, Canada literally caved in to the Americans by imposing quotas on Canadian and Quebec lumber producers. The agreement on softwood lumber expired on March 31 and we could again find ourselves before the WTO's tribunal, which will have to deal with this problem for the fourth time. Needless to say, this is a critical issue for our lumber producing regions.

The Minister for International Trade ought to stand up to the Americans, in my opinion. Someone should give him something to make him strong enough to tell the Americans that the only possible solution, in the short and the long term, is a return to full free trade.

I will conclude by saying that the protection Canada must provide to researchers regarding their inventions must comply with international agreements. However, Canada could go even further, since it is lagging behind the United States and the European Union. Nevertheless, I will be pleased to support this bill.

Mr. Réal Ménard (Hochelaga—Maisonneuve, BQ): Mr. Speaker, I am very happy to speak after my hon. colleague from Jonquière who, as we know, has a profound interest in consumers and people.

I was saying to my colleague, the hon. member for Lac-Saint-Jean—Saguenay, who has been, in our party and to some extent in this parliament, a leader as far as the globalization issue is concerned, that if we were looking for an example of globalization affecting the national sovereignty of a state, we could take this debate.

Let me explain. Canada signed a number of World Trade Organization, WTO, agreements, including one on the protection of intellectual property rights and trade. As we can understand, patents are linked to intellectual property. A patent is what somebody who has developed an invention applies for in order to have exclusivity for a number of years.

About a year ago, the WTO handed down a ruling concerning Canadian patents. This ruling followed a challenge by the United States about some form of unfair competition. The mechanisms in

place within the WTO have played their role. There are appeal mechanisms.

There are many references to these in the bill. My hon. colleague from Jonquière probably mentioned it already. The bill refers to the dispute settlement body, or DSB, of the WTO.

● (1145)

The dispute settlement body gave a ruling that was not in Canada's favour. Two pieces of legislation were passed, Bill C-22 and another law we reviewed more recently, four years ago. The Canadian Patent Act provides for a five year review.

There are two types of patents. The patents that existed prior to 1986 are protected for 17 years. Those that date from after 1986 are protected for 20 years, under the latest legislation we have passed. I was a member of the committee reviewing the law, with the member for Témiscamingue, whose unfailing devotion to the brand name drug industry is well known.

The ruling was given. It came out that there are two types of patent in Canada: those protected for 17 years and those protected for 20 years. This was seen to be inconsistent with a specific treaty signed under the WTO, the agreement on trade-related aspects of intellectual property rights.

Arbitration followed, with the Americans calling for binding arbitration. I hope the government House leader is listening, because I read the entire defence produced by the Government of Canada. There was doubt as to Canada's ability to produce its legislation within a year, because it said it was not sure of having a parliamentary majority.

That made me laugh. I told myself ''We are now giving the opposition a power that it is usually not entitled to in other circumstances''. Anyway, the binding arbitration requested and obtained by the United States forces Canada to change the Canadian legislation by next August. The government has no other choice but to change the legislation.

As the member for Lac-Saint-Jean said, that is when globalization is impacting on us as parliamentarians. We have not freely decided to change the legislation, quite the opposite. When Canada set up the five year revision of the Patent Act in the industry committee, it had not chosen to make such a change. We have to recognize that globalization curtails parliamentary sovereignty.

There are of course settlement mechanisms. In this case we lost, but in others we win, and I accept that. I am not questioning the free trade agreement. That is not the point at all, but we have to understand the reality. The member for Lac-Saint-Jean raised the issue of MPs' privileges in the context of globalization. I am sure that when he addresses the issue in the future, he will give the example of the Patent Act.

I understand fully the whole issue of the research on brand name drugs as far as Quebec is concerned. There are two main types of research being conducted on drugs. There is research on brand name drugs. It involves cycles of up to five or ten years. The researchers working on brand name drugs were telling us that for each drug produced, marketed and authorized by Health Canada, the research cycle can cost up to $170 million. Quebec excels in the area of brand name drugs. It is one of its industrial clusters.

Another facet of this reality, if I can call it that, is the research on generic drugs, that part of research which takes the molecule once it exists and copies it according to very specific rules.

I hope that in the coming years we as parliamentarians will have a debate on the cost of drugs. I support wholeheartedly the principle of a research infrastructure for brand name drugs. I understand that when one invests $170 or $200 million, one expects a return on that investment; it is normal. However, I hope that we will also take the consumer into account.

In the future, it will not suffice to ask ourselves as parliamentarians if we have an adequate research infrastructure. Whether or not the research infrastructure is adequate, if the drugs are not available to the consumers, we ought to be concerned and raise the questions.

● (1150)

This morning, I met with representatives of the generic drug industry. People know how I am. When people ask for a meeting, I always say yes. That is the way I am. I think parliamentarians should make themselves available. Therefore this morning I had the pleasure of meeting representatives of the generic drugs industry.

I told them ''This is not the right time to raise this issue. I believe that there must be a debate on the cost of drugs and that we must ask ourselves if we did not go too far in the protection provided to patent drugs. What should we do about generic drugs, notably with respect to the rules of procedural equity?'' In this regard, the supreme court has handed down some rulings.

Once again, the Bloc Quebecois agrees with the need to set up a strong research infrastructure and to make patent drugs one of Quebec's major industrial clusters. Our position on this remains unchanged.

However, in the next few years we will also have to think about access to drugs. When I met the representatives of the generic drug industry, I told them ''You would be making a serious strategic mistake if you raised the issue of the regulatory framework authorizing a notice of compliance''. That is not the way to go.

With a notice of compliance, as we know, when an industry makes the slightest allegation of patent infringement, we can

interrupt the process for 24 months, during which the generic drug industry cannot sell the drug.

However, the issue here is a WTO ruling. In other words, even if there were not, in Canada, a debate between generic drugs and patent drugs, Bill S-17 would still be before us, because the WTO has handed down a ruling. This is binding arbitration, and in fact Canada has until August 2001 to raise these issues.

As parliamentarians, we have missed an opportunity to raise an important issue. When the national forum on health tabled its report in 1997, it was already recommending dealing with the issue of access to drugs. As we speak, six provinces have created working groups on the reorganization of the health care system.

Of course, wherever we are—the NDP whip knows this—all the provinces are debating the reorganization of health care. This is understandable. This is the first time in the history of mankind that we are no longer talking about the old but the very old.

Let us take the hon. member for Jonquière as an example. She does not smoke, she does not drink, she takes care of her health. If everything goes well in her life, if she does not have too much stress because of her colleagues, she has an excellent chance of living until the age of 100. This is the reality. Today, it is not uncommon in our communities for people to live to be quite old, and women live longer than men.

Why do women live longer than men? Because women are more in touch with their emotions. Women are more balanced when it comes to life and life's great values. Mr. Speaker, women will live longer than men, and I know you will personally be glad for this.

We have missed an opportunity that we will have to create in the next years, to deal with access to drugs. What services or range of services do we want to provide to our fellow citizens? How will we organize our health system? I sometimes have the opportunity to meet with medical association representatives and hospital directors, and I wonder if we are all aware of which budget item uses up most of the hospitals' resources. It is drugs. This is understandable. People live longer, but they also live longer with disabilities. People can be on medication for longer periods of time than ever before.

Because of this, a question arises: do we want to stay with the same process of covered drug lists that we have at present, which are such a drain on government budgets, particularly provincial governments? After all, they are the ones who have to reimburse drug costs.

● (1155)

Let me give members some statistics to think about. Out of 72 new drugs approved by the Quebec government last year, more than 50 were brand name drugs. By comparison, I think Ontario authorized some 40 new drugs. The number is approximate and just gives an idea of what is involved. Only ten were brand name drugs. Ontario, our next door neighbour, for the same available drugs, chose to approve fewer brand name drugs.

Of course, this raises questions. Again, the research infrastructure is important. Why would a pharmaceutical company do research at a cost of maybe $175 million if it is copied by a competitor? Conversely, if brand name drugs are so costly that whole segments of the population cannot afford them, there is also a problem.

We see the balance that is needed and the debate that is coming. However, Bill S-17 is not what should trigger the debate.

At the Standing Committee on Health, we are currently examining the whole issue of human artificial reproduction technologies. Once this debate is over in January 2002, however, I myself may table a motion on the whole issue of access to drugs. I think this issue is extremely important for us, as parliamentarians.

I would be tempted to stop here to let my colleagues debate the issue, but let me say once again that this bill points to the significant dilemma whereby the sovereignty of national states is eroded. It is the dilemma that arises when an organization, a multinational forum, has handed down a ruling that impacts on our capacity as parliamentarians to make decisions. In the end, this dilemma obviously impacts on the industry and then on consumers.

Bill S-17, as such, will not fundamentally change anything for the industry. I will give a few statistics the Minister of Industry has so kindly made available, knowing that hon. members are just dying to have such information. To give us some idea of the situation, as of January 2001, the number of patents issued under the old act was 138,000. Of that total, some 53,500 were protected for less than 20 years. Another 85,300 had 20 year protection under the latest provisions of the legislation we passed.

According to the people at Health Canada, the World Trade Organization ruling will not have any lasting effects on drug costs. The impact of the ruling over the next eight years—understanding that patents without the 20 year protection will end in 2009—will be minimal.

According to departmental officials, this will be the equivalent in quantitative terms of less than 1% of one year's drug sales. There is not, therefore, any risk and we must keep telling the public they will continue to have access to affordable drugs according to the letter of Bill S-17.

I would like my colleagues to know that one of the things that makes our drug licensing system original is the fact that we have created a regulatory body called the Patented Medicine Prices Review Board. Since the Progressive Conservatives brought in the

Patent Act, this regulatory body has been in place to monitor the pricing structure of drugs.

● (1200)

A series of criteria is taken into account, and there is a series of drugs, drug A, B or C. There is a controversy. Some, like the Patented Medicine Prices Review Board, in its eighth report released in 1995, contend that, of the new drugs introduced onto the market, only 2.7% really have any new therapeutic value.

That said, the average cost of drugs must still be kept in mind. Drugs are too expensive—we agree on this—and we must put the consumer at the heart of our concerns. Yet when we compare ourselves with the United States, and that is what the Patented Medicine Prices Review Board found, the cost of patented medicines in Canada is, on average, 40% lower than in the United States.

A formula of the Patented Medicine Prices Review Board has given us an advantage we may rightly be proud of. Despite the fact that a debate needs to be held on access to drugs, still with the consumer at the heart of our concerns, when we compare ourselves with a country like the United States—the comparison is relevant, because we are North Americans and there are a number of subsidiaries in Canada, whose head offices are of course in the United states—the cost of drugs is 40% lower here than it is in the U.S.

I would stop there, hoping that the debate is held and that we may always keep the best interest of consumers in mind and the need for Quebec, whose economic dynamism is a matter of record, to hold on to what it has done for a research infrastructure in connection with brand name drugs.

[*English*]

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

Some hon. members: Question.

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

Some hon. members: Agreed.

Some hon. members: No.

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

Some hon. members: Yea.

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

Some hon. members: Nay.

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

And more than five members having risen:

The Deputy Speaker: Call in the members.

And the bells having rung:

The Deputy Speaker: Accordingly the vote is deferred until Monday, May 14, at the end of government orders.

* * *

● (1205)

CANADA BUSINESS CORPORATIONS ACT

Hon. Elinor Caplan (for the Minister of Industry) moved that Bill S-11, an act to amend the Canada Business Corporations Act and the Canada Cooperatives Act and to amend other acts, be read the second time and referred to a committee.

Mr. John Cannis (Parliamentary Secretary to Minister of Industry, Lib.): Mr. Speaker, I am very pleased today to have this opportunity to begin second reading debate on Bill S-11, the Canada Business Corporations Act and the Canada Cooperatives Act, and to say a few words about this piece of legislation. I am sure all members of the House will agree this is a fundamental issue to the continued success of Canadian federally incorporated companies.

The amendments and improvements found in Bill S-11 would further the ability of businesses, investors, shareholders and co-operative members to be in a position to respond quickly and creatively to rapid developments in the global marketplace. They would be better positioned, if parliament provided them with the legal rules of the game that are sound, fair, efficient, consistent and, just as important, flexible.

Each Canadian business, no matter how small, should be given the right legal tools and legal framework to fully develop its marketplace opportunities. Bill S-11 intends to provide for federally incorporated businesses.

In a ranking of just the top 500 companies in Canada, federally incorporated companies account for revenues in excess of half a trillion dollars. The stakes, as we can see, are high, high for these companies and indeed high for our country.

It is important that hon. members be aware of the lengths to which the government has gone over the past seven years to make sure that Bill S-11 is the result of the widest possible consultation and scrutiny. As a result of this, we have before us legislation that will meet the current and evolving needs of business for many years to come.

Let me point out that in 1994 Industry Canada held initial consultations on corporate law reform and subsequently issued nine discussion papers. This was followed by cross country consultations to discuss the policy recommendations contained in those discussion papers. At the same time, the Senate banking,

trade and commerce committee held its own hearings in cities right across Canada.

Bill S-11 was originally introduced in the other place as Bill S-19. During the last parliament its banking, trade and commerce committee heard from numerous witnesses. When the bill was reintroduced as Bill S-11, the committee held further meetings and heard from additional witnesses. More recently in its studies of Bill S-19 and Bill S-11, the Senate committee held two rounds of hearings as well, one in the year 2000 and one this year. The testimony of the expert witnesses resulted in a number of amendments that have significantly improved the legislation. The Senate study stage was taken into account and, based on this, a number of amendments to the original draft legislation were adopted.

I want to take this opportunity right now to thank all the interveners who have assisted the government over the years and the members of the committee, particularly Senator Kirby, who was the former chair of the committee and Senator Kolber, the current chair of the committee.

The Canada Business Corporations Act is the principal federal corporate law in Canada. It and the Canada Cooperatives Act are framework laws that establish basic rules for corporate governance, setting out the rights and obligations of directors, officers, shareholders and co-operative members.

These acts are not overly regulatory. They allow business corporations and co-operatives the flexibility to organize their affairs within a sound legislative structure. They establish the recourse available to parties in the event of unlawful conduct. They are also self-enforcing, since disputes are largely settled through civil action rather than through regulatory enforcement.

At this point I would also like to emphasize that although most of my remarks today will refer specifically to the CBCA, many of the provisions in the bill would also apply to the Canada Cooperatives Act, which governs federally incorporated co-operatives.

Hon. members may recall that a new Canada Cooperatives Act was passed by parliament in 1998 and came into force on December 31, 1999. The bill would ensure that modifications to the CBCA, where they were equally valid for co-operatives, would be reflected in the Canada Cooperatives Act.

● (1210)

The Canada Business Corporations Act, which is the main focus of Bill S-11, has not been amended for the last 26 years. The amendments in Bill S-11 would update and modernize four core elements of the existing legislation.

First, the bill would expand the rights of shareholders to communicate with one another and would encourage more shareholder participation in corporate decisions.

Second, the bill would help eliminate barriers to competitiveness, so that Canadian corporations could become more effective global players. At the same time, it would help to attract international companies to establish a base in Canada for their international operations.

Third, Bill S-11 would more reasonably define corporate responsibilities for the liabilities of directors, officers and shareholders. This would promote fairness and reasonable risk taking, which is a necessity for growth and productivity in the global economic environment that we have today.

Finally, the bill would eliminate duplication of regulation. We have reason to be proud of the Canada Business Corporations Act. It is not just that it serves the country well. Canada is already recognized by countries around the world as having a leading edge corporate statute, one that links prosperity with sound, balanced rules for corporate governance.

It also helps set standards of legal, predictable, fair and accountable business practices in other countries that have come here for advice on setting up their own corporate governance frameworks.

The Canada Business Corporations Act is very sound legislation that has provided the legal framework for conducting business over the last quarter century. The reforms to the existing act would modernize and strengthen this legal framework.

The opportunities out there are great for our country. However one thing we have to do is equip our fellow Canadians with the ground rules that only government can provide. The Canadian entrepreneurs will provide the tools, the savvy and the entrepreneurial spirit and skills to reach out for it.

In my closing remarks, the provisions in the bill are once again representative of the fulfilment of many commitments we have made in our red book. They go beyond the pledges of the red book, in the economic statement last fall and in the Speech from the Throne. In each of these government initiatives a commitment was made to foster innovation and enhance the competitive advantages of Canadian enterprises.

I urge all the members of the House to give speedy assent and passage to this most important piece of legislation, this marketplace framework legislation which, as I said earlier in my remarks, will help position Canadian companies to compete strongly internationally.

Mr. James Rajotte (Edmonton Southwest, Canadian Alliance): Mr. Speaker, at the beginning of my speech, I ask the House for unanimous consent to split my time with the hon. member for Esquimalt—Juan de Fuca.

The Deputy Speaker: In this case of the Canadian Alliance, the official opposition, it would have 40 minutes. Is there unanimous consent that the 40 minutes will be split into two blocks of 20 minutes evenly, give or take, but that it would be a maximum of 40 minutes?

Some hon. members: Agreed.

Mr. James Rajotte: Mr. Speaker, I love it when the House gives unanimous consent. It gives me a warm feeling inside. I rise today to speak on Bill S-11, an act to amend the Canada Business Corporations Act and the Canada Cooperatives Act. This is the first time since 1975 that the Canada Business Corporations Act, otherwise known as CBCA, has been amended. Many of these changes are long overdue.

Bill S-11 also contains amendments to the Canada Cooperatives Act. It continues the reform process that recently led to a new statute governing co-operatives, which came into force on December 31, 1999.

● (1215)

At that time, however, some issues required further consultation and are now addressed in Bill S-11. For the most part the changes to the CCA closely follow the amendments to the CBCA and harmonize the rules governing co-operatives with key elements of corporate law.

The CBCA is the main federal law governing corporations in Canada, including large, medium and small enterprises. This act sets out the legal and regulatory framework for more than 155,000 federally incorporated businesses. In Canada corporations have the option of incorporating at the federal or the provincial level. Almost half of the largest companies in Canada are incorporated under the CBCA.

The previous act to amend the CBCA was tabled in the Senate during the last session of parliament and was known as Bill S-19. The bill was before the Senate committee on banking, trade and commerce when it died on the order paper due to the federal election. Nonetheless, the members of the Senate committee heard from 35 witnesses between April and the end of June 2000 and they should be commended for their work.

Bill S-11 is substantially the same as Bill S-19 but incorporates recommendations suggested by stakeholders such as the Canadian Bar Association, the coalition for CBCA reform, the Canadian Co-operative Association and the task force of the churches on corporate responsibility.

The amendments seek to modernize the Canada Business Corporations Act in four areas by: first, recognizing the global nature of the marketplace; second, clarifying the responsibility of corporate directors and officers; third, reducing federal-provincial duplication; and fourth, expanding shareholder rights.

It is an immense understatement to say that business has changed fundamentally since the mid-1970s and it is high time that the Canada Business Corporations Act reflected the transformation to the global economy. We support these changes in principle.

The CBCA currently requires that a majority of directors on a federally incorporated board and on each committee be resident Canadians. Canada is the only G-7 country that imposes such antiquated residency requirements on its businesses.

Bill S-11 would reduce the residency requirement to 25% for boards and entirely eliminate the requirement for board committees. This change is long overdue and should help Canadian companies compete as global players. However, I must say it is characteristic of the Liberal government that sacred cow sectors such as book publishing, telecommunications, transportation and Petro-Canada would be exempt from this reduction. We question the rationale as to why these businesses are not permitted to enjoy the flexibility to appoint directors based on their qualifications and not on where they live.

Another welcome change is the amendment that would allow foreign subsidiaries of Canadian corporations to acquire shares in their parent corporations under limited and clearly defined circumstances. This is mainly for the purpose of acquiring or merging with foreign corporations. These amendments will allow Canadian federally incorporated companies to compete with foreign multinationals while expanding globally.

With an eye to allowing directors to take appropriate risks in their decision making, Bill S-11 would replace the good faith reliance defence for directors with a due diligence one and would allow corporations to pay for defence investigation costs.

To clarify responsibilities of corporate officers and directors, Bill S-11 replaces the current joint and several liability regime with one of modified proportionate liability. This change would mean that every defendant found responsible for a financial loss stemming from an error, omission or misstatement in financial information would be liable only for the portion of the damages that corresponds with his or her degree of responsibility. However, joint and several liability would continue to apply in cases of fraud and to designated categories of plaintiffs such as the crown, charitable organizations, unsecured creditors and small investors.

Bill S-11 also clarifies that when the directors' powers are transferred to shareholders under a unanimous shareholders' agreement, the associated liability and defences are also transferred to shareholders. New shareholders who are not informed that a unanimous shareholders' agreement was in place at the time of their acquisition would be allowed to cancel the transaction.

Bill S-11 seeks to end costly time consuming administrative and legal burdens on federally incorporated businesses by limiting conflicts between federal and provincial statutes and regulations. Amendments would also modernize the wording of the legislation to bring the CBCA up to date with technological and other developments.

With respect to insider trading, Bill S-11 would repeal the federal duplication of provincial insider filing requirements, impose civil liability on persons who disclose insider information, even if those persons did not participate in the transaction, and increase the maximum fine from the current $5,000 to $1 million.

● (1220)

Bill S-11 would repeal the CBCA provisions for takeover bids and would allow the comprehensive codes for the takeover bid regulations under provincial securities laws to prevail.

The provisions restricting financial assistance to directors, officers, employees and shareholders would be eliminated because they have proven to be difficult to apply in practice. Since directors approving financial assistance transactions are already required to act in the best interests of the corporation, they can be sued for failing to do so. This is safeguard enough.

Bill S-11 would allow for greater participation by small shareholders in corporate decision making. It would do so by relaxing the rules under which shareholders communicate among themselves and allowing proxy solicitation to be done through public broadcast or newspaper advertisement instead of by direct mailings. The amendments would encourage corporations to employ new technologies such as e-mail when communicating with shareholders and when conducting shareholder meetings.

The legislation would also liberalize mechanisms for individual shareholders to submit proposals as well as set minimum share ownership and length of ownership thresholds required to submit a proposal. The bill also aims to restrain management's ability to block or refuse proposals from being considered.

Bill S-11 reflects the transformation of business since 1975 with respect to the global marketplace, the electronic revolution and the rise of shareholder rights, as well as the necessity of reducing federal-provincial regulatory redundancies.

The Canadian Alliance therefore supports in principle this legislation. However we will be consulting with interested parties to ensure that the changes in the bill are indeed beneficial to Canadian business.

Mr. Keith Martin (Esquimalt—Juan de Fuca, Canadian Alliance): Mr. Speaker, I thank the House for its tolerance in allowing me to share the time with my colleague. Bill S-11, an act to amend the Canada Business Corporations Act and the Canada Cooperatives Act and to amend other acts, is a good bill. It is a bill that we support.

As my friend and colleague just mentioned, the CBCA has not been amended since 1975. After consultation the government put together a plan that will amend it in this bill. The CBCA is the main federal law that governs corporations in Canada, including large and small to medium sized businesses. In fact it governs more than 155,000 businesses in total.

However, I wonder why the government has not taken it upon itself to be more innovative and aggressive in trying to improve the business climate in our country. We have heard over the past week and a half that productivity in Canada has been declining for years. That hits every single person in our country. Our nation and the people in it are reliant on an environment in which businesses can thrive in an effort to improve the health and welfare of all Canadians and so we can also have jobs.

In our globalized economy we are laggards. We are falling further behind. Why do we accept the fact that countries such as New Zealand, Singapore, the United States, the United Kingdom and Ireland have grown, prospered and thrived and have been more productive than Canada? Canada is a nation and a country that has overwhelming resources and a good workforce, a competent and intelligent workforce, people who are willing to put their backs into the country. As well, relatively speaking we have an enormous amount of wealth in and above ground. Yet despite these natural assets we are falling further behind.

Why do we accept the fact that our dollar has plummeted from the 70 cent range to 65 cents today? I believe it was at 73 cents when the government took over in 1993. There is no end in sight as analysts view our dollar as continuing to slide. Some make the glib comment that this is okay because it strengthens our ability to sell products abroad.

● (1225)

That is true, but what does it do for those companies that are reliant and dependent on the ability to import products? How can they function properly and make their products? What does it do for Canadians who travel abroad? It severely hamstrings them, reduces their productivity and reduces their competitiveness.

We have to create a nimble, aggressive economy in Canada. The government's responsibility is to enable Canadian companies to do that. Its responsibility is to provide a climate of ingenuity where Canadian companies can prosper, where they can compete with and beat other countries from around the world.

We need strong fiscal and monetary policy. Why do we not have a debt reduction strategy? Why do we accept that our national debt sits at $560 billion? Perhaps the public watching today would be very interested to know that the debt we are all saddled with exceeds $1 trillion when we take in the debts accrued by the provinces and crown corporations. That is $1 trillion that we owe as a nation.

Why has the government not taken it upon itself to flatten the tax system? Our complex and onerous tax system makes it very difficult for most people to even do their own taxes. They have to get a professional to do them. Why do we not simplify the tax system?

Over the years my colleagues in the Alliance have repeatedly put forth suggestions to flatten the tax system, to simplify the tax system and to lower the tax structure so that individual Canadians and businesses can have more money in their pockets. Why does the government not have the same zeal for this as it has for Bill S-11? Why does it not apply that zeal to improving the structural aspects of our economy? Why does the government not drop the GST to 5%? Why not make it comprehensive and have single, one year reporting? Why have a system where private companies must hire people to do their GST returns? It adds costs to the ability of those firms to function properly.

Why do we not reduce payroll taxes, which in effect put just another cost on top of the costs to do business and the costs to Canadian consumers? Why do we not reduce personal taxes? When personal and business taxes are reduced, what happens? The economy improves, unemployment rates go down and, interestingly enough, moneys coming into the public coffers increase.

I want to draw to the attention of the House the tale of two provinces. I will compare my province of British Columbia to the province of Ontario. The NDP has ruled in my province for the last eight years or so. Thankfully its life will soon be shortened. With the upcoming election on May 16 there will be a new provincial government in my province, which I am sure will do a much better job than the NDP has done.

Let us look at the objective statistics in a province that has had high taxes, crushing rules and regulations and an environment that basically told the private sector to go somewhere else because it was not welcome in that province. Real per capita GDP when the NDP was elected in my province was $367 greater than the national average. After eight years of NDP rule, with its high taxes, complex rules and regulations and choking union rules, the actual decade ended with the real per capita GDP $3,471 lower, while the rest of the country, in particular Ontario and Alberta, experienced tremendous growth in real per capita GDP, 16.7% and 26% respectively. In regard to disposable income, which really hits the individual consumer, when the NDP came into power the real per capita disposable income was $743 greater than the national average. Now it is $768 below the national average.

● (1230)

It has plummeted nearly $1,500 during the period of high taxes, complex rules and regulations, and an oppressive environment for the private sector. That is what has happened to the money in the pockets of citizens in my province.

The Conservative Party in Ontario on the other hand took over from the regime of Bob Rae the mess of high taxes, complex rules and regulations, and an oppressive environment in the private sector. Since that time, with the lowering of taxes and the removal of rules and regulations, 822,000 jobs were created; tax revenues were up $15 billion; and Ontario's economy is expected to grow 2.3% this year and 3.6% next year.

Interestingly the left wing tries to lambaste the so-called heartless PCs in Ontario, but the fact is that 622,000 people in the lowest socioeconomic group are not paying taxes now. The same number of people in British Columbia find life more difficult. They have less chance of being employed and a greater chance of being on welfare. The amount of moneys and opportunities accessible to them are less. Is that fair? Is that a good environment to be in?

Everybody in the House, including the NDP, must see that having high taxes and complex rules and regulations chokes off the private sector. It harms people who are on welfare but who want to work. It harms the people who are underemployed as well as those who have talents and skills and want to use them to help their families and be able to contribute to society. These are the people who are hurt by left wing, socialist economic policies that have choked the life out of the province of British Columbia and out of Ontario prior to the PCs getting in.

Although education is a provincial responsibility, why does the federal government not work with the provinces to develop national standards? With people being forced to move, and sometimes quite rapidly, why do their children not have the same educational opportunities in all provinces? If national standards were established children could be slotted in and have similar educational opportunities.

We also have to expand and improve educational opportunities. Why not look at private-public partnerships? Germany has taken it upon itself to have a very innovative private-public partnership. People are given apprenticeships in high school. It has enabled people in high school and in university to develop experience and skills that will benefit them and enable them to be employable in high paying jobs. That is innovation. I urge the federal government to sit down with its provincial counterparts to accomplish that goal. They could have a very useful and innovative meeting which would benefit all Canadians.

The government also needs to tackle the issue of loans. At the present time access to post-secondary education is becoming the purview of the rich. I would not be able to go to medical school today. Statistics demonstrate that at the University of Western Ontario the average family income has increased dramatically to $80,000. Very few Canadian families make $80,000 a year. That

means that children of people making less money have far less opportunity to gain access to professional faculties. Canadians do not want that. They want to ensure equal opportunities based on skill level, not based on the amount of money in their pockets.

● (1235)

We should also look at ways to decrease red tape. Red tape chokes the living daylights out of the private sector. It is easier for people to trade between Athens, Greece and London, England than it is to trade between Halifax and Victoria. Members should think about that. That is absolutely absurd. Why is it easier for a business person in Europe to have trade facilitated between two cities in Europe, which are separated by a considerable amount of space, than it is within our own country?

The government has attempted in the past, and I do not know why it has failed, to bring down trade barriers. It has simply nibbled around the edges. The barriers to trade in our country are a very real problem. It is very difficult to export the very fine wines that are made in my province of British Columbia to the rest of the country.

Why is it so difficult? Why do we have so many barriers for individual producers and business people engaged in trade and commerce within our own borders? We certainly pursue free trade with vigour. Why does the government not pursue the elimination of internal barriers to trade with as much zeal? That is something the government should bring forth in this term. I know it would find a great deal of support and constructive input if it were to do that.

My colleagues have raised the issue of transportation and the fact that our transportation arteries are falling apart. With the benefit of our surplus a good investment would be for the government to invest wisely in those structures which the private sector cannot invest in. An investment in improving transportation arteries within the country would be a wise investment that would help commerce within our borders.

Good environmental policies are also required. We do not have them. There are many good environmental policies, though, that are not followed by the government. Time after time the environment commissioner puts forth good, constructive solutions and points the government in a direction that would improve our environment. There are many good scientists and people with very good ideas on how we can improve the environmental behaviour of businesses. I encourage the government to use some of those ideas.

The government needs to look at how our businesses operate abroad. I encourage people to look at how the Export Development Corporation, using taxpayer dollars, is funding companies that are pillaging other countries through mining processes. They are dumping tailings and poisoning rivers or engaging in the rapacious destruction of hardwood forests in places like Papua New Guinea, Borneo and Central America.

Why are we tolerating environmental destruction abroad when we would never tolerate it in Canada? What is worse is that we are using Canadian taxpayer money to fund corporations and companies to do that.

The Canadian public would be appalled. I have been to the island of Borneo and have seen pristine jungles being decimated for palm oil plantation. I have driven for dozens and dozens of kilometres through what was formerly jungle to get to the interface between jungle and palm oil plantation. We have recently discovered that a lot of large primates such as orangutans are being decimated as a result of this destruction and that Canadian companies supported by the government are funding this behaviour. That is absolutely appalling.

I encourage the government to look at our aging population with as much zeal as it is looking at Bill S-11, which would be very beneficial. The population is aging. As a result, the relative numbers of people working compared to those retiring will produce a grave imbalance. No one is looking at that. This will have an impact on our workforce, tax structure, government revenues, social programs and health care system.

We know that we have a pension system. The public would be interested to know that our pension system, the CPP, is unsustainable. When it was put together the CPP architects knew very clearly that decades from now it would collapse under its own weight. There would be demands placed on it that could not be met by the number of people in the workforce.

● (1240)

Why does the government not look at something innovative such as increasing the minimum age of retirement to age 70. This would enable people to have a somewhat graded ability to access CPP. It would also encourage them to be in the workforce, earn money, pay taxes, be productive and be less of a drain on a CPP that would otherwise collapse.

The government had to raise CPP premiums quite significantly through a payroll tax. We see the imbalance in what is happening. We have an aging population and an unsustainable CPP, which forced the government to raise payroll taxes, depressed productivity, put people out of work, and reduced government revenues.

If the government were to look at what happened in Ontario where taxes were lowered, it would see that revenues went up by $15 billion. Wherever taxes were lowered, whether in New Zealand, Singapore or Europe, economies thrived and more money, not less, went into the public coffers. This is not elemental; it is a fact of life.

On the issue of immigration as it relates to the workforce situation, we have a workforce crisis that will be exacerbated. We

need to take a critical look at our immigration policy. We need to encourage and expand the number of independent immigrants coming into the country as well as review the people who are on the list and the skills required in our country.

This is Nursing Week in Canada. We have a crisis in nursing. We will have a shortage of 112,000 nurses in the next 10 years as our population ages and the demands on our health care system increase. Nursing is not a required profession on the list of professions that we are seeking. It is unimaginable that it is not. We need nurses. That is just one of a number of professions that we need which are not on the list of professions required. I strongly encourage the Minister of Citizenship and Immigration to look at the list, revamp it and make it reflective of the needs of the economy and industry today.

I would like to deal with the issue of right to work legislation. It is a very contentious issue in the House and it should not be. We need to look at the impact of right to work legislation, at the international experience. Right to work legislation gives the individual worker the right to be part of a union or not. I strongly encourage the government to work with its provincial counterparts to introduce right to work legislation. It helps the worker and makes labour laws more flexible. It unleashes and unshackles the private sector.

What has happened in countries where right to work legislation has been in place is extraordinary. In the United States, in those states where they have right to work legislation, the per capita income of the worker has improved dramatically. It has gone up about $3,000 per worker. Unemployment has dropped by 50% and productivity is at 157%, whereas in areas where there has not been right to work legislation it is hovering around 0%.

These extraordinary statistics demonstrate the need for right to work legislation in our country today. If we bring it in workers would have a greater chance of being employed and would have more money in their pockets. The provinces would have more money coming in. It would be a much healthier environment.

I encourage the government not to dismiss this out of hand but to look at the facts. It should look at areas where the right to work legislation has been put in place: the U.S., New Zealand, Ireland and the United Kingdom. The facts support the notion that right to work legislation improves the health and welfare of the worker.

● (1245)

Not having right to work legislation harms the most vulnerable in our society. It gives them fewer opportunities to work, less money in their pockets and worse working conditions. I would encourage the government to work with the provinces on that.

In closing, I would encourage the government to look at having tax free zones, tax free zones that have worked in Subick Bay in the Philippines; in Raleigh, South Carolina; and in areas of Ireland. If we had employer centres in Canada that were tax free havens, they would be a major attraction for investment, employment would go up and they would be magnets for innovation and research and development.

In my speech I, as have many of my colleagues, have given the government numerous innovative solutions. We support Bill S-11 but I would encourage the government to look at other more complex issues it can actually tackle, issues that must be addressed today if Canada is to become a nimble, aggressive player on the world stage.

The failure of the government to address issues on taxes, education, trade, barriers to trade, rules and regulations and others, will result in a country that is punching far below the belt. We do not need to do that. We can do better. I plead with the government to follow our advice.

[*Translation*]

Mr. Stéphan Tremblay (Lac-Saint-Jean—Saguenay, BQ): Mr. Speaker, I will put my remarks in a context of globalization and then speak about the data pertaining to this bill, one element in particular that has a personal interest for me, that is, clause 137.

Parliamentarians and society in general are speaking more and more about the social impacts of globalization. I applaud this, because for many years now I have been hoping we would give more thought to making globalization more human and to finding possible solutions.

One of the results of increased interaction among states is that trade is increasing, which means that competition among corporations is also increasing. We have to remember that corporations are profit oriented.

It is important to remember what kind of impact increasing competition among corporations can have. In the past, a corporation competed on local markets, with other Canadian corporations. Nowadays, competition involves other countries. Very often, the best companies in the world are competing against one another. We see that this whole process does have an impact.

We see in the media, in the newspapers, how corporate reactions are irrational. I would even go so far as to say that corporations overreact, that they lose track of what they are doing. Given this increased competition, companies must act recklessly, which is not the word that I want to use but the one that comes to mind, and understandably so.

In the context of competition, having the best minds is a critical advantage. In some areas, including in the new economy, as it is called, one must have the brightest minds. A company like Nortel or Microsoft will have a definite competitive edge if it attracts the brightest minds.

Other companies in other sectors will lower their production costs to make profits. It is interesting to look at the elements that have an impact on production costs.

The first one is labour. If a company has more employees than its competitor, it will tend to lay off some of these employees, to streamline operations so as to be more competitive. This has a huge impact on the workers who find themselves out of work.

● (1250)

A competitive environment may also make companies exert pressure to prevent salaries from increasing too much, if not to lower them.

A solution for a company that is based in North America is to build a plant in South America, or in countries where labour is cheap. While the minimum wage in Canada is around $7 per hour, in some countries that same $7 is the salary for one week or one day of work.

One of the measures taken by businesses in this competitive environment is to reduce production costs and, by the same token, labour costs. Such a decision has an impact on society.

The environment and natural resources make up the other element I want to mention. In order to increase their profits, some companies may overexploit natural resources or have a tendency to not respect environmental protection rules. If they do not respect these rules, they may also be tempted to move part of their production to countries where these rules are not as strict.

I often give the example of a cheese producer in my riding who recently told me that he had had to spend several hundreds of thousands of dollars because he could no longer dump production residues into the river behind his factory. Protecting the environment costs money. However, I think that this is entirely reasonable, because we must meet the goal of protecting the environment.

Another advantage of competition is that certain companies will try to pay as little tax as possible in order to lower their production costs, thus putting pressure on western, and now world, governments. These companies will lobby governments in order to pay as little tax as possible, once again to lower production costs.

This has repercussions. I think that one of the major effects of global competition is tax competitiveness. In order to attract investors, governments must lower their taxes so that companies see an advantage in locating in a particular place and, if they do not pay high taxes, their production costs will go down and they will be more competitive.

Once again, this has repercussions, because governments will forgo huge amounts of money. I give the following example: 50 years ago, 50% of federal government tax revenues came from large corporations; today this has dropped to 13%. It is no surprise that citizens have had it up to here with taxes. The tax burden has shifted away from large corporations to individual citizens. This is another repercussion.

Another thing we have seen recently is corporate mergers. If you cannot beat your competitor, swallow it, buy it or sell your own assets. Now we are witnessing an unprecedented concentration of economic power through corporate mergers, hence my concern. I wonder where this will end.

Is it like in Monopoly, where all players begin with the same amount of money, then one player buys another and the game stops when one of the players has the monopoly? I am not saying that it will go that far, but for the time being I am concerned about corporations becoming larger than countries and having sales assets bigger than the national GNP of some countries.

My reason for explaining these things, the impact of globalization—while not being against globalization, of course, except that I have some concerns which I am voicing here—is that this bill may provide the means to humanize the behaviour of corporations.

In facing the challenges that we have to face, we must strive to achieve the objective of democratizing globalization. I believe we should do it on two levels. We must absolutely undertake to democratize the decision processes of globalization, that is, international bodies, the role of parliamentarians in international agreements and in environmental agreements. This is a great challenge, but this is not the subject of today's debate.

● (1255)

Another element is the democratization of capital. At the present time, there is a major change taking place in the role big business plays in our economy. Take the pulp and paper companies for instance.

In the past these were often owned by major financiers, rich company owners who owned several plants and made sure, year in and year out, that their plants remained functional and cost effective, thereby maintaining and creating employment.

Today, we see that ownership has changed. Now we are the ones owning these major multinational companies, not the major financiers. How so? Through our pension and mutual funds.

I hope everyone will be able to enjoy a comfortable retirement one day, with enough income to live on. Today it is the investment funds that are financing retirement. Everyone invests, ourselves included. Those who work for governments and those who work in industry see part of their salary withheld for a pension fund. The

important thing is what happens to the money in the pension funds. It is given to a portfolio manager mandated to invest in businesses, here and elsewhere, whose performance will add to the retirement fund so that we can have a peaceful retirement at the end of our career, as I said.

This is a very worthy objective, but what has to be noted is the fact that sometimes managers of pension funds invest in the world's most competitive businesses. Why are they the most competitive? They have what it takes to compete, which I mentioned earlier.

The people here or watching, or we who are building up a pension, may have their money invested perhaps in businesses that do not reflect their values, businesses that perhaps do not respect the environment or social rights. This is why pension fund owners, like us, must pay attention, so we can say ''No this is not the way we want our money invested, since this is not in keeping with our values''.

If all we can see is the objective of financial performance—God knows that many people, when they pick up the paper, look immediately to see how their stocks or mutual funds are doing, and we can naturally hope for yields of 15%, 20%, 30% or even 40%—we should look to see how these businesses manage to have such returns.

Sometimes, not always, but sometimes, the yield may be the result of a highly productive business, because they do business with the sweatshops in developing countries where children are paid a dollar a day. This kind of yield can also be produced by businesses that do not respect the environment.

Therefore, it is absolutely necessary that an awareness, that what I call a democratization of capital can emerge, so that we can decide where our money will go, even though the return may not be as good. If we put too much emphasis on competitiveness, plant workers may be laid off. There will be economic and social consequences locally, because our pension plan requires a higher return than that which the company located next door can give. This is not without consequences.

For this democratization of capital that we need, there is an appropriate tool called shareholding activism. As I said, since many of us have pension funds and these funds are invested in companies, we are in effect the owners of these companies.

● (1300)

This means that we have a say in the direction and the decisions of these businesses. Of course we may wish that their sole objective is the highest possible return. But if I find out that my money is invested in a business that does not reflect my values, I must be able to attend the annual shareholders meeting. Shareholders must be able to make proposals to change the company's focus and tell it ''We think that you are headed in the wrong direction. This is why we are submitting a proposal of a social or environmental nature''.

I now come to the subject matter of the bill. Before this bill, subsection 135(5) of the Canada Business Corporations Act said that a corporation was not required to comply with a shareholder proposal if, and I quote:

> —it clearly appears that the proposal is submitted by the shareholder primarily . . .for the purpose of promoting general economic, political, racial, religious, social or similar causes;—

So it is environmental, but the corporation's board of directors may reject this proposal.

As a stakeholder, through my pension fund, the mutual fund, I should be able to do this. If a union, for example, decides to attend the annual meeting of shareholders to say that the business in which it has invested is cutting down too many trees, is not respecting the environment, and is not respecting social rights, it is the right of this union or of any other shareholder to make a proposal to the annual meeting of shareholders calling on the board of directors to change the behaviour of this company.

Let us take the case of a company which we have heard about recently, that of Talisman, which invests in the Sudan. Many people say that the fact that Talisman is in the Sudan encourages the civil war. If Talisman's shareholders go to the shareholders' meeting and propose that the company get out of the Sudan, because its presence benefits the military government, this represents an important tool.

In the existing legislation, the board of directors is entitled to reject this proposal of a social nature. The new legislation, Bill S-11, does not contain this provision. This opens the door to shareholder activism and means that we, as shareholders, would be able to assume our responsibilities and do something about the excesses of certain companies.

I see this as a hope for humanizing globalization, for humanizing the behaviour of certain companies, but this should be done only if there is a greater awareness. Workers who own pension funds and invest in certain companies whose economic behaviour is sometimes questionable need to be more aware. Otherwise, the amendment in this bill will have been for nought.

That is why workers must absolutely make conscious choices concerning their investments. This is like fair trade. A good example of this is fair trade coffee. That coffee was first marketed because people thought it was totally wrong to do business with coffee companies which took advantage of farmers down south.

A fair trade coffee network was established. It ensures that producers get their fair share of the profits and that every link in the economic chain benefits. Of course, that coffee is a bit more expensive, but at least the consumer is making a political choice when buying coffee that will not result in coffee producers being exploited.

● (1305)

For consumers, the act of buying is a political choice. Instead of buying shoes from Nike, for example, a company that used to take advantage of children, making them work for $1 a day—although I am not sure whether it still does—if we decide not to buy those shoes but rather to buy a different brand from a company that abides by the international labour rules we are making a political choice.

I think it is possible, through the choices we make as consumers, to humanize globalization. That is one thing. However, if you are alone, as one single consumer, you have very little weight.

The manager of a retirement fund does not have $50 but rather billions of dollars to manage. These billions of dollars will be invested in corporations, some of which will meet social standards and others not, hence the need to raise awareness among workers and retirement fund owners.

Of course, this bill is not perfect. Compared to what is going on in the United States in terms of shareholders' activism, Canada is still living in the stone age. Fortunately, we are heading in the right direction.

Why I am talking about the United States? Because, for several years now, it has been much easier to make shareholder proposals in the States than in Canada. In the U.S., 200 to 300 shareholder proposals are made every year in annual shareholder meetings, compared to only about 10 here in Canada.

Although this bill is not perfect, it opens a door. As I was saying, in the United States, shareholders have a lot more power. The Varity Corp. case is a clear example of the difference in the degree of power in terms of the eligibility requirements for making shareholder proposals for companies incorporated under federal jurisdiction in Canada and for companies incorporated in the U.S.

The Varity Corp. case deals with a proposal of a social nature that the Jesuits presented in Canada at the annual meeting of Massey Ferguson shareholders in 1987. The Jesuits wanted Massey Ferguson to withdraw from South Africa. They submitted a proposal to the corporation, which was able to reject it because of its social nature. The Jesuits turned to the Canadian courts, which ruled in favour of the corporation.

However, Massey Ferguson shares were also traded on the American stock exchange. Following a ruling by the SEC, the Security Exchange Commission, the company had to accept to circulate the proposal to withdraw from South Africa. The possibility of circulating that proposal at the annual meeting was rejected in Canada, but it was accepted in the United States.

In fact, several other similar proposals were accepted in the United States. A recent example of a shareholders proposal in Canada is the proposal submitted by various large Canadian investors, including the FTQ, through its Fonds de solidarité, to the three largest retailers in this country, namely Hudson's Bay, Sears Canada and Wal-Mart. The proposal calls upon the companies to improve their codes of conduct and their monitoring methods to ensure that their suppliers meet International Labour Organization standards.

Under the existing law, the companies may reject that proposal. With the new law, it will be more difficult. I now want to move on to the improvements that must be made to the bill or, at least, about the proposals my colleague from Témiscamingue and I will put forward in committee because, as I said, although the bill goes in the right direction it may be to vague in some regards.

In fact, there are too many references to regulations. What I want to say is that in the United States there is a special tribunal to settle disputes between shareholders and companies, the Securities and Exchange Commission, or SEC.

● (1310)

The SEC is an effective mechanism, but the bill does not provide for any dispute settlement mechanism. It is said in the bill that the minister will see to it later. I think that we have an opportunity to make constructive suggestions.

Personally, I suggest that we set up a dispute settlement mechanism that can be triggered rapidly. For example, the company could choose an arbitrator, the shareholder could choose another, and a third could be appointed by the minister. Of course, this third arbitrator would be impartial. Such a mechanism would not be costly, it would be fast and it could set precedents.

Unfortunately, the bill says this will be set out in the regulations. This will not be included in the bill. The minister will be able to decide how the dispute settlement mechanism will be set up.

My concern is that shareholders might be at a disadvantage with a mechanism established by the minister. Of course, I am speculating, because I do not know what will happen.

Another point is that the bill does not include the amount of shares a shareholder must hold to make a proposal. This would be set out in the regulations.

Perhaps it will be said that, to make a proposal at the annual shareholders' meeting, a shareholder would have to hold $2,000 or $500 in shares, or whatever. I would a specific amount included in the bill. If it is not included in the bill, it would be set out in the regulations and could be changed whenever the minister wanted to do so.

My concern is that the minimum amount or percentage of shares held by a shareholder could be increased. Thus, the shareholders' power to make proposals would become a power only for the rich, for those holding many shares in the company. This is a threat that we see in the bill, as it now stands.

Another point is the possibility for a shareholder to come back the following year if his proposal has been refused. I suggest that if, in the first year, the shareholder's proposal has been refused, but he has received at least 3% of the vote of shareholders, he could come back the following year to make his proposal once again. The following year, if he has received 6%, he could come back the next year; the third year, if he has received 9%, he could come back the year after that, and so on. At least he could promote his cause within the company.

Some might say that this is some sort of political interference in companies. This is not political interference, but just shareholders taking their responsibilities. This would be excellent for companies, I believe.

It could make companies more responsible. It could bring about sustainable development, as we say in Saguenay—Lac-Saint-Jean, development that respects social and environmental rights.

A company, whose name escapes me, made an investment in the Philippines, and shareholders suggested that it should get out of this investment because of the catastrophic environmental impact mining could have on people. The company kept mining there, and the environmental impact was indeed serious. The company incurred heavy losses.

Although the tone of my remarks is admittedly social, I must recognize that this empowerment of shareholders can also have a positive impact on companies in the long term. Companies should have a long term vision of their business. Like the governments, they must respect the environment and social standards.

There is another positive element for companies and even for Canada. If the president of an U.S. union that has a pension fund wants to invest in a business headquartered in Canada but cannot issue shareholder proposals, he could very well say ''I will not invest in Canada, because my rights as an investor and shareholder are infringed upon''.

● (1315)

It can limit investment in Canada. If the bill is amended properly and allows for a healthy dose of shareholder activism, I think it would be good for investment in Canada because, as I was saying, the rights of shareholders would be respected.

I recognize that this is not simple, but it gives me hope. I only talked about section 137 of the bill. There is a lot more in this bill, which is quite voluminous and on which bureaucrats have been working for several years.

The Bloc Quebecois and myself have several reservations, particularly with regard to securities. We will try to express these reservations in committee. What I wanted to focus on today was really that part of the bill that opens the door to what is called shareholder activism.

One of the pioneers of shareholder activism in Canada—there are several—who is better known in Quebec and who has been dubbed the Robin Hood of the banking industry is Yves Michaud. As a shareholder dissatisfied with the behaviour of our voracious banks, he attended a shareholders' meeting to submit proposals for increased transparency on the part of the bank and for more reasonable salaries for bank executives.

One of Mr. Michaud's proposals was aimed at ensuring that a bank executive's salary was not more than 40 times higher than the salary of an employee in one of its branches. This would have introduced a social component in the behaviour of banks.

The Shareholder Association for Research and Education, in Vancouver, of which Peter Chapman is the director, does a lot of work in this regard. The Interchurch Committee on Corporate Responsibility and the Social Investment Organization, for which Tessa Hebb, a professor at the University of Ottawa, works, have been working on this for a number of years.

There is the Fonds de solidarité des travailleurs du Québec. This represents the largest union in Quebec that is interested in these issues. I am also thinking of François Rebello, who is presently working on these issues, saying to unions and pension funds managers ''Listen, give me the mandate to go to shareholders' meetings, and I will report back to you on them. Give me the right to vote for you''.

All this is shareholders putting democracy to work. All this is the democratization of capital. I am not saying that this will change the world. All I am saying is that this can be a useful tool when businesses with a very high global productivity are tempted to do things like laying off workers, polluting the environment, overexploiting natural resources. If we act responsively as owners of pension funds, it could make a difference. One out of every two dollars on the financial market is owned by workers. This is important.

That is about all I wanted to say, and I hope that my remarks will have an impact on the decisions of the standing committee on industry. I hope the committee will be receptive to our proposal to include in the bill elements that could help create a culture of shareholder activism.

[*English*]

Mrs. Bev Desjarlais (Churchill, NDP): Mr. Speaker, the bill is the first major overhaul of the Canada Business Corporations Act since 1975. It also overhauls the Canada Cooperatives Act and

seeks to harmonize the Canada Cooperatives Act with the Canada Business Corporations Act.

● (1320)

Shortly after it was elected in 1993 the Liberal government began a lengthy consultation process on overhauling the Canada Business Corporations Act, a process which has led to the introduction of the bill. The government consulted over 1,700 corporations, corporate associations and corporate law firms but only 41 citizens groups. It appears to have largely ignored the contributions of citizens groups.

Although the consultation process was drawn out over a long period it was not a fair process and the government clearly did not consult as broadly as it should have.

To add insult to injury, after waiting 25 years to overhaul the Canada Business Corporations Act the Liberal government is all of a sudden in a big rush to push the bill through the House as quickly as possible. Why is there such a rush to pass it after 25 years?

After 25 years of overhauling the act we have the Broadbent commission, chaired by Ed Broadbent, whose panel includes representatives from business and labour. The panel is going across the country holding consultations on the issue of corporate responsibility. Those two words, corporate responsibility, probably shock the heck out of the governing party.

The Liberal government is clearly rushing to get the bill passed before the Broadbent commission finishes its work next month. After waiting 25 years the government will rush the bill through within the next 30 days. It wants to avoid addressing the issues the Broadbent commission is dealing with.

The Minister of Industry has assured Mr. Broadbent he will take the commission's findings into account. If that is so, why is the government in such a rush to pass the bill after 25 years?

The minister is taking a similar approach to another bill, Bill S-17, which overhauls the Patent Act. He says there is no time to deal with the problems of the Patent Act which have caused the price of medicine to rise by 87% in the last 10 years. One in ten Canadians cannot afford the prescription medicines they need. There has been an 87% increase in prescription drug costs. This is a serious problem. However the Liberal government does not want to deal with it so it says there is no time.

The real issue is that the Liberal government is putting big corporations ahead of the sick and elderly in Canada who are struggling to pay for their medicine.

It is the same issue here. The government does not want to deal with the findings of the Broadbent commission. The Broadbent commission, unlike the government, is talking to ordinary citizens who are concerned about democracy and corporate responsibility. The Liberal government consulted only with corporations and after 25 years it is suddenly in a rush to pass the bill.

The bill has a lot of technical amendments to bring the act up to date with our current legal system and allow corporations to make better use of electronic communications. That is not a problem.

The three parts of the bill of most concern deal with director liability, shareholder rights and Canadian residency requirements. The words shareholder rights and director liability are probably not well enforced on the other side.

The bill makes it easier for corporate directors to defend themselves from lawsuits if they break their fiduciary responsibilities. Canadian governments have a long history of breaking fiduciary responsibility. They have been doing it to first nations people for decades.

At present corporate directors can use the defence of good faith reliance. They can defend themselves from lawsuits by showing they have acted in good faith and relied on reasonable information from experts like accountants, economists and engineers. Bill S-17 would replace the defence of good faith reliance with a new defence called due diligence.

The Liberal government is trying to make corporate directors even less accountable by removing the obligation to show that they base their actions on facts and expert opinions. Bill S-17 would switch to the more vague language of due diligence which could mean anything and be interpreted in almost any way by the courts.

Why is the government making the language clearer in the rest of the bill but less clear in the section dealing with director liability?

● (1325)

If anyone thinks corporate directors need to be less accountable, as the bill would ensure, they need only look at the Westray tragedy. The bill deals with civil and not criminal liability. However the two are related because the managers of the Westray mine avoided both criminal and civil liability for the deaths of 26 coal miners. Today one of the Westray managers manages a Canadian owned mine in Central America.

I want every member of the House to recognize that it was Justice Richard's inquiry, a long, drawn out inquiry into the Westray tragedy, and its recommendations that prompted the government to put in place criminal liability for corporate directors and executives who knowingly put lives at risk. It was Justice Richard who asked the government to respond.

What has the government done? Nothing. To this day, nine years after the tragedy, nine years yesterday, the government has done

nothing. It has already been a number of years since Justice Richard's recommendations were made.

Prior to the election the government made a big show of how it would come forth with legislation to deal with the issue. What are we now hearing? The government will consult industry. After Justice Richard's lengthy inquiry that is its biggest concern. It would rather not deal with the issue at all.

We need to put the bill before committee and have public hearings on it. Let us listen to what industry has to say because a lot of corporations live by the rules and have ethics. They are not the ones for which we bring in laws. It is for the ones which do not have ethics and do not care about workers that we have laws. Not all citizens will commit criminal acts but we want to be able to charge those who do and hold them accountable. The corporate manslaughter issue is about holding corporations responsible.

We have been waiting for the bill for how many years? How many years has the issue been dragging on? Since 1993 the government has had lengthy discussions. We are rushing the bill through now, but where is the legislation on corporate manslaughter? Why is it not being rushed through the House? Why do we not have it on our plates to deal with? It is because the government is not concerned about it.

Hon. members might gather that I am very passionate about the Westray tragedy. I come from a mining community and have seen numerous deaths over the years. Some were accidental and unavoidable, but for a number of others there should have been accountability. When workers go into those places they do not have the same rights as each of us. If we get killed in the House, if someone gets us at the door coming in, they will be liable for murder. It is not the same for ordinary workers going into their workplaces. We are protected. Other workers are not, and that is because the government has failed to bring in legislation.

To give credit where it is due, the bill makes progressive changes on the issue of shareholder rights. My colleague from the Bloc mentioned a number of them. Although the bill does not go far enough in giving shareholders real influence over corporations, it is an improvement.

Bill S-11 would allow shareholders to submit resolutions at annual meetings on any issue pertaining to the business of the corporation. At present, shareholder resolutions pertaining to social or other issues not related to the profitability of the company are not allowed.

However in my view social issues are related to profitability. I do not buy from companies which have substandard labour legislation or take part in human rights violations. For years I made a point of boycotting grapes because of the treatment of farm workers in California and throughout the world. I make a point of making a statement. If a product's country of origin is not marked I take it to the grocery store till and ask. If they cannot tell me I do not buy the product. If it comes from a country with a poor human rights record I do not buy it.

● (1330)

I am not the only one who does that. A lot of responsible, principled people do that because they genuinely care about the people in their country and those throughout the world. I am proud and happy to say that I believe the majority of people would do that if they knew those violations were taking place.

I do not buy rugs that come from certain countries unless they have a tag that says they are not made by child labour. I do not buy certain running shoes. I and a lot of other people do not wear the hats or the logo of certain companies. Many people want to know where products come from and they will make a point of asking.

I prefer to buy Canadian made items because, at least for the most part we are not as bad as other countries. Bad practices do take place in the workplace in Canada but for the most part we are doing a good job. Canada should not lower its labour standards nor diminish workers' rights or its treatment of children. We need to promote Canada's good practices throughout the world.

I would like to return to the issue of profitability of a company. If shareholders find out that the company they partly own is polluting the environment, today they cannot propose a resolution calling on the corporation to put a stop to it. Bill S-11 would make this shareholder resolution possible, and that is a good move.

Another improvement to shareholders' rights that our party supports is the ease with which shareholders would be able to communicate with each other. Under the current Canada Business Corporations Act, it is illegal today for shareholders to solicit proxy votes from other shareholders unless they go to the great expense of sending out a circular to all shareholders. Bill S-11 would allow shareholders to communicate in other less expensive ways, including websites.

We agree with the changes because they would make it easier for groups of small shareholders to band together at shareholders' meetings. It is sad to say that shareholders have to fight to have a say in a corporation that they invest in.

It is important to note that the Liberal government is hardly breaking new ground with these improvements to shareholders' rights. Canada is just playing catch up with the United States which has some of the most progressive laws in the world regarding

shareholders' rights. It shows how Canada, under the Liberal government, has fallen behind on some progressive issues.

There are two specific areas where the bill does not go far enough in expanding and improving shareholders' rights.

First, shareholders should have the right to obtain information about a corporation's compliance with the law. It is hard to believe but today corporations do not have to disclose their non-compliance with the law. It can be very hard for shareholders or other people to find out if a corporation is violating labour laws or laws to protect the environment. It is even harder to find out if these violations occur in other countries. Corporations should have to be completely open and transparent with their shareholders about these issues.

Many people want to be ethical investors. They want to know that when they buy shares in a company they are not contributing to the destruction of the environment or violating human rights. Shareholders should have the right to know these things. We emphasize that Canadians do not want to see their Canada pension plan dollars invested in unethical funds, such as in tobacco companies or in mining companies, that are literally wiping out villages in other countries. I know the issue of Talisman oil has come up in these discussions already today.

Shareholders' rights could also be improved by creating a shareholders' rights watchdog group. Many states in the U.S. have created these sorts of groups and they are working out very well. Corporations get shareholders to sign up to the shareholders' rights group. This costs the government and the corporations nothing. All the corporation is doing is inserting a form in a mailing that it has to send out anyway. A shareholders' rights watchdog group is funded and run by its members. There should be no objection to putting it in.

I would like to speak about the issue of Canadian residency. Bill S-11 reduces the requirement for directors of chartered corporations to be residents of Canada. At the present time a majority of the board of directors of a corporation chartered under the Canada Business Corporations Act must be Canadian residents. The current CBCA also requires that a majority of the members of any committees of the board be Canadian residents. Bill S-11 reduces the Canadian residency requirement to 25% of the board of directors and completely eliminates the Canadian residency requirement for committees of the board. There are good arguments for and against the Canadian residency requirement.

● (1335)

On the one hand the argument in favour of the Canadian residency requirement is that in theory if the directors of Canadian corporations live in Canada, they would be closer to the consequences of the corporations' actions and the corporations would therefore be more socially responsible.

On the other hand the existence of these rules has not done much to turn Canadian corporations into good corporate citizens. Many corporate directors live in places such as Toronto and Calgary while their corporations do business in other parts of the country or even abroad. This has not stopped Canadian corporations based in the financial capitals of countries from closing mines and mills in the hinterlands, breaking labour laws, polluting or even violating human rights.

The Canadian residency requirement is a disincentive for corporations to charter in Canada. Canada is the only G-7 country that imposes residency requirements. There are four provinces that do not impose residency requirements: New Brunswick, Nova Scotia, Prince Edward Island and Quebec. Corporations that want to get around the residency requirement can already do so by chartering at the provincial level.

Since it has not done much good to make corporations into good citizens, reducing the Canadian residency requirement may help make Canadian corporations more internationally competitive at little cost. However the issue does seem to warrant more consideration and discussion. It would be nice to hear, for example, what the Broadbent commission has to say on the issue but unfortunately the Liberal government is rushing headlong into the bill before the commission finishes its work.

In conclusion, there has been much discussion over the last few years about corporate responsibility, ethical corporations and good corporate citizens. For the most part corporations are good business operators and good managers that abide by the rules. However it is the same as with anything. We need legislation to take to task those corporations that do not do so, those corporations that finagle, manipulate, and are not upfront and honest with their shareholders. Those are the ones we are dealing with. We need to give shareholders the right to check things out in the same way that corporations have the right to check things out. Shareholders need to have the same rights.

It is crucially important that the government move forward on the whole issue of corporate criminal liability. Under absolutely no circumstances whatsoever should one more worker in Canada die with a corporate executive or director getting away with it if he or she knowingly put that life in jeopardy.

I will once again mention that as of yesterday over the past nine years there were 26 deaths and no one has been held criminally responsible. What have we done to address that? Nothing. It will not go away this time. We will not let it be put to rest.

Week after week we will continue to remind the government that it made a commitment to the people of Canada prior to the election last year that it would deal with the issue of corporate responsibil-

ity and criminal liability. We will make sure that it keeps its promise and, if it does not, we will make sure that Canadians hear over and over again that it has failed to do what it promised.

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, I thank the member for Churchill for her very eloquent remarks. She outlined very well some of the real problems that Canadian consumers, citizens and active participants in society face when it comes to dealing with megacorporations. A lot of people feel powerless. They feel like they are individuals taking on a massive structure which by its very nature is very undemocratic.

The hon. member for Churchill has provided some very good evidence of some of the problems facing us in terms of dealing with these very undemocratic structures.

● (1340)

The member gave the example of the Westray disaster and the tragic deaths that occurred there nine years ago. The fact that the government has not taken any action is regrettable and again another indication of how this part of our society, these corporations and massive institutions, has been allowed to get off scot-free. They operate in a realm where most of us feel like we have very little recourse to deal with them. We could go through the judicial system, which is hugely expensive, but we would be up against a corporation that has very deep pockets.

I would like the member to comment further on the growing movement of consumers who are taking action into their own hands. Consumers say that they will make choices about what they do. They will not use their hard earned dollars to purchase goods or services from corporations that are blatant in terms of their disregard of human rights, the environment or the way they treat women or minorities. This movement is growing very strong in Canada. Would the member agree with that?

Mrs. Bev Desjarlais: Mr. Speaker, there is no question that a majority of people would agree with that. My colleague and I and the rest of our caucus went to Quebec City to the people's summit because there were concerns over trade issues and the way huge corporations were starting to control the political agenda and the legislation in numerous countries.

The legislation would protect people and give them information. Our party believes that individuals should be allowed to decide. They should be given the information on which to decide about an issue such as genetically modified foods.

If there is nothing to fear, the information should be put on the label and individuals should be allowed to decide whether or not they want to take that chance. The same applies to buying products made in other countries where maybe the labour standards are not up to snuff.

We know there is a problem in Indonesia so we do not make a decision to stop buying coffee there. However we will not buy coffee from Indonesia if we know that its farmers are not being treated fairly or that someone is running roughshod over the people and violating human rights.

We are not jeopardizing the rights of Canadian citizens by saying they cannot do something. We are saying that individuals should be given the information. Information is what it is about. Everyone has the right to ask those questions. We should not have legislation in place, either through this piece of legislation or any other, that says it might jeopardize corporate profitability.

Is corporate profitability more important than knowing that a four year old is sitting at a loom making a rug we are going to walk on so that we can get it for some $20 less? How many of us, if we knew that a four or five or six year old was working on a loom day after day to put a rug under our feet, would buy the darn thing? We would not.

However let us go a step further, have some principles and say that people have a right to know where something is made. They have a right to know if a company is using child labour or if it is paying wages below the standards that it is supposed to. We have a right to know these things.

The legislation should be about the rights of shareholders to control what their corporation is doing. If they are investing they have a right to know where the corporation is investing and if it is breaking laws. That is what we are asking. We are not saying that shareholders cannot do it. We are saying they have a right to know and the right to get information in order to make decisions.

Mr. Scott Brison (Kings—Hants, PC): Mr. Speaker, I commend the member for Churchill on her impassioned speech and her reference to the Westray disaster in Nova Scotia. As a Nova Scotian it means a great deal to have members of parliament from other parts of the country recognize the call for action that is represented by what happened in Westray.

I learned a great deal about consumer power and the power of consumer advocacy from the hon. member for Churchill, even about ethically raised grapes. I would suggest that any farmer or jurisdiction which allows grapes to be raised in an unethical manner will be subject to the wrath of grapes from the hon. member. Further to that I will also recognize that we have global leadership provided by some companies, for instance, on issues of the treatment of animals and animal testing and that sort of thing.

● (1345)

An interesting question dawned on me the other day. There are companies that for years have marketed against animal testing. I

think the Body Shop was probably the first company. The other day I was in a pet supply store buying shampoo for my dog. I looked at the label of the dog shampoo and was shocked and appalled because there was no warning against human testing. Perhaps that is another issue for another day in this place and for now we can move forward, but right now my dog is using shampoo that may have been tested on humans. That is clearly a loophole we should seek to fill.

Bill S-11, an act to amend the Canada Business Corporations Act, is a very important and long overdue act. The bill comes to us from the Senate, where it should be noted that a very important amendment was put forth by my colleague, Senator Oliver, and adopted by that House.

Senator Oliver's amendment corrected a major flaw in the act. Before the amendment there was no statutory review of the act, an act that has a major impact on Canada's business framework and indeed on our competitiveness. The amendment was proposed because it is recognized that in a global, hypercompetitive, ever changing economy we cannot leave legislation or a regulatory framework like this untouched for 25 years, as was the case in this instance.

When we are looking at the types of policy frameworks that companies or investors look at when determining where to invest in the world, not only is tax policy important, and it is, or regulatory burden important, and it is, but increasingly issues of corporate governance are moving to the forefront as being extremely important in every country in the world. We need to ensure that we have clear, consistent, up to date policies in that regard that are reflective of those that exist in other countries.

While I am glad to see the government finally move forward on this issue, the fact that it has been 25 years since we have had major updates is unfortunate. I heartily commend the initiative and the amendment of Senator Oliver which will ensure that this does not happen again.

Canadians are battling on a daily basis to attract investment and capital to our country. If we look at the secular decline of the Canadian dollar over the last 30 years, much of that has to do with declining levels of productivity. Productivity is closely related to levels of investment, and when we fail to attract investment usually the consequence is that we fail to develop greater levels of productivity in our country.

Of course that is reflected in our limp loonie, our falling dollar, which continues to be a source of concern if not embarrassment for many Canadians as Canadians see their standard of living decline with the declining dollar. In fact, Canadians are taking a pay cut every time our dollar drops relative to that of the U.S. These are some of the issues we have to consider.

Certainly corporate law administration in Canada has been consistently quite good. On the issue of corporate governance addressed by the legislation, Canada has not had a bad record, but we have failed in many ways to keep up to some of the trends that have occurred in other countries and with our trading partners.

● (1350)

In researching our response to the legislation, I was shocked to find that a 1996 recommendation by the Senate banking, trade and commerce committee to institute a review within 10 years was actually rejected by the industry department. The government's reasoning at the time was this:

> The increased recognition of corporate law and corporate governance issues as factors affecting the competitiveness of corporations will likely ensure the continued improvement of corporate laws.

That is a great leap of faith coming from the government. I would argue that where government does have a responsibility in a market driven economy is to set in place the framework within which the private sector and in fact the public sector can work and develop. In not rigorously maintaining and updating its regulations relative to corporate governance issues, the government has clearly abdicated its responsibility in this regard.

This is just one part of competitiveness and one part of the framework required to ensure to investors looking to make investments anywhere in the world that Canada is a good place to do business and that in fact, along with tax policy and regulatory policy, along with these other issues, corporate governance is increasingly important. I would hope that the government would become much more vigilant in evaluating the threats and opportunities in this competitive global environment and would move more proactively in addressing them with legislation in the House.

Again this legislation came to us from the Senate and again it is reflective of some of the very positive benefits of our Senate and of some of the forward thinking and visionary approaches taken by our members in the upper House. I would commend them for their input on this initiative and for their amendments, which in fact have improved the legislation.

An hon. member: Senator Brison.

Mr. Scott Brison: One of my hon. colleagues has referred to me as Senator Brison. That is not the case, but we are still waiting.

We need to impress on the government that its policies relative to an industrial policy for the country and relative to a framework for growth and competitiveness have been sadly lacking. That the legislation is coming to us after such delays and dilly-dallying is unfortunate. We need to ensure on an ongoing basis that we are updating our corporate governance rules and that not only are we keeping up with global trends but perhaps actually seeking to set some global trends in this and in other areas.

Mr. Rick Borotsik (Brandon—Souris, PC): Mr. Speaker, once again I congratulate my friend and colleague from Kings—Hants who certainly has spent an awful lot of time in the House this morning.

There was a comment made suggesting that perhaps he was a senator from Kings—Hants. Knowing full well that it is the hon. member's birthday today, does that have anything to do with the fact that his age is the reason he was referred to as senator?

Mr. Scott Brison: Mr. Speaker, I thank my hon. colleague from Brandon—Souris for his very serious question somehow linking my birthday to the gift of a position in the Senate. It is an interesting position but, Mr. Speaker, I would argue that if that in fact were the case it would be a gift that keeps on giving.

● (1355)

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

Some hon. members: Question.

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

Some hon. members: Agreed.

The Deputy Speaker: I declare the motion carried. Accordingly the bill stands referred to the Standing Committee on Industry, Science and Technology.

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

STATEMENTS BY MEMBERS

[*English*]

LEO HAYES HIGH SCHOOL

Hon. Andy Scott (Fredericton, Lib.): Mr. Speaker, I have the pleasure to rise today to welcome a group of students and teachers from Leo Hayes High School to our nation's capital.

It remains a constant challenge for us as parliamentarians to engage young people in continuous, open dialogue and to pique their interest in our ongoing political work.

I would like to commend the parents and teachers who helped raise funds for the trip. They have provided a wonderful experience to the students while at the same time providing them with an exciting way to learn about the Canadian parliamentary system and Ottawa.

It is with great pleasure that I wish all the students, teachers and chaperons a splendid stay for the remainder of their trip. I would particularly like to thank the Leo Hayes choir for its performance at noon in the rotunda.

S. O. 31

JESSICA KOOPMANS

Mr. Rick Casson (Lethbridge, Canadian Alliance): Mr. Speaker, a heart-wrenching event has taken place and we need everyone's help. Five year old Jessica Koopmans went missing from her front yard in north Lethbridge last Friday, May 4 at approximately 5 p.m.

The Lethbridge City Police, assisted by RCMP officers from as far away as Calgary and Edmonton, have been working day and night to find Jessica. Hundreds and hundreds of volunteers from communities throughout southern Alberta have helped in the search and support is pouring in for the distraught family.

Jessica is five years old. She is four feet tall and weighs 40 pounds. She was last seen wearing a white tank top, blue jean shorts and pink sandals. She has shoulder length brown hair, blue eyes and freckles. Further information and a picture of Jessica can be seen at www.jessicakoopmans.com.

● (1400)

I am calling on my colleagues in the House of Commons and on all Canadians to pray for Jessica. If anyone receives any information or if anyone sees Jessica, please contact the Lethbridge city police at 403-328-4444.

* * *

[*Translation*]

MINING INDUSTRY

Mr. Guy St-Julien (Abitibi—Baie-James—Nunavik, Lib.): Mr. Speaker, the people of Abitibi—Témiscamingue are calling for a mining sector emergency fund.

* * *

[*English*]

THE ENVIRONMENT

Mr. Andy Savoy (Tobique—Mactaquac, Lib.): Mr. Speaker, I join the member for Fredericton in welcoming choir members from Leo Hayes High School. Their melodious voices filled the hallway today, a welcome break from the usual drone that fills these hallways.

The Canadian Council of Ministers of the Environment recently announced the winners of its fourth annual pollution prevention awards which honour organizations showing innovation and leadership in the area of pollution prevention.

Established to emphasize preventing pollution at the source, this year's awards will be presented on June 7 at the Canadian pollution prevention round table in St. John's, Newfoundland. Two of this year's six recipients, both from Saint John, New Brunswick, deserve mention.

First, Irving Pulp and Paper will be recognized for its use of innovative technologies to ensure its mill waste water is completely non-toxic and less harmful to the Saint John River.

Second, Irving Oil Refinery will be awarded for being the first oil refinery to produce low sulphur gasoline for consumer use, two years ahead of legislative requirements.

I congratulate both companies on their achievements. I encourage them and all industry to continue fielding technical advancements which promote safer water and a cleaner environment.

* * *

TULIP FESTIVAL

Mr. David Pratt (Nepean—Carleton, Lib.): Mr. Speaker, this is the time of year in the national capital region when we enjoy the brilliant colours of the tulips throughout the city of Ottawa.

[*Translation*]

This weekend marks the start of the Canadian Tulip Festival.

[*English*]

Since 1953 we have celebrated the arrival of spring every year with this festival. This great event originated in 1945 when Princess Juliana of the Netherlands donated over 100,000 tulip bulbs to Canada. This was a gesture of thanks for providing the Dutch royal family with safe haven during World War II and for the role Canadian forces played in liberating the Netherlands from the Nazis.

This year Great Britain will co-sponsor the festival which will be launched with a 46 metre tulip balloon on Parliament Hill. We invite all Canadians to participate in the music and activities and to enjoy the colourful display of millions of tulips.

* * *

NURSING WEEK

Mr. Keith Martin (Esquimalt—Juan de Fuca, Canadian Alliance): Mr. Speaker, this week is Nursing Week but all is not well. In the next 10 years we will have a shortage of 112,000 nurses. Hospitals are relying on nurses to do overtime just to fill their spots. I have worked in hospitals where half the nursing spots in the intensive care unit and emergency department are simply not filled.

This crisis is not only confined to nursing. It also happens with physicians. Our population is aging too. Today 25% of the physician population is over the age of 55. In the next 15 years that number will rise to the point where 45% of all doctors will be over the age of 55. The crisis is staggering. Who will care for us when we are old if there are no doctors and nurses left?

I implore the government to work with the provinces to increase enrolment in medical, nursing and training faculties by 20% and have a tuition for service in outlying areas program that will enable us to fill the absolute dire crisis in rural areas. We must act now. This crisis is not going away. Lives depend on it.

* * *

RESEARCH AND DEVELOPMENT

Mr. Gurbax Malhi (Bramalea—Gore—Malton—Springdale, Lib.): Mr. Speaker, I was pleased to announce on behalf of the Minister of Industry and Technology Partnerships Canada a $3.9 million investment into MD Robotics, a space robotics company in my riding of Bramalea—Gore—Malton—Springdale.

The investment will allow MD Robotics to create 74 high quality jobs in Brampton. This is another example of the government's support of projects which create skilled jobs, strong growth and a knowledge based economy in communities across the country such as Bramalea—Gore—Malton—Springdale.

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[*Translation*]

CHRISTOPHER AUGER

Mr. Richard Marceau (Charlesbourg—Jacques-Cartier, BQ): Mr. Speaker, yesterday and today, I have had the pleasure of hosting here on the Hill the MP for a day for Charlesbourg—Jacques-Cartier, Christopher Auger.

Christopher is the fourth winner of the MP for a day contest for my riding, having made a distinguished showing on a test of general knowledge about politics, coming first out of nearly 1,200 secondary IV students.

During his stay in Ottawa, Christopher has been able to familiarize himself with the parliamentary duties of an MP and to have a close-up view of the action here on Parliament Hill.

● (1405)

He and his mother, Dr. Jocelyne Lortie, had the honour of speaking with you yesterday, and today he had a private talk, before question period, with the leader of the Bloc Quebecois and member for Laurier—Sainte-Marie.

On behalf of all my colleagues in the Bloc Quebecois, I welcome Christopher to parliament. I hope he enjoys his visit.

* * *

[*English*]

VOLUNTEERS

Mr. Steve Mahoney (Mississauga West, Lib.): Mr. Speaker, the United Nations has declared 2001 as International Year of

Volunteers. Today in Mississauga the Peel District School Board will honour the long term commitment of over 100 parent volunteers and community representatives for their contributions to building a stronger link between school and community.

Eight of those one hundred individuals are parent volunteers from two schools in my riding: Mila Jack and Judy Robertson are 20 year volunteers; Sharlaine Howes and Marg Snider are 15 year volunteers; Karen Bateson, Carolyn Christou and Jane Inglis are 10 year volunteers, all of Pheasant Run Public School; and Joanne Bain is a 10 year volunteer at Settler's Green Public School.

I thank the Peel District School Board for honouring the efforts of these individuals and those eight volunteers and all others for their tireless, dedicated and continuous contributions to our community.

* * *

CITIZENSHIP

Mr. Kevin Sorenson (Crowfoot, Canadian Alliance): Mr. Speaker, I rise today to recognize and congratulate three outstanding young people from my riding of Crowfoot: Darla Mohan of Camrose, Jackie Brown of Erskine, and Heather André of Drumheller.

These constituents were among the 220 young Canadians selected by their local Rotary associations to visit the national capital region as participants in the adventure in citizenship program, a program that focuses attention on the diversity of Canada and on the institutions and values that unite us.

Last week it was with extreme pleasure that I joined Darla, Jackie and Heather at the adventure in citizenship reception on the Hill. Even in the brief period I spent in their company it was very apparent why they were chosen to visit Ottawa representing their local communities. They were all exceptional teenagers who had made significant contributions to their communities. I say to Darla, Heather and Jackie, way to go.

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[*Translation*]

CHRYSOTILE ASBESTOS

Mr. Gérard Binet (Frontenac—Mégantic, Lib.): Mr. Speaker, yesterday, over 1,000 people who care about my beautiful region of Frontenac—Mégantic, which is the cradle of the chrysotile industry, went to the national assembly to express their discontent over the unjustified ban on asbestos.

Chrysotile asbestos is a natural, recyclable fibre that is inexpensive but, more important, safe. Yet it is constantly discredited, even though many scientific studies confirm that it can be safely used in a controlled environment.

Canada supports the principle of safe use by making regular and constant representations at the international level. Unqualified support for the safe use of chrysotile is necessary so that this product can get its reputation back.

Let us all work together, at the federal, provincial and municipal levels, to achieve that goal, because we have everything to gain from protecting the future of this resource.

* * *

[*English*]

TELECOMMUNICATIONS

Ms. Wendy Lill (Dartmouth, NDP): Mr. Speaker, this morning the Standing Committee on Canadian Heritage announced an 18 month study into the current and future system of broadcasting in Canada. The committee will be looking into Canadian content and creation for radio and TV, broadcast ownership, industry regulation, the role for public broadcasting and the Internet.

For the committee to do a credible job, the government must let all parties know that the next 18 months is not a time to restructure like crazy in order to escape any possible government action in response to the study. The government should clearly warn the industry that all major changes made from this day forward may be subject to review and reversal when the committee reports.

The government should also announce that broadcasting is explicitly off the table at international trade talks including the GATS so as not to compromise our work.

Our task is to provide a vision for the 21st century. The government's task is to show the political courage to make it happen.

* * *

[*Translation*]

FEDERAL GOVERNMENT

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, the federal government is divesting itself of the port facilities that it has abandoned for decades.

In the area of air transportation, the federal government made hostages of the regions. Airfares are exorbitant and flight schedules are ineffective.

The federal government is also neglecting the whole shipbuilding industry, and Quebec shipyards are still waiting for the necessary funding.

The federal government has systematically demonstrated its inability to provide Quebec with transportation infrastructures that support its development.

Such are the costs of Canadian federalism, of Quebec's non-sovereignty. Quebecers can no longer tolerate this situation.

What Quebecers want is a sovereign Quebec that will be receptive to their needs and that will have the tools to correct the situation. They want a Quebec in which we will be responsible for our actions as a people.

Quebec's sovereignty is the only solution.

* * *

● (1410)

BILINGUALISM IN THE CITY OF OTTAWA

Mr. Mauril Bélanger (Ottawa—Vanier, Lib.): Mr. Speaker, yesterday, Ottawa's municipal council gave Canada a bilingual capital in which Ottawa residents and hundreds of thousands of visitors will be entitled to receive services in French as well as English.

Today, I wish to thank Mayor Bob Chiarelli and councillors Elisabeth Arnold, Michel Bellemare, Rainer Bloess, Rick Chiarelli, Alex Cullen, Diane Deans, Clive Doucet, Dwight Eastman, Peter Hume, Herb Kreling, Jacques Legendre, Phil McNeely, Madeleine Meilleur, Alex Munter, Janet Stavinga and Wendy Stewart for the stand they took yesterday.

These men and women will go down not just in the history of their city, but in the history of their country as well.

[*English*]

In the fall of 1999 Glen Shortliffe recommended the merger of all the municipalities to form a new capital of Canada and that it be officially bilingual. The Ontario government chose not to do it at the time, saying that it was a local decision.

The local decision was made yesterday. City council accepted a bilingual policy and has asked the government of Ontario to amend the law to reflect and guarantee those services. I invite the government of Ontario to do just that and I hope that it will.

* * *

NATIONAL DRINKING WATER STANDARDS

Mr. John Herron (Fundy—Royal, PC): Mr. Speaker, this parliament, Canada's House of Commons, clearly expressed its will that we need national drinking water standards in Canada by approving the Progressive Conservative motion. We call on the federal government to act, as the motion said, immediately to provide a safe drinking water act.

We must be respectful of shared jurisdiction for the environment. We must recognize the moral obligation of Health Canada to actually ensure that our drinking water is safe. That is what we do now with the Food and Drugs Act when we measure toxicity levels in chemicals or in pesticides.

The motion says immediately. If we do not see action by the fall by convening a meeting of the health ministers across Canada, if we do not see an act by the fall, we could only call it a breach of parliament and a breach of the Canadian will. Moreover the health minister will be letting down Canadians by not providing for safe drinking water in Canada.

* * *

[*Translation*]

MARIE CARDINAL

Mr. Jean-Guy Carignan (Québec East, Lib.): Mr. Speaker, it is with great regret that we learned of the death of writer Marie Cardinal.

Madame Cardinal's philosophical and feminist works, which were translated into 26 languages, left their mark on us. These works included: *Écoutez la mer, Autrement dit, Une vie pour deux* and, more recently, *Amours. . .amours*.

In addition to reading what she wrote, we could hear it as well, because *La clé sur la porte* and *Les mots pour le dire* were made into movies.

On behalf of my party and myself, I wish to convey heartfelt condolences to the family and friends of Marie Cardinal. They can rest assured that this great woman will live on in our collective memory.

* * *

[*English*]

VETERANS AFFAIRS

Mr. Roy Bailey (Souris—Moose Mountain, Canadian Alliance): Mr. Speaker, the recent incident of a Liberal member of parliament dishonouring a veteran because of the way the veteran voted should be an isolated incident, but it is not.

Previously the veterans affairs minister refused to help to send some of our war veterans back to commemorate Christmas in Ortona. A local newspaper had to raise the money.

The government's fiasco in attempting to apportion part of the Canadian War Museum to the holocaust memorial was prompted by the minister of heritage. She did not even consult Canadian veterans. Powerful public opinion changed that.

The same minister did not bother asking the war museum's advisory committee or veteran organizations before announcing the change in the location of the new war museum.

There are two questions: When will this abuse of our veterans come to an end and when will the insult to our veterans cease?

[*Translation*]

MARIE CARDINAL

Ms. Christiane Gagnon (Québec, BQ): Mr. Speaker, how do I say it: Marie Cardinal has passed away. She died yesterday, in France, of cancer.

She marked the women of my generation by her fight to overcome her fears, by finding the words to understand her inner truths. In the 1980s, she said herself ''I have loved my life, because it has been the antithesis of my youth. I told my story, and through incredible luck, my books developed a large following''.

While the world loses a talented writer, culture loses a woman of letters and a Hellenist of renown, and women lose a fighter, who put them in touch with their inner selves to look courageously at hurts and incurable longings in order to come to terms with life.

● (1415)

Marie Cardinal loved Quebec and divided her life between France and Montreal from the early 1960s. Her work survives her and will continue to spark the imagination of readers by opening the doors within.

We offer our condolences to her family and friends, to Jean-Pierre Ronfard and her daughter Alice. Quebec has lost a great friend.

* * *

MEDICALERT MONTH

Mr. Jeannot Castonguay (Madawaska—Restigouche, Lib.): Mr. Speaker, I am pleased to inform the House and the people of Canada that the month of May has been designated MedicAlert Month by the Canadian MedicAlert Foundation.

Over 900,000 Canadians are protected by this universally recognized identification and emergency medical information service.

It is estimated that one person in five in Canada has a medical problem or an allergy of which people should be informed in the event of a medical emergency.

The MedicAlert service ensures that people at risk are quickly identified in a medical emergency and that emergency health care providers have immediate access to secure personal and medical information.

Let us offer our best wishes for a successful public awareness campaign to the Canadian MedicAlert Foundation.

ORAL QUESTION PERIOD

[*English*]

THE ECONOMY

Mr. Stockwell Day (Leader of the Opposition, Canadian Alliance): Mr. Speaker, we now know why the government does not want to table a budget for two years. The economists who are doing work for the finance minister are actually saying that government spending is heading us toward a deficit. One economist has even said that the government just never added the numbers together. This is incredible.

Could the Prime Minister please tell us how he allowed his finance minister to mishandle the finances of this nation so badly that we are now approaching a deficit?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, that is probably the easiest question I have had in a long time.

It is the first time in the history of Canada that we have had four or five surpluses in a row. It is the first time in 40 years that we have paid the debt three years in a row. It is the first time in history that the interest rates have gone down under the stewardship of the Minister of Finance, and myself of course, from 11.5% to 6%, and of course it will carry on.

Let us talk about spending. When we came to power in 1993-94 the government was spending $121 billion. Seven years later we are not yet back to that.

Mr. Stockwell Day (Leader of the Opposition, Canadian Alliance): Mr. Speaker, he can laugh all he wants. The Liberals laughed during the last election when we pointed out the numbers that said we were headed toward a deficit. They told the voters that we were not headed toward a deficit. Their own economists are now saying that we are headed toward a deficit. It is no joke. They can laugh all they want. Now we see that the full range of promised tax cuts is in jeopardy.

Will the Prime Minister break his promise on tax cuts like he did on GST and like he did with his promise on the ethics counsellor?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the majority of the tax cuts were implemented on January 1 this year. The rest will be implemented. We are predicting that we will have balanced budgets for years to come. No one can know if in three, five or ten years from now there may be a major recession. However the way we have handled the finances of this nation since 1993 has been a huge success.

Mr. Stockwell Day (Leader of the Opposition, Canadian Alliance): Mr. Speaker, these economists say that we are headed toward a deficit even without a downturn. Every taxpayer in the country knows that as the government approaches its year end the spending spree really goes crazy.

I will remind the finance minister and the Prime Minister that it is not their money they are blowing out the door, it is the money of taxpayers. That is exactly why the auditor general asked who was minding the store.

Could the President of the Treasury Board tell us if there are any new spending controls being put in place to protect us from the deficit we are headed toward and to protect us from these unaccountable, unbudgeted, incompetent binge spenders? Are there any controls in place?

● (1420)

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I just explained that we started in 1993 and, excluding the payment on interest, it was $121 billion. We reduced it by 20% during the difficult years that we had. We have increased it slowly since that time. We are not back yet to where we were in 1993-94. Of course we still have problems in Canada but we have a program: reduction of the debt, reduction of taxes and spending for some of the problems that exist in society that we do recognize on this side.

Ms. Cheryl Gallant (Renfrew—Nipissing—Pembroke, Canadian Alliance): Mr. Speaker, the announcement today that another Canadian company and Ottawa valley employer, Mitel Corporation, will be laying off 430 workers rather than adding the 300 workers it planned on two months ago tells us that the government's luck has run out in relying on the Americans to pull us through the current downturn.

How many people have to lose their jobs before this government takes concrete action?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, there is no doubt that when any Canadian loses his or her job it is a matter of considerable concern to the government. The fact is that there is a slowdown in the United States and a slowdown in the high tech industry and the telecommunications industry. That is where these job losses are taking place.

I would simply ask the Ottawa area member to tell us what measures she thinks the Canadian government should take to make the American telecommunications sector buy more Canadian companies.

Ms. Cheryl Gallant (Renfrew—Nipissing—Pembroke, Canadian Alliance): Mr. Speaker, unemployed Canadians want jobs, not excuses. It is not good enough for this government to say that there are adjustments or changes in the U.S. economy or the technology sector that account for this change.

How long will the parents of Canada's best and brightest have to say goodbye to their children as they seek work elsewhere?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, let us take a look at what is happening in the Canadian economy domestically.

It was announced yesterday that housing starts in this country are going to achieve their highest level ever. They are up 7.5%.

Fundamentally, it is the judgment that is placed by economists outside this country on what has happened in this country. The IMF has said the policy positions that we have put in place are exactly the ones that are required. The OECD has said the same thing. Last week the *Economist* intelligence unit moved Canada up two places to third place among the best places in the world in which to invest.

* * *

[*Translation*]

ORGANIZED CRIME

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, yesterday in the House, the solicitor general said that the immunity for police officers to commit illegal acts granted by the bill introduced by his colleague in justice ''will not be limited only to organized crime''.

This is likely to pave the way for abuses such as those committed by the RCMP against the sovereignist movement back in the 1970s, with the barn burnings.

Could the Minister of Justice tell us whether she shares the position of the solicitor general and, if not, whether she intends to limit the immunity granted to police officers solely to investigations into organized crime?

[*English*]

Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.): Mr. Speaker, this is a critical new tool for the police and it is not a blank cheque. The bill outlines strict limits and controls and it also has direct political accountability.

[*Translation*]

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, when it comes to policy, this is disturbing. What we are asking for is for this to apply only in connection with organized crime. Each time the solicitor general is asked a question about investigations, he says he does not interfere in them.

Yet this time he is the one, when all is said and done, who will decide whether police officers can commit a crime. That is what is disturbing.

Does the Minister of Justice not agree that it would be far simpler and far more law abiding for the decision to be made by a judge, as it is with electronic surveillance? Will she shoulder her responsibilities? She is the one to determine this, so will she respond?

[*English*]

Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, I agree with everything my colleague, the solicitor general, has said. I emphatically disagree with the leader of the Bloc that this is an appropriate role for the judiciary. What he fails to understand is that to involve the judiciary in this kind of role would lead to their involvement in the investigative stage of crime in a way that violates the traditions of our democracy.

● (1425)

[*Translation*]

Mr. Réal Ménard (Hochelaga—Maisonneuve, BQ): Mr. Speaker, the bill on organized crime provides that the police will ultimately have to obtain authorization from the solicitor general or the minister of public security to commit criminal acts when they infiltrate groups, whether or not these groups are involved in organized crime.

Will the minister acknowledge that this approach is contrary to the traditional arrangement among the legislative branch, the executive branch and the judiciary and that it could minimize the role of the judiciary, which is to protect the rights of the public against potential political abuse?

[*English*]

Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, we have adopted the approach that we have to ensure that the judiciary is not involved in an inappropriate way in the investigative stage of crime, thereby ensuring that they continue to play their role as the ultimate protectors of Canadians' rights and freedoms.

[*Translation*]

Mr. Réal Ménard (Hochelaga—Maisonneuve, BQ): Mr. Speaker, they are saying that in the case of electronic eavesdropping the role of the judiciary is inappropriate.

Would she accept the criticism of this approach by the Barreau du Québec and the Canadian Bar Association, which consider it totally arbitrary to have the solicitor general provide the authorization rather than a judge, as is done obviously in the case of electronic eavesdropping?

[*English*]

Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, as I have said and as the hon. member should know, our tradition has been and, as far as we are concerned on this side of the House, will continue to be to keep the investigative phase and the judicial phase separate and apart. To do that which the member suggests would radically change the balance that has been part of our legal tradition.

NATIONAL DEFENCE

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, in the mid-eighties the U.S. proposed star wars I. Today we are facing another star wars proposal. It is the same madness.

The Prime Minister says that he is trying to make up his mind. Let me help by reminding the Saint-Maurice member of what he said about star wars on March 22, 1985, and I quote:

> Can we have the Government's assurance that the Canadian people and the Canadian Parliament will not be associated with the star wars project. . .? That is what we want from the Government.

Could the Prime Minister answer his own question?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, as we have said, there is no program yet by the American government. It has told us that it will consult with us before making a decision. We said that this is the best way to approach the problem because it has promised that we will be consulted.

It would be very easy just to say no and sit back, but I think that by being with the Americans in negotiations and discussion we can influence the decision rather than be on the outside. There are other leaders in Europe, in Russia and in China who want to have a dialogue. We want to be part of that dialogue.

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, with this Liberal leader, where one stands and what one says depends on where one sits.

Listen to what today's Prime Minister asked Brian Mulroney in March 1985, and I quote again:

> —will he live up to the reputation of Canadians, that we have always been on the side of peace, and not get into an adventure which will lead to escalation of the arms race around the world?

What has changed the Prime Minister's mind? Could he explain why he does not have the guts to do as Brian Mulroney did and just say no to star wars?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, there is some fundamental difference in the position then and today.

In the proposition proposed so far by the Americans, there is a huge unilateral reduction of nuclear weapons by the Americans. It is a positive sign.

As far as what they will do with the new system, we do not know exactly. We want to have a dialogue, just like the Russians are willing to have a dialogue, and the Europeans and so on.

Yesterday I spent some time with some people who are working on disarmament. They are encouraging Canadians to participate in the dialogue because they think that—

The Speaker: The right hon. member for Calgary Centre.

* * *

[*Translation*]

AUBERGE GRAND-MÈRE

Right Hon. Joe Clark (Calgary-Centre, PC): Mr. Speaker, the government continues to reject the requests made by the Bloc Quebecois to table the lease between Consolidated Bathurst and 161341 Canada Inc. regarding the lot on which the Auberge Grand-Mère is located.

The property registry indicates that the lease was not cancelled. Nor was it cancelled in the bill of sale signed by Consolidated Bathurst and Yvon Duhaime.

● (1430)

Will the Prime Minister tell us if, after he was sworn in, the rent continued to be paid by his company to Consolidated or to Yvon Duhaime?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we answered all these questions. Once again, the hon. member is fishing.

I sold my interests on November 1, 1993. Under the lease, the rent was $1 per year. I do not know what happened after I left, but I do know that Consolidated Bathurst sold directly to Mr. Duhaime. It never sold it to the golf corporation in which I had an interest before I became Prime Minister.

[*English*]

Right Hon. Joe Clark (Calgary Centre, PC): Mr. Speaker, there has been a mysterious outbreak of alleged forgeries in the Grand-Mère loan file at the Business Development Bank. On Monday the minister refused to say why some of those forgeries are sent to the RCMP for investigation and others are not.

My question is in regard to the general file that has been kept by the BDC, a file that under the law should be available for scrutiny by the RCMP, the information commissioner and parliament. Could the Prime Minister tell the House if any documents have been taken out of that file or if any documents have been destroyed?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the file is with the Business Development Bank. The Business Development Bank has turned the problem over to the RCMP and the RCMP is doing its job.

* * *

[*Translation*]

PARLIAMENTARIANS

Mr. Grant Hill (Macleod, Canadian Alliance): Mr. Speaker, as a result of the actions by the member for Scarborough Southwest, the 75% of voters who did not vote Liberal are worried.

Can the Prime Minister assure Canadians that none of them will not receive second class treatment by this government?

The Speaker: Judging by his preamble, I wonder if the question relates to government business. I have doubts, but the Right Hon. Prime Minister may reply.

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I spoke with the member in question yesterday and this morning he has issued a statement of apology and an offer to work with the veteran in question, who has moreover already been phoned by the veterans affairs minister offering help with his case.

[*English*]

Mr. Grant Hill (Macleod, Canadian Alliance): Mr. Speaker, the pattern here is pretty obvious. Vote Liberal and you can get help from your MP. Vote Liberal and there might be money for your business. Do not vote Liberal and you are just shunted aside.

My question is for the Prime Minister. Most Canadians consider that to be patronage. Will the Prime Minister just simply stop this activity now?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, members are very diligent in work for their constituents, but I remember that about a year and a half ago in the House of Commons when we were debating the problem of the HRDC some members on the other side said it was a matter of principle for them not to help anyone get a grant from the Government of Canada. I remember that it was said by members on the other side.

In the case of the member for Scarborough Southwest, he apologized and he offered to help. The Minister of Veterans Affairs made sure that the person in question received an offer of help no later than yesterday. I am happy that the situation has been restored to normality.

* * *

[*Translation*]

URBAN AFFAIRS

Mr. Richard Marceau (Charlesbourg—Jacques-Cartier, BQ): Mr. Speaker, last fall the federal Liberals campaigned against municipal mergers, admitting as soon as the election was over, however, that they could do nothing about them.

In February, the Minister of Transport said that the constitution should be changed to bring it into line with the realities of urbanization in Canada. Yesterday, the Prime Minister announced the creation of a task force to develop a federal urban policy.

Since the constitution clearly states that municipal affairs are a provincial jurisdiction, how can the government justify creating this task force? Is this not yet another example of underhanded centralization?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the federal government has an important role to play with respect to municipalities.

There is the infrastructure program, for example. We are helping the municipalities. They are very glad to have our help. We are helping them in many other areas, such as housing. Let us take the situation in Montreal. The bridges that cross the St. Lawrence River are a federal responsibility.

It is perfectly normal for us to have a role to play. Unlike the members of the Bloc Quebecois, we do not have our heads in the sand.

● (1435)

Mr. Richard Marceau (Charlesbourg—Jacques-Cartier, BQ): Mr. Speaker, it is true that they do not have their heads in the sand, but they are poking their noses into all sorts of matters that do not concern them.

The task force's mandate makes no reference to the jurisdiction of the provinces and of Quebec with respect to urban issues. As far as the federal government is concerned, its own constitution does not need to be respected.

What is the reason for Ottawa's paternalistic and disdainful attitude towards the provinces? Is it not more Canadian nation building, fuelled by the social union agreement, which allows the federal government to interfere in provincial jurisdictions where it does not belong?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we are receiving letters from all the mayors in all provinces of Canada, including the mayors of Quebec, asking us to help when we can. We are pleased to do so because our concern is not with politics at the expense of people, but with helping people at all levels to the fullest extent possible.

* * *

[*English*]

VETERANS AFFAIRS

Ms. Carol Skelton (Saskatoon—Rosetown—Biggar, Canadian Alliance): Mr. Speaker, my question is for the Prime Minister. Yesterday's revelations regarding the member for Scarborough Southwest reflect a pattern we have seen from the government for quite a while now.

The transitional jobs fund was well known as a subject of political manipulation. It is clear that TJF applications in the province of Quebec were subject to vetting by local Liberal MPs. If there was not a Liberal MP, the Liberal riding associations passed out Canadians' money.

Why is it that Canadians who do not vote Liberal are considered second class citizens?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, with every MP we help, and we even helped Moose Mulligan's Pub in the riding of one of the Reform Party members who was asking the minister to give money, and in many of the Reform ridings.

We have consulted them and some of them were very happy to see the Government of Canada helping the local institutions.

Ms. Carol Skelton (Saskatoon—Rosetown—Biggar, Canadian Alliance): Mr. Speaker, by directing taxpayer money only at Liberals and even denying help to an aging veteran, the government consistently demonstrates a dangerous double standard.

The Prime Minister should be embarrassed by this despicable incident. He needs to commit to removing the double standard from all aspects of government operations, including his own backbench. Will he commit to treating all Canadians—

The Speaker: Order, please. I do not understand how it can be for the government to respond to the actions of private members in the House. It is legitimate to put questions to the government concerning the activities of ministers, but if the question is going to the activities of another MP it seems to me it is beyond the competence of the government.

I have very serious reservations about the questions. I will allow an answer in this case, but I am warning hon. members the Chair is losing patience on this subject.

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I want to say to the member that she was not here at that time, but everyone knows very well in the House that in Saskatchewan there was more money in the Reform's ridings than was distributed in the riding of the minister.

Unfortunately he did not get all the money in his riding because there was more in the others. The same thing happened in Alberta, so much more money in the other ridings than those of the two members from Alberta.

I want to apologize to the two ministers of Alberta that we did not give them as much money as we gave to the Reform Party, and it was the same thing in British Columbia.

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[*Translation*]

SINGLE CURRENCY

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, Thomas Courchene, the economist, testified today before the Standing Committee on Finance. Mr. Courchene expressed his support for the establishment of a single currency in America and considered it irresponsible on our part not to give thought to this issue immediately.

Is the Minister of Finance not in fact being irresponsible by refusing to give thorough consideration to a monetary union of the Americas, which could be achieved in ten years, despite him, despite Canada, and in the opinion of the Governor of the Bank of Canada?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the eminent economist, Mr. Courchene, is entitled to his opinions. I however have repeatedly stated the position of the Government of Canada and of the Bank of Canada, namely that to protect our economy and economic growth, the Canadian dollar is clearly the currency we should adopt and keep.

● (1440)

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, instead of continually twisting the words of the Governor of the Bank of Canada, who said that it will be inevitable in ten years' time, could the Minister of Finance demonstrate a little leadership by setting up a real special commission, which would take an in depth look at this important question, in the manner of the MacKay commission on reforming Canada's financial institutions?

It is not simply a matter of being for or against, but of being ready.

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, perhaps the member could explain something.

How is it that article 14 of Quebec's referendum legislation of 1995 provides clearly, and I quote ''The currency having legal tender in Quebec shall remain the Canadian dollar''?

* * *

[*English*]

JUSTICE

Mr. Randy White (Langley—Abbotsford, Canadian Alliance): Mr. Speaker, yesterday the solicitor general told the House that escapes from our prisons were being taken seriously, but the numbers tell us a little different story. There are currently about 926 individuals who have either escaped or are unlawfully at large from all levels of our institutions.

I would like the solicitor general to turn on that bright cell door light over there and tell us just exactly how the government could possibly lose 1,000 prisoners from our prisons.

Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.): Mr. Speaker, the government has made a number of changes over the last seven years and the escapes from minimum security institutions have been reduced by 55% in the last seven years.

Mr. Randy White (Langley—Abbotsford, Canadian Alliance): Mr. Speaker, that is interesting because we just had seven more in the month of February. That is a great accomplishment. Keith Lawrence was recaptured just recently after being on the lam for thirty years. Lawrence was living under a known alias and as a matter of fact he was living about an hour's drive from the prison from which he escaped.

I would like to ask a question of the solicitor general. What resources could the government commit to keeping these guys in prison, or maybe he would like to take on a really tough Liberal tactic and ask them to stay a little longer in prison?

Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.): Mr. Speaker, I am sure my hon. colleague, like my hon. colleague yesterday, is not trying to indicate to the House that there are a number of escapes from maximum or medium security institutions. In fact in the minimum security institutions, as I have indicated, we have cut the escapes by 55% over the last seven years and we will continue to reduce that figure.

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FOREIGN AFFAIRS

Mr. Bryon Wilfert (Oak Ridges, Lib.): Mr. Speaker, Ethiopia and Eritrea reached a formal settlement to their border war on December 12, 2000. The recent peace settlement has set the stage for a definitive resolution of the longstanding animosity between Ethiopians and Eritreans.

As part of the effort to ensure a durable peace between these countries, the United Nations agreed to deploy a peacekeeping mission known as UNMEE to the region. Would the Secretary of State for Africa give the House an update on Canada's efforts to promote peace in this region?

Hon. David Kilgour (Secretary of State (Latin America and Africa), Lib.): Mr. Speaker, the UN peacekeeping mission is doing its best to resolve outstanding differences between the two sides in that terrible war.

Some of us will be going to Ethiopia and Eritrea next month to deal with the politicians to try to persuade them to continue to maintain the peace. There are 450 Canadians who are serving extremely well in that part of the world, from all reports, and we should all be grateful to them as Canadians.

* * *

GRAIN TRANSPORTATION

Mr. Dick Proctor (Palliser, NDP): Mr. Speaker, one year ago today the Minister of Transport announced that there would be more competitive grain handling transportation. In fact he predicted that the average reduction would be $5.92 a tonne.

Of course we have come nowhere close to that. In Saskatchewan, for example, it is less than one-tenth, a measly 53 cents a tonne. Since the bulk of the money did not go to the producers, my question is very straightforward. Who did it go to?

Hon. David Collenette (Minister of Transport, Lib.): Mr. Speaker, I believe that Bill C-34, passed before the last election, was one of the more successful pieces of legislation in restoring some equilibrium with respect to pricing of grain on the prairies.

Under that legislation farmers, the producers, will be receiving about $175 million in benefits. I believe the figure the hon. member has calculated is wrong in the sense that he did not include all the various components of the cost.

Grain is moving. It is moving better than it was before. I am sure there will be more improvements in the future.

● (1445)

Mr. Dick Proctor (Palliser, NDP): Mr. Speaker, in fact the minister promised an 18% reduction. What producers have received is actually less than 2%.

Most of the money has obviously gone to the railways and the grain companies. It is a sad commentary, not only on their commitment but on the commitment of the government, that there has not been more assistance for the producers. Railway profits last year of $1.47 billion exceeded all the net farm income for prairie producers.

Given all this, how can the minister justify the 3.5% increase in the grain transportation rates which will come into effect on August 1?

Hon. David Collenette (Minister of Transport, Lib.): Mr. Speaker, the hon. member is being highly selective. He is only quoting the single car rate. He is not taking into account the rebates and other incentives the railways are offering.

I would ask him to do some mathematics. He will find out that the savings that we predicted are indeed being realized.

* * *

THE ECONOMY

Mr. Scott Brison (Kings—Hants, PC): Mr. Speaker, economists helping the finance minister prepare his economic statement are warning that Liberal election promises will put Canada back into deficit in three years.

In a world changing so rapidly and in a country trending back toward deficits because of new Liberal spending, why does the finance minister think it is acceptable to have a two year gap between budgets?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, in the October statement we brought in not only the largest tax cuts in Canadian history but we announced one of the largest debt reductions. Certainly this was a very important economic statement.

Let me simply challenge the hon. member. The fact is that if one looks at the economic projections over that five year period brought in in October and if one looks at the reserves and the contingency provisions, it is very clear that all spending is taken care of and that the government will not go back into deficit.

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CANADIAN BROADCASTING CORPORATION

Mr. Loyola Hearn (St. John's West, PC): Mr. Speaker, my question is for the Minister of Canadian Heritage.

From the fall of 1999 to the fall of 2000, viewers of CBC Newfoundland dropped by more than 50% over the evening news time slots. Will this be the excuse for CBC to eliminate local news programming and do through the back door what it was embarrassed to do through the front door?

Will the minister finally agree with the wishes of rural Canadians and tell CBC to return to its original news format, here and now?

Hon. Sheila Copps (Minister of Canadian Heritage, Lib.): Mr. Speaker, first, I want to thank the hon. member for his question. I also want to thank the hon. member and the other members of the Standing Committee on Canadian Heritage for the excellent review they undertook today in Canadian broadcasting.

It is a good example to all Canadians of how parliamentary committees can make a difference. I fully expect that this and many other issues will be deeply reviewed by that committee.

* * *

SCIENCE AND TECHNOLOGY

Mr. James Rajotte (Edmonton Southwest, Canadian Alliance): Mr. Speaker, Canadians are world leaders in materials research, astronomy and astrophysics.

The decisions on two large scale scientific projects, the long range plan for astronomy and astrophysics, and the Canadian neutron facility, are long overdue from the government. Delaying these decisions further endangers Canada's leadership role and will cause top quality researchers to look elsewhere for opportunities.

Will the secretary of state for science and technology demonstrate leadership and introduce a general fiscal framework for large scale science and technology projects?

Hon. Ralph Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, the hon. member has identified a particularly significant issue with respect to both science and government financing.

The kinds of projects that he has referred to tend to come with very large price tags at unpredictable time periods. It is important to have a fiscal framework and a planning system that will accommodate those big ticket, big science projects. The govern-

ment is determined to make those decisions based on sound science, due diligence and fiscal responsibility.

Mr. James Rajotte (Edmonton Southwest, Canadian Alliance): Mr. Speaker, in his December 2000 report, the former auditor general recommended that the government establish a single federal authority for accountability purposes for big science projects that would report annually to parliament.

● (1450)

Canadians want to remain world leaders in science and technology but they want to ensure their taxpayer dollars are well spent.

Will the Liberal government let these opportunities slip away, or will the secretary of state or any of the ministers commit today to introducing such a single federal authority?

Mr. John Cannis (Parliamentary Secretary to Minister of Industry, Lib.): Mr. Speaker, let me commend the member, who is a very active member in committee. He was there today and has been in every committee. He knows very well that we are now reviewing that. We had scientists and researchers come before committee who complimented the government repeatedly on our investments. They talked about the brain gain as opposed to the brain drain.

I want to compliment the Prime Minister, the Minister of Finance and the Secretary of State for Science, Research and Development for taking the charge to make Canada stand a cut above the rest.

* * *

[*Translation*]

POVERTY

Ms. Diane Bourgeois (Terrebonne—Blainville, BQ): Mr. Speaker, this week, Quebec's Front commun des personnes assistées sociales is organizing an event called Foire de la dignité to make the various levels of government aware of the issue of poverty.

There are still 4.9 million Canadians living in poverty, including 1.3 million children.

Does the Minister of Justice agree that it is unacceptable on the part of the federal government to have not yet included in the Canadian Human Rights Act ''social condition'' as a prohibited ground of discrimination, considering that eight provinces have done so, including Quebec?

[*English*]

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, this government takes very seriously the issues facing those Canadians who live in poverty. That is why I am very glad to point out that one of the most important ways of reducing poverty, particularly among Canadian seniors, is our comprehensive pension structure: CPP, OAS and the guaranteed income supplement. The government is very committed to them.

Second, the hon. member should look to the work that we have undertaken with the provinces through the national children's benefit and through the new agreement on early childhood development. We know those programs will help us reduce poverty among children.

[*Translation*]

Ms. Diane Bourgeois (Terrebonne—Blainville, BQ): Mr. Speaker, I would appreciate getting an answer when I ask a question to a minister on a specific issue.

In his report submitted to the minister on June 21, 2000, former supreme court justice Gerard La Forest recommended that ''social condition'' be added as a prohibited ground of discrimination. That recommendation was based on the definition developed by Quebec's human rights commission.

Will the minister follow up on Justice La Forest's recommendation and include ''social condition'' as a prohibited ground of discrimination?

[*English*]

Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, the review of the Canadian Human Rights Act, undertaken by, among others, the former Mr. Justice La Forest, made some 160 recommendations.

My department, in conjunction with all other government departments affected, are reviewing these recommendations. We will be taking action in a timely fashion.

* * *

NATIONAL DEFENCE

Mr. Peter Goldring (Edmonton Centre-East, Canadian Alliance): Mr. Speaker, at 25 years a car is a bona fide antique automobile. At 30 years a person can legally become a senator. At 40 years and counting, the Sea King, the senior citizen of the Canadian air fleet, barely totters on while the political procurement nightmare continues.

In critical frontline service for years longer than most that fly, what will it take to get Sea King replacements: Liberal Party memberships?

Hon. Alfonso Gagliano (Minister of Public Works and Government Services, Lib.): Mr. Speaker, the government made its position known that it wants to procure this important procurement.

We went out with a letter of interest and, surprisingly, to the discredit of some critics, we had more interest out there. A lot of people are interested in this procurement, and we are working with

them. Hopefully in the next few months we will have a formal request for proposals. We hope to achieve this major procurement in the time schedule, which we said at the beginning.

Mr. Peter Goldring (Edmonton Centre-East, Canadian Alliance): Mr. Speaker, independent military analysts disagree with the minister that we are more combat capable than we were 10 years ago.

Recently Major-General MacKenzie asked a roomful of military people whether anyone agreed with the minister's claim and not a single person raised their hand.

With a 40 year old aircraft in frontline duty, capability for combat and domestic service is suffering. When will this glaring deficiency end? When will the Sea King be replaced? When?

● (1455)

Hon. Art Eggleton (Minister of National Defence, Lib.): Mr. Speaker, the hon. member is quoting some outdated thinkers, I must say, of which he is one.

As I have said continuously, until we are able to get the new helicopter we will make sure that these helicopters, the Sea Kings, are safe to fly. The United States, the most modern military in the world, also flies Sea Kings of this vintage. It, like us, wants to make sure they are safe to fly. If they are not safe to fly we will not fly them. It is as simple as that.

* * *

FORESTRY INDUSTRY

Mr. Stephen Owen (Vancouver Quadra, Lib.): Mr. Speaker, British Columbians care deeply about the environment. This is why we demand sustainable forest practices.

The American lobby is now charging that Canadian forest practices are so poor that they amount to a countervailable subsidy.

My question is for the Parliamentary Secretary to the Minister for International Trade. Are these charges really about environmental protection or are they merely about further trade protectionism?

Mr. Pat O'Brien (Parliamentary Secretary to Minister for International Trade, Lib.): Mr. Speaker, the American charges are patently ludicrous of course.

The truth is that Canada has some of the very best environmental forestry practices in the world. We only harvest one-half of 1% of our forests a year. In fact we grow twice as much as what is harvested.

With a larger commercial forestry than the United States, we harvest less than half of what the Americans do. A recent American university study ranked us ahead of the Americans in forestry practices.

AGRICULTURE

Mr. Brian Fitzpatrick (Prince Albert, Canadian Alliance): Mr. Speaker, the Minister of Transport has a habit of ignoring the interests of western Canadian farmers.

More than two years ago, Mr. Justice Estey completed his report. One of his key recommendations was to bring competition to the rail system. Last week the government rejected an application by two small regional railroads for running rights.

Why does the minister oppose measures that would bring real benefits to western Canadian farmers?

Hon. David Collenette (Minister of Transport, Lib.): Mr. Speaker, the hon. member is asking me to reflect upon a decision made by the Canadian Transportation Agency to deny running rights for shortline railways on CN and CP tracks.

I might advise the hon. member that there is a panel that is due to report to me in July, the Canadian Transportation Act review panel. There are very prominent people on this panel. They will be addressing this particular issue, as instructed by parliament in the debate on Bill C-34.

Mr. Brian Fitzpatrick (Prince Albert, Canadian Alliance): Mr. Speaker, the Minister of Transport's website seems to be more concerned about pet projects in his own backyard, while the interests of western Canadian farmers are in dire straits.

When will the government give western Canadian farmers some meaningful choice by implementing the recommendations of Mr. Justice Estey?

Hon. David Collenette (Minister of Transport, Lib.): Mr. Speaker, as the hon. member knows, the whole question of western grain transportation is exceedingly complex.

What we did in Bill C-34 was start to move to a more competitive system in the tendering out of contracts by the wheat board. This particular legislation is working. There is an improvement in the transportation of grain.

As the review unfolds in the next year and as we bring forward amendments to the act, the hon. member can address those concerns in a more meaningful way.

* * *

[*Translation*]

ST. LAWRENCE SEAWAY

Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ): Mr. Speaker, on October 17, Coroner Laberge recommended that the number of lock workers at the St. Catharines locks be increased from three to four, in order to avoid regrettable accidents

such as the one on June 1, 2000, in which a woman in her seventies lost her life.

Will the Minister of Transport confirm in the House that he will require the St. Lawrence Seaway Management Corporation, as he is allowed to do under the management agreement, to review its downsizing and safety policy, the goal of which is to reduce from three to two the number of staff performing control and tying down activities at the 13 locks it operates in Quebec and in Ontario, including the ones in St. Catharines?

Hon. David Collenette (Minister of Transport, Lib.): Mr. Speaker, this is a question of management by the St. Lawrence Seaway corporation. Transport Canada's responsibility is to review safety and to ensure that we are complying with all the standards.

In this case, there is no reason to question the decision of St. Lawrence Seaway management.

* * *

● (1500)

[*English*]

PARLIAMENTARY REFORM

Mr. Paul Harold Macklin (Northumberland, Lib.): Mr. Speaker, there has been a lot of media coverage on parliamentary reform over the last few days.

Could the government House leader tell us what steps the government is taking to make the House of Commons an even better institution for Canadians?

Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.): Mr. Speaker, since 1993 the government has been working tirelessly in co-operation with all other political parties to modernize the institution of parliament.

We have given greater involvement to members of parliament in the budgetary process. We are sending more bills to committee before second reading. We increased research budgets for all political parties. We modernized the report stage of bills. We have an all party committee working on modernizing the rules of the House, and we have only just begun.

* * *

THE ENVIRONMENT

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC): Mr. Speaker, it is a wonder he can get out of bed in the morning. The situation at the Sydney tar ponds is critical. Families there have been exposed to high levels of toxins resulting in shocking rates of cancer, birth defects and miscarriages. The health minister's position is about as murky and malodorous as the sludge in Sydney.

Elizabeth May continues her hunger strike outside and demonstrations continue in Nova Scotia protesting the lack of action.

Will the Minister of Health give his government's firm commitment to provide financial resources necessary to permanently relocate those afflicted residents of Whitney Pier, Nova Scotia?

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, the government has for many years supported a community based approach through the joint advisory group working on this issue in the community itself. That process is continuing.

The Government of Canada has provided money to make sure it succeeds. We stand behind that process with the people of Sydney and the Government of Nova Scotia.

* * *

[*Translation*]

PRESENCE IN GALLERY

The Speaker: I wish to draw the attention of hon. members to the presence in our gallery of His Excellency Nassirou Sabo, the Republic of Niger's minister of foreign affairs, co-operation and African integration.

Some hon. members: Hear, hear.

* * *

[*English*]

BUSINESS OF THE HOUSE

Ms. Cheryl Gallant (Renfrew—Nipissing—Pembroke, Canadian Alliance): It being Thursday, I would like to ask the hon. House leader for the government if he has the business for the rest of today, tomorrow and next week.

Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I believe it is the first opportunity I have had to respond to the hon. member in that capacity. Let me begin by congratulating her on the position she holds.

This afternoon we will continue consideration of Bill S-11, followed by Bill S-16 respecting money laundering. As a matter of fact the debate on Bill S-11 may have collapsed just before question period. That means we will start with Bill S-16 respecting money laundering, followed by Bill C-14, the shipping legislation. Afterward, if there is any time left, we will resume debate on Bill C-10 regarding marine parks.

On Friday we will begin consideration of Bill C-22 respecting income tax amendments at report stage and third reading. We will then return to the list I have just described should we not have completed Bill C-14, Bill C-10 or Bill S-16, for that matter.

● (1505)

On Monday next, if necessary, we will resume consideration of Bill C-22, followed by Bill C-17, the innovation foundation bill, at third reading. We will then return to the list that I described a while ago.

On Tuesday it is my hope that we will be able to commence and hopefully complete the third reading of Bill C-26, the tobacco taxation bill, as well as the second reading of Bill C-15, the criminal code.

Next Wednesday it is my intention to call Bill C-7, the youth justice bill at report stage. We also hope to deal next week with Bill S-3 respecting motor vehicles, Bill C-11, the immigration legislation, if reported, and Bill C-24, organized crime. As well there has been some discussion among political parties and hopefully we can deal with Bill S-24 respecting the aboriginal community of Kanesatake at all stages in the House of Commons, provided that it has been reported to the House from the other place.

THE ROYAL ASSENT

[*English*]

The Speaker: Order, please. I have the honour to inform the House that a communication has been received as follows:

Government House
Ottawa

May 10, 2001

Mr. Speaker:

I have the honour to inform you that the Honourable Ian Binnie, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy of the Governor General, will proceed to the Senate Chamber today, the 10th day of May, 2001, at 4:00 p.m., for the purpose of giving royal assent to certain bills.

Yours sincerely,

Anthony P. Smyth
Deputy Secretary
Policy, Program and Protocol

GOVERNMENT ORDERS

[*English*]

PROCEEDS OF CRIME (MONEY LAUNDERING) ACT

Hon. David Collenette (for the Minister of Finance) moved that Bill S-16, an act to amend the Proceeds of Crime (Money Laundering) Act, be read the second time and referred to a committee.

Mr. Roy Cullen (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I welcome the opportunity to speak today at second reading of Bill S-16, an act to amend the Proceeds of Crime (Money Laundering) Act. This bill would improve upon its predecessor, Bill C-22, which received royal assent last June. That bill was needed for several reasons.

Allow me to take a moment to review some of the background to that bill.

[*Translation*]

As hon. members know, money laundering in recent years has become more and more of a problem in Canada. By definition, money laundering is the process by which dirty money from criminal activities is converted into assets that cannot be easily traced back to their illegal origins.

[*English*]

Today's open borders provide criminals with a daily opportunity to launder millions of dollars in illegal profits with the intention of making the profits look legitimate. These activities can undermine the reputation and integrity of financial institutions and distort the operation of financial markets if adequate measures are not in place to deter money laundering.

To illustrate the magnitude of the problem, it is estimated that between $5 billion and $17 billion in criminal proceeds are laundered through Canada each year. A significant portion of this laundered money is linked to profits from drug trafficking.

● (1510)

Money laundering became a crime in Canada back in 1989. Prior to Bill C-22 Canada had many of the building blocks of an anti money laundering program in place within the criminal code and the previous Proceeds of Crime (money laundering) Act. However the government realized that much more needed to be done to combat the problem.

[*Translation*]

On one hand, the government was being pressured by law enforcement agencies for better enforcement tools. At the same time, on the international front, Canada was subject to scrutiny because of perceived gaps in our anti money laundering arrangements.

[*English*]

In 1997 the 26 member financial action task force on money laundering, the FATF of which Canada is a founding member, found Canada to be lacking in certain key areas and strongly encouraged us to bring our anti money laundering regime in line with international standards.

As a result of pressure here and internationally, the government brought in Bill C-22 in the last parliament. That legislation strengthened the previous statute by adding measures to improve the detection, prevention and deterrence of money laundering in

Canada. Bill C-22 contained three distinct components which enabled Canada to live up to its international commitments.

First, the bill provided for the mandatory reporting of suspicious financial transactions.

Second, the legislation required that large cross-border movements of cash or monetary instruments like travellers' cheques be reported to the Canada Customs and Revenue Agency.

Third, Bill C-22 provided for the establishment of the Financial Transactions and Reports Analysis Centre of Canada, FINTRAC, which came into being on July 5, 2000. An independent agency, FINTRAC is set out to receive and analyze reports and to pass on information to law enforcement authorities if it has reasonable grounds to suspect that information would be relevant to a money laundering investigation or prosecution.

[*Translation*]

I should also mention that there are safeguards in place to ensure that the collection, use and disclosure of information by FINTRAC are strictly controlled. These safeguards are supported by criminal penalties for any unauthorized use or disclosure of personal information under FINTRAC's control.

[*English*]

FINTRAC is also subject to the federal Privacy Act and its protections.

Bill C-22 was welcomed last year by members on all sides of the House for several reasons.

First, it responded to domestic law enforcement communities needs for additional means of fighting organized crime by more effectively targeting the proceeds of crime.

Second, it responded to Canada's need to meet its international responsibilities in the fight against money laundering. It did so while providing safeguards to protect individual privacy.

In spite of these accomplishments, several of our hon. colleagues in the other place believed the act could be strengthened even further and could benefit from additional amendments. The government agreed and the result is Bill S-16, the legislation before us today.

Let me take a moment and provide some background.

[*Translation*]

When Bill C-22 was studied by the standing Senate committee on banking, trade and commerce last spring, members of the committee indicated that while they supported the bill the legislation would benefit from amendments to certain provisions.

[*English*]

The Secretary of State for International Financial Institutions made a commitment at that time to clarify the act by including several of the changes requested by the committee. The result was Bill S-30 which was introduced last fall and subsequently died on the order paper when the election was called. It was reintroduced in this parliament as Bill S-16.

The amendments in this bill relate to four specific issues. The first deals with the process for claiming solicitor-client privilege during an audit by FINTRAC. The agency is authorized to conduct audits to ensure compliance with the act.

The current legislation contains provisions that apply when FINTRAC conducts a compliance audit of a law office. FINTRAC must provide a reasonable opportunity for a legal counsel to claim solicitor-client privilege on any document it possesses at the time of the audit.

● (1515)

[*Translation*]

The proposed measure in Bill S-16 pertains to documents in the possession of someone other than a lawyer. It requires that that person be given a reasonable opportunity to contact a lawyer so that the lawyer could make a claim of solicitor-client privilege.

[*English*]

Another measure would ensure that nothing in the act would prevent the federal court from ordering the director of FINTRAC to disclose certain information as required under the Access to Information Act or the Privacy Act.

The amendment would ensure that the recourse of individuals to the federal court would be fully respected. Indeed this was the intent of the original bill, Bill C-22.

The third amendment more precisely would define the kinds of information that could be disclosed to police and other authorities specified in the legislation. It would clarify that the regulations setting out this information could only cover similar identifying information regarding the client, the institution and the transactions involved.

Finally, Bill S-16 would ensure that all reports and information in FINTRAC's possession would be destroyed after specific periods. Information that has not been disclosed to police or other authorities must be destroyed by FINTRAC after five years. Information that has been disclosed must be destroyed after eight years.

Bill C-22 introduced sweeping changes to Canada's anti money laundering regime. First, it introduced new reporting requirements

which would result in more reliable, timely and consistent reporting. Second, it introduced centralized reporting through FINTRAC which allowed much needed and much more sophisticated analysis.

[*Translation*]

Third, successful prosecutions that benefit from analysis by FINTRAC can lead to court ordered forfeiture of the proceeds of criminal activities.

[*English*]

Above all, these benefits would be achieved in a way that respects the privacy of individuals. The additional amendments contained in Bill S-16 would only serve to further strengthen and improve this statute.

Irrespective of party affiliation, I am confident that all hon. members will fully support the bill. I urge members to give the legislation quick and speedy passage so that we may proceed to other items on the government's legislative agenda.

Mr. Maurizio Bevilacqua: Mr. Speaker, I rise on a point of order to seek unanimous consent to revert to routine proceedings for the purpose of tabling a committee report.

The Speaker: Is there unanimous consent of the House to revert to tabling of reports by committees?

Some hon. members: Agreed.

Some hon. members: No.

Mr. Keith Martin (Esquimalt—Juan de Fuca, Canadian Alliance): Mr. Speaker, it is a pleasure to speak to Bill S-16. It is long overdue, and deals with one of the most important aspects of crime in the country today.

It is estimated that a majority of crime today relates to organized crime. Bill S-16, an act to amend the Proceeds of Crime (Money Laundering) Act is one we support.

For a long time the Canadian Alliance has worked hard to influence the government to address in a very reasonable way the large problem that affects every single riding in our country. The extent and depth of the problem of organized crime is extensive.

Organized criminals not only take advantage of the existing laws and working above the law, but also working beneath society and below the law. They hide behind the law when it is advantageous and flaunt it when it serves their benefit.

Historically many people may consider organized crime as the biker on a Harley Davidson, engaging in prostitution, drug abuse and in the buying and selling of drugs. Organized crime is much more than that. It is a national and transnational problem which will require a co-ordinated effort not only within our country but also among nations. Organized crime gangs have formed transnational groups that are capitalizing on the globalized markets in our country.

Organized crime gangs deal not only with the traditional forms of money laundering, drugs, prostitution and the violence that goes with that, they also deal with a considerable amount of white collar crime. That white collar crime involves setting up businesses and engaging in illegal activities.

● (1520)

Organized crime groups set up shell companies that profess to deal with the cleanup of environmentally toxic areas. They offer their services to businesses. They tell them that they will take their waste products and dispose of them sensibly. What they do is take those waste products, charge the company and then dump them illegally, polluting our land, our air and our water.

They also take the moneys from things like prostitution, drugs and weapons. They also take money from trafficking endangered species, which is second in the entire world in the trafficking of illegal products. That money is put it into illegal businesses.

The problem is how do we deal with these organized crime groups? Police officers have told us that we have to go after the money. If we can take away the money underpinnings of international groups then we will crush them.

Here is a case in point. In the United States a crime gang took those moneys and bought a casino. That was followed up and the casino was apprehended. The moneys from the sale of that property went into fighting crime.

The same thing happens in countries like Ireland, South Africa and south of the border. However, to understand why this is so important, we have to look at the impact of organized crime in our society today.

In Canada it is estimated that it costs us $5 billion to $9 billion a year, which includes insurance, cellular phone, credit card and telemarketing fraud, and much more. Between $5 billion and $17 billion a year is laundered in Canada. That is why we are known as a haven for organized crime.

Imagine $5 billion to $17 billion being laundered in our country. That is a huge amount of money. It impacts our civil society in ways of which we are unaware. The cost of this impacts upon all of us. It impacts our insurance costs, because of motor theft. There is also securities fraud. This is not to mention the violence generating effects of the illicit drug trade which has had such a profound and negative impact upon our society. That is why we support this bill.

I came back from Colombia in February. There are enormous effects as a direct result of the illicit drug trade in that part of South America.

Canada is poised for a flood of pure, cheap heroin that will undercut the price of cocaine. This will mean that on the streets there will be a higher number of addicts, a greater number of overdoses and deaths, not to mention the increasing incidence of the transmission of hepatitis B, C and HIV among the drug users. That is why many of us have asked the government to deal with drug use in a more pragmatic and less punitive way by looking at models in Europe which can be employed here. In fact I had put forth a private member's bill to that effect.

Another thing the government could do is employ RICO-like amendments which have been in the United States since 1970. These amendments would allow the government better opportunities to go after and apprehend civil property, civil forfeiture, as well as criminal forfeiture upon conviction of the properties that are used or acquired through illegal uses.

I also want to take a moment to look at the international aspects of organized crime. In many of the hot spots around the world, from Nigeria to Somalia, Central Africa, Sierra Leone, Colombia, Brazil, Paraguay, Bolivia and Venezuela, we can see the impact and the integration of organized crime in society, particularly in societies that are in a very tenuous place.

When the price of oil went down in Nigeria, organized crime insinuated itself into the country. It has become a haven for the trafficking of cocaine, heroin and diamonds.

● (1525)

I have had a chance to visit South Africa some 12 times since 1986. That country made some good changes, but unfortunately has suffered from a breakdown in law and order. Organized crime gangs saw an opportunity to insinuate themselves into a country which was trying to get on its feet. As a result, South Africa has become a haven for organized crime and for the trafficking of contraband, particularly drugs.

This is a very serious problem because it destabilizes these countries. Look in the heart of darkness of Africa where the blood of tens and hundreds of thousands of people has been spilled. We can see how mercenary groups, in conjunction with organized crime groups functioning in a transnational way, have used diamonds to further their ends of making money. However it has also contributed to the deaths of hundreds of thousands of innocent people and the furthering of conflict in these areas.

The point I am making is that while the actions of organized crime are known, they are not only a domestic problem, they are a transnational and international problem. These actions also contribute to the furthering of conflicts in some of the worst parts of the world. Hundreds of thousands of innocent people are killed in areas where democratic rules and the rule of law with respect to human rights are simply absent.

Organized crime groups have no compunction whatsoever in insinuating themselves into conflict that occurs in these areas. They grasp and capitalize on these problems. In many cases we think some of these battles are mostly over religion. We see the issue of Sudan being one of them. However it has more to do with money.

In Somalia it was looked at as a fight between rival clans. In effect, a larger part of it had to do with the trafficking of something called khat, which is a drug. The trafficking, the influence and involvement of organized crime gangs has a profound impact upon these conflicts.

This is a great opportunity for the Minister of Finance, who is the head of G-20 at this point, to try to work with the Bretton Woods institutions and use them as a lever to address the issue of organized crime. The IMF should have built in opportunities to analyze where moneys are going to make sure that organized crime is not benefiting from it. Similarly, the World Bank and the other IFIs need to look at where the money is spent to make sure it is not being channelled into illegal operations.

Russia is a prime case. Billions of dollars of western money has gone into Russia in good faith to try to stabilize the economic situation. Unfortunately, a lot of that money has fallen into the hands of the oligarchs that have ruled a large chunk of that country for far too long. I know Mr. Putin is working hard to deal with that.

I can only encourage the Minister of Finance to work with the international community to implement levers which will ensure that moneys being spent are used for proper monetary and fiscal stability in these countries and are not being siphoned away by individuals who are thugs in business suits.

In closing, I again emphasize that organized crime takes a big bite out of our economy and has many seen and unseen negative effects upon Canada. We support the bill and encourage the government to strengthen it as time goes on, by implementing methods to have criminal and civil forfeiture for individuals who are engaging in crime and by implementing RICO-like amendments in this country. We should work with the international community to ensure that similar laws are implemented so we can have a transnational, multifactorial approach to this scourge among us.

Mr. Ken Epp: Mr. Speaker, I rise on a point of order. We have our communications straightened out now between the parties and if you would seek it, I think you would now find unanimous consent to revert to daily routine of business, presenting reports from committees, so that the finance committee report could be presented by the member for Vaughan—King—Aurora.

The Speaker: Is there unanimous consent to revert to presentation of committee reports?

Some hon. members: Agreed.

ROUTINE PROCEEDINGS

● (1530)

[*English*]

COMMITTEES OF THE HOUSE

FINANCE

Mr. Maurizio Bevilacqua (Vaughan—King—Aurora, Lib.): Mr. Speaker, I have the honour to present the seventh report of the Standing Committee on Finance regarding its order of reference of Friday, April 27 in relation to Bill C-26, an act to amend the Customs Act, the Customs Tariff, the Excise Act, the Excise Tax Act and the Income Tax Act in respect of tobacco. The committee has considered Bill C-26 and reports the bill with amendment.

GOVERNMENT ORDERS

[*Translation*]

PROCEEDS OF CRIME (MONEY LAUNDERING) ACT

The House resumed consideration of the motion that Bill S-16, an act to amend the Proceeds of Crime (Money Laundering) Act, be read the second time and referred to a committee.

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, it is a pleasure to rise today to speak to Bill S-16, an act to amend the Proceeds of Crime (Money Laundering) Act.

First, let me remind the House that proceeds of crime covers anything seized that was, in the court's opinion, used to commit an offence or gained as a result of the offence.

This is just one piece of legislation among many others that were passed. Our society is now facing a major problem that has grown in scope in the last few years, with organized crime becoming a complex, international and ever changing industry that goes beyond traditional crime.

We now have technology based crime and international crime. For instance, drug traffic is run just like any other business, except for the fact that what is being traded is illegal, and of course new technologies are also used to commit crime.

As citizens, we often feel helpless. On the news, we hear about events, about people who are accused and about crimes, and we are not quite sure about the cause. The whole community wants governments to address this problem.

We in the Bloc Quebecois can be proud of the courage shown by our leader and our team, particularly during the last election campaign. We have made proposals and prodded the government into finally taking action. I think the leader of the Bloc Quebecois deserves credit for that, as well as those members who work on justice issues, including the member for Berthier—Montcalm, the member for Saint-Bruno—Saint-Hubert and the member for Hochelaga—Maisonneuve. They lead initiatives aimed at fighting organized crime, directly or indirectly, and its consequences.

Organized crime has an impact on poverty. People who are most vulnerable make easier targets. They are more easily used. We must be aware of the fact that the related social and economic costs for our society are considerable.

The bill before us amends the Proceeds of Crime (Money Laundering) Act. The act it is based on needs certain adjustments, which are contained in this bill. We hope they will enable us to fight organized crime more effectively.

Clause 1 of the bill says that reports and all information will be retained for five years, which is what the current act says, but then it sets out the circumstances under which three years will be added to that period.

The retention period will thus be eight years, when the Financial Transactions and Reports Analysis Centre of Canada passes information either to law enforcement authorities or to the Canada Customs and Revenue Agency, the Canadian Security and Intelligence Service, the Department of Citizenship and Immigration, an agency in a foreign state or an international organization with a mandate similar to the centre's.

In other words, adding three more years will make documents available for a longer period of time. They will be retained longer.

● (1535)

In the case of crimes requiring time consuming investigations or the retrieval of evidence that might have been seized in the course of a previous investigation, this gives an added opportunity to do so.

Moreover, the addition to section 54(1) of the Proceeds of Crime (Money Laundering) Act provides that each report received and all information received or collected shall be destroyed on the expiry of the applicable period.

This clause clarifies certain provisions regarding the retention and destruction of information. This does not raise any particular issue, but it is important to note that such is the intent of the lawmakers that we are, and that this type of amendment was necessary to make the act more efficient in the fight against organized crime.

Clause 3 came about as the result of the realization that under the current act the federal court had no jurisdiction in this matter. With this amendment, no provision of the act will prevent the federal court from ordering the head of the centre to disclose information in accordance with the Access to Information Act and the Privacy Act, thus making the act easier to enforce.

This clause is yet another one to make enforcement of the act easier and more effective. We are also told that the spirit of the act already allowed the federal court to play its role in that regard.

Now, by amending the text, we are making sure that not only the spirit but also the letter of the act allows that. This may prove very useful when dealing with organized crime, since those who are charged often have very good defence lawyers. Of course, it is the role of these lawyers to make sure that their clients are properly defended, but we must make sure that it is not possible, through some flaw, to miss the main issue when taking someone to court or preparing evidence. This is also the purpose of that clause.

Then there is a clause dealing with the whole issue of solicitor-client privilege. We have a problem with that clause because any interpretation of the said clause, in its current wording, would be pure speculation. This provision is very vague. It does not specify its objective. We were told that it was included because of the concerns expressed by accountants, who wanted a privilege similar to the solicitor-client privilege granted to lawyers.

This clause will have to be reworded to make it easier to understand. Some work will have to be done in that regard, probably in committee, to come up with useful amendments.

In conclusion, the first three clauses of the bill include amendments designed to clarify the intent of the provisions they amend, and these amendments do not change the substance of the Proceeds of Crime (Money Laundering) Act.

However, as I just mentioned, there is a problem with clause 4. We simply cannot figure out this provision. It is very vague. I think we would be better off with no provision than one that is worded like this one.

Still, the best option might be to rewrite the clause so that we can see if it is an amendment that can be used in the fight against money laundering.

Obviously, we in the Bloc Quebecois were in favour of the Proceeds of Crime (Money Laundering) Act, and in particular we were behind the elimination of the $1,000 bill. This was called for, supported, debated and in the end successfully defended by the hon. member for Charlesbourg—Jacques-Cartier. The government finally moved on this.

In my opinion, the Bloc Quebecois record is impeccable. We have proposed several concrete measures to improve the situation, to ensure that the state is properly equipped to fight organized crime. We hope there are still other tools to be laid on the table in order to ensure that we end up with everything required to do away with this scourge, to eliminate this situation, and to ensure that within this society there is less and less of a parallel universe and a parallel economy, which penalizes our entire society by the way it operates.

● (1540)

For all these reasons, we are going to vote in favour of Bill S-16, on condition that clause 4 is clarified for the reasons I have already given.

I therefore invite the House to support this bill which will, as soon as possible, enable the departmental staff concerned to do their job more diligently and with more appropriate tools, so that results can be attained. This is but one of the tools necessary to fight organized crime, but it is a useful one.

[*English*]

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, I am pleased to rise today to contribute to the debate on Bill S-16. The New Democratic Party supported Bill C-22 in the previous parliament, which was approved and received royal assent. We voiced a number of concerns as it went through committee stage and amendments. We are glad to see that some of those concerns are being addressed in Bill S-16.

Members of the NDP like other members of the House are extremely concerned about the impact of organized crime on our local communities and across the country. There is no question that it is something that is very sophisticated. It is very pervasive and has a huge impact on many people's lives.

Personally, as well as in terms of financial institutions and various businesses, we are all very familiar with cases that do come to public light. They give us a glimpse of the kind of operation that exists outside the law in terms of money laundering, the profits from organized crime and how they are dealt with.

For most people it is a fairly frightening glimpse when we look at a system that is so complex. As in previous legislation the attempts in this legislation to deal with that sophistication and to find the appropriate mechanisms to track where money is flowing, where the proceeds of organized crime are coming from, is very important.

The NDP put forward some concerns about the original bill. In any legislation there has to be a balance between a reasonable right and invasion of privacy. There must be an understanding that the power of the state is not absolute. When a new agency is created

with far reaching powers we have to be very careful about how it is set up.

For example, before Bill C-22 was approved we and a number of witnesses who came forward to debate the bill expressed concerns about whether or not there was potential for charter of rights violations, that the guarantees of reasonable search and seizure appeared to be at risk.

We were also very concerned about the possible pressures there would be on consumers. Needless to say, there would probably be a significant cost in setting up any sort of regime to track and communicate suspicious transactions. I do not know if that has been spelled out, but it seems to me that it would be enormous in terms of what the responsibilities would be for financial institutions and how that would get passed on to law abiding consumers.

Members of the NDP were also very concerned about the fact that the bill did not address what is often referred to as white collar crimes or technology based crimes. Unfortunately this is a huge area that is booming. We are all very familiar that the growth of the Internet and computers in general, credit card fraud, telephone fraud, stock market manipulation and computer break-ins are all things that can be characterized as technology based crimes or white collar crimes. There is no question that there is a very serious element within that which is perpetrated by organized crime. It seems to us that the original bill did not and the legislation before us today does not adequately address the concerns that surely must be addressed in terms of technology based crimes.

● (1545)

In the debate today I heard a number of members talk about different elements of organized crime and the impact they have. The member for Esquimalt—Juan de Fuca spoke about the drug trade and its human impact. I will spend a couple of minutes speaking about that as well because it strikes me that there is a contradiction.

On the one hand, as we should, we go to great lengths to deal with a legal apparatus and the setting up of a new agency, FINTRAC, the Financial Transactions and Reports Analysis Centre of Canada, as it is called, and what a mouthful that is. We go to great lengths to set up a very elaborate system for tracking suspicious transactions, trying to trace what has happened and making sure that there is adequate reporting.

On the other side of that coin in terms of organized crime and the billions of dollars that are generated illegally through drug trafficking and drug use and the profits that are made, we do not pay enough attention to the human costs that are very clearly evident on our streets, in urban centres and even in smaller communities across Canada. I have only to look at my own riding of Vancouver East to see the devastation that happens in an environment where illegal drug activity is a huge underground economy.

I believe, and I certainly would echo the comments from the member for Esquimalt—Juan de Fuca, that we have to pay attention to that human side. We have to recognize that in some respects it is the illegality of those substances, heroin or crack cocaine or other substances, that drives this underground market and in effect criminalizes addicts when they are on the street with very few resources. We end up with a community where people are literally dying on the streets from overdoses.

It strikes me as a horrible irony that while on the one hand we can somehow relate to this issue from a legislative point of view by setting up this centre, on the other we cannot relate to this issue from a human point of view and take the actions that are necessary to actually reduce the harm of what is happening on our streets because of these illegal substances.

I would also add that we need a saner, more humane approach to drug use in Canada and we need to be seriously willing to reform Canada's drug laws, which have not been reformed for decades. We have had Senate hearings. We have had debates in the past where some of these issues have been debated very seriously, but not in recent times. If we took the time to do that I believe we would go a long way toward dealing with some of the causes of the devastation we see on our streets. We could in fact look at the issue of how organized crime is being driven by this very lucrative business of drug use.

We could look to the experience of what is happening in Europe, where the approach has been to medicalize drug use and addiction instead of criminalizing people. The approach has been to try to remove the harm from buying drugs on the street. Not only has there been a huge financial saving in health care costs and judicial costs, but lives have been saved as well.

I wanted to make that point because it seems to me that we are missing the boat unless we look at the total picture. We cannot just say that all this money is coming from organized crime and a lot of it is coming from drugs unless we are willing to examine Canada's drug policies and recognize that they need to be seriously reformed.

● (1550)

For example, even with marijuana we see the stories about grow operations in the papers all the time. In east Vancouver there are media reports of various grow busts taking place. We are talking about multimillion dollar operations. It seems to me that if we had the courage to examine our drug policy laws and to seriously look at reform of those laws we would be going a long way in terms of removing the incentive and the huge opening that exists for organized crime to become a part of the underground economy. That is a very important aspect of the debate.

In regard to the bill before us today, I did want to say that the NDP certainly supports the amendments that are contained in the bill as a result of the previous bill, Bill C-22. We support them in principle. Important questions were raised as a result of Bill C-22. It is notable that there has been a sort of second look based on the issues raised previously, for example, knowing how long this new centre would be able to retain the information it collects and whether there are issues in terms of the balance between the right to retain information or dispose of it.

Another question was about when and how that information would be disposed of. If an agency is created, for how long does it have a right to have that information and in which manner can it be disposed of? If information is to be disclosed to law enforcement authorities, how should that be done? Those issues needed to be more clearly spelled out and we certainly feel that the present legislation goes some distance to addressing those concerns put forward by witnesses and by different parties in the House.

In conclusion, at this time we in the NDP are pleased to continue our support in principle. We think it is an important bill. It has obviously had strong support within the House. It is always good to have a second look based on evidence from witnesses to make sure that the bill is fine tuned to address concerns put forward.

I hope as the debate continues that the government will pay attention to the concerns that are still being expressed. It seems to me that there is strong general support but some areas still need to be looked at.

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC): Mr. Speaker, I appreciate the opportunity to speak to the bill. This is a very important piece of legislation and I commend the previous speakers, including my colleague from the New Democratic Party. It is interesting to note that many members have picked up on the fact that those in the other place have served a very useful purpose in reviewing the legislation and improving upon the legislation, as is often their wont.

I should indicate at the outset that I will be splitting my time with the hon. member for Kings—Hants.

Bill S-16 essentially deals with a response to concerns that were raised by the Senate banking committee. Bill S-16 amends the Proceeds of Crime (Money Laundering) Act and particularly focuses on areas of solicitor-client privilege, the disclosure of information and records retention. This is, of course, information that is critical in tracing the origins and whereabouts of potential assets linked to criminal activity. The money laundering that takes place in Canada is of great concern to our citizenry and certainly to our law enforcement community.

Money laundering, as the Speaker would know, is a process by which criminals attempt to conceal profits earned from crime so that the money appears as if it comes from legitimate sources. When all traces of the money's criminal origins are erased, the money can safely be used to buy goods and services.

It is shocking to think that between $5 billion and $17 billion is laundered in Canada. Of course it is difficult to accurately assess just how much because the proper authorities are not able to determine this amount, but it is estimated to be in that range.

● (1555)

There were shortcomings in the original legislation which Bill S-16 attempts to correct. Money that is laundered is often shifted among countries, financial institutions and investments without a paper trail so that it cannot be traced back to its origins. With the advancing sophistication of technology, competent and sophisticated criminals are able to access and utilize these now boundless abilities to transfer money through cyberspace, leaving no tangible evidence as to its origins.

Obviously much of this money is obtained by very nefarious means such as fraud or intimidation. This is the type of money that is very often directly linked to criminal organizations in Canada and has been the focus of a number of pieces of legislation and the focus of considerable debate in recent months and years. Canada has come under heavy criticism in recent years for being a nation where criminal organizations are able quite easily to launder their proceeds of crime. For that reason and that reason alone, it is incumbent upon us as elected officials and as part of the federal legislative branch to respond. That is what this legislation is intended to do, to enhance the existing proceeds of crime legislation.

The response last spring came in the form of government Bill C-22, the Proceeds of Crime (Money Laundering) Act, which was passed. Bill C-22 imposed new reporting and record keeping requirements and created the Financial Transactions and Reports Analysis Centre of Canada to receive and analyze information so there would be a focal point, a centre in Canada where those working in this location would be specifically tasked to assist law enforcement communities in locating and tracing proceeds of crime.

Concerns were expressed at that time about the bill by the privacy commissioner, the Canadian Bar Association and other groups that appeared before a parliamentary committee. The Senate banking committee looked into the bill in June 2000 and, to be quite blunt, was not impressed. The committee felt that the legislation was considerably flawed and had a number of shortcomings which it had hoped to remedy. The government indicated at that time that it was unwilling to entertain amendments to the legislation because it was too late in June and the House of Commons had to deal with other bills and indicated that therefore the Senate might make changes in the future.

Coming forward from that point in June 2000, we know that the Secretary of State for International Financial Institutions did give a written undertaking to the committee that certain changes would be contemplated and would occur in a new bill to be introduced in the fall. Those changes formed the substance of Bill S-30 which was introduced in October. Bill S-30 is identical to Bill S-16 which is currently before us.

As the Speaker and Canadians well know, the entire process in October was pre-empted by the legacy lust of the Prime Minister in his decision to put this piece of legislation and other very useful pieces of legislation aside and toss them in the dustbin in order to seize his political advantage and call an election.

Beyond the changes that were agreed to in the letter from the secretary of state to the Senate banking committee, the bill was then reported with the observation that the government should consider other amendments. Those amendments would include, first, further insurance that solicitor-client privilege would be protected by adding the phrase law office in any place in clause 63 where the term dwelling house appears. This simply expanded the physical premises that would attach under the legislation.

Second, the government would hold the first review of the act after three years, not five years, with a five year review to be held after that. This is essentially an opportunity in the first instance to look at the fallout from this legislation at an earlier date and assess the implications after three years.

Finally, the government would require regulations under the act to be tabled before the committee in the House each year. The Progressive Conservative Party is very supportive of all attempts to bring about transparency, both for the public and for parliament, and to access information that is rightfully to be placed before Canadians.

● (1600)

This is important in the broader context of trying to rebuild lost confidence in the process and in this institution. It is clear that the bill does not include all the changes recommended by the committee, but it goes a long way to improving the legislation.

The bill will focus on the following legal issues. The first is solicitor-client privilege, which is an attempt by individuals to prevent private information they share with a solicitor from being made public or in any way disclosed. Bill C-22 only dealt with instances of solicitor-client privilege involving legal counsel.

Bill S-16 clarifies that officials of the Financial Transactions and Reports Analysis Centre of Canada may not examine or copy documents subject to solicitor-client privilege where the documents are, and this is the important part, in the hands of someone else until a reasonable opportunity has been made for the person to contact legal counsel. The bill would put in place a safeguard to allow an individual to speak to a lawyer before documents are seized.

This responds to concerns raised by the Certified General Accountants Association of Canada. Privacy is something we can never take lightly. We must always strive to ensure individuals are protected in their privacy rights and in their business transactions. However all that must be balanced with the recognition that there are those who rely upon nefarious means and complicated schemes to steal from others, rip people off and engage in blatant activities to take away a person's wealth.

To that end a balance is struck in the legislation. It contains safeguards and methods for review that allow for a weighing of evidence to determine whose interests are best being served.

Bill S-16 would allow individuals or the privacy commissioner to take the Financial Transactions and Reports Analysis Centre of Canada to court if they are denied access to their files. There is therefore a chance for judicial review if there is denial of access.

Next is disclosure of information. Bill S-16 narrows the range of information that may be disclosed by the Financial Transactions and Reports Analysis Centre of Canada to the Canada Customs and Revenue Agency, the police, and citizenship and immigration officials.

After listing the types of documents that could be disclosed Bill C-22 gave the centre broad power to disclose any information so designated. The amendment would replace that power with the power to disclose similar information relating to identification.

Finally, there is record retention. Records not disclosed by the centre are to be destroyed five years after they are received or collected. Those which have been disclosed are to be destroyed eight years after they are received or collected. These are further safeguards. It may be called fine tuning but it is important fine tuning nonetheless. The sober second thought of the Senate has been usefully exercised here.

Mr. Scott Brison (Kings—Hants, PC): Mr. Speaker, I credit my colleague from Pictou—Antigonish—Guysborough for the comprehensive nature of his discourse. There simply could be no questions after such a detailed and articulate speech.

It is with pleasure today that I rise to speak to Bill S-16. The money laundering issue is of huge importance to Canada. Earlier today I spoke in the House on corporate governance issues. It is extraordinarily important to put in place procedures, agencies and structures to deal with corporate governance and money laundering issues, issues which are increasingly global and are forcing governments to be vigilant if they wish to maintain international credibility.

● (1605)

The estimates of money laundering are difficult to get a handle on. In Canada some estimates are as low as $5 billion per year and some are as high as $20 billion per year. That variance alone speaks to the nature of the problem. We do not know the full depth and breadth of the issue in Canada but we know we had better get a handle on it soon. We hope this initiative will help us do that.

I have spoken of previous incarnations of the legislation and of my concerns with them. I still have not seen a commitment by the government to provide the resources to enable the agency to do its work. I am very concerned about that.

The member for Pictou—Antigonish—Guysborough, our justice critic, has spoken about the urgent situation of underfunding and the resource starved RCMP. With the money laundering agency we could see the same types of issues.

Organized crime networks today use sophisticated technologies and have almost unlimited global resources. We must provide the new agency the resources to be successful in the fight against money laundering. I have significant concerns in that regard, particularly given the sophistication of financial instruments today. There was a time when derivatives were considered sophisticated financial instruments but we have gone far beyond that.

THE ROYAL ASSENT

[*English*]

A message was delivered by the Usher of the Black Rod as follows:

> Mr. Speaker, The Honourable Deputy to the Governor General desires the immediate attendance of this honourable House in the chamber of the honourable the Senate.

Accordingly, the Speaker with the House went up to the Senate chamber.

● (1615)

[*Translation*]

And being returned:

The Deputy Speaker: I have the honour to inform the House that when the House went up to the Senate chamber, Her Excellency the Governor General was pleased to give, in Her Majesty's name, the royal assent to the following bills:

Bill S-5, an act to amend the Blue Water Bridge Authority Act—Chapter No. 3.

Bill S-4, an act No. 1 to harmonize federal law with the civil law of the Province of Quebec and to amend certain Acts in order to ensure that each language version takes into account the common law and the civil law—Chapter No. 4.

Bill C-2, an act to amend the Employment Insurance Act and the Employment Insurance (Fishing) Regulations—Chapter No. 5.

Bill S-2, an act respecting marine liability and to validate certain by-laws and regulations—Chapter No. 6.

GOVERNMENT ORDERS

[*English*]

PROCEEDS OF CRIME (MONEY LAUNDERING) ACT

The House resumed consideration of the motion that Bill S-16, an act to amend the Proceeds of Crime (Money Laundering) Act, be read the second time and referred to a committee.

Mr. Scott Brison (Kings—Hants, PC): Mr. Speaker, I have caused a stir with a couple of my remarks but I have never had that level of dramatic response. It has been another great day for democracy and a moment in which I take great pleasure in having participated. My time in the Senate was all too brief, I may add.

The issues in Bill S-16 of critical importance to me and to our party pertain to whether the new agency has the resources necessary to deal with the increasing challenges and the great level of complexity in the nature of money laundering, the sophistication of financial instruments, and the almost unlimited resources of international organized crime. We have to ensure that we do not simply create an agency with a tremendous level of responsibility but with very little resources to do what has to be done.

A bad job is one with lots of responsibility and no authority. I would suggest that to ask the agency to take on such a mammoth task and not provide it with the appropriate level of resources would be typical of what the government has done in a number of areas, but it would not be an appropriate way to proceed.

A concern that I have had in the past and still have is the accountability of the agency, particularly in terms of the criteria required to meet the conditions that the agency share information with other agencies, for example, the Canada Customs and Revenue Agency.

It would be appropriate that any information attained by the Canada Customs and Revenue Agency indicating money laundering activity would be shared with the money laundering agency.

● (1620)

That type of sharing of information back and forth could be constructive. However I would be very concerned if, for instance,

the individuals involved in the new money laundering agency were to identify no evidence of money laundering but some evidence of potential money laundering which could indicate some tax evasion or something similar. I would be concerned if the agency were to share that information with Revenue Canada.

While I agree that we need a much stronger approach to money laundering, Canadians would not feel comfortable with a resulting beefed up Revenue Canada agency. We have to be careful there are clear criteria and conditions that have to be met before it is deemed appropriate for the money laundering agency to share information with Canada Customs and Revenue Agency.

I have another concern that the arm's length nature of these agencies tends in an institutional way to reduce the amount of accountability to parliament. I understand some of the arguments, particularly from the government, in favour of achieving greater levels of flexibility for compensatory arrangements with the workers and offering a more flexible approach to provide these public services to arm's length agencies.

However much of this could be achieved within the context of more direct departmental agencies as opposed to these arm's length agencies. I have a significant concern about what seems to be a secular decline in the level of accountability to parliament that the government seems to be very comfortable with. Again, these arm's length agencies are all part of that greater reduction in accountability to parliament.

The Progressive Conservative Party supports the legislation and the amendment which would improve accountability of the new agency. The agency in the legislation is a step in the right direction. Canada needs to do less following of what is happening in other countries and what our trading partners in the G-8 and OECD are doing. We should try to be more proactive in leading on some of these issues whether it be on money laundering or in corporate governance issues.

It always seems that we are just a step slower than a lot of our international partners. I would hope the government of a country like Canada, which in the past under the previous government was an international leader in many ways, would try to copy some of the initiatives of that previous government. It has on other issues. The government should provide some level of international leadership on some of these issues as opposed to being followers. That is my wish in closing my remarks today.

The Deputy Speaker: Before I call for the resumption of debate I address myself to the member for Kings—Hants who probably thinks that all this activity took place to assist him in marking his very special day, his birthday.

I would never make mention of a member's age, but I understand the member was what we might commonly refer to as a centennial year baby.

● (1625)

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

Some hon. members: Question.

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

Some hon. members: Agreed.

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

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

The Deputy Speaker: It is my duty pursuant to Standing Order 38 to inform the House that the question to be raised tonight at the time of adjournment is as follows: the hon. member for Burnaby—Douglas, Trade.

* * *

CANADA SHIPPING ACT, 2001

The House proceeded to the consideration of Bill C-14, an act respecting shipping and navigation and to amend the Shipping Conferences Exemption Act, 1987 and other acts, as reported (with amendment) from the committee.

Hon. Ronald Duhamel (for the Minister of Transport) moved that the bill be concurred in.

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

Some hon. members: Agreed.

(Motion agreed to)

The Deputy Speaker: When shall the bill be read a third time? By leave, now?

Some hon. members: Agreed.

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

He said: Mr. Speaker, I thank my colleagues for their patience. I am anxious to do this because I do not get this opportunity nearly as often as I used to in the past. It is indeed a great pleasure to be able to speak to members about Bill C-14, the Canada Shipping Act, at third reading debate.

Before I discuss the bill I acknowledge the important role that members of the House and the standing committee played during the examination of the proposed legislation. Changes to Bill C-14 would not have been possible without the dedicated efforts of industry. I also acknowledge the quality of their submissions to the committee.

[*Translation*]

This bill deals mainly with the safety and promotion of a safe environment. These are major priorities for Canadians. The challenge is to maintain safety and protect the environment against a number of threats while still promoting the health and viability of the shipping industry.

[*English*]

Officials from the Department of Transport and the Department of Fisheries and Oceans worked closely with all interested parties to ensure that the legislation's pollution prevention provisions are modern and consistent with other domestic and international standards. The departments have also worked together to ensure that the penalties for non-compliance would be effective and reflect those imposed in other legislation.

● (1630)

Let me point out to the House that when ship source pollution is detected in the marine environment, Transport Canada investigates in close co-operation with Environment Canada and the Canadian Coast Guard. It is clear that industry supports the departments as they move toward a brand new Canada Shipping Act. This legislation shows that this government is committed to deliver a new statute that will benefit the marine sector.

We have also heard an outline on the provisions of this bill, the compelling reasons for it and its many strengths. Transport Canada is very proud of the consultative process that has made the legislation possible.

While industry for the most part spoke in favour of the proposed bill, several remained in opposition to the enforcement scheme. It is to this scheme that I would now like to focus members' attention.

Bill C-14 would establish a streamlined administrative enforcement scheme. It would use modern, cost-effective means to secure compliance with regulatory requirements. The Department of Transport is committed to work with its partner agencies to ensure a consistent application of the enforcement measures contained in this bill.

The administrative penalty scheme would ensure that Transport Canada has a firm statistical base by which to assess the effectiveness of its regulations and help focus its enforcement activities.

Judicial fines have also been set at amounts high enough to deter unsafe and environmentally irresponsible practices. These amounts reflect the potential harm that can result from these practices. They would ensure that penalties would not be regarded as simply the cost of doing business.

[*Translation*]

This bill is a conscious effort to hold those responsible for non-compliance liable for the consequences of their actions, including corporation heads.

Nobody should be able to avoid personal liability by hiding behind a corporation.

[*English*]

The proposed system contained in this bill is fair. It would provide for a more efficient and less costly alternative to the courts. It would provide for an alternative to financial sanctions through the use of assurances of compliance.

This system would be based on the successful program of administrative penalties developed in the Aeronautics Act, the Agriculture and Agri-Food Administrative Monetary Penalties Act, and the Competition Act.

This House will recall that during second reading some concerns were raised about the government's ability to protect Canada from foreign vessels that failed to comply with international standards. I want to point out that in section 227 vessels that contravene international conventions relating to safety and the environment can be denied access to Canadian waters.

I will now speak about Part 15 of the bill, which deals with amendments to the Shipping Conferences Exemption Act. Part 15 of Bill C-14 contains several pro-competitive amendments. These amendments would encourage greater competition within shipping conferences.

The amendments strike a balance between the interests of shippers and conference shipping lines and are the result of an extensive consultation period with all stakeholders.

[*Translation*]

The amendments are aimed at streamlining the implementation of the act.

[*English*]

In response to shippers' concerns, a motion to amend the proposed legislation on service contracts was introduced. Modifications were made to clarify the level of confidentiality in regard to the service contracts shippers negotiate and sign with individual conference lines.

● (1635)

[*Translation*]

The government realizes that in order to protect various Canadian interests a balanced approach is needed with regard to the legislation on conferences.

[*English*]

It is in Canada's interest to continue to attract foreign shipping lines while at the same time encourage affordable ocean transportation and an adequate and reliable level of service for shippers.

By adopting the amendments to SCEA, Canadian legislation pertaining to shipping conferences would be maintained on par with our trading partners.

The bill before us would bring about much needed change in Canada's marine law. It would usher in a new era in marine safety and environmental protection.

Transport Canada has consulted widely. It listened to stakeholders and made changes to accommodate their concerns. We have a bill before us that responds to many of their concerns without jeopardizing the effectiveness of the legislation.

The bill is fair, thorough and effective. It would give Canada's marine industry the legislative framework it needs to operate successfully in the 21st century.

I urge the hon. members to support Bill C-14.

Mr. Andy Burton (Skeena, Canadian Alliance): Mr. Speaker, I am pleased to rise today to speak to Bill C-14 on behalf of my party. Bill C-14 is an act respecting shipping and navigation and to amend the Shipping Conferences Exemption Act, 1987 and other Acts.

For the benefit of those Canadians watching television, I will summarize the purpose of the bill.

This quote is taken directly from the bill. It states:

> This enactment overhauls and replaces the Canada Shipping Act, other than the portions that concern liability, with modernized legislation that will promote the safety and economic performance of the commercial marine industry as well as ensure the safety of those who use pleasure craft. Key changes to the existing legislation include improvements to provisions to protect and support efficient crews, ensure passenger and vessel safety and protect the environment. A new administrative penalties scheme provides an alternative means for dealing with certain contraventions.
>
> The enactment clarifies the marine responsibilities between the Department of Transport and the Department of Fisheries and Oceans. The enactment organizes the contents, updates the terminology and streamlines substantive requirements to make the law much clearer and easier to understand.
>
> The enactment amends the Shipping Conferences Exemption Act, 1987 to inject greater competition within shipping conferences, to streamline the administration of the Act and to ensure that Canadian legislation covering international liner shipping conferences remains in harmony with that of Canada's major trading partners.

On this side of the House, we feel that these are all good and supportable directions for the legislation to take. As the quote outlines, Bill C-14 is a significant piece of legislation. I am told the departmental officials have worked on this for some time in an attempt to perfect it.

As the members in the House know the bill was originally introduced in the House as Bill C-35, which died on the order paper in the 36th parliament when the election was called. Bill C-35 did not go so far as to include the Shipping Conferences Exemption Act amendments. It only dealt with the regulatory changes affecting the industry.

This bill contains some 334 clauses and is just under 200 pages long. I reiterate that obviously the department officials have worked on this for some time. We would have appreciated more time to go through it in a little more detail and perhaps absorb it a little better, however we were not allowed that time.

Bill C-14 was introduced at first reading on March 1. It went to second reading the following week and was sent to committee shortly thereafter. As I said earlier, it was a very speedy process and I would have to wonder why.

The committee stage for this bill was a journey in itself. We heard the departmental officials give testimony and briefings regarding the bill and heard from witnesses in the industry as well. Some members may also have been visited by lobbyists from the shipping conferences exemption side of the bill urging support for the bill without amendment.

All of this happened in short order and the bill moved along the process quite smoothly until it came to the clause by clause examination. The opposition, and even some Liberal members of the committee, were not too impressed at the lack of organization by the department when presenting amendments.

● (1640)

We entertained 27 separate amendments at committee. This may not seem excessive but when they are dumped on your lap at the beginning of a meeting it certainly is a handful. We certainly did not appreciate such short notice nor did we appreciate not having the opportunity to review these amendments beforehand.

As many members know, clause by clause can be a rather tedious venture at the best of times, but with many last minute amendments of a detailed nature to a bill which deals mainly with regulations, it makes the process all the more taxing.

Up until that time, we thought highly of the officials for undertaking such a monumental task as to redraft such a large and detailed act. However being so disorganized as to drop those changes in the committee's lap at the last minute suggested either that the bill was possibly not ready for the floor of the House when it was first introduced or the drafters of the bill did not take the time to check their work.

Either way, as the government official put it, 27 minor amendments were put to committee and frustrated the entire process. The amendments were so poorly written that the parliamentary secretary had to verbally amend an amendment on the fly.

This is not acceptable. For members of parliament to truly have input in the process of making laws in the country, we need to ensure that the process is properly seen to.

We are now at third reading where amendments can be made to the bill at hand. We see today that there are no further amendments

of the bill. At least right now it appears that way. However I would not be surprised, if the process allowed for it, if we were presented with last minute amendments.

I know the Speaker made a recent ruling preventing frivolous amendments, but I say to the hon. members in this Chamber today, does that mean that committee now becomes a mockery? I hope not.

This may be a phenomenon that only occurs with the transport department. I do not know. However I do know that I did not care for it and I do not think other members of the committee cared for it either.

With regard to the bill, at present the official opposition supports the bill in its current form. As I said earlier, we did have some concerns about the speed of the process, but overall the general direction of the bill is positive and it needed to be done.

I thank you, Mr. Speaker, for allowing me the leeway to express my frustrations with the process. I would urge the members opposite, and should departmental officials be watching today, that to have good law making in Canada we have to get down to the business of drafting both in committee and in the House and at report stage, to ensure that such abuses of the process which occurred in this committee no longer happen.

In closing, overall we support the general direction and the long overdue overhaul of the legislation. We have some real concerns over the need to fast track this lengthy bill and would have preferred more time to analyze it in detail.

[*Translation*]

Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ): Mr. Speaker, the Bloc Quebecois will be supporting Bill C-14, because the development of the Canadian shipping industry should have been reviewed decades ago. This legislation has been long awaited by the public, shippers and receivers of goods and also part of the industry.

Again, we will never say it often enough, this bill should have been passed in the last parliament. It did not happen because the government called an election for no better reason than to please some politicians. Because of that early election, bills like Bill C-14 are once again before the House.

Was the wait worth it? That is the big question that we and the people of Quebec and the rest of Canada who are listening should be asking ourselves. As I was saying, Bill C-14 was introduced in that last parliament but was not passed because the government called an early election. Did the government use the delay to go over the bill and ensure that the industry would be totally happy with the proposed changes to the Canada Shipping Act? I am afraid not.

● (1645)

In a press release dated March 1, 2000, the Minister of Transport stated that this legislation, as introduced, was aimed at promoting the economic growth of the shipping industry. That is what the Minister of Transport said on March 1 regarding the introduction of Bill C-14. All those who are concerned about the future of shipping in Quebec and in Canada expected the government to seize the opportunity, being just a few months into its mandate, to introduce a stronger bill that would have really helped the shipping industry, as mentioned by the minister in his statement.

I repeat that he said in that statement that the bill's intent was to promote the economic growth of the shipping industry. It so happens that the Bloc Quebecois had mentioned on several occasions that the only way to promote the economic growth of the shipping industry was to establish a real federal shipbuilding policy.

We had no choice but to recognize that the bill that was introduced at the beginning of this parliament is a carbon copy of the previous one, except for some 27 amendments dealing mostly with periods, commas and legal technicalities. We sadly realized that the government had not taken this opportunity to establish, through this shipping bill, a true federal shipbuilding policy.

Even though the minister received a report in early April from the committee, the national partnership project committee on shipbuilding, he has still not announced what he plans to do about it.

Advantage could have been taken of it to introduce a real change, not just piecemeal amendments. This was a new bill, even if it was drafted already for passage during the last parliament. Since a committee was struck, as I have said, the national partnership committee on shipbuilding, which has submitted its report to the minister, we could have taken advantage of it as a good responsible government to introduce a whole new chapter on shipbuilding in Canada, but as hon. members will have realized, this was not done.

The Bloc Quebecois, and myself in particular, want to see the entire matter of shipbuilding revisited. As we speak, the shipyards are only at about 25% capacity. In Quebec there is an obvious decline, when total job numbers are looked at, in Lévis, Île aux Coudres and Les Méchins, and the situation is the same everywhere, in Vancouver and in Halifax. In the past it has given work to some 12,000 people, but as we speak the figure is scarcely 2,750.

This is hard to understand. We MPs wage battles for our constituents. The Bloc Quebecois has fought for them on shipbuilding, on the number of jobs in this sector. We began the battle. The government struck an independent special committee, which was to produce a report.

When the bill that preceded Bill C-14 was introduced in the previous parliament, the government could argue that it could not add a chapter on shipbuilding because it was waiting for the committee to table its report. The committee has now submitted its report, but the minister has yet to decide what he will do with it.

In order to promote the industry's economic growth, it might have been very interesting, as the minister said, to add a whole new chapter on the recovery of Canada's shipbuilding industry. Why? Because the Canadian workforce is qualified and it costs less than that of most of our competitors. We have an edge on all the other countries.

The majority of Canadian shipyards use very modern equipment and advanced technology. Two of them hold ISO 9001 quality certification, while four have ISO 9002. Shipyard managers and other stakeholders in the marine industry feel that they were abandoned by the federal government at least ten years ago. They feel left out compared to other industries such as, to name but one, the aerospace industry. The shipbuilding industry deserved to be listened to in a serious and independent fashion.

● (1650)

With direct access to three oceans and to the world's longest inland waterway, shipbuilders and shipowners wonder why Canada chose to let their industry down.

These are issues that were raised by the Bloc Quebecois and that the government decided to deal with by setting up a special committee. However, it did not see fit to include a whole chapter in the new Bill C-14 to deal with the industry.

Shipping is the most economical means of transportation and the one that is most respectful of the environment. A number of shipyards are surviving at the present time because of provincial government intervention, although this is an area of federal jurisdiction.

We talk about all kinds of jurisdictions. Today or yesterday the Prime Minister announced the creation of a task force on urban issues that will be travelling across Canada. That is an area of provincial jurisdiction, one that is the sole and exclusive jurisdiction of Quebec. The government should leave it to the provinces, but it is apparently very hard to understand.

Quebec has tax measures, including a tax credit. Nova Scotia has a specific program of financial guarantees. British Columbia has encouraged the acceleration of its aluminum ferry program. Canada's shipbuilding industry is at a disadvantage compared to its Asian competitors, who receive government subsidies of up to 30% of the amount of their contracts, the Europeans, who receive about 9%, and the Americans, who benefit from protectionist measures. Yet Canada has neither subsidies nor protectionist measures. We have missed the boat.

I would like to commend my colleague from the Bloc Quebecois, the hon. member for Lévis-et-Chutes-de-la-Chaudière, who introduced, on October 14, 1999, a private member's bill, Bill C-213, on shipbuilding. His bill was intended to promote shipbuilding in Canada and to enhance the competitive capacity of Canadian shipyards.

Obviously our fine Liberal government decided to not make this bill a votable item. Still, I congratulate my colleague on his effort, because he had three very ingenious and significant ideas arising from the discussions he had with the industry. That is why there were three parts to his bill.

The first part concerned the establishment of a program of loans and guarantees to indicate to the shipbuilding industry in Canada that there was a program providing that 87.5% of the amount of a loan for the purchase of a ship could be guaranteed by the federal government.

There was therefore, initially, a loan guarantee, and then a rate of interest comparable to that available for loans from financial institutions to large and financially strong corporations.

It would have been possible to provide a loan guarantee with competitive interest rates and a repayment schedule comparable to that offered by financial institutions to large corporations. The method of repayment would suit obligations and be appropriate for a business that could become very prosperous.

The second part concerned the exclusion of new vessels from the application of the lend lease regulations. Because of their complexity, lend leases effectively eliminated the purchase of ships in Canada by lend lease. The new lend leases include repayment conditions, which harm the industry. New ships were excluded from the lend lease regulations.

The third innovation was to establish a refundable tax credit. In 1997 the government of Quebec announced tax incentives to stimulate the shipping industry. These incentives were based on a tax credit. The Quebec government raised the refundable tax credit for shipbuilding from 40% to 50%. The federal government could have offered the same kind of tax credits to businesses in the shipbuilding industry to breathe new life into this industry.

It did not happen. Once again, the Liberal government missed a golden opportunity in a very interesting bill that was supposed to be a life saving measure for the shipping industry, according to the minister himself. I repeat that he said in a statement on March 1 that the bill's intent was to promote the economic growth of the shipping industry.

Why did he not heed the recommendations presented to him in April by the committee that he himself established? Why did he not take advantage of this new expertise and these new recommendations to include in the very interesting shipping bill a whole chapter on shipbuilding in Canada?

It would have solved the problem and would have given momentum to an industry which, I repeat, is only operating at 25% of its capacity today.

● (1655)

The present number of workers is 2,750. It used to be 12,000. These men and women, these Quebecers and Canadians, expect that when the time comes to bring in a bill the government will table one that they want. I repeat, we had one that was votable at the end of the last parliament, which was interrupted when the government decided to call an election to satisfy the wishes of certain politicians.

However, the government again brings in an identical bill, when it would have had a great opportunity after being presented with a most interesting committee report to bring in a real bill that would have got the shipping industry back on its feet, with a whole chapter devoted to shipbuilding and to getting this important industry back on its feet, since it is operating at only 25% capacity. We have the brains and the skills necessary, and we are capable of competing with all other industries in the world.

Once again the Liberal government, the Government of Canada, has not listened to the recommendations by taxpayers, by representatives of the industry, and by the Bloc Quebecois. The Bloc Quebecois has staunchly defended, not for partisan reasons but for human ones, the skilled men and women who are getting on in years but would still like to use their experience for this fine country. They cannot, because there is no work at this time.

The government has again missed a golden opportunity to include in this Bill C-14 a whole chapter on shipbuilding, which could have revived the industry in a number of our regions that are experiencing major blips. We could have had an opportunity to revive this entire industrial sector, which involves a number of regions on the coasts of both Quebec and Canada. This would have been an excellent opportunity, one once again missed out on by a government that is too arrogant, that governs alone without heeding good recommendations from those who are anxious to pass them on.

[*English*]

Mr. Norman Doyle (St. John's East, PC): Mr. Speaker, I want to say a few words on Bill C-14, the Canada Shipping Act and amendments to the Shipping Conferences Exemption Act.

When the bill was tabled, the minister's press release stated that it would update, modernize and streamline Canada's marine law and that it would delineate new roles for the Department of Transport and the Department of Fisheries and Oceans.

The minister also indicated that the bill would allow the entire marine community to operate in a manner that is safer, more efficient, environmentally sound and responsive to the needs of Canadians in a global community and a global economy. These are laudable aims that we in this party can support.

The proposed amendments to the Shipping Conferences Exemption Act are purported to generally streamline the administration of the act and to promote greater competition in the marine shipping industry.

Shipping conferences of course are groupings of shipping lines that are essentially cartels. The word cartel brings to mind OPEC, an organization dedicated to fixing the volume and price of oil on world markets. Similarly, shipping conferences collude on prices and services and claim to prevent wild fluctuations in same as regards the marine shipment of goods. The conferences claim that the benefit to our importers and exporters is stability in the shipping industry.

In general, most stakeholder witnesses at the transport committee felt that Bill C-14 was generally an improvement over the current situation. However, just about every group of witnesses had one or two complaints about one clause or another. As an opposition critic and a layman in the field, one is faced with saying yea or nay to a complicated piece of legislation where the average witness says that he or she is in favour of 95% of the bill but that he or she is strongly opposed to clause x or y.

One major change that the bill brings in is to put all commercial vessels under the jurisdiction of the Department of Transport and all pleasure craft under the Department of Fisheries and Oceans.

● (1700)

The Department of Transport will now have to create an automated small vessel registry as small commercial vessels under 12 metres in length used to be handled by DFO. One hopes that this will not result in a bureaucratic nightmare for small commercial vessels.

One concern that has come up is that the boats are not always pleasure craft or commercial vessels, depending on usage. In many rural areas of Canada, the family pleasure craft is sometimes rented out to say a sports fishing or outfitting company if there is a large increase in clients. The vessel that met the pleasure craft standards yesterday may not meet the Department of Transport rules for commercial vessels tomorrow. This will preclude rural people from making a few extra dollars if the transport department rules are

strongly enforced. There are implications down the road for ordinary people that may not be evident at first glance.

One witness asked the committee ''What if a pleasure craft gets into an accident with a small water taxi?'' Whose jurisdiction is it to straighten out that mess, the Department of Transport or DFO?

There are millions of pleasure craft in Canada and this bill would allow the minister to make regulations on standards of construction and equipment carried on boats. A number of witnesses expressed concern that the government may require pleasure craft to be upgraded in order to be licensed. This could lead to financial hardship for many small boat owners, especially pleasure craft owners, whose boats were bought many years ago when standards were different or not as high as they are today. Are we going to run into a situation that sees people being refused a licence unless considerable money is spent on a small boat?

I am given to understand that federal legislation requires that a boat with an engine larger than 9.9 horsepower be licensed, and that includes many boats in Canada. At present we have a paper only licensing system where a form is filled out that goes into a file cabinet and nowhere else. If a boat is licensed, carries a number and gets lost or stolen, how do police trace it? At present they cannot look it up on their computers because the only copy of the licence is in a file cabinet in some government office halfway across the country. As a result, thousands of small boats in the country are not licensed at all, and because the boat may be at a lake near a cottage, no one in authority really knows it exists.

The solution of course is a computerized licensing system, but I wonder if the general public out there is ready or willing to get into a new bureaucratic system on boats that has been taken for granted for years. I realize that boat traffic in some of the lakes and waterways in the mainland of Canada can be very dense during the summer months and tighter controls are necessary. In rural Canada, however, such a new intrusion into peoples' lives may not be welcome. My problem of course is that the bill raises more questions than it probably answers.

Bill C-14 claims to be progressive in that enforcement mechanisms would allow for administrative penalties in addition to the usual court proceedings. In theory, this would allow the minister to take action against lesser infractions without dragging someone into court and maybe giving him or her a criminal record. That could be very good.

However, in court one must be found guilty beyond a reasonable doubt and one has the protection of the charter of rights. In an administrative penalty, the onus on the minister to prove guilt is far less onerous. Just about all the witnesses commented that they disagreed with the administrative penalties because one would not have full access to due process as one would have in a court of law. I do not know if that is good or bad. I guess we will have to wait and see.

At the beginning of my remarks, I mentioned that the amendments to the Shipping Conferences Exemption Act were purported to encourage more competition in the shipping industry. The exemption in the act's title refers to exemption from Canada's competition laws which would normally outlaw cartel activities. In particular, the Minister of Transport claimed that the bill would bring our legislation more in line with our American trading partners. The shipping conferences generally agreed but people with goods to ship, the Canadian Shipping Council for instance, did not. We will wait to see where that leads as well.

● (1705)

Shippers want to be able to enter into confidential contracts with individual shipping lines so as to get the lowest price for shipping their goods. This bill would allow them to do so, but there is no clause requiring the owner of the ship to keep the details of such a contract secret from other shipowners in the conference.

In the United States a shipper can enter into such a confidential contract but in the U.S. the owners of the ship and the members of the conference are expressly forbidden to share the details of the contract with fellow conference members. The change in our rules would be a step toward the American rules but falls a bit short of them.

The shippers wanted a dispute settling mechanism in the legislation but were also disappointed. As well, they wanted a sunset clause ultimately phasing out the cartels over a number of years, and they lost that battle as well.

All told, the shipping conference legislation changes little that would help our exporters and importers. The bill merely makes some administrative improvements to the status quo.

I am given to understand that changes to Canada's shipping laws have been in the works for many years and there have been extensive consultations with many stakeholders. I am reluctant to vote against the bill if there has been that kind of wide consultation. However, I have grave reservations about the implications for small pleasure and commercial vessels. I fear that in due course the public may be in for more bureaucratic entanglements than they currently expect or want.

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

Some hon. members: Question.

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

Some hon. members: Agreed.

The Deputy Speaker: I declare the motion carried.

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

CANADA NATIONAL MARINE CONSERVATION AREAS ACT

The House resumed from May 2 consideration of the motion that Bill C-10, an act respecting the national marine conservation areas of Canada, be read the second time and referred to a committee.

Mr. Andy Burton (Skeena, Canadian Alliance): Mr. Speaker, I rise today to speak with great concern about the government's Bill C-10, an act respecting the national marine conservation areas of Canada. Before I comment on the areas of the bill that I find quite concerning, I would like to make the following statement.

I believe that Canada's natural heritage should be protected and that it is our responsibility to ensure a viable environment is passed on to our children and our children's children in perpetuity. However, I also believe that the very survival of many remote and coastal communities, particularly those in my riding in northern British Columbia, depend on natural resources.

British Columbia has been blessed with beauty and an abundance of natural resources, many would say more than enough to go around. Yes, we must protect our natural environment, but we must do so with the understanding that not all industry is harmful to the environment and that the economic sustainability of many coastal and remote communities hinges on their ability to extract or harvest those natural resources, be it fisheries, forestry, mining or drilling for fossil fuels. This is a reality we cannot overlook.

As members of the House undoubtedly know, the bill has had a rather difficult time making its way through parliament in the past.

● (1710)

An earlier form of the bill was introduced in the House of Commons during the 36th parliament as the then Bill C-48. It was referred to the Standing Committee on Canadian Heritage which heard evidence in February and March of 1999. Bill C-48 then died on the order paper when parliament was prorogued.

It reappeared in the second session of the 36th parliament as Bill C-8. It made its way as far as report stage. Although it was amended slightly in committee, it too died on the order paper when parliament dissolved to the call of the October 2000 election.

Bill C-10 before us today is a reincarnation of both Bill C-48 and Bill C-8, taking into account the 1999 amendments.

I would venture to suggest that a lack of broad public consultation is the reason for previous versions of the bill being dumped from the government's legislative agenda in the past. I would say that it still needs much amending.

I do urge the government whip to allow her members to take a long hard look at the effects of the bill and allow their conscience to guide them in making much needed changes in committee and report stage.

At this time I would like to shift my attention away from the scope of the bill and narrow in on what I believe are some key areas of the bill.

To begin, let us take a close look at the preamble, specifically lines 4 to 10 in the government's definition of precautionary principle. The bill begins by stating:

> Whereas the Government of Canada is committed to adopting the precautionary principle in the conservation and management of the marine environment so that, where there are threats of environmental damage, lack of scientific certainty is not used as a reason for postponing preventive measures;

The hon. members in the House today and the viewers at home may not realize that Bill C-10 considerably expands the concept of the precautionary principle. There is broad support for the wording of principle 15 of the 1991 Rio declaration on environment and development, which states:

> In order to protect the environment, the precautionary approach shall be widely applied by States according to their capabilities. Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost effective measures to prevent environmental degradation.

Members of the House should be concerned that since the precautionary principle guides the government in its decision making process, this substantially expanded version allows the government to essentially create marine conservation areas wherever it pleases; the definition is that broad.

By removing the words serious or irreversible when dealing with threat assessment, the government has carte blanche to decide what warrants a designation of a marine conservation area and what does not. This is not in accordance with the Rio declaration that Canada signed on to and, as such, is not an appropriate definition of the precautionary principle.

I would urge members of the House to demand the amendment of the definition. The precautionary principle is the guiding force determining what regions become marine conservation areas. It is not acceptable that this definition be expanded arbitrarily.

I am concerned with a few other clauses of the bill, which I believe either need to be amended or entirely deleted.

The government has said that the purpose of the bill is to establish the rules that will allow for the creation of national marine conservation areas to protect and conserve marine ecosystems that are representative of the 29 marine environments in Canada's coastal zones and the Great Lakes.

Unlike national parks, whose resources are fully protected, marine conservation areas are managed for sustainable use, except where forbidden by clause 13, which deals with the exploration and extraction of any and all mineral or other deposits within a marine conservation area.

The bill would allow for sustainable use within the marine conservation area, with a focus on recreation, tourism, education and research.

Currently, federal-provincial agreements are either in place or under consideration for four parks, representing five of the twenty-nine marine regions. The proposed Gwaii Haanas park on Queen Charlotte Shelf in the Hecate Strait marine regions is in my riding of Skeena. This park could represent an area roughly equivalent to one-sixth of my total riding.

I must say that there are those who believe the intent of the legislation is to forbid any form of development within marine conservation areas and, further, to go beyond protecting the original 29 marine regions the legislation was designed for and to create many more new marine conservation areas. This is of grave concern to me and to many other Canadians.

● (1715)

As is mentioned in the bill, these 29 marine conservation areas would be zoned for different uses. Some may be zoned strictly for tourism, others for science, and there are many who believe most of these marine conservation areas would severely restrict any human activity, but more specifically industrial activity.

Whatever the original intent of the bill may be, I would urge members to take specific notice of clause 13, which specifically forbids any mineral or inorganic resource extraction within all marine conservation areas. Allow me to quote from the bill in clause 13 on page 9:

> No person shall explore for or exploit hydrocarbons, minerals, aggregates or any other inorganic matter within a marine conservation area.

I ask the House to reflect on why the bill needs such a severely restricting, overarching clause affecting all marine conservation areas when it is supposed to be the intent of the bill to zone each area for specific usage, unless of course it is the government's intention to shut down those industries in Canada that rely on the extraction of such materials.

Furthermore, I find it quite strange that members of parliament representing areas of Atlantic Canada would not strongly object to such a clause since some of them hail from a province like Newfoundland, where the famous Hibernia offshore drilling program has successfully and, may I say, in an environmental manner penetrated the ocean's floor, and its very existence is ensuring the lives and well-being of many Newfoundlanders and Atlantic Canadians. Should such a bill and clause have been introduced prior to the Hibernia project and even prior to any exploration for that project, it possibly would never have been.

I would like to press on in this vein a little further and say that the legislation could prevent any further exploration and development off the shores of Newfoundland. For that matter, it could prevent such development off the shores of Canada, period, be it in our Atlantic, Arctic or Pacific oceans. Of course many will say that is true only if those specific areas are designated as marine conservation areas. That brings me to my next concern with the legislation.

I ask hon. members of the House to take note of clause 5 on page 4. Subclause 5(1) is most distressing and represents what is fundamentally wrong with the government. It seriously undermines the effectiveness of elected representatives in the House. I believe that once the members in the Chamber today hear what I will read from the bill they cannot help but understand that there need to be serious changes to the bill for it to be accepted in the Commons. I will quote from subclause 5(1):

> Subject to section 7, for the purpose of establishing or enlarging a marine conservation area, consisting of submerged lands and waters within the internal waters, territorial sea or exclusive economic zone of Canada and any coastal lands or islands within Canada, the Governor in Council may, by order, amend Schedule 1 by adding the name and a description of the area or by altering the description of the area.

In plain English what this means is that the Prime Minister and his cabinet can decide out of the blue to create a marine conservation area in any member's riding or backyard. Yes, the bill does recommend that the Minister of Canadian Heritage consult with those she or he deems to be affected people, but it does not guarantee that their opinions will be heard and agreed to. It is conceivable, should parts of the St. Lawrence be considered a marine conservation area, that the government could restrict or reduce fishery catch levels for various species, or even shipping levels. The heritage minister might even choose some of the most fertile fishing grounds on the east coast or, for that matter, the west coast, and deem them marine conservation areas. There would be nothing we as elected members of parliament could do about it.

How does the minister think this will sit with Canadians and more so with coastal communities whose very survival in many cases depends on the resources they can extract from the sea? The power the bill in this clause takes away from Canadians and their parliament and places in the hands of a very few insiders, cabinet members, is appalling. I know my constituents will not stand for it and neither will I.

I implore members of the House to demand the amendment of the clause and to return the power of creation and enlargement of these marine conservation areas to the hands of parliament, where it will receive much reflection, consultation and thought. We are accountable to our constituents and to Canadians.

I know my comments in the House today may seem strong and passionate, but when I read on to the end of clause 5 to subclause 5(3) my blood really boils. There is no doubt that Canadians listening today should be outraged at the fact that cabinet is the sole body creating and enlarging marine conservation areas. However, it should incense them even more to learn that the body that creates these areas does not have the power to reduce or eliminate them.

● (1720)

Let me explain. It is all right for the government to expedite the creation of these marine conservation areas and to wield the swift power of cabinet to that end, but to reduce or eliminate an area would take an act of parliament. Allow me to read once again from the bill. I would ask members to take note of subclause 5(3) on page 5:

> No amendment may be made by the Governor in Council to Schedule 1 for the purpose of removing any portion of a marine conservation area.

Of course I agree that parliament should be the body deciding on whether or not a marine conservation area should be designated. However, what Canadians may not realize is that only the government can raise in the House an amendment to an act of parliament, meaning that it would have to be the will of the government of the day to amend or remove a marine conservation area. It would not be up to individual members to do so. Although we as elected members would have the opportunity to debate such a bill, we could not make any changes on our own.

It is also important to note that it is not uncommon for a bill to take up to one year to make its way through the House of Commons and its standing committee, to the Senate and then to receive royal assent. Depending on the priority the government places on the bill, it could take even longer.

We know that in reality the time a bill spends in the House of Commons or the Senate is controlled by the government. It has been known to push bills through in weeks and it has also dragged its heels on some bills for years, not unlike what has happened to the history of this bill, I might add.

The point I am trying to make is that the government does not need to abrogate its democratic responsibility by allowing clause 5 to stand. It already has the power to push bills into law and could create as many marine conservation areas as it likes.

I would urge the government to do the right thing and allow parliament its due evaluation, consultation and amendment of bills relating to specific marine conservation areas, not ram this omnibus piece of legislation through the House.

I would ask members to support amendments to the legislation that would see the need for the government to introduce specific legislation for every marine conservation area it plans to designate.

I would ask members to support amendments to remove clause 13. As mentioned, that clause would eliminate the ability to ever extract resources from the marine conservation areas regardless of the environmental viability of any project.

I will leave you and my hon. colleagues with these final words of caution and conscience. Members should ask themselves how their constituents would react if their fishing grounds were to become protected under the bill. How would their constituents feel if their activities, those which, I might add, put food on their tables and clothes on their children's backs, could not be continued? What if they were told they could not work or that the bill would drastically affect the future of their community? I would venture to suggest members of parliament would want to consult widely, bring their concerns to the attention of the minister and have their day in the House to express those opinions and to convince their colleagues to support their endeavours.

As this bill currently stands, hon. members will never have that opportunity. That is wrong. Therefore I move:

> That the motion be amended by deleting all the words after the word ''That'' and substituting the following therefor: Bill C-10, An Act respecting the national marine conservation areas of Canada, be not now read a second time but that the Order be discharged, the Bill withdrawn and the subject matter thereof referred to the Standing Committee on Canadian Heritage.

The Acting Speaker (Ms. Bakopanos): The amendment is in order.

[*Translation*]

Ms. Jocelyne Girard-Bujold (Jonquière, BQ): Madam Speaker, I listened very carefully to the speech by my colleague, the Canadian Alliance member. I might have ten or so questions to ask him as a result of his speech, but I will sum them up.

He mentioned the precautionary principle. I believe it is quite normal for him to do so.

● (1725)

I would like to know what he means, as the Canadian Alliance critic in this matter, by precautionary principle with regard to the marine conservation areas?

At present, marine conservation areas cover endangered species and territories located in the provinces. Throughout his speech, I did not hear him refer to consultation with the provinces. The member made no mention of the involvement of provincial governments in the decision to create such areas.

In my area of the Saguenay—Lac-Saint-Jean, we have the Saguenay—St. Lawrence Marine Park, which was created after consultation with the community, the province and the federal government. Based on that, the government did something really

fine. I believe it is a model of what Canada and Quebec can do together. The member did not mention that.

He also said in his speech that no matter what the environmental sustainability of a project is, we must forge ahead. I have very serious reservations about this. He referred to the Rio convention and the precautionary principle.

These are the first questions I would like to ask the member. If I still have the time, I would like to ask him some more.

[*English*]

Mr. Andy Burton: Madam Speaker, I thank the hon. member for those questions. I unfortunately cannot reply in the member's native language, but I will do the best I can in English.

I will deal first with the provincial consultation aspects. Obviously if legislation such as this proceeds there is a role for the provinces. I would suggest that it is a major role. It is absolutely critical that the provinces be involved in the creation of any marine conservation areas.

I am from British Columbia, the west coast of Canada. I think the implications for the province of British Columbia are of great concern because of the potential for offshore oil and gas development, among other things. The implications are not just for the offshore but for lakes, streams and so on. Certainly there has to be a great deal of provincial consultation. There is no question about that.

As I said right at the beginning, I have a great deal of concern about the environment. We all respect the environment. I come from a rural area. I have lived in small town Canada all my life. I hunt and fish. I consider myself to be a basic environmentalist. I enjoy the outdoors. I respect the outdoors and the environment, as do all my colleagues in the Canadian Alliance. It is extremely important that we continue to protect the environment.

What we are saying is that we cannot allow this legislation to stand in the way of environmentally acceptable development. That is my concern. As I said earlier, especially in B.C. there is potential for offshore oil and gas development, for instance. We cannot just shut that down. The potential for the economy of Canada and British Columbia is huge. Look at what it has done for Newfoundland. Look at what it has done for the east coast. We have to take all of those things into consideration. We need to have a balance.

I am no expert but the precautionary principle has been changed to some degree by taking out words around the phrase lack of scientific certainty. The real statement reads:

> Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost effective measures—

We are saying that the removal of certain words from that principle creates a little different and much harsher aspect in the content of the bill. That is what concerns us. Even if there was no real evidence something could be stopped on that basis rather than people saying that we should take a look at it and see if we can really do it in an environmentally friendly manner.

The Acting Speaker (Ms. Bakopanos): We have less than a minute left for questions and comments. Therefore I would like to see the clock as 5.30 p.m. and take the five minutes the next time it is before the House. Is that agreed?

Some hon. members: Agreed.

● (1730)

[*Translation*]

The Acting Speaker (Ms. Bakopanos): It being 5.30 p.m., the House will now proceed to the consideration of private members' business as listed on today's order paper.

PRIVATE MEMBERS' BUSINESS

[*English*]

IRAQ

Mr. Svend Robinson (Burnaby—Douglas, NDP) moved:

> That, in the opinion of this House, the Canadian government should lead efforts at the United Nations to lift the economic sanctions imposed upon Iraq since 1991, which have served only to inflict severe suffering on civilians, especially the most vulnerable members of the Iraqi population, namely the elderly, the sick and children.

He said: Madam Speaker, it is with a sense of profound sadness and anger that I rise in my place in the House today to once again plead with our government, the Government of Canada, to finally show leadership and to call on the United Nations and on every other international forum for an end to the genocidal sanctions that have been imposed upon the people of Iraq for the last decade.

I cannot believe I am still standing in place today pleading with our government to act, over a year after a strong, powerful and eloquent report of a unanimous foreign affairs committee called on the Liberal government to do precisely what I am seeking today, to lift the economic sanctions that have had such a catastrophic impact on innocent human lives, innocent people in Iraq. The sanctions certainly have not had an impact on Saddam Hussein, but over the course of the last decade, they have resulted in the death,

according to UNICEF, of over half a million children under the age of five.

I travelled to Iraq back in January 2000 with a delegation from a group called Voices of Conscience, Objection de conscience. This is a group of very fine women and men, mainly from Quebec, who are artists, journalists, doctors and representatives of non-governmental organizations. We travelled overland into Baghdad and then down into the southern part of Iraq.

For me it was a return visit because I had been to Iraq nine years previously, just before war broke out. I visited in November 1990 leading a delegation that included Lloyd Axworthy, then foreign affairs critic for the Liberal Party, and a Conservative member of parliament named Bob Corbett.

The results of the imposition of that draconian sanctioned regime, as well as the massive and ongoing bombings that many Canadians do not even know are happening in Iraq today, were absolutely devastating both to the people and to the infrastructure of Iraq.

We must never forget the appalling attack that took place in 1991. I will not call it a war because, as one of the United States generals said, it was like shooting fish in a barrel. I believe there were over 100,000 Iraqi casualties of that attack.

Prior to that attack, Iraq was one of the most advanced countries in the Middle East in economic, social and cultural rights. Iraq has the second largest oil reserves in the world after Saudi Arabia. They belong to the people of Iraq. They were nationalized in 1972. Iraq had an extensive health care system, clean and abundant drinking water, sewage treatment plants, electric power generation plants, free education at all levels and a comprehensive network of social services. The status of women in Iraq, a country in the Middle East in which too often women are still very much second class citizens, was one of the most advanced of any country in that region.

● (1735)

What our delegation witnessed on our return last year was the total collapse of Iraq's human and physical infrastructure, a nation that has experienced a shift from, as was described by the United Nations development program, relative affluence to massive poverty. Unemployment is epidemic. Inflation has skyrocketed. The average salary is about $5 U.S. a month. There has been a dramatic increase in begging, prostitution and crime.

The agriculture sector is in disarray, ravaged by hoof and mouth disease, screw-worm and the effects of major drought. The once thriving and vibrant cultural sector has been another victim of this inhumane sanctions regime, as our delegation heard from the artists with whom we met.

While we were in Baghdad we also met with the then United Nations humanitarian co-ordinator, Hans von Sponeck. Hans von Sponeck, who was a distinguished public servant with the United Nations for many years, resigned shortly after we left. He said that he could no longer participate in the administration of the inhumane sanctions regime. In resigning in that way, he joined the former United Nations humanitarian co-ordinator, Dennis Halliday, and the former head of the United Nations World Food Program, Jutta Burghardt. He pointed out in many speeches afterwards that, in his words, Iraq was truly a third world country once again. He said, and I quote:

> I have never been in a country where I have seen so many adults crying.

In a recent speech, he quoted from a December 2000 UNICEF report that ranked the increase in Iraq's child mortality rates the highest among 188 countries in the world since 1991; a 160% surge as a result of a lack of medicine, malnutrition and waterborne diseases, such as dysentery.

Hans von Sponeck strongly opposes the sanctions and has called for the lifting of the sanctions. He said that he wants it clearly underlined that does not mean he supports Saddam Hussein, which is certainly also the case for myself and members of the New Democratic Party.

While Saddam Hussein has an appalling track record of repression, including the gassing of Kurds in northern Iraq at Halabja, and should be held accountable before the international community for his crimes, we also need to understand that the impact of these genocidal sanctions means that those are who are directly responsible for imposing them are, in my view, also guilty of crimes against humanity.

Let us look at the former United States secretary of state, Madeleine Albright. When she was asked in an interview whether the deaths of thousands and thousands of innocent Iraqi children were worth the price that was being paid to enforce these sanctions, she looked right into the camera and she said ''yes, that is a price worth paying''. That was a price worth paying, the death of those children.

As my colleague for Vancouver East said, that is shameful and that is genocidal. As Hans von Sponeck said ''whether you die by bullets or by hunger and disease, you are still dead''. Iraq in the last 10 years has suffered beyond any imaginable allowable limits.

We often hear talk of Iraq as a rogue state. The United States is seeking to justify its new star wars scheme, the national missile defence program, partly by suggesting that somehow Iraq, North Korea, Iran and others are rogue states.

I want to suggest that the true rogue state on the planet today in fact is the United States itself, which has shown such contempt for

international law and for the standards of basic humanity in enforcing these profoundly immoral and illegal sanctions.

● (1740)

The United States, after all, is a country that has demonstrated contempt for international law in many different ways. It has shown contempt for the environment by turning its back on the Kyoto accord. It has shown contempt for the rights of children by being one of the only countries in the world, along with Somalia, that has refused to sign the international convention on the rights of the child. It has shown contempt for international law by supporting the absolutely violent and appalling policies of the Israeli government in its attacks on the Palestinians and its illegal policy of occupation in settlements. Terrible violence is being directed against Palestinians. It is the United States that has consistently been propping it up. We can also look at the United States in the context of its support for the illegal sanctions against Cuba. Once again, which state is the real rogue state in the world today? We know which one it is.

The current situation in Iraq is absolutely tragic. The greatest burden of these sanctions is borne by the most vulnerable people in Iraqi society: the children, the women, the disabled and the elderly.

As I have mentioned, UNICEF has confirmed that infant mortality rates have skyrocketed since the imposition of these sanctions. Over half a million children have died as a result of the imposition of these sanctions and 4,500 children continue to die each month.

I met with doctors in Baghdad and Basra who, with tears in their eyes, spoke of their sense of helplessness and powerlessness in being unable to save the lives of more than 2% of the children in their care in the oncology wards. They knew that many of those who survived would just return to hellish conditions of malnutrition and open sewage. There was one nurse for 100 children in a ward that we visited.

There has been an explosive rise in the incidence of endemic infections, such as cholera, typhoid and malaria, and major increases in measles, polio and tetanus. Iraq has also seen a huge brain drain as a result of the sanctions. The middle class has largely been destroyed and young people see no hope for their future. We were told of Saturday auctions where proud Iraqi families are forced to sell off their family heirlooms and furniture simply to survive.

I visited a pediatric clinic in Basra in the south. The death toll there was particularly high and it was linked to the use by the allies of depleted uranium in bombing in the spring of 1991. As I have mentioned, the bombings continue even today in that region. It is illegal. The no fly zones have no legal basis whatsoever, yet the United States and the U.K. continue to bomb and innocent civilians continue to die as a result of that bombing. Recently they bombed just outside Baghdad. I was ashamed as a Canadian that our government was one of the only governments that was actually prepared to stand up and defend the United States and the United Kingdom in that illegal bombing. The bombing goes on and the impact of depleted uranium in terms of the congenital deformities, particularly in the south, has been terrible.

We also witnessed the results of what one Baghdad professor referred to as the intellectual genocide of Iraq. Virtually no funding is left for education as a result of the oil proceeds and so the system has collapsed. They have no access to scientific and medical journals and no opportunities to attend professional conferences. Parents give their children chalk to take to schools. Our delegation brought in pencils and medical supplies as an act of silent defiance.

What about the oil for food program? Well, it has not worked. In fact the so-called 661 committee, which enforces the program, has been harshly criticized by many commentators, including the secretary general of the United Nations who said just last November that he had serious concerns over the excessive number of holds that have been placed on applications and on sectors, such as electricity, water, sanitation and agriculture, that impact adversely on the poor state of nutrition in Iraq.

I would like to say a word about nutrition. Dr. Sheila Zurbrigg has documented eloquently the state of famine that has gripped Iraq today. She pointed out that in recent statistics the trends in mortality are getting even worse and that the conditions are getting worse. She also said that child malnutrition rates in the centre south part of the country do not appear to have improved and nutrition problems remain serious and widespread. Acute malnutrition is a huge problem and it is above 10%. Many children are small for their age and visibly wasting away. One in seven Iraqi children will die before the age of five. It is absolutely unbelievable. The agricultural sector, as the FAO has pointed out, is in crisis as well.

● (1745)

I have mentioned Dr. Sheila Zurbrigg. I will also pay tribute to the many Canadians, individuals and organizations that have worked so tirelessly and with such commitment and dedication against these inhumane and genocidal sanctions. These include the Canadian Network to End Sanctions on Iraq, the Nova Scotia Campaign to End Iraq Sanctions, End the Arms Race, Physicians for Global Survival Canada, Objection de conscience or Voices of Conscience, Project Ploughshares, Kawartha Ploughshares and many such groups across the country.

In closing, I once again remind the House of the unanimous recommendation of the Standing Committee on Foreign Affairs and International Trade that the government immediately work for the lifting of economic sanctions. It is essential that the sanctions

be lifted, that they be lifted now and that Canada show the leadership that makes it possible.

Mr. Denis Paradis (Parliamentary Secretary to Minister of Foreign Affairs, Lib.): Madam Speaker, while the government is sympathetic to the humanitarian objectives of the motion before the House, we cannot support the proposition that Canada seek the removal of U.N. sanctions on Iraq in the absence of Iraqi compliance with U.N. obligations.

Canadian policy toward Iraq has been motivated by the government's concern both for the humanitarian situation and for the security challenges Baghdad continues to pose for the region. This balanced approach must continue to guide our actions on the Iraq file.

[*Translation*]

We do not dispute the fact that sanctions have had a profound impact on the people of Iraq. It is the prescription called for in the motion with which we disagree. The call to lift sanctions is an appealing response to the situation, but it neglects not only the security risks of such a unilateral step but also the measures that have been and continue to be instituted with increasing success to minimize the civilian impact of the Iraq sanctions regime.

The approach that Canada and the international community have brought to the design and implementation of the Iraq sanctions regime has been focussed, from the outset, on both the security and humanitarian dimensions of the problem. While the international community has been justifiably determined to put an end to Iraqi weapons of mass destruction programs, equal attention has been paid to the need to mitigate the humanitarian impact of sanctions.

Resolutions 661 and 687, which set up the sanctions regime after Iraq's invasion of Kuwait and extended it following Kuwait's liberation, exempted food and medicine from the embargo. When, because of Iraqi obstruction, it became clear that Iraqi disarmament would take longer than the few weeks or months originally anticipated, the UN tried to establish an oil for food program which would enable Iraqi oil revenues to be used for humanitarian purposes. UN resolution 706 creating the oil for food program was passed in 1991.

For its own political reasons, the government of Iraq rejected UN resolution 706, delaying the implementation of an oil for food program for nearly five years. The result was a catastrophic degradation of Iraqi society. When the Government of Iraq relented in 1995-96 and finally accepted the oil for food program, it was already far too late to avert a collapse in Iraqi health and living standards.

However the oil for food program did help in ending the Iraqi decline and it was continually modified over the years in an effort to improve its effectiveness.

• (1750)

This effort culminated in December 1999 with the passage of UN Security Council resolution 1284, which brought even more sweeping changes to the humanitarian program in Iraq.

These changes included a lifting of the oil ceiling, which allowed Iraq to sell unlimited quantities of oil, and the development of pre-approved lists of items that would not need to be reviewed by the sanctions committee.

These so-called green lists have been expanded continually and now cover medical supplies, pharmaceuticals, agricultural equipment, educational materials, water and sanitation equipment, housing materials, oil spare parts and agricultural items, effectively lifting UN sanctions on these items.

However, Iraq rejected resolution 1284 and has, where possible, blocked the implementation of a number of its key humanitarian provisions.

Despite Baghdad's efforts to weaken the program, there is little doubt that the impact of the oil for food program and the changes brought about by resolution 1284 are having a positive impact in Iraq, as UN secretary general Kofi Annan indicates in his report of March 2, 2001.

With funding for the humanitarian program at $5 billion to $7 billion every six months, the UN secretary general noted, ''Iraq is in a position to address urgently the nutritional and health status of the children of Iraq''.

Whether Iraq will in fact realize and make full use of its revenue potential to address the needs of its citizens, however, is an entirely different question. It has already been mentioned here in the House that Saddam Hussein preferred building houses for himself to looking after the needs of the people.

Efforts by Baghdad to impose illegal surcharges on oil contracts slowed Iraqi exports through most of 2000, prompting the UN secretary general to worry in his report whether sufficient funds will be available to meet the humanitarian targets in Iraq.

At the same time, concern continues to grow regarding Baghdad's willingness to spend the humanitarian funds that are available in a timely manner.

For example, as of January 31, Iraq had contracted for only 21% of the medical items contained in the distribution list for the last phase of the program, which had expired at the beginning of December.

By March, the figure had climbed to only 48%. Education sector contracts were less than 50% of the allocation, while oil spare parts contracts amounted to just over 10%.

It appears that this lax attitude towards the program on the part of the government of Iraq will continue in the current phase, as Baghdad was more than two months late submitting the distribution list for phase nine, which began on December 6, 2000.

As a result, by March 31, nearly three months later, there were no contract applications for health, electricity, water, sanitation, education or oil spare parts. This is despite the fact that with around $3 billion currently sitting uncommitted in the escrow account in New York the financial resources for these items are clearly available.

The money is there, and the Iraqi government is not using it. It is very clear that the international community has tried to mitigate the humanitarian impact of sanctions from the very beginning. This process continues under the aegis of the United States, in an effort to better target the Iraq sanctions regime by easing the import of civilian goods into Iraq, while tightening the restrictions on military related items.

While the details surrounding this effort are still being developed within the UN Security Council, the initiative appears consistent with the approach Canada has long advocated. Canada will contribute what we can to this process to ensure that the security goals and humanitarian needs in Iraq are indeed addressed with equal vigilance and priority.

Better targeting of the Iraq sanctions regimes may seem an inadequate response for those who see a full lifting of sanctions as the only solution to the Iraq situation, but the fact remains that sanctions must continue to be applied in Iraq because the disarmament job is not complete.

From the earliest days through eight years of UN inspections, Iraq offered far less than what Baghdad had pledged and the ceasefire arrangements demanded.

Obstruction, deception and outright lies were daily occurrences, as Iraq was trying to save key elements of its weapons programs.

● (1755)

The crucial question regarding disarmament efforts is, if Iraq, as it claims, has honoured its obligations and is not in fact rebuilding its weapon programs, as a number of recent reports have claimed, why is it not allowing arms inspectors to verify its statements on site?

Lifting the sanctions now, while Iraq continues to fail to meet its obligations to the UN, would send a dangerous message on the weakness of the international system in the face of a ruthless and rebellious regime. The international community cannot accept Iraq's intransigence and its refusal to comply with its obligations toward the UN.

There is little doubt that left to itself Iraq would again constitute a serious threat to its neighbours and to the security of the entire Gulf region. The country is run by one of the world's cruellest regimes, with a disastrous human rights record.

[*English*]

The Government of Canada is sympathetic to the objectives which underlie the motion. While the international community has tried with increasing success to mitigate the worst effects of the sanctions and make their humanitarian provisions Saddam-proof, the Iraqi people have suffered too long. Ultimately sanctions must be lifted but the option put forward in the motion is not the way.

[*Translation*]

Unilateral actions are not the answer. There is a process in place to achieve the common goal of removing sanctions and it begins and ends with Iraq's compliance with its international obligations.

Security demands require that sanctions remain in place until Iraq meets its obligations, but this does not mean that the people of Iraq need to bear the full burden. The instruments are in place to address the pressing needs of Iraq's civilian population, and efforts are underway to make them more effective.

Pressure must be brought to bear to force the Government of Iraq to both use the humanitarian tools that are available to their full potential and abandon its long established policy of sacrificing the well-being of its population to achieve its political and military objectives. Baghdad can ensure the return to normality in Iraq by complying with its UN obligations, and Canada should do what it can to move Iraq in that direction. This motion, by rewarding Iraqi intransigence, does the opposite.

[*English*]

Mr. Keith Martin (Esquimalt—Juan de Fuca, Canadian Alliance): Madam Speaker, we have a great deal of sympathy for the people of Iraq and the issue is about the tragedy taking place there. Our hearts go out to the people of that country who have been abused far too long by a thuggish, violent, illegal and brutal leader named Saddam Hussein. This is all about Saddam Hussein. It is not about the people of Iraq who have suffered far too long.

I say to the member for Burnaby—Douglas that while we have a great deal of sympathy for his motion it is naive. It detracts from the issue which is about dealing with a violent thug called Saddam Hussein.

In his speech the member for Burnaby—Douglas spent far more time bashing the United States than dealing with the thug Saddam Hussein. He spent a good chunk of his time U.S.A. bashing and not enough time dealing with the major antagonist. That says a lot about the member and where he is coming from on the issue.

However let us talk about the issue at hand. Saddam Hussein has caused the brutal deaths of thousands of his people through torture and summary execution by his own hand and the hands of others. One and a half million Iraqi civilians have died since 1991. According to UNICEF, 600,000 of them were under five years of age. Every month 4,500 children die. Maternal mortality rates are up and have more than doubled since 1991. Child malnourishment has increased by more than 300% since 1991. Hospitals, water and the education system are in disarray. Why?

As the hon. member from the government mentioned, Iraq can sell as much oil as it wants for food. There are more than 660 things the government can do with no problems whatsoever.

● (1800)

People need education, infrastructure development and humanitarian supplies in order to live. Why are the conditions on the ground not improving? They are not improving because Saddam Hussein is using his own people as pawns in a brutal political struggle. He is prepared to kill his own people in an effort to break these sanctions and to rub the nose of the west in the ground. Saddam Hussein is the rogue. He is the one who is brutalizing his own people and standing in the way of prosperity, peace and security for the people of Iraq.

It is interesting to look at the situation in northern Iraq where there is a no fly zone, as there is in the south. The no fly zone in the north was meant to protect the Kurds. Why? It was because Saddam Hussein murdered Kurds using chemical and biological weapons. That says a lot about the person. It says that we are dealing with an individual who is prepared, at a whim, to violate the basic norms of international respect and international law for his own end. He is prepared to kill and murder his own people with brutal chemical and biological weapons. We all saw pictures on television of what happened to those Kurds.

Saddam Hussein is also trying to murder, and has murdered, the marsh Arabs in the south. Those people have lived there for thousands of years and do not want to harm anybody but he has sent his people in with tanks. He has murdered these people, destroyed their environment and has tried to drive them out of their homes. Saddam Hussein is the one killing the Iraqi people, not the west, not the United Nations and not Canada.

What the hon. member for Burnaby—Douglas should be doing is using his efforts to tell the Iraqi regime that we will not tolerate that any more. All that Saddam Hussein has to do is to allow the weapons inspectors to enter his country. He only has to co-operate with the security council resolutions and the international community, and we would be happy to work with his people to improve their health and welfare.

We want the children of Iraq to be educated and the babies to be healthy. We do not want to see the children of Iraq die from malnutrition. It is Saddam Hussein who can change that, and change it overnight. The power to improve the health and welfare of the Iraqi people rests in his hands.

I am not confident, and I do not believe that anybody in the House is, that he will do that. However, what would happen if we were to immediately drop those sanctions? Can we trust Saddam Hussein to respect international law and to treat his people well? The fact of the matter is that he is obstructing what is going on in his country.

It is interesting to note that Saddam Hussein, while his people are starving, has built over 42 palatial palaces for himself and his cronies with money that should have been used to feed and educate the children and improve the water supply. Why is he not using the $3 billion that he held in a UN escrow account for water, agriculture and industrial production, as well as for improving the infrastructure in the country? The facts speak for themselves.

We have imposed those sanctions with a heavy heart. We do not want them to continue. As Kofi Annan said, they are a temporary measure. When the regime in Iraq complies with international law and allows UN inspectors to enter the country unfettered, and when it co-operates with the international community, we will co-operate too. It is not only for the international community at large but also for the regional security.

Why is it that at the last Arab summit, and where better to find co-operation or sympathy for Saddam Hussein, Arab leaders gave only muted and lukewarm support to the lifting of sanctions? The reason they did that was that they feared for their security.

● (1805)

The invasion of Kuwait by Iraq was a graphic example of how this individual is prepared to be a security threat in the Middle East. Why is it that his fellow Arab leaders look upon him as a thug and a bully? Do they embrace him? No, they fear him because he is unpredictable, violent and willing to abuse people in his own backyard for his own political gain.

It is sad that he has been able to secure greater control in his country. We would support other countries in supporting the opposition forces in Iraq. Unfortunately his secret security forces have a greater control and a greater hammerlock on the people. They pick people off the street who later disappear. They have been doing that for a very long time. It is a reign of terror.

We cannot imagine the tragedy that the people of Iraq have endured for so long. To the people of Iraq we say that we want them to thrive, prosper and live in peace. Their leader has to either change or he has to comply with the basic norms of international

security. We do this for the people of Iraq and for ourselves. We do this for basic human rights and for peace.

I hope the member for Burnaby—Douglas can approach the issue in a pragmatic way to fulfil the basic needs and improve the health and welfare of the people of Iraq. I hope he invests a lot more time in shooting his barrels off at Saddam Hussein than at the United States of America.

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC): Madam Speaker, I am pleased to have an opportunity to speak to Motion No. 83 on behalf of my colleague from Cumberland—Colchester, the Conservative critic for foreign affairs who is on his own peace mission today in the Middle East accompanying the Minister of Foreign Affairs. He is pursuing a very noble peace cause in his own right.

Sanctions were imposed on the Iraqi nation after Iraq unilaterally invaded Kuwait in 1990. Canada played a leading role, even a decisive role, in ensuring that the response to Iraq's aggression occurred under the flag of the United Nations and not unilaterally. The response of our allies came about in a very reasoned and well thought out fashion.

The international community believed it was essential to impose sanctions as a means of keeping Iraq in check and to improve the lot of that nation by forcing the brutal and sadistic Saddam Hussein to stop his oppressions. The United Nations action including the sanctions forced Iraq out of Kuwait. The sanctions had a positive effect in that they curbed military and other aggressions that might very well have occurred.

The evidence suggests that the lot of the Iraqi people has not improved. The real issue is the suffering of human beings. The situation among Iraq's people is tragic. There is no denying that reality. Poverty, malnutrition and depleted social services such as health care are leaving their indelible marks. The situation is wretched and dismal.

UNICEF figures indicate that 4,500 children are dying every month from lack of food and decent health care. Thousands of people, and some sources are putting the number at over one million, have died since these sanctions were put in place. All this has occurred under the negligent and oppressive leadership or lack of leadership of Saddam Hussein.

United Nations resolution No. 96 that deals specifically with food in exchange for oil allows between $1.5 billion and $2 billion for food. This fund is administered by the United Nations and the food package consists mostly of carbohydrates for the malnourished. The program has made a difference but undeniably there is a long way to go to address other horrific conditions that exist for the people living in Iraq.

• (1810)

The United Nations sanctions committee can reject goods if it thinks something might be used for military purposes. This is cause for concern because it is a contentious and sometimes grey area. There is a military application for almost anything. Pipes for sewage could have scores of military uses. It is therefore sometimes difficult to draw the line.

The bottom line is that sanctions may be keeping Iraq in check but they are also severely afflicting scores of innocent people, mostly children, who do not deserve to be punished for something for which they are not responsible. There are severe implications for what is taking place. It begs the obvious question: Why should children be the scapegoats for a conflict between the international community and the pathological behaviour of Saddam Hussein?

Saddam Hussein's regime does the Iraqi people no favours in their struggle for survival and decent healthy living. Maintaining the people's basic needs is not the totalitarian regime's number one priority. Saddam Hussein's own standard of living has certainly not suffered like that of his people, as was pointed out by the hon. member for Esquimalt—Juan de Fuca.

The evidence suggests that Mr. Hussein's personal wealth has continued to escalate. He has continued to build palaces, an absolutely horrific situation given the poverty and squalor of his own people who he is supposedly representing. The regime is irreverent and defiant to the international community and to the pressures being brought to bear by countries like our own.

We need to determine the true impact of the sanctions and, more important, the fate of the children. We do not need to argue about how many angels can dance on the head of a pin. This is not an academic exercise. We must look at the facts and figures and the costs in terms of human life, costs which are often difficult to determine.

Bearing in mind the situation the Iraqi people are facing, it is clearly time to revisit the state and the nature of the economic and military sanctions being imposed on Iraq. Is it possible to get good, sound reliable figures on how well the sanctions are working? It probably is not. However we should certainly be able to make a cost analysis of the toll they are taking.

Are the sanctions producing the desired result? Are they accomplishing goals or meeting ends? These are the questions the international community must ask persistently. It must ask the questions openly and honestly with a mind to determining whether sanctions should continue.

No one in this Chamber or in any legislature can single-handedly answer these questions. However, they must be addressed in a fair,

open-minded and impartial way and they must be addressed soon. If not, it will be the demise of the innocent.

This is admittedly not an easy situation. It is difficult to dissect the issue and remove the variables that directly or indirectly hurt those innocent people. We cannot sterilize the issue or look at it in a detached way.

With economic sanctions, as with military sanctions, there are always innocent bystanders killed or left suffering. The trick is to distinguish between economic and military sanctions so that sanctions which primarily hurt civilians can be lifted. Any sanction, military or otherwise, can inflict collateral damage on a population. That is occurring in Iraq, and the worst effects must be identified and dealt with.

The motion says that the Canadian government should lead the efforts at the United Nations to lift the sanctions. Canada has an amazing amount of credibility, trust and respect on the world stage. We have an opportunity to intervene and get the ball rolling again. What better country to raise the issue in a serious fashion and to effect results than Canada?

● (1815)

We are the nation of Lester B. Pearson, peacekeepers and in the fight against apartheid, a nation with a progressive human rights record. The Conservative Party would certainly support Canada taking a leading role in opening this dialogue again. It is paramount that in the short term we find the facts, delve into our ability to effect change and be a part of the action, not just to talk about it but to actually try to bring pressures to bear on those who can immediately impact on this decision. The situation certainly needs to be addressed in the near future.

I am pleased to have had the opportunity to speak on this important motion. I thank the member for Burnaby—Douglas for bringing it to the attention of the House and to all Canadians. Although I am not the critic in this area, I will certainly maintain an interest in the issue of sanctions and in the overall outcome that we hope the United Nations, with Canada playing a leading role, will embark on in the near future.

Ms. Libby Davies (Vancouver East, NDP): Madam Speaker, I am pleased to rise in the House today to wholeheartedly support the motion brought forward by the member for Burnaby—Douglas.

The work of the member for Burnaby—Douglas has been outstanding, not just on this issue but also in understanding and promoting international human rights. He speaks with a great sense of hope for people in Canada who seek an alternative to Canada's foreign policy. The member has been a beam of light for a lot of people in the work that he has undertaken.

I listened with great sadness as he described his personal visit to Iraq and what he encountered while there.

Members in the House and Canadian enjoy the basic necessities of life, although there are people in this country who live in poverty. However what is happening to the people of Iraq is something that is truly horrifying.

I listened to the debate and was quite alarmed at what I heard. The member who spoke for the government side and the member who spoke for the Canadian Alliance were both members of the committee and, as we heard from the member for Burnaby—Douglas, were part of the unanimous report that came from that committee which sought to have these sanctions removed.

It quite alarming that in a committee members can somehow find the courage and the reason to see the absolute horror and devastation of what has happened with the sanctions, yet on another day in the House somehow be in favour of them. In fact the member for the Alliance characterized the motion as being naive. I am quite surprised by that. If we look at the impact of these sanctions, which have been in place for over a decade, on a civilian population, we see nothing less than the total destruction of a civil society.

If we followed the Alliance member's reasoning and logic, if we can call it a logic, then for the net result what would be success in the eyes of that member? Would it be that every child has died? Would it be that 50% of the population of children under five have died? The logic of what is being presented is actually illogical.

I take issue with the fact that, as we have heard, the target of the sanctions is Saddam Hussein. If that is so, then there has to be an agreement that the goal of those sanctions has been a failure. Here we are 10 years later and the guy is still in power. Meanwhile the civil society, the infrastructure, the hospitals, the health care, the water system and everything has been totally destroyed. I would say to those who have been proponents of this kind of course of action and this kind of foreign policy that this has been an abject failure.

In my community of Vancouver East, and in Vancouver generally, I have received many letters and phone calls from individual constituents who have been horrified and outraged at the destruction these sanctions have caused the people of Iraq.

● (1820)

I have personally attended rallies, vigils and meetings. I know that some of the real activists in Vancouver, people like Linda Morgan who was very involved in organizing the delegation that went to Iraq last year, are very committed to an international campaign of solidarity with people from other countries to draw attention to what is taking place in this country. As a Canadian

member of parliament, I feel ashamed that our government has so blindly followed this sanction policy for so many years.

Let us be clear about what the motion before us today says. It does not say that Canada should take unilateral action. It does not say that Canada should just strike out on its own. It says that the Canadian government should lead the efforts at the United Nations to lift economic sanctions. There are many Canadians who would see that as a positive, hopeful and powerful role for the government to play rather than standing by and watching the devastation take place.

I listened to the news the other day to hear what was going on, as we all do every day. I made note that the Pope has now called for lifting of the sanctions. I believe there is a growing consciousness globally that if this is what we have sunk to as an international community, if the lowest common denominator of foreign policy is to basically impose hunger, famine, lack of medical supplies, lack of education, lack of clean water and if this is what foreign policy has come to, then where are we in terms of an international community?

As Canadians we should pause and reflect about our complicity in these sanctions. I urge members on the government side, particularly those members who are part of the foreign affairs committee and who apparently supported the lifting of the sanctions, to think about what this government policy is doing.

It seems to me that historically after a conflict or war there is often a period of reconciliation where the international community comes together to rebuild from the devastation of war. Yet in this situation not only was there a war that was horrific, and we could argue that another day in terms of what that was all about, but another war has unfolded, a war that has been even more devastating and that has been going on now for 10 years, which is the war of these sanctions.

Therefore, I feel a sense of deep tragedy about what has taken place here. I hope the motion today will help draw attention to the plight of the Iraqi people and to some of the very credible reports which have been produced by the international community such as UNICEF, Doctors Without Borders and many others who have witnessed firsthand what has happened and have given evidence to their witness of that.

Another point I would like to make is that the member from the Canadian Alliance made an outrageous statement that the Arab summit was not in favour of lifting the sanctions, which was absolutely not the case. That is totally false.

In fact, the Amman Declaration of March 28, from the 13th Arab summit, clearly stated:

> We call for lifting the sanctions on Iraq and for dealing with the humanitarian issues pertaining to Iraq, Kuwaiti and other prisoners of war according to the principles of our religion and national heritage.

Therefore, the Alliance member was clearly false in his assertion.

In closing, I want to thank the member for Burnaby—Douglas for bringing forward this issue again; a sane idea, a saner policy for a humane world where we do not destroy a civil society because we are trying to get at one person.

I hope the members of this House will consider this motion and, like the local and national organizations who have worked so hard, put pressure on our Canadian government to convince it to be part of an effort to lift these sanctions.

● (1825)

Mr. Svend Robinson: Madam Speaker, in the final minutes of this debate I want to certainly thank my colleague, the member for Vancouver East, for once again eloquently speaking out for justice, for human rights, for the rights of the people of Iraq to live in dignity and in support of this motion for the lifting of sanctions. I also want to thank my colleague from Pictou—Antigonish—Guysborough for his very thoughtful comments.

I must say that I am really quite shocked at the fact that not a single Liberal member of parliament was prepared to stand during the course of this debate and speak out in support of what Liberal members voted in favour of during the last parliament. The foreign affairs committee in that last parliament passed a motion unanimously with the support of every party, including the Alliance Party and the Liberals. I see the parliamentary secretary here who was a member of that committee and voted in favour of this motion, as did the member for Esquimalt—Juan de Fuca. The motion passed unanimously stated:

> Notwithstanding the adoption of security council resolution 1284, the committee urgently pursue the delinking of economic from military sanctions with a view to rapidly lifting economic sanctions in order to significantly improve the humanitarian situation of the Iraqi people—

That is what the motion today calls for. It is unbelievable that members who voted in favour of this principle in the last parliament now are condemning it. How many more innocent Iraqi lives have been lost over the course of just the last year?

They say we have to maintain these economic sanctions because of concern about weapons of mass destruction in Iraq. They ignore the report that they signed on to. In fact that report states very clearly, referring to a March 1999 report of the UN expert panel on disarmament ''The bulk of Iraq's prescribed weapons programs have been eliminated—100% of verification may be an unattainable goal''.

Indeed the former lead United Nations weapons inspector, Scott Ritter, has emphatically declared that Iraq was qualitatively dis-

armed of weapons of mass destruction from 1991 to 1998. Yet of course there was no lifting of sanctions.

I have no doubt that if the international community, with Canada leading in this, were to make it very clear to the Iraqi government that we were prepared to lift economic sanctions by a specific and firm date with international guarantees, Iraq would be prepared to allow the readmission of arms inspectors into that country and an assurance that any evidence of weapons that were being produced illegally would be dealt with and dealt with firmly. However, that is not what is happening here today.

I want to appeal to members once again to recognize the impact of this. The fact is that we as Canadians are spending some $35 million every year in enforcing these insane and genocidal sanctions. We have spent over $1 billion since 1991 in this region. I do not believe that Canadians who know of the impact of these sanctions on innocent human lives support this for one minute.

Dennis Halliday, the former United Nations humanitarian co-ordinator, in speaking of these sanctions said ''We are destroying an entire society. It is as simple and as terrifying as that''.

He is right. The purpose of this motion is to call for leadership. It is a tragic coincidence that we are debating this motion on the eve of Mother's Day. I recall so vividly meeting many Iraqi mothers who had lost children as a result of these sanctions. I recall looking into the eyes of an Iraqi mother who pleaded with me ''Why are you killing my innocent child?'' I could not answer that question.

I appeal on the eve of Mother's Day for the international community and Canada to show leadership to end the impact of these destructive and genocidal sanctions and ensure that no more children, no more innocent people in Iraq, die as a result of these sanctions. That is my plea. That was the unanimous plea of the Standing Committee on Foreign Affairs and International Trade in its report.

● (1830)

In closing, I seek unanimous consent of the House at this time that this motion might be made votable so at the very least the House could debate the issue and ensure that Canadians are given an opportunity to be heard in the committee on a profoundly important issue of life and death.

The Acting Speaker (Ms. Bakopanos): Is there unanimous consent?

Some hon. members: Agreed.

Some hon. members: No.

[*Translation*]

The Acting Speaker (Ms. Bakopanos): The hour provided for the consideration of private members' business has now expired. Since the motion was not deemed votable, the item is dropped from the order paper.

ADJOURNMENT PROCEEDINGS

[*English*]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

TRADE

Mr. Svend Robinson (Burnaby—Douglas, NDP): Madam Speaker, I rise on another very important subject, the subject of democracy and the growing assault by corporate powers on democracy in the context of NAFTA and the proposed FTAA agreement.

On February 20 of this year I asked a question of the Minister for International Trade concerning Metalclad Corporation, which was at that time before the British Columbia supreme court defending its NAFTA right to run a toxic waste dump in Mexico, ignoring the health and environmental concerns of elected local and state governments.

I asked the Liberal government to intervene in this case and to speak out strongly against the impact of the chapter 11 investor state provision in NAFTA in these circumstances. I held a press conference with CUPE and Greenpeace pointing out the impact of chapter 11, the investor state provision, on democracy itself.

In this case members of the small Mexican community of Guadalcazar said they did not want to allow a toxic waste dump in their community. They had already seen the impact on their children and on the environment of the existing toxic waste facility there. They said no and Metalclad under the investor state provisions of NAFTA sued the government of Mexico.

Just a few days ago we learned that it had won before a secret tribunal and the B.C. supreme court just upheld the award of millions of dollars. This is an outrage and an attack on democracy itself.

Once again I call on the Canadian government today to speak out clearly and strongly against an investor state provision in the FTAA. The Minister for International Trade said he was opposed to it last year. Now he says he is in favour of it. He says it has worked well. In fact it has not worked well at all in the case of MMT and Ethyl Corporation, in the suit by United Parcel Service against the

public post office in Canada and in a number of other cases such as the Methanex case. We as New Democrats say that this corporate attack on democracy has to stop.

More and more local councils are recognizing this as well. The city of Ottawa just passed a motion calling on the Canadian government not to sign any trade deal that includes this kind of investor state provision. The city of Vancouver was the first to do that.

I am calling today on our government to show that leadership and make it very clear that we believe in democracy. We still do not know the position of the Government of Canada. It has not posted any position on investment on its website. The text that was supposed to have been made public is still secret. We are still waiting for that text to be made public.

Ultimately, democracy, human rights and the environment must come ahead of corporate power and corporate profits. There must be no chapter 11 investor state provision. Metalclad made that very clear. The people of Mexico, the people of Canada, the people of the Americas are saying no to this attack on democracy. I call today on the government to defend democracy itself.

Mr. Pat O'Brien (Parliamentary Secretary to Minister for International Trade, Lib.): Madam Speaker, I must say the member certainly managed to refer to several of his questions in his four minutes, so I took some notes and I would like to reply to what he said.

● (1835)

The member claims the Minister for International Trade said that he was opposed to an investment clause. That is not correct. The minister and the Right Hon. Prime Minister have repeatedly said that given the full context of Canada's trade with the United States the clause works reasonably well.

However the Government of Canada is actively seeking clarification with its NAFTA partners, specifically the Minister for International Trade with his counterpart ministers, to limit the interpretation some adjudicating bodies have given to chapter 11 which expands its scope beyond the intention of the three partners.

The member says that the government has no position on investment. The fact is we are still consulting with stakeholders. We are anxious to see all the positions of the other countries. We will not short circuit the process of consultation. When the government is good and ready with its position it will be publicly announced to Canadians and available on the website.

As for the text to which the member refers, Canada submitted the text in French at Buenos Aires for translation. We are awaiting the Portuguese text. When all the translations are done and when the secretariat of the FTAA which is now in charge of it has the four texts, it will release them at once.

One would think the sky was falling to listen to the member for Burnaby—Douglas. There have been a grand total of six cases. One was just withdrawn. We have done quite well whenever we have been challenged under chapter 11.

[*Translation*]

The Acting Speaker (Ms. Bakopanos): The motion to adjourn the House is now deemed to have been adopted. Accordingly, the House stands adjourned until tomorrow at 10 a.m., pursuant to Standing Order 24(1).

(The House adjourned at 6.36 p.m.)

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