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Speaker: The Honourable Gilbert Parent

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HOUSE OF COMMONS

Monday, February 16, 1998

The House met at 11 a.m.

Prayers

PRIVATE MEMBERS' BUSINESS

• (1105)

[*English*]

EUROPEAN COMMON MARKET

Mr. Gerald Keddy (South Shore, PC) moved:

That, in the opinion of this House, the government should instigate a study of non-tariff trade barriers to the European Common Market, specifically the ban by the European Common Market of Canadian forest products that have bark or needles attached.

He said: Madam Speaker, I will be sharing my time today with the hon. member for Richmond—Arthabaska.

The Acting Speaker (Ms. Thibeault): I am afraid that you have 15 minutes to start with. You are the proposer of the motion so you cannot share your time unless you get unanimous consent of the House. Is that your wish?

Mr. Gerald Keddy: Yes.

The Acting Speaker (Ms. Thibeault): Does the hon. member have unanimous consent of the House to share his time?

Some hon. members: Agreed.

An hon. member: No.

Mr. Gerald Keddy: Madam Speaker, I rise today to bring to the attention of the House a trade irritant that has cost the Canadian softwood lumber industry \$700 million per year. This amount does not include the numerous other industries related to softwood lumber as well as the Canadian Christmas tree market. I am referring to the non-tariff trade barrier imposed by the European Union on Canadian softwood lumber.

• (1110)

This trade barrier is disguised as a plant protection measure. I am speaking of the kiln drying that the European Union imposes on all softwood lumber being imported from Canada.

First let me give a summary of the pinewood nematode. The presence of the pinewood nematode in North America prompted the European Plant Protection Organization to assess the risk of transmission from North America to Europe via the lumber and the wood chip pathway of pinewood nematode.

Assessments by the European Plant Protection Organization identified the pinewood nematode as a quarantine pest and recommended kiln drying as the only accepted quarantine measure. This was based on the belief that lumber, with only pinewood nematode and no insect vector, posed a risk of transmission by other carriers. The United Kingdom did not support this conclusion and continued to allow imports of green material under a visual grub hole program which eliminated the insect carrier.

Other member states continued to accept lumber with only freedom of bark and still allowed the presence of grub holes. With trade harmonization of the European community, all member states began to focus on the plant health risks of the pinewood nematode.

The first regulation enforcing kiln drying as the only acceptable plant health measure was imposed in 1989. Canada did not support the kiln drying as a plant health measure since kiln drying is a commercial mark and is based solely upon moisture content. Canada maintained that moisture content was not the element which eradicated the parasite but that heat was the important element. A Canada-European Union joint research program was started in 1990. Canada invested \$800,000 to determine that 56° centigrade for 30 minutes was the temperature that pinewood nematode dies.

In 1993 the European Union required all coniferous lumber except cedar to be heat treated to 56° centigrade for 30 minutes. Cedar was exempted based on survey information of non-incidence of pinewood nematode in cedar trees. This information was supplied to the European Union by the Plant Health Committee of Canada.

In April 1993 the European Union extended the regulation for visual inspection to eliminate grub holes by four months. However this was revoked in June when live larvae were found in the United Kingdom in green Canadian imports certified to be free of grub holes.

The loss of the program for visual inspection of grub holes resulted in a \$400 million loss in trade since all green coniferous lumber destined for the European Union, except for cedar, had to be heat treated. To this day Canada continues to maintain that heat treatment is unduly trade restrictive based on the actual risk.

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Canada and the U.S. have disagreed with the European Union on a number of scientific arguments related to the risks of pinewood nematode in the forest of Europe.

In September 1993 the governments of the European Union, Canada and the U.S.A. convened an international panel of experts from China, Japan, Europe and North America. The discrepancies between the conclusions of these experts and the earlier 1998 meeting were the result of extensive scientific research conducted between 1988 and 1993.

The first discrepancy was that the European Plant Protection Organization assumed the moderate risk of pine wilt disease north of the 20° C mean summer isotherm and concluded that pine wilt could possibly occur in northern Europe if certain conditions prevailed. The ultimate conclusion was that northern Europe was not at risk from pine wilt disease and the economic impact of pinewood nematode was restricted to southern Europe.

The second discrepancy was that the European Plant Protection Organization's 1988 assessment indicated that there had been interceptions of pinewood nematode into the European Union. In fact pine wood nematode was intercepted on one shipment out of 630 surveyed.

The survey was designed to survey the worse case scenario. Therefore the survey results had no statistical validity. In order to determine a statistically valid incidence level Canada surveyed its export lumber between July and December 1993. In those six months no pinewood nematode was found in 1,157 random samples. This translates into a 99.7% reliability level. Canadian lumber is free of pinewood nematode. The conclusion was that pinewood nematode is rarely, if ever, found in Canadian lumber exports.

The third discrepancy was that the European Plant Protection Organization's 1988 assessments concluded that nematodes were capable of active, independent movement and could leave the wood which they inhabit to move to adjoining or nearby wood.

• (1115)

The European Union, Canada, U.S.A. and international experts met and concluded that the research demonstrating this was inconclusive. In the experts' view there was no supportive evidence of natural transmission without the carrier except through root grafting.

The European Union technical team therefore concluded that the risk of transmission of the nematode without the carrier was negligible, meaning not worth considering. The conclusion was that the pinewood nematode could not move independently and that the insect carrier must be present for transmission to occur.

Therefore eliminating the carrier will eliminate the risk of transmission.

Since 1989 Canada has lost billions of dollars in exports and has invested millions of dollars in research to demonstrate that the presence of pinewood nematode poses a negligible risk to the European Union and any associated risk can be managed effectively through appropriate mitigating measures.

Heat treating meant that Canada lost 71% of its market share for solid wood products in the first year and the market was closed permanently to other products such as Christmas trees.

From 1993 to 1997 Canada lost 92% of its historic market share to Europe for solid wood products alone. This amounts to an excess of \$700 million in trade. Millions of additional dollars of lost trade are incurred through eliminating the potential exports of other valued forest products.

This brings us to 1997. In September 1997 the Canadian forest products industry, working in co-operation with provincial governments interested in resolving this trade barrier which is disguised as a plant protection measure, agreed that the Department of International Trade should exercise its World Trade Organization options and explore a solution to dispute settlement.

This is one instance where industry and provincial governments are in full agreement that enough is enough. There have been enough studies, enough time, and enough market shares have been lost to warrant action by the federal government. To date the Minister of International Trade has not indicated his acceptance of these recommendations. Canada has not yet requested formal consultations with the European Union on this important trade irritant.

I urge the Canadian government not to give up on this critical issue. The demand for Canadian lumber is being replaced by exports from northern Europe, the Soviet Union and former satellite countries of the Soviet Union.

There are some who would argue that the American dollar has had a great effect on this situation. It has certainly allowed the American market to replace our traditional European market. This has been further assisted by the results of the American embargo on softwood lumber, which did not apply to Atlantic Canadian lumber exports.

Let us not allow ourselves to be co-opted into thinking the Canadian dollar will stay at 69 cents. No one in business and certainly no country can afford to lose market share.

There is still a demand for softwood lumber in Europe. Heat treating rather than kiln drying should be the least that we accept from the European Plant Protection Organization. Plus it has never

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been proven that Christmas trees are carriers for pinewood nematode transfer and should not be part of the embargo.

If our lumber, wood chips, round wood, pulp and Christmas trees could possibly introduce pinewood nematode to Europe, obviously after 500 years of trade to Europe it is there now. If this is the case it would be a cross-border pest and not applicable to a European plant protection embargo.

It is time that the Government of Canada stood up for the loss of a \$700 million industry and called the European Union to task. At best, this should be a minor trade irritant. Instead it is a blatant example of protectionism in a non-tariff trade barrier.

In conclusion, I urge the Parliament of Canada to study this very important issue which has a significant impact on the Canadian economy.

Mr. Gerry Byrne (Parliamentary Secretary to Minister of Natural Resources, Lib.): Madam Speaker, I thank the member for raising the important issue of non-tariff trade barriers which prevent the export of Canadian forest products with bark and needles to the European community.

I recognize that the member for South Shore has particular interest in Christmas trees as he, I understand, is a grower. The issues involved are much broader and affect the forest products industry as a whole. As Parliamentary Secretary to the Minister of Natural Resources I take the motion quite seriously.

The Canadian government has been working with Christmas tree growers, indeed the entire forest products industry, to preserve existing markets and to develop new market export opportunities.

• (1120)

This sector is of vital importance to the Canadian economy. Ten per cent of the world's forests are Canadian and there are well over 300 forest dependent communities across Canada. All in all 840,000 people rely directly or indirectly on the forest for their livelihood.

In addition, Canada ranks first in the world in terms of forest products exports. Products ranging from world class light weight coated paper to engineered panels for home construction are a vital component of Canadian exports. Forest products producers, especially those with expanding production, face the constant challenge of finding and securing new markets. The Government of Canada wants to help them rise to this challenge.

Christmas tree growers in British Columbia, New Brunswick, Nova Scotia, Ontario and Quebec already supply millions of Christmas trees every year to world markets. These Christmas trees are already being exported to the United States, Central America, Greenland and even the Caribbean. Increasingly Christmas tree

farmers have been looking even further abroad to find new markets for their natural products.

The federal government supports these efforts just as it backs other Canadian industries taking advantage of globalization. The establishment of the World Trade Organization and the expansion of free trade in both North and South America have delivered on promises of open markets. This new dynamic is helping Canadian businesses grow and prosper in every part of our country.

Even so, barriers to trade remain. It takes constant vigilance and ceaseless work to prevent creeping protectionism from reducing access to markets opened by freer trade. As tariffs have fallen, countries have turned to non-tariff barriers such as health and environmental regulations to restrict or even ban imported products which are challenges to domestic industries in Canada.

The Prime Minister and the government have worked hard to open up markets and remove trade barriers for Canadian exporters. That was in evidence during the many team Canada missions he successfully supported around the world. That is also the case on the other side of the Atlantic in Europe.

Over the last 10 years the Government of Canada has contested the way the European community uses health and environmental or phytosanitary regulations to prevent certain imports. No one questions the right of governments to protect the health, environment and safety of their populations, but in many cases these regulations are unnecessarily restrictive. One example is the restriction imposed on the Canadian softwood lumber shipped to Europe.

The majority of countries also require that imported wood products be free of bark. This kind of non-tariff trade barrier is increasingly coming into play while international agreements are being implemented to expand trade and promote economy growth.

Canada recognizes that countries have the right to prevent the movement of foreign pests, but the Government of Canada also takes the position that trade restrictions have to be reasonable and in line with the real risks to health or the environment. In addition those risks have to be calculated on the basis of sound scientific research and not unfounded fears.

This is why the departments of foreign affairs and international trade, agriculture and agri-food and natural resources Canada have led the way in providing hard data on these types of issues.

I am pleased to inform the member for South Shore that the study proposed in his motion is being undertaken. Canada has already launched a joint study with the European commission to reduce trade barriers and to facilitate trade. This study is one of the provisions of the joint Canada-European Union action plan signed by the Prime Minister in December 1996.

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Under this process Canada has identified European regulations which restrict the entry of Canadian products, which act as trade barriers and which must be addressed.

I assure the House that the Canadian government has been making strong representations to the European commission in an effort to resolve these issues. At the same time Canada is keeping all its options open including provisions of the World Trade Organization.

While the Canadian government is working diligently to open up world markets including Europe, it also has to be recognized that this is a two way street. Canada has its own regulations which protect Canadian forests, farms, lakes and people from imports which could lead to disease and animal and plant pests gaining a foothold in Canada.

Canada is confident however that its phytosanitary regulations are based on sound science and are aimed only at significant risks. This means that Canada cannot dismiss the European concerns about importing green Canadian softwood products. This is why the Canadian government is committed to working with the Canadian forest products industry to convince Europeans that there is no significant risk.

• (1125)

The Canadian forest service of Natural Resources Canada has already generated a wealth of knowledge about forest pests and effective measures to control them. The research conducted by the Canadian forest service is cutting edge and will continue to serve Canadians well.

The work is demanding and time consuming. There are no quick and easy answers to these types of issues. Opening up the European market for Canadian forest products is a challenge but one that will be met, with the potential to bring great benefits to Canadians. The Canadian government is prepared to invest the time and the energy to pursue this very worthy goal.

Mr. Gary Lunn (Saanich—Gulf Islands, Ref.): Madam Speaker, I thank my friend from South Shore for bringing the motion forward. I admit that I do not know a lot about the pinewood nematode, the beetle in the wood which is causing the ban of the export of Canadian forest products to Europe. However I would like to bring this debate to the larger picture.

I am from British Columbia. The issue of trade barriers to softwood lumber is very big as it threatens the forest industry in British Columbia. In light of that I support anything we can do to remove all trade barriers.

I thank my hon. friend opposite for his comments. He advised us that a study is under way.

I do not know if the forest industry in British Columbia right now is in a crisis situation but it is definitely moving in that

direction. We constantly read in the newspapers and see on the evening news items about sawmills and forest product companies that are going under. A lot of it is due to the difficulties and challenges they face today, some of the difficulties and challenges being trade barriers and access to foreign markets.

In the last few years the forest industry in British Columbia has faced trade barriers with the United States which have had a devastating impact on the industry as a whole. The industry has had to fight to overcome those barriers. I believe the House is aware of those trade barriers.

We are moving toward globalized trade. Trade barriers are coming down. If we are to succeed as a nation with all of our forest products we will have to fight to ensure that trade barriers are eliminated and that Canada's interests are first and foremost.

Having said that, when the government considers this study I ask it to look at all potential markets. We must do everything we can do to eliminate trade barriers to ensure that our producers have access to as many markets as possible and that there are no unfair practices and scientific data that are unchallenged which we believe are incorrect and will pose threats to our forest industry.

The hon. member for South Shore quite correctly pointed out that our 69 cent dollar to the U.S. is an incentive for Americans to purchase our softwood lumber products. However it may not be that way all the time. I understand that if our currency increases by one cent it represents hundreds of millions of dollars to the Canadian forest industry alone. I believe that 85% of British Columbia's market is exported to the United States.

My colleague from Vancouver Island North, who is a professional forester, will probably be able to speak better than me on the technical aspects. However, bringing this back to the larger picture, the motion is very specific to one insect or bug that is within our softwood lumber and is causing the European ban. I am not sure of the answer.

• (1130)

Also I would like to ask the government when it does its study, whether with respect to the pinewood nematode this is targeted at the Christmas tree industry or where it is specifically generated. It sounds like the trade barriers are having far reaching repercussions to all of our softwood lumber. British Columbia produces a majority of softwood lumber. Does this ban also apply there? What can we do to ensure that our forestry companies have access to these markets?

I support the member for South Shore in his initiative to have a study brought forward on this. I ask to have the larger picture looked at to ensure that our forest companies have access to as many markets as possible.

Private Members' Business

[Translation]

Mr. Benoît Sauvageau (Repentigny, BQ): Madam Speaker, I am sure you will not mind if, before reading and speaking to the motion introduced by my colleague for South Shore, I take a few minutes on this lovely Monday morning, on this historic and special day, to greet the people from my riding who have come to pay us a visit here in Ottawa, as well as the many delegations from all over Quebec who have come here to make known to Canadians and to Quebecers our great regret and dissatisfaction with the reference that began before the Supreme Court this morning.

I thank the people from the riding of Repentigny for being here this morning. I would also like to express my appreciation for the support shown by mayors and municipal politicians who, upon receiving a letter pointing out the importance of respecting democracy in Quebec, told us of their interest in following this debate and their satisfaction with the Bloc Québécois' particular contribution to it.

In May and June of 1997, our slogan was "The Bloc is there for you", but today, tomorrow and throughout the week, we are going to show that the Bloc will be there to defend Quebecers' interests.

Now, I am going to speak more specifically to the motion from the member for South Shore. Please bear with me while I read it in its entirety, because, as I am sure you will agree, it is rather complex: "That, in the opinion of this House, the government should instigate a study of non-tariff trade barriers to the European Common Market, specifically the ban by the European Common Market of Canadian forest products that have bark or needles attached."

That is quite specific, but as my colleagues have already said, it is important nevertheless because, in a number of areas of international trade in which Quebec and Canada are playing an increasingly large role, as soon as we step out of line the least little bit, we are put into our place with references to the court of international trade or some other court for trade disputes.

For this reason, we must pay particular attention to all these referrals to trade tribunals.

We were pleased—as was the hon. colleague for South Shore, I am sure—to learn that the Liberal government was already examining the possibility of reference to the court. It is worth pointing out, although I believe the parliamentary secretary did so inadvertently, that the figures he quoted were perhaps a bit exaggerated. What is being referred to here is not lumber in general but rather, mainly, the specific trade in Canadian forest products with bark or needles still attached.

This is, therefore, a market of some \$11 million. That \$11 million figure is significant, definitely, but far from the \$700 million figure we were given earlier.

In the Canadian lumber industry, that is a small market. It is a market that is not expanding, but rather holding its own, for the businesses involved in this sector are small or very small.

As the previous speakers have pointed out, what is involved is mainly Christmas tree exports. In Quebec, we are so much into celebrating Christmas that we keep our trees for ourselves. To all intents and purposes, we are pretty well absent from this market, although we do export a few trees.

• (1135)

The problem, or the query, from the European Community concerns grub larvae. There are a number of scientific sectors that allow us to look at the real concerns of the Europeans and the European Community in general in the matter.

We are told, for example, that there is scientific proof. We were also told there was scientific proof on asbestos. Our Conservative colleagues from the area will certainly agree with me: these studies can be made to say almost anything.

This is the same European Community that had such an influence on the seal hunt. It is the same one that had something to say about dubbing films in French. It spoke out about lumber exports generally, in environmental terms, and now it is concerned more specifically with forest products that have their bark and needles attached.

As was said earlier, I think we must be open about these trade disputes. Canada must get involved, as the parliamentary secretary has said. It should also raise the awareness—ring a few bells, as we say—of those negotiating the multilateral investment agreement so we do not increasingly find ourselves in this sort of bind being pulled hither and thither by the various stakeholders in this era of globalization.

The subcommittee on international trade tabled a report with the Minister for International Trade focussing on the clarification of rules in trade disputes in the context of the MIA. We have had no response to this report from the subcommittee. We hope to have a response soon, and especially a positive response on the legitimate questions raised by my Liberal colleagues, because the report was not tabled by the Bloc alone, but supported by the Bloc following the Liberals' recommendations. They agreed to recognize the importance of clear handling of trade disputes and of acknowledging a general cultural exception.

This motion by the member for South Shore reminds us of the importance of all these events surrounding disputes and of clear international trade and well established rules. With a rare point of consensus—although I have not heard the NDP on the subject—all of the parties in the House apparently agree to support this motion.

Private Members' Business

Mr. Yvon Godin (Acadie—Bathurst, NDP): Madam Speaker, I rise in this House today in support of Motion M-181 put forward by my hon. colleague from South Shore.

Motion M-181 suggests that the government should instigate a study of non-tariff trade barriers to the European Common Market, specifically the ban by the ECM of Canadian forest products that have bark or needles attached.

The Canadian forest industry is one of the most dynamic industries in the country. It generates \$58.7 billion in revenues every year. In addition, Canada is the largest exporter of forest products in the world, with \$38.3 billion in exports in 1996. This industry is also important in that it contributes both directly and indirectly to the creation of 842,000 jobs across the country. It is from this job creation perspective that I will argue the importance of the study suggested by my hon. colleague from South Shore.

The non-tariff trade barriers imposed by the European Union on Canadian lumber have dubious origins. Having to kiln-dry Canadian pine wood, as required, to kill potential bugs costs the Canadian industry \$780 million.

Steam treatment of wood is an expensive process affecting Canada's competitiveness with respect to forest products. I consider that imposing such criteria is necessary when there is a high probability that some bugs will be transmitted from one country to another. However, there does not seem to be a high probability of transmission in this particular case.

The hon. member for South Shore emphasized the absence of an international consensus about how the said bug is transmitted.

• (1140)

Moreover, a Canadian study shows that 1,157 shipments of Canadian forest products were totally free of pinewood nematoda. This means there is only a 0.3% probability of finding this parasite in Canadian shipments.

Given that international experts are unable to reach a consensus, and given the low probability of finding pinewood nematoda in Canadian shipments, the Canadian government must review the issue. One of the objectives of the Canadian Forestry Service is the promotion of international trade and investment. Protecting Canadian interests is an integral part of this mandate.

The study proposed in the motion would allow us to reassess the scientific findings in this case and eliminate the confusion that seems to prevail within the international community. The study is all the more important since it could lead the European Community to reconsider its criteria on kiln drying for Canadian forest

products. This could, in turn, promote job creation in Canada, to meet the renewed demand from the European Union.

We often talk about the monetary costs of non-tariff barriers, but we tend to forget that these barriers also impede job creation. The Canadian labour force in the logging industry is extremely skilled.

In my riding of Acadie—Bathurst, logging is vital to the region's economic prosperity. Unwarranted non-tariff trade barriers affect not only logging companies, but also the workers of these companies, who find themselves out of work when the European market becomes less accessible.

As legislators, we have a responsibility to see that any non-tariff barrier that adversely affects the logging industry is carefully reviewed, to make sure that the resulting loss of jobs is absolutely justified.

Perhaps the study will show that the criteria imposed by the European Community are fully justified. However, given the current lack of consensus on pinewood nematoda, we must protect the interests of Canadians and take a very close look at the issue.

[English]

Ms. Sarmite Bulte (Parkdale—High Park, Lib.): Madam Speaker, Canada has launched a joint study with the European Commission to reduce trade barriers and facilitate trade. This study is one of the provisions of the joint Canada-European Union action plan signed by the Prime Minister in December 1996.

By May 1998 we hope to have first, a list of barriers identified in terms of their economic significance for Canada and the European Union; second, options for reducing or eliminating these barriers, including trilateral agreements with the United States and multilateral agreements; and third, an identification of the best means of addressing the most significant barriers.

Canada has identified the European Union's phytosanitary regulations affecting Canadian lumber exports as a barrier for the purposes of this study. Canada has been making strong representations in an effort to resolve this issue bilaterally and is now considering its options under the World Trade Organization.

As a WTO member which is bound by the agreement on sanitary and phytosanitary measures, Canada recognizes the rights of all members to adopt measures necessary to protect plant health. Canada and other members, like the European Union, regulate the importation of plant material in their territories in order to prevent the introduction and spread of pests or disease that could threaten the health of their forests.

Private Members' Business

Sanitary and phytosanitary measures by their very nature can result in some restrictions on trade. This is currently the case with respect to Canadian exports of certain plant products to the European Union.

With respect to live trees or forestry products with bark and needles attached, like Christmas trees, the European Union has been concerned for many years with a number of pests that can be found on coniferous trees. Canadian plant health officials have similar concerns with respect to imports from the European Union. In addition, the European Union is regulating the importation of green coniferous lumber from Canada and other countries to prevent the entry of pinewood nematode, a pest which the European Union fears can cause damage to its forests.

• (1145)

The Canadian government, with the co-operation of the Canadian industry, has conducted various surveys and studies to analyse the risk of transmission of pinewood nematode to the forests of Europe. The Canadian government has also worked with the Canadian industry on control measures to mitigate the risk of transmission of pinewood nematode from Canadian shipments of green lumber.

To date, however, European Union plant officials are not prepared to provide access for Canadian green coniferous lumber or other untreated forestry products.

The new WTO agreement on sanitary and phytosanitary measures builds on previous trade rules to restrict the use of unjustified and unnecessary sanitary and phytosanitary measures while maintaining the right of every country to provide the level of protection it deems appropriate.

The government will continue to work with the industry and the provinces to ensure that Canada's rights and obligations under the agreement on sanitary and phytosanitary measures are protected along with the interests of the Canadian forest industry.

The Acting Speaker (Ms. Thibeault): If the member for South Shore is to sum up, it will be understood that no other member will be able to rise on this issue.

Mr. Gerald Keddy (South Shore, PC): Madam Speaker, in summary, I think there are several issues at stake which all members of the House, especially the members on the government side, should be aware of.

The reason I worded the motion to deal with forest products with bark and needles attached, specifically relating to the Christmas tree industry, is that there has never been a proven link between the Christmas tree industry and the introduction of pinewood nematode into Europe.

For members here today who may not be completely cognizant of this issue, pinewood nematode is a parasite that lives in the gut

of wood boring insects such as the sawyer beetle. That was the reasoning behind European plant protection measures asking to identify bore holes in the wood. They thought if the vector was not there or the insect was not in the wood that would reduce the incidence of transmission.

I deliberately spoke about the value of the lumber industry and the potential to transmit pinewood nematode to Europe versus the Christmas tree area of this motion.

I want to state this once again. The reason the motion is made on Christmas trees is that Christmas trees should not have the same classification as lumber. I will deal with the lumber issue in a minute. Christmas trees are a separate issue. There has never been a proven link by plant health Canada or by the European plant protection agencies that they can transmit pinewood nematode into the European forest. Therefore we should be opening that door in order to get the rest of our lumber supplies into Europe.

I would like to make a few comments on the government's actions since December 1996. I am in agreement that the government has instigated a study. The lumber suppliers I have talked to have felt that the studies have been bogged down and that there is no heart on behalf of our scientists to push this as a real relative issue into Europe. They feel there is definitely something we should be doing here. As parliamentarians and as people who represent our constituencies and the rest of the nation, it is our job to bring those points forward.

There are a couple of things we need to understand. Plant health Canada spent \$800,000 on a study to prove that heat treating eliminated pinewood nematode in our forest products. There is a big difference between heat treating and kiln drying. The European plant protection organization enforces the kiln drying law. Kiln drying is a longer process. It is much more expensive. There is no comparison in the two processes. The only certification we get out of kiln drying is when we put the kiln dried seal on a piece of lumber it certifies that there is less than 20% moisture content in it. There is no certification of heat. There is nothing else there. It is strictly a certification of moisture content.

• (1150)

The least we should accept for the Canadian lumber industry is the certification of heat treating which would be a lot cheaper and would allow our product to go to Europe without that extra cost of kiln drying.

The other point I do not think we can speak enough to, and I realize I have only five minutes, is that we have traded with Europe since the Vikings were here in the 10th century. We have traded with Europe for 500 years of recorded trade. If there is any danger of transference of pinewood nematode into the forests of Europe, surely this House would agree it is there now.

Government Orders

We have never had any significant studies by the European plant health organization that it is not already there. It has not proven to us that it does not already have the problem. If it does, it is not a foreign pest. It is a cross-border pest and the plant health organization regulations would not apply.

Look at our history of trade with Europe. We used to ship millions of board feet of lumber across the ocean in log barges with the bark attached. We have exported Christmas trees to Europe for 75 years. The last market to fall was when Italy joined the common market in the early 1990s. Until that time we sold Christmas trees to Italy.

All of a sudden the door closed. They said no, now that we have signed a piece of paper, we have a trade agreement, we are a member of the European Union, your treaties are no longer acceptable. Nothing changed. They were not a threat the day before, they were not a threat the day after.

In conclusion, I would like once again to ask for the unanimous consent of the House to make this motion votable.

The Acting Speaker (Ms. Thibeault): Does the hon. member have the unanimous consent of the House?

An hon. member: No.

[Translation]

The Acting Speaker (Ms. Thibeault): Since no more members wish to speak and the motion was not selected as a votable item, the hour provided for consideration of Private Members' Business has now expired and the item is dropped from the Order Paper.

[English]

Ms. Marlene Catterall (Ottawa West—Nepean, Lib.): On a point of order, Madam Speaker, it being not quite noon, you might find consent in the House to suspend until noon when the House could move to Government Orders.

SUSPENSION OF SITTING

The Acting Speaker (Ms. Thibeault): Is there unanimous consent to suspend the sitting of the House until 12 noon?

Some hon. members: Agreed.

(The sitting of the House was suspended at 11.54 a.m.)

• (1200)

[Translation]

SITTING RESUMED

The House resumed at 12.00 p.m.

GOVERNMENT ORDERS

[Translation]

SMALL BUSINESS LOANS ACT

Hon. John Manley (Minister of Industry, Lib.) moved that Bill C-21, an act to amend the Small Business Loans Act, be read the second time and referred to a committee.

He said: Madam Speaker, I am very pleased to have the opportunity to introduce Bill C-21, an act to amend the Small Business Loans Act, in the House of Commons. This is an important bill because its purpose is twofold: to maintain an element of government framework in order to support small businesses in Canada and help them prosper, and to ensure improved operation of this element.

Small businesses play a vital role in Canada's economy. They number more than 2.5 million, including the people they employ. Half of all private sector jobs are in businesses with fewer than 100 employees, and 43% of this sector's productivity comes from such businesses. In 1996-97, small businesses created 81% of all new jobs. It is clear that Canadians see small businesses as one of the great engines of economic growth and that their importance is continuing to grow.

The business community has often said, however, that the absence of reasonable financing is a significant obstacle to the growth of small businesses. It is for this very reason that the small business loans program exists.

[English]

The objective of the Small Business Loans Act is to increase the availability of loans for the establishment, expansion, modernization and improvement of small business enterprises by encouraging lending institutions to make loans at reasonable terms and conditions. These fixed asset loans are available for such things as the purchase of land or equipment or for making improvements to a leasehold. They are not available for the purpose of financing the purchase of shares, working capital or existing debt. They are not based upon goodwill or other intangibles.

Virtually all small businesses are eligible to borrow under this program. Eligible borrowers include almost all enterprises in Canada that operate for gain or profit provided the annual gross revenue of the business does not exceed \$5 million. Farming operations and religious and not for profit organizations are excluded from this program.

The small business loans program was established back in 1961 and its overall record is one of great success. Preliminary information indicates that in fiscal 1996-97 alone some 30,000 small and medium size businesses used the SBLA to access about \$2 billion

of financing. Clearly the small business loans program provides significant and obvious benefits to Canadians and their economy.

[*Translation*]

The program is subject to a cut-off clause and has been extended many times since 1962 for fixed periods. Unless Parliament decides otherwise, however, no new loans may be approved under the program after March 31, 1998.

• (1205)

The bill we are introducing today would enable us to continue to meet the needs of small businesses in Canada where long term loans are concerned. It would extend the SBLA by one year, and would increase the total loan envelope.

More specifically, Bill C-21 amends the Small Business Loan Act by extending its application to March 31, 1999 and by increasing the total envelope by \$1 billion, thus raising it from \$14 billion to \$15 billion.

[*English*]

Passage of this bill will allow the SBLA program to continue beyond March 31, 1998. The extension of the program for another fiscal year is important to continue to meet the expanding needs of small business during this period of strong economic growth.

At present, lending under the program has reached \$12.7 billion and has a ceiling of \$14 billion. The \$1 billion figure contained in Bill C-21 was arrived at because this is the amount that current economic forecasts have determined to be necessary to allow lending to continue for one year.

As I have stated, the SBLA program has served Canadians well since its adoption in 1961. The program is supported by the small business working committee which includes representatives of the Canadian Federation of Independent Business, the Chamber of Commerce and other Canadian business leaders. It was also supported by the Standing Committee on Industry in its report "Taking Care of Small Business".

But those who support the program have also encouraged us to continue improve it, to increase its effectiveness and to lower costs for the taxpayer. Indeed the SBLA program is at present undergoing a comprehensive review with input from both private and public sector stakeholders.

Moreover Canada's auditor general audited the SBLA program and released his report in December 1997. I am pleased that the auditor general noted that we have made considerable progress toward increasing productivity and reducing the overall costs of the program. The auditor general's report will be a very useful tool as we review the SBLA and design ways to make the Small Business Loans Act even better in the future.

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A one year extension of the act will provide the time needed to complete the review of the program. The extension will also allow both private and public sector stakeholders to consider the auditor general's recommendations and thus become better prepared to participate in the ongoing comprehensive program and policy review.

[*Translation*]

In 1993, the previous government made in-depth changes to the program, resulting in a heavy increase in the number of loans made. When we came into power, we saw that the program's sustainability was in jeopardy. As a result, the government made major changes in 1995 in order to move in the direction of a cost recovery program, for the first time.

We imposed annual administration fees, the purpose of which was to compensate for claims for losses on loans extended after March 31, 1995. As the auditor general pointed out, however, we inherited a heavy burden, which will weigh upon us for some years yet.

[*English*]

The average period before a loan defaults is about three to five years, but the major program changes were approved by Parliament effective January 1, 1996. Thus we are now living with the costs associated with the massive build-up of lending under the 1993-95 SBLA rules. We did not wait for the auditor general's report to act responsibly to address this problem. As I said before, we took necessary action in 1995 to move the SBLA program toward cost recovery.

Consider the facts. The SBLA at present guarantees to the SME community loans worth approximately \$2 billion per year. Are we to scrap this worthwhile program because of losses that were incurred as a result of 1993 program changes as some critics have proposed? That would be throwing out the baby with the bath water.

The sensible and responsible course of action is to pass Bill C-21 and to continue the SBLA program for another year, using that time to complete our comprehensive review so that the SBLA can be made into an even better instrument for responding to the needs of small and medium size businesses.

• (1210)

Certainly there is room for additional improvements. That is what the review process is all about. For example an improved monitoring process could provide for a better means of tracking performance and verifying cost recovery. Likewise a better forecasting system could make the program more flexible and better able to respond to economic conditions and the changing needs of small business.

While the SBLA lays out clear objectives for the program, we do need a more detailed and updated evaluation framework. This

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framework will be developed as part of the comprehensive review being undertaken this year.

[*Translation*]

Those are the sort of questions being asked in the review that is under way. To date, the studies and consultations have addressed the following points: general advantages of the program; possible extension of the program; specific consequences relating to inclusion of capitalized leases among the activities eligible for financing.

Other studies are either under way or in preparation on: program costs; the possible inclusion of operating costs in the expenses eligible for loans; the consequences of improved start-up loans; possible changes to program parameters; possible changes to the regulations, and the auditor general's recommendations.

[*English*]

We want to make sure that the SBLA program remains relevant to the needs of the small and medium size enterprise community. The auditor general's report will help the government ensure the effectiveness of this valuable program.

The types of questions that are being asked and answered by this comprehensive review illustrate why it is both relevant and necessary to constantly consider both the costs and the benefits of the program. The government therefore is encouraging interested parties to come forward and participate in the review process over the coming year.

The private sector financial market is at present in a period of rapid change with new financial products and services being added on an almost weekly basis. The impact of these changes on the SME access to financing is as yet unclear. Therefore it is important that we keep some stability in the system by keeping the SBLA program in place. It is also important that we take this evolution of the SME financing environment into account as part of the comprehensive review process to ensure that the program remains both relevant and sustainable.

It is true that there is a wide diversity of private and public sector programs which provide financing to SMEs. However the SBLA is unique. Under it the government does not provide money directly to small businesses. The program provides private sector lenders with a government guarantee for those lenders who sustain loan losses. The lenders are the sole decision makers as to whether or not a loan is made.

Thus it enables the vast majority of SMEs to have access to fixed asset financing. It is accessible through more than 1,500 different lenders: banks, caisses populaires, credit unions, Alberta treasury branches, loan and trust companies, and other institutions.

Far from duplicating the services of other programs, the presence of the SBLA program has allowed federal and provincial programs to focus on other usually more narrowly defined gaps in SME financing.

[*Translation*]

That program bears no resemblance to a small business subsidy program. The loans that are now being guaranteed under the terms of the program are made in keeping with the principle of cost recovery.

Thanks to the SBLA, the government, the financial institutions and the small business borrowers share the risks inherent in capital loans. By pooling the risk, the SBLA is supporting one of the most dynamic growth sectors of the Canadian economy.

The Small Business Loans Program meets a need that would not be met otherwise. The average amount loaned under the program is extremely modest: in the vicinity of \$65,000.

[*English*]

Moreover the success rate of the program is quite high. In the history of the program some 94% of SBLA loans have been repaid. This suggests that the lenders are exercising good judgment when they decide who gets an SBLA loan, since it is the private sector lenders who decide who receives a loan under the program and not the government.

• (1215)

The small business loans program is an integral part of our programs and services to promote growth and job creation in Canada's small business sector. By passing the act before the House we will allow the SBLA to continue to back loans to SMEs for another year, a year during which we can complete the comprehensive review of the SBLA that is under way. The debate on that review will help determine the longer term future of the Small Business Loans Act.

Madam Speaker, I thank you and I ask hon. members for their co-operation in the swift passage of this legislation.

Mr. Jim Pankiw (Saskatoon—Humboldt, Ref.): Madam Speaker, it is a pleasure to participate in the debate on Bill C-21, an act to amend the Small Business Loans Act. The purpose of the bill is to extend the SBLA for another year until March 1999 and to raise the government's total liability to \$15 billion, a \$1 billion increase.

Under the Small Business Loans Act businesses can apply for a government guaranteed loan up to a maximum of \$250,000. Before changes were introduced in 1995, SBLA borrowers were subject to a 2% registration fee and the taxpayer would cover 90% of any loan that had been defaulted. However, changes were introduced in 1995 where an additional one and a quarter per cent administration fee

was passed on to the borrower and the taxpayer would cover 85% of any defaulted loan.

These changes were introduced to move the SBLA toward full cost recovery. While that is certainly a laudable goal there is some question as to what effect these fees have had on bankruptcies and whether the program can reach full cost recovery. Concerns surrounding these matters can be found in chapter 29 of the auditor general's report of December 1997. The auditor general has raised serious concerns about the operation of the SBLA, and his analysis of the functioning of the program constitutes the basis for Reform's opposition to this bill.

Reform is acutely aware of the difficulties that face small businesses in terms of obtaining financing. Access to financing continues to be a major impediment to the growth of small business in Canada. However, we must ask will more government funds alleviate the problem? Will putting the taxpayer on the hook for another billion dollars be the surest way to increase access to financing? Will Bill C-21 contribute to growth in the small business sector and help to address Canada's chronic unemployment? The answer to these questions is no.

Government spending programs do little to create employment. Government intervention in the marketplace creates an uneven playing field and ultimately does more harm than good. Studies examining regional development programs like the Atlantic Canada Opportunities Agency indicate they simply promote and protect inefficient enterprises. They may be handy for the government in buying votes but real long term, good paying jobs are rarely the result.

Jobs created by the Liberals under these types of government programs are always overstated, and the SBLA is no exception. The auditor general found that with respect to the Liberals' infrastructure program job creation numbers were highly inflated. An audit of ACOA found the same problems. The problem is the Liberals simply accept job projections as actual jobs created.

In a press release of November 20, 1997 the industry minister claimed the SBLA created more than 73,000 jobs in the 1996-97 year. However, the actual number of jobs created is probably closer to 14,000. The auditor general found that under the SBLA, like other government spending programs, job creation figures had been inflated by as much as five times. I invite the minister to issue an erratum to his press release given this huge discrepancy.

• (1220)

I also encourage the minister to speak with his SBLA officials considering this discrepancy and the many other serious problems the auditor general has found. It seems as though the Minister of Industry has been asleep at the switch, and it took the findings of the auditor general to prompt a total review of the SBLA. And yet

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before this review has been completed and given the auditor general's findings, the minister comes before this House and asks for an endorsement of another \$1 billion secured with taxpayer money.

We have to say no to this Liberal solution, throwing good money after bad. The errors in the minister's November 20 press release do not end with job creation figures. The release states that government payouts are covered by user fees built into the interest charged to borrowers. That is wrong. While there are user fees, taxpayers are on the hook for \$210 million in defaulted loans for the period between 1993 and 1995. The auditor general does not believe that new user fees will lead to full cost recovery.

The minister's release goes on to say that Bill C-21 will allow the SBLA to operate for another year at little or no cost to the Canadian taxpayer. Does a \$210 million payout in defaulted loans qualify as no cost to the Canadian taxpayer?

The errors in the minister's release are quite glaring, and I suggest to him that before he issues another one on the SBLA, he may wish to consult with the auditor general and get his facts straight. Clearly the minister is not getting the whole story from his SBLA officials and they are keeping him in the dark.

The auditor general has a great deal more criticism for this program. He stated that studies done for industry found that between 30% and 50% of SBLA loans were unnecessary. These firms would have received loans from their financial institutions anyway.

The minister has known about this since 1994 and a second study was done in 1996, but nothing has been done to curtail the program or streamline its operations and thereby reduce the risk to the Canadian taxpayer.

What this government has done is returned again and again to this House asking for an increase to the liability ceiling of the SBLA. More money, more money, more money. That is the motto of the Liberal when it comes to public funds. They think that Canadians are a bottomless pit of financial resources and therefore they can continue increasing taxes year after year.

Canadians are fed up with tax and spend governments. We have had enough of politicians fixated with continually expanding the size of government and increasing taxes every year to pay for it.

The auditor general also found that the SBLA has been abused by borrowers and lenders. Borrowers have split their companies into subsidiaries so that they can receive more money than the \$250,000 SBLA limit. Lenders have charged SBLA applicants additional fees for their loans and they have not exercised due diligence in approving the SBLA applications. Because defaulted loans are covered by the taxpayer, many lenders simply do not care and they approve questionable SBLA loans.

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Again, who foots the bill for these abuses? The taxpayers, ordinary Canadian families. Do the Liberals care? No. They come forward with a bill requesting that Canadians cover another \$1 billion in liability.

The auditor general was also critical of the SBLA's lack of accountability to Parliament. He states parliamentarians do not have the information necessary to assess whether the SBLA program is managed efficiently and is achieving its objective. The minister himself does not even have this information. That is why we see such a damning report from the auditor general.

His report outlines a program that is inefficient with no clear goals or objectives. It has taken a scathing report by the auditor general to prompt the minister into action to conduct a full review of the SBLA. Why was this review not done earlier? What has the minister been doing while the SBLA has deteriorated to this terribly inefficient state?

I will tell members what he has been doing. He has been cosyng up to big business like Bombardier and its many affiliates with grant after grant after grant. Meanwhile small businesses, the engine driving the economy and job growth in this country, takes a back seat to the minister and his chosen aerospace companies in Montreal.

The auditor general has found serious problems with the SBLA, but here are the Liberals asking for another \$1 billion in taxpayer guarantees, promising to finish the review later. We know what effect reviews, studies and royal commissions have on this government. None at all.

• (1225)

Since 1994 the Liberals have known that there were problems with the SBLA and yet here we are, four years later, receiving a report like this from the auditor general. Unfortunately it is the taxpayer who ends up on the hook for this Liberal complacency.

If the Liberals had any real concern for small business financing and growth and creating jobs in this country, they would not be asking for an additional \$1 billion in public guarantees. They would be asking the finance minister for \$1 billion in tax relief.

Survey after survey shows that Liberal taxes are draining the lifeblood out of the economy and it is small businesses that suffer.

The Canadian Federation of Independent Business found in its October 1997 survey that 80% of small businesses cited the total tax burden as too high. In its prebudget submission, the CFIB stated that tax levels continue to be the number one concern of small business.

However, the Liberals have hammered small business once again with a further increase in CPP premiums, a move that everyone knows will kill jobs in our country and force many small busi-

nesses into bankruptcy. Indeed, studies done by the finance department show how increasing payroll taxes kills jobs. It is not that the government does not know, it just does not care.

The CPP hike is retroactive to 1997 and changes to employment insurance premiums still ensure the Liberals will collect an extra \$5 billion each year from hardworking Canadians. If the finance department knows payroll taxes kill jobs, why are they punishing us with ridiculously high employment insurance premiums? Why not reduce EI premiums to a level where the fund is breaking even?

It is because the finance minister uses this fund to reduce the deficit. Thanks for eliminating the deficit should not go to him but to hardworking Canadians whose quality of life suffers because of the high tax policies of the Liberal government.

The small business deduction limit of \$200,000 has not been changed in 16 years. Even just accounting for inflation, the limit should be at \$315,000 today. However, keeping the limit low allows the Liberals to extract more tax dollars from more small businesses.

Steadily increasing taxes are leaving small businesses with no retained earnings. All their funds are going to Ottawa. Retained earnings are essential for small businesses to grow.

Rather than demand another \$1 billion from taxpayers under Bill C-21, why not leave \$1 billion in the pockets of small business owners?

In a January 27, 1998 news release the CFIB called on governments at all levels to rein in forms of taxation that drain small firms of valuable retained earnings. The CFIB sent a pre-election small business survey to all political parties. The Liberal answer to questions on job creation was more government spending programs. The Liberal answer to questions on small business was more government spending programs.

The Liberals just do not get it. Government does not create jobs. Redistribution of wealth does not create jobs. Government spending programs are not the answer to addressing unemployment in Canada. We need to bring in broad based tax relief, lower income taxes and reduce payroll taxes. That encourages spending and prompts firms to hire more employees. That is how to lower unemployment.

Between 1990 and 1996 the CATO Institute in the United States did a study comparing 10 high tax states with 10 low tax states. The tax cutters increased employment by 10.8% while the high tax states created zero net new jobs. The tax cutter economies grew 22% faster than the high tax states.

I know these facts fall on deaf ears within the Liberal cabinet. It has passed up opportunities to cut taxes. It continues to spend and it continues to believe that big government is good, government knows what is best and government programs are the answer.

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Small businesses know that Reform is on their side. We want to cut the GST and eliminate the 3% and 5% income surtaxes introduced by the Tories. We will reduce capital gains taxes to encourage investment and reduce job killing payroll taxes. These are the measures that small businesses have been asking for, and Reform has been listening. These policies will leave more of their hard earned dollars in their pockets and create an environment where small business can succeed and grow. These policies will allow firms to retain more of their earnings, allowing them to build equity and therefore provide them with a better opportunity to obtain financing.

• (1230)

The Liberals are way off target in demanding another \$1 billion for the SBLA. They should be giving \$1 billion to small businesses in the form of much needed tax relief. Given the auditor general's findings, it is incredible that the minister would demand another \$1 billion for the SBLA program prior to the completion of an analysis of the effectiveness and efficiency of the program.

Had the obvious inefficiencies been addressed when they should have been, the minister would not be asking taxpayers to cover an extra \$1 billion because as much as \$6 billion would not have been wasted. Had the Liberal government acted properly, the taxpayer liability could be reduced by \$6 billion instead of facing yet another increase.

Accordingly the Reform Party does not support Bill C-21.

[*Translation*]

Mrs. Francine Lalonde (Mercier, BQ): Mr. Speaker, I am pleased to rise on behalf of the Bloc to speak at second reading, that is, when parties take a stand on the principle of a bill, in this case in favour of Bill C-21, which extends by a year and \$1 billion the availability of funds under the Small Business Loans Act.

I would add right off that we feel obliged to vote in favour of the bill so as not to deprive small and medium size businesses of credit in the months to come, even though it is inadequate and the guarantees of government management were sharply criticized by the auditor general. We feel we must vote in favour of the principle of the bill, even though we will no doubt make recommendations during committee hearings and at third reading.

The Canadian Small Business Loans Act dates from 1971. It was revised in 1995 and serves to guarantee loans to small and medium size businesses. However, we have many criticisms of it. After looking at the broad use of this legislation in Quebec, I will have a look at the criticism levelled by the auditor general and, no less importantly, by the Canadian Federation of Independent Business, which is an umbrella organization for many small and medium size businesses, which it regularly surveys.

I would first like to say that, again, Quebec's take on this issue is unique. The caisses populaires in Quebec administer more than half the loans under the SBLA, the Small Business Loans Act. In 1995-96, over 6,000 loans were granted by caisses populaires for a total of \$321 million, whereas the banks gave out 5,600 loans worth \$385 million. Financial institutions have therefore given a total of 11,952 loans worth \$732 million.

I should point out here that, even though the bill allows the loans to reach the maximum of \$15 billion, it does not mean that the government is lending out \$15 billion. It means that the government has agreed to pay back the lenders, either the banks or the caisses populaires, up to 15% of the loans granted, but never more than 10% per borrower.

So the figure of \$15 billion can be bandied about, but in fact the risk to the government is much less, understandably. It is not in the business of lending money.

• (1235)

I would point out that this \$732 million for 1995-96 represents Quebec's share of a total amount of \$2.233 billion and 34,000 loans across Canada. The number of loans for 1996-97 is slightly lower in Quebec as well as across Canada. The amount loaned and therefore guaranteed is also lower, that is to say \$662 million in Quebec and \$1.999 billion for Canada as a whole.

I think it is interesting for those who are following this debate—although I am pretty sure that, in Quebec, many more are watching RDI and following the supreme court proceedings, which I would no doubt be doing if I were not here, but for the benefit at least of those who may catch the replay this evening and those following the House of Commons proceedings live across Canada, it is certainly interesting to know that the auditor general reiterated that the purpose of the departmental program is to encourage lenders to extend loans on reasonable terms for the establishment, expansion, modernization and improvement of businesses.

We readily agree with this objective. The problem, if I may challenge the auditor general, is that loans extended as provided by the act for the purpose of buying land, building offices or plants or acquiring new equipment cannot in any way meet the objective stated here. The objective is to provide small business with reasonable terms to get set up—in other words start-up assistance—and expand or grow. It is as risky for a business to expand as it is for it to start up.

While statistics vary, it is generally agreed that, over a ten year period, two or three businesses out of ten or two out of every five will make it. It is not a matter of life or death. Studies have been conducted, but there is a close link between the capacity of a small

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business to start up and develop and its management of course, but also the availability of capital.

I would add that it is all the more true, and the auditor general emphasized this point at the end, that, in this era of knowledge-based economy, the necessary investment and working capital may be much greater than for a small or medium size business in the service sector, for example.

The auditor general made a number of interesting points, some of which are worth mentioning for the benefit of Canadians. He said that, in recent years, many studies were conducted on the small business sector. At the federal level, the 1994 report prepared jointly by the Department of Finance and Industry Canada on the development of small businesses—nice, but what does it really mean?—pointed out that the growth of small businesses is a determining factor for job creation in Canada. So, the growth of small businesses is a determining factor for job creation in Canada.

I will get back to this, but let me first continue. He added that the report also stressed the critical importance of having access to capital, and the need for an operational environment that promotes the growth of small businesses. The report mentioned the means that the federal government—but we know that some provincial governments are just as active in this area, in a totally independent fashion, which can lead to overlap and even contradictory policies—intended to take to create such an environment: to work in close co-operation with the other economic stakeholders, and to set up new policies and programs to support small businesses.

• (1240)

That was in 1994. The important point is that the review of the Small Business Loans Act in 1995 was very limited. I would like to mention here that Bloc Quebecois members on the committee stressed how unwise it was not to include working capital as eligible for loans under the Small Business Loans Act.

I was pleased to hear the minister say earlier, when announcing a review of the act, that he was thinking of including working capital. How many problems, lost jobs and failures of small businesses could have been avoided if the government had considered loan guarantees for working capital.

This may sound technical, but it is really very simple. When people set up a business, or when are looking at a period of growth, they incur expenses and then wait for the money to come in. Often, owners of businesses put everything they have into getting a business started. Accounts payable are often due in 30 days, but accounts receivable sometimes go to 90, with the result that, if the owners do not have the necessary working capital, they lose everything they have put in. Often, they lose your savings, as well as the savings of their friends and relatives.

Ensuring that the SMEs have sufficient access to allow them to start up and expand operations—and this includes working capital—it was extremely wise of the colleagues in the Bloc Quebecois to point this out.

The auditor general continues. He makes an extremely important observation, repeating a comment by the Committee. He said “The Committee also believed that the government guarantee should be used to increase the availability of credit rather than to allow lenders to reduce their risk on loans that they would have made without the guarantee”.

Further on, the auditor general went on to say that it was found—in a variety of ways—that close to half of the loans were made without government guarantee.

Since these guarantees are being used on loans that would have been made in any case, they limit access to credit where they would have been really necessary. The banks need to be followed up on closely, since they may be tempted to take advantage of this opportunity. It is understandable, too, that it is not necessarily easy for the department to follow every action of the banks. This matter must be looked into, most definitely, as the auditor general says.

Another passage that he gives emphasis to, and one which merits repeating here, is a committee recommendation which was not followed up on. It recommended a series of initiatives to provide a sound basis for small business growth and development. Those initiatives included increasing financial institutions’ participation in debt financing, together with using the government’s leverage to encourage competition among financial institutions to significantly increase their appetite for lending in the small business market. The auditor general reiterated his interest in this question further on.

What did the auditor general recommend further? That the program’s objectives be clear. That the projected results be equally clear.

• (1245)

He notes that the objectives include recovering costs, not losing money, as the Reformers insist the government ought to do, but he also stresses that the target of creating jobs must comprise a precise strategy for doing so, be it through the establishment or the expansion of businesses.

The auditor general points out that certain loans intended to modernize businesses kill jobs rather than create them. Naturally, it can sometimes be said that it is better to modernize and lose a few jobs rather than lose all the jobs a few months later because the business is no longer competitive. The question remains: how can this program be used to help create jobs?

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The auditor general proposes an optimum design for the program. If the aim is to promote growth, this objective should be made clear. For it to be made clear, the approach must be considered.

He pointed out, after studying the situation, that only 54% of loans granted to small and medium business, including new business, could be considered to contribute to growth. This is not a significant proportion. Here we come to the most important sentence in his report "We consider that the dual objectives of increasing the availability of loans at reasonable rates while recovering all costs need careful analysis".

This is the most important point, and I wonder if the government or our colleagues from the Reform Party gave it much thought. On the one hand, there is indeed a need to recover the amount of the loans guaranteed with taxpayers' money, but on the other hand, if this curtails the effectiveness of the program as a whole, then we are no further ahead.

Small business is one of the main engines of growth, job creation and wealth in Canada as well as in Quebec. It needs us to give serious thought to what can help it start up, develop and modernize, instead of constantly struggling to survive, which gets in the way of being the engine of growth that it can be.

When he talks about serious consideration, are these two objectives incompatible? This is an issue we will come back to later as it is a crucial one, especially in this knowledge and information age.

The auditor general does indeed ask very important questions. The most important one is no doubt: is this particular program effective? There are currently small and medium size businesses that have loans they are happy with. However, the study conducted by the Canadian Federation of Independent Businesses shows how unsatisfactory this program is in meeting its intended purposes. I repeat, the purpose is the establishment, development, modernization and improvement of businesses.

● (1250)

If these loans only allow them to struggle along, to get going only to come crashing down, what is the point. Because it should be pointed out that banks cannot demand personal securities on loans guaranteed under the act, but they do in other areas and, as a result, the loan as a whole becomes tied to the business owner's home, with all his belongings, his RRSPs and so on.

We do not realize enough how important small business owners are to economic growth and job creation, often at their own expense, displaying a virtue seldom heard of these days, namely self-sacrifice. For years, many small business owners can only pay

themselves a small salary, well below that of senior public servants, or even steel workers and workers in other sectors. These owners pay themselves a smaller salary. They risk losing everything they own. They work long hours. If they calculated their hourly wage—and I am not trying to make a bad joke—it would often be equivalent to that of MPs, at least those who work hard, which is the vast majority of them.

The men and women who own small businesses deserve—the word "deserve" has a moral connotation—or, rather, have the right to get help, because they make the difference between real growth and a stagnant economy. We have a duty to help them, to the extent that this depends on policies. Major companies are also important, of course, as well as new innovative businesses, and I will get back to them after discussing a poll from the Canadian Federation of Independent Business.

Here are some of the major findings: 29% of small business owners said that credit availability was a serious problem for them. The situation had improved somewhat, but only for businesses with 20 employees or more.

It is important to note that fewer and fewer businesses apply for loans. They do not bother doing so because they are convinced that their application would be rejected. Mrs. Swift said that economic growth is jeopardized when businesses do not have access to an adequate line of credit. The fallout hurts everyone. The lack of money and the inability to get credit hurt everyone, because this means slower growth, fewer jobs and less wealth. Eleven per cent of loan applications were rejected, which is 2% more than in 1987.

Mrs. Swift pointed out that the main reason for these rejections is the turnover among bank executives. This is a very concrete issue and perhaps the department could make appropriate regulations, or at least establish some guidelines or policies. It is easier for businesses to get loans when bank officials have been in place for more than three years.

● (1255)

The smallest businesses, those with five employees and under, are seeing interest rates that are increasingly higher than for other businesses. They have a great deal of difficulty obtaining credit. Yet these businesses, like self-employed workers, are the ones now creating the most new jobs. Not giving them easier access to credit is like shooting ourselves in the foot.

She points out that, in order to improve access to credit for the smallest businesses, workers' funds like the one in Quebec have been created, but that, elsewhere in Canada, these funds have often not been around as long and do not always meet small businesses' capitalization requirements. Therefore, she says:

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[English]

“The small business sector represents the future of the economy and its financial well-being should be a priority”.

[Translation]

I think these criticisms say a lot about the need for a complete review of the Small Business Loans Act. But there is another criticism as well and it is one of my own, or rather I base it on a Privy Council document made available to the Standing Committee on Industry.

The Privy Council is concerned about Canada's low productivity. The result of this low productivity is that, even though there is economic growth, it is not being accompanied by wage and income increases, by a real increase in wealth, and might only be due to the fact that Canada used the dollar's devaluation to bump up its exports. That is one hypothesis.

This hypothesis leads to another, which the Privy Council took as a warning. This one has to do with the fact that small and medium-size businesses, which are more numerous in Canada than in the United States, often have a lower rate of productivity. What does that tell us? It does not tell us to forget about small and medium-size businesses, but to be very sure that they have the capacity to innovate. Care must be taken to give small businesses access to innovation, to keep them informed, but also to ensure they have the capacity, and by capacity I mean purchasing capacity, training capacity, operating fund capacity, and in general an environment that is pro-development.

Yet when these small businesses have every possible difficulty in obtaining sufficient credit in time, and at competitive rates, it is understandable that there is a degree of stagnation in the economy, even if they are playing a role.

When the minister re-examines the act, we are most certainly going to be involved from A to Z, so that things can be better for small businesses, better than the hard life they have now, particularly the women entrepreneurs, who are forced to put everything they own into their businesses and then meet conditions that force them into bankruptcy, as they become keenly aware that they do not have the same opportunities as the major corporations do.

• (1300)

I am thinking of my colleagues' concerns for what this would cost the government. Let me tell you, those major corporations, those who can easily get around paying taxes, have access to the stock exchange and can get funding very readily. The people

behind them are not forced to risk everything they own, all their personal assets.

Small business owners are nothing like the CEOs of major companies, who can buy thousands of stocks at \$1 and sell them again the same day for \$17, as I have seen one Quebec entrepreneur do this past weekend. That is just small potatoes compared to some.

The conditions imposed on small and medium size businesses, and those imposed on major corporations are so different that the whole situation must be reviewed. Otherwise, employment, development and growth will remain a dream.

Let us not forget the role played by banks in bankruptcies. A few years ago, when I was working in a workers' co-operative, I was able to see firsthand small and medium size businesses going bankrupt. It was common knowledge that when a small or medium size business was experiencing difficulties, the entrepreneur would often first pay a visit to his or her bank manager. We used to say that this was the last thing to do, because the bank manager would deal the final blow to the entrepreneur.

This measure is not provided for, but we will have to take a look at it. Banks do their job, and it is up to us to do our job and to be critical. Bank officials told the committee that small and medium size businesses were perfectly happy with the services provided to them, and that there was no problem.

This assessment was based on an annual survey. However, the businesses that may have gone bankrupt because of problems with their credit are no longer there to criticize the banks. I asked bank officials why they did not conduct a longitudinal survey and have certain questions answered by the same businesses year after year. This would provide a more accurate picture.

Their most recent survey also showed a high proportion of rejects for start-up loans. We were told that these were young businesses, that they were not fully prepared. The fact is that, to start a business, one must be very tenacious. It is normal to be tenacious and to be prepared. Still, the requirements imposed on entrepreneurs are much greater than any kind of assistance we are prepared to give them, and I am not referring to loans.

• (1305)

I am happy to say that, in Quebec, the expertise developed in every region is being offered to established and fledgling businesses alike, across the province; we are trying to develop a spirit of co-operation and to make management tools available to businesses. They are informed of every kind of loan available to them, especially through the SBLA. They get management advice.

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I think something important has been initiated and must be pursued. But because the Small Business Loans Act is limited to assets, it is difficult for small businesses that have access only to the SBLA program, and for Quebec businesses that need complementary programs, to develop.

In spite of all this we will support this bill for a very simple reason. It is a start. The minister should have thought about it before. The minister knew the auditor general was reviewing the SMEs. If we did not support the bill, it would not be the minister we would be punishing, but the SMEs, which have already had it up to here.

We should push for a new bill to be introduced in the House. It would really be helpful in this information age and knowledge-based economy and would take into account all the constraints facing SMEs. We must not, however, cut off whatever little help they are getting now.

I say this particularly because we can keep an eye on how the department is being managed. Nothing can prevent us from tracking down what it is doing through the House of Commons and the Standing Committee on Industry.

I would invite my colleagues from the Reform Party, some of whose criticisms I agree with, to speak more often about what is being done to help SMEs. SMEs must have access to loans. But it must be more than just credit for assets. Nor can it be limited to businesses in the information and knowledge sector.

I believe it would be important for the government, in its upcoming budget, to set the credit for workers' funds at \$5,000 per person and for all of us in this House to do as we did in committee and urge workers' funds to invest in very small businesses.

We were told in committee that the age and size differences among the various funds make it difficult for them to lend too much of their money to SMEs. We were also told that in Quebec, at least, things were moving very fast. The solidarity fund is well established. We also have SOLIDE, small business banks located across the province that make money available to small businesses needing small loans, and the same is happening in Ontario and western Canada.

The Acting Speaker (Ms. Thibeault): Resuming debate with 20-minute speeches followed by a 10-minute question and comment period.

[*English*]

Mr. Chris Axworthy (Saskatoon—Rosetown—Biggar, NDP): Madam Speaker, I am pleased to participate in the debate on Bill C-21, a debate which with one exception has been measured, careful and non-ideological. That exception was the speech of the

hon. member for Saskatoon—Humboldt, another ideological rant against anything governments might do which might be of benefit to anyone.

• (1310)

If we look around the world we will see that there is not one successful economy in which government and business do not work together for the benefit of all. The question that arises of course is whether or not intervention by the government in the marketplace is beneficial in the long term.

We know from all analyses, from all work done on small businesses that they have some initial problems in particular with raising capital. We also know that their ability to create jobs in this economy is unsurpassed by any other sector of the economy. Large business is downsizing. Mega mergers are costing Canada thousands and thousands of jobs. However small businesses are working hard and are generating jobs right across the country, from the east coast to the west coast and all parts in between.

It is the small and medium size business sector which is driving the Canadian economy. It would only be proper for us to look at ways in which we can assist that sector to do the job which it is doing. That job is not only to pursue the interests of the owners of those businesses but it is also to create jobs across the country.

We know that small businesses experience significant difficulties in raising capital from financial institutions. The banks have begun a process of trying to persuade Canadians how oriented they are toward public interest and how they do what they can to assist wherever they can. However the fact of the matter is that banks have not been very helpful to small businesses. Across the country concerns have been raised by small businesses about the treatment they have received from banks and other lending institutions.

In order for the small business sector to thrive, to create economic activity and to create the jobs which are so vital to Canada, we need to ensure that impediments in their way are removed. The small business loans program is a small step but an important step in removing one particular impediment to the establishment and certainly to the growth of small businesses. That impediment is the difficulty experienced in raising capital.

Under this program the federal government will provide loan guarantees to assist in the marketability of small companies as they go to financial institutions seeking financial assistance. I am a member of a party which is committed to assisting small businesses in whatever way is possible. This is a legitimate, sensible, rational, logical program to assist small businesses.

Our economy is becoming increasingly globalized. If we listen to the Minister of Finance, foreign banks will be coming to Canada to generate competition in our banking sector because Canadian banks do not do that very well and in any case are more interested

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in expanding overseas. Our economy is increasingly affected by competition from overseas.

Indeed it is the small and medium size business sector which has an important part to play in Canada's economy. It is the one part which is and will remain Canadian owned and which is and will remain committed to the community within which it operates. That is critically important as our economy becomes increasingly globalized and as our economy becomes increasingly threatened by outside pressures and by corporations on the inside which are focusing more and more on overseas investment. The small and medium size business community plays a critically important role in ensuring some Canadian ownership of our economy and some commitment to the communities within which they operate.

We know the devastation caused when a company ups and leaves a community because it can no longer make the kinds of profits it wants to make in that community.

• (1315)

Often it is not because it cannot make profits but because those profits are not large enough. Those employees who worked for the corporation, perhaps for years and years and maybe even generations, are thrown away as irrelevant to the corporation's needs. The community in which that business operates is ignored in terms of its interest. The corporation goes off, makes money somewhere else and continues that cycle.

The devastation which takes place in many of our communities is a serious and significant problem for those affected and for the country as a whole. It is vital that we do what we can to ensure that small and medium size businesses thrive and counter to some extent those particular trends.

It is important for it to be noted that New Democrats support Bill C-21 and have done from the beginning. It is important to extend the program for one more year while serious review of the program is taking place. I will come to some of the concerns in a moment. It is important to continue the program while we are assessing its strengths and weaknesses and how to make it a better program.

Were it not as successful as it has been, perhaps it would not be necessary to extend it for just one more year. It has been a successful program. Indeed all studies of the program show it to be one which is particularly well regarded when matched up against those of other OECD countries, for example the United States, the United Kingdom, Germany and Japan.

Our program has been shown to be one of the better programs with administrative and default costs much lower than those in other countries. That is not to say there have not been problems,

and I will come to those in a minute. It is a program which has proven to be successful and useful to small business.

The government could prevail upon its friends in the banking industry, many of whom contribute significantly to the Liberal Party's funds and I am sure would be only too open to that kind of ministrations by the government. It could work with the banks to ensure that the banks put the public interest in the mix when making the decisions it makes.

The banks can afford to pay their chief executive officers millions of dollars a year but yet cannot afford to commit themselves to helping a small business in any significant way. I think that would be another way in which the government might assist.

We are still wrestling with the GST and so on. Lack of any real commitment to job creation on the part of the federal government and all such things hurt small business as well.

As I said, I am only too pleased to support Bill C-21 which will extend and enhance slightly the Small Business Loans Act. It is worth pointing out that the auditor general has suggested that some loans are made without a proper review by Industry Canada, that the government has paid out default claims to banks for loans not eligible under the program, and that banks are sometimes charging user fees to small businesses in violation of the act.

There is also concern voiced by the auditor general and by others that the jobs claims, the numbers of jobs created as a result of the loan guarantees contained in the small business loans program, have been grossly exaggerated by those who wish to support, sustain and encourage the program to continue.

None of those things are useful as elements of this debate. It is only proper and I am glad to see the government is pursuing a full review of the legislation. I hope at the end of the review we will end up with a better small business loans program to support small businesses which fulfil a critically important role in our economy.

We will be supporting the legislation. We hope the government will treat it as a priority and do more to ensure that the conditions necessary for small business to thrive are in fact implemented in the budget and in economic and industrial policies in years to come.

• (1320)

Mr. Jerry Pickard (Parliamentary Secretary to Minister of Public Works and Government Services, Lib.): Madam Speaker, I thank the previous speaker for his comments on the SBLA presently before the House.

The member has been here for many years and has probably gone through the process more than many of us as far as reviewing acts is concerned. We extend the act for a year. We review it in the standing committee. We take into account the auditor general's

comments and all information from opposition parties and the government to research how we can improve it.

This has been done before and the effectiveness is usually good because it provides the time and ability to do research in more depth. I ask the member for his comments.

Mr. Chris Axworthy: Madam Speaker, I thank the hon. parliamentary secretary for his question and for all the work he does on the industry committee to ensure that we all have our say and that our points of view listened to. I appreciate that has not always been the case.

In response to the member's question there can be no doubt that we should not continue present programs or introduce new ones without a thorough review of their effectiveness. In particular when we are dealing with government intervention into the marketplace it is absolutely critical that intervention actually helps matters along rather than make them worse.

We have seen programs galore which actually make matters worse. We have to focus on the role government can play in the context of the economy as a whole to do things that other stakeholders cannot do.

In the context of this piece of legislation it is clear that financial institutions are not fulfilling their responsibility toward small business. It is therefore important for the Government of Canada and society as a whole to push the banks to fulfil that responsibility. After all, they make profits out of us. They should recommit those profits to the communities and to the people from which they make those profits. It is their responsibility to do that. It is their right to make a profit but they have a responsibility to contribute too.

In addition to forcing the issue and using all the good offices of the government to ensure that banks fulfil that responsibility, it is appropriate the government on behalf of all of us provide some small assistance to small businesses because of the critically important role they play in our economy as they struggle to obtain the capital investment they need.

It is critically important that we review all these things and that we do not, as the Reform Party would do, dismiss every government program as irrelevant, as a nuisance or as something that cannot help without actually reviewing it.

The Small Business Loans Act is plainly one of those pieces of legislation that actually helps. Surely we should not let ideology blind us to common sense programs which assist those in need.

Mr. John Herron (Fundy—Royal, PC): Madam Speaker, it is with pleasure that I rise today to debate Bill C-21, an act to amend the Small Business Loans Act.

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This bill would extend the Small Business Loans Act for another year, until March 31, 1999. It will also raise the ceiling of the total amount of loans that may be outstanding to \$15 billion from \$14 billion.

The legislation has always operated with a sunset clause to ensure periodic review for improvement and assessment of whether the bill is meeting the needs of the small business sector and not merely renewal.

However the government has yet to make up its mind on what it wants to do with the act. As a result of its indecision it has requested parliament to renew the act for another year while it continues the program.

We support the legislation only because without it the current lending period as of March 31, 1998 will cease and SMEs will not have access to capital under the Small Business Loans Act.

• (1325)

However the government should not expect the same support from my caucus colleagues or, for that matter, from the small business sector unless it begins to review, improve and update the act to ensure that appropriate access to capital is afforded to the real engines of job growth, the small and medium business sector.

It comes as no surprise the government has not decided what to do. It has done little more than pay lip service to the concerns of small business over the past four years. It has forgotten about the promises it made in the 1993 red book.

The government often claims to be an advocate and supporter of small business. If this were true, why has the government not addressed the deficiencies of the act and not even attempted to act on the series of observations and recommendations in the auditor general's report.

The primary objective of the Small Business Loans Act is to increase the availability of loans for establishing, modernizing and improving small business enterprises by offsetting a portion of the lender's net losses in the event of a default by a loan guarantee program.

I would hate to sound cynical, but I am really worried given the government's reluctance to establish specific debt reduction targets. As well, it is reluctant to reduce taxation for both consumers and small business. The government's plan is to create more small businesses and to continue to tax us to death so that large and medium companies wither into small companies.

The government has missed a real opportunity to show SMEs that it is serious about the concerns SMEs face today. I am not alone in my views. The auditor general pointed out in his recent report on this piece of legislation in section 29.87:

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New lending under the program will end 31 March 1998 unless the government decides to renew it. This presents an opportunity to review the program's contribution to filling current financing gaps and stimulating economic growth and creating jobs.

He went on to say:

The review would also enable Industry Canada to assess whether the program meets the needs of small business in a rapidly changing economy.

There are others that believe we should not have wasted this opportunity to improve the act as well. The government was criticized for this broken red book promise by its own rank and file in the preamble to a priority resolution passed at its October 1996 convention as follows:

The banks and other financial institutions have not taken enough concrete steps to alleviate the hardships faced by small and medium size firms in obtaining investment capital.

In the time that I have been allowed I will attempt to address a number of the observations and recommendations within the report of the auditor general. In addition, it would be appropriate for us to remind the government of two other documents that must be considered once it gets around to improving the act. These two documents are committee reports, one from the department of finance entitled "Growing Small Businesses" and the other is an industry committee report entitled "Taking Care of Small Business". I will refer to these documents often during my remarks.

Before we further discuss the necessary initiatives required to improve the bill, it would be useful for us to remind ourselves, and in particular those on the opposite side of the floor, of the impact of small business on the Canadian economy. More than 98% of businesses in Canada are small businesses with less than 50 employees. Half of Canada's workforce is employed in the small business sector. It is relatively recognized that the small business sector has had the greatest proportion of new job creation in the past four years.

As the auditor general pointed out, small businesses play a very significant role in the economy. They are the heart of economic activity and community development. In addition they sometimes develop into the large firms of the future. Small businesses contribute 43% of Canada's private sector economic output.

The overall theme of the auditor general's report and my principal concern is that Industry Canada does not have the performance indicators and benchmarks to properly assess whether the act is actually accomplishing its objectives. The objective must be to ensure that lenders make capital available to firms that they may not have without the government guarantee.

The program's *raison d'être* is to help to fill existing program gaps for small business. Instead it seems the government guarantee is not used to increase availability of credit. Rather it allows lenders to reduce the risk on loans they would have made without the guarantee.

• (1330)

A small business person brought this quote to me the other day concerning the Small Business Loans Act, that there should be a loan guarantee for small business and not a loan guarantee for the banks.

The AG highlights this fact in referencing a 1994 study showing that between 30% and 40% of Small Business Loans Act loans were made to firms that would have received financing from lenders anyway. Without true financial support and adequate financing for growth of our small business sector, growth will be stunted and the future prosperity of Canada threatened. Those are the words of the auditor general, not mine.

The government's 1993 red book promised to exercise leadership and challenged the banks and other financial institutions to develop concrete ways to help small businesses find the capital they need. Given that nearly 40% of the loans that are guaranteed would have been guaranteed anyway, I would say that more work needs to be done before the government can claim any degree of success on this matter.

As I indicated earlier, the principal problem of the act is that it lacks clear objectives, performance indicators and benchmarks to measure the success and effectiveness of the legislation.

The government could benefit from the old adage that what gets measured gets done. The origin of this act dates back to 1961. In 1961, before I was born, the type of business that would likely get started was usually retail based or linked to light manufacturing. Things have changed since the retail shop and the light manufacturing era. The Canadian economy today has greatly evolved since that time. The legislation governing the act has remained essentially unchanged with respect to the types of assets eligible for financing.

The service sector and the knowledge and information sector form a much greater part of the economy today, with the latter sector having a high net employment growth potential. It is imperative that when the act is indeed reviewed the government ensure there are innovative solutions and commitments from lenders to address these needs.

No program can be effective unless there are clearly stated objectives to clarify expectations and to develop performance indicators concerning establishing, expanding, modernizing and improving small business.

To date, for the most part Industry Canada merely tracks the activity of the program, tying it to job creation. However, this approach does not provide us with other critical indicators such as the effect a loan has on the level of sales, profitability, productivity, competitiveness, levels of exports, product development, net employment impact and overall business success. These are critical indicators that most SMEs employ within their own operations.

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We suggest the program adopt methods to track these criteria in their own programs and their own departments in order to properly assess the impact of this program.

As the auditor general pointed out, the net job effect, as stated in the 1995-96 annual report, indicated that 37 jobs were created per \$1 million worth of loan guarantees. However, the auditor general goes on to point out in a follow-up report that given the recently completed Industry Canada study of economic effects, the program shows that the government's numbers were merely seven jobs created per \$1 million guaranteed.

When this bill is reviewed all parties would expect more rigour in evaluating the job creation impact of the program for the purposes of parliamentary and public review and scrutiny.

Perhaps the greatest concern we have today is that the original intent of the program was to provide access to capital to start up ventures or small firms that would not otherwise have been granted a loan from a lender. The relative size of the loans was intended to be small so that the borrowers could have handled a higher rate or fee in exchange for a loan that did not leverage their personal guarantee.

The result today is that given the expansion of the program, the program is now beginning to displace traditional lending rather than enhancing marginal loan volumes and filling gaps where small venture loans are required. Given that 90% of the loan was to be guaranteed, the lending institution would then consider engaging the loan.

• (1335)

I would like to ask the government what is the average size loan it guarantees. The fact that the program has now been expanded to include loan amounts of over a quarter of a million dollars should concern us. I speculate that 30% to 40% of loans guaranteed under the program, which the auditor general pointed out would have been approved anyway, relate to the higher sums and not amounts that reflect the original need for the program.

The SBLA is a good program. In its conception it was supposed to be small and responsive to the needs of small business. It has grown excessively so that today it displaces traditional lending.

The Progressive Conservative Party believes this program needs to be tightened up and the focus must return to smaller lending with less focus on personal guarantees rather than sums of nearing a quarter of a million dollars that would be approved by traditional lending institutions anyway.

A bigger program does not always make for a better program. Bigger programs often make for worse programs. A bigger program would not be as responsive. The fact that the government has allowed the size of the program to mushroom in sectors where it

does belong is one of the reasons the government has been unable to monitor and forecast future claims.

The government has a duty to the taxpayer to be able to provide this function. The auditor general correctly pointed out that Industry Canada must carry out regular analysis of its guaranteed portfolio including loans by industry, region, age of business, lender and type of asset. Overall economic trends need to be factored into such analysis.

The government also has a responsibility to taxpayers to ensure the banks and the lenders are fully challenged when participating in the program. The government must be rigorous in assuring the lenders comply with all regulations and exercise due care when making the loans. Industry Canada needs to strengthen its claim audit procedures to obtain assurance of such compliance. The government cannot be a loan guarantee program for bankers who have not made the right choices in the first place. The government must take steps to minimize the interest it is paying on claims submitted by lending institutions due to unnecessary delays in filing their claims.

I will make some more comments relevant to small business given that we are about to enter into the budget debate. The average Canadian consumer and small businesses are overtaxed, in particular with respect to payroll taxes. Canada pension plan premiums have been increased substantially. We know today's discussion is in the context of a perceived fiscal dividend given that the government has stated it will have a surplus. However, given that the EI fund takes in over \$6 billion more annually than it actually consumes, that is the reason for the surplus.

We also know that if any type of tax kills jobs it is payroll tax. We advocate categorically that this government must kill job killing payroll taxes by reducing the EI fund. The chief actuary pointed out that the employment insurance program is sustainable at \$2 per \$100 of insurable earnings instead of the \$2.70 per \$100 it is currently set at. Given the hike we have had in the CPP premiums we must reduce payroll deductions.

There are other initiatives that must come forth as well. Canadians are poorer than they have been in 15 years. Disposable income has gone down drastically over the past two decades. Canadians need disposable income.

To put more money back in consumers' pockets so they can spend money to help SMEs, we advocate that the government raise the personal income tax exemption from \$6,500 to \$10,000. That would take two million Canadians off the tax rolls overnight. Those two million Canadians should not have been there in the first place.

Canadians need more disposable income. They need lower payroll taxes. EI, CPP and payroll taxes kill jobs.

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● (1340)

Before we even consider spending a fiscal surplus we need to look at something that affects my generation as a younger Canadian, the \$600 billion national debt. What this government has to do is provide Canadians with debt reduction targets to ensure that we never get caught in this spiral of deficit upon deficit again.

We do support Bill C-21. We have made some recommendations which we would like the government to carry forth. We challenge the government to actually do what is right and kill job killing payroll taxes, to bring forth to Canadians an agenda for growth that has less debt, less tax and more jobs. If we had that kind of foresight from an economic perspective Canada would be heading in the right direction into the next century.

Mr. Gurmant Grewal (Surrey Central, Ref.): Madam Speaker, I have been listening to the hon. member. I think we all agree that small businesses create jobs in this country. The Reform Party is pro small business. We know that 98% of businesses in the country are small businesses.

I remember a short story. Once I was arguing with one of my friends. He said that small businesses are what create jobs in this country. I asked him how to start a small business when there is a problem because job killing taxes are so high. It is very difficult for small businesses to thrive in this environment. He said it is easy. Start a big business and pay so much tax that you are left with a small business. That is the kind of situation we are facing in this country. Job killing taxes are hard on businesses.

In 1994 the industry committee called for a review to be done of the Small Business Loans Act. That review has not been done up to now. The auditor general also points out that a complete cost benefit analysis has to be done before proceeding further. The auditor general has critically looked at this issue and has recommended that a full review of the act be undertaken before an additional \$1 billion is committed to this program.

Since this program is already inefficient and unaccountable, how can the member support this bill until a complete evaluation is done and until this bill is efficient and doing what it is supposed to do? Why would Canadians support this bill?

Mr. John Herron: Madam Speaker, I thank the hon. member for his question. I will give him a short answer then I will give him a long answer.

Small and medium enterprises do need access to capital. The loan guarantee program is actually filling the gaps in marginal loans which are covered under the Small Business Loans Act. Without that program certain firms would not have the access to capital they currently have under this program.

One of the most democratic institutions we have is the Canadian Federation of Independent Businesses with has 88,000 members. It is clearly the position of the Canadian Federation of Independent Businesses that the Small Business Loans Act is a good program. It is something that should be continued. It should not be expanded to the degree we currently have for accessing loans of nearly a quarter of a million dollars. It should be smaller, it should be tightened up, it should be more responsive to actually fill the gaps for loans that banks would not otherwise be granting.

In terms of Reform supporting small businesses, in our platform we advocated reducing the small business tax rate from 12% to 8%. I am sure my colleagues to my right remember that.

● (1345)

The Reform Party advocated a flat tax during the last election campaign. Stephen Harper, who could be the leader in waiting of the Reform Party, said that small business income could be rolled into a flat tax income. That means Reform would tax small business in the neighbourhood of 22%, 23% or 24%. I do not think that is very good for small business.

Mr. Walt Lastewka (Parliamentary Secretary to Minister of Industry, Lib.): Madam Speaker, I listened with interest to the remarks made by the hon. member for Fundy—Royal, a new member of the House whom I have come to know over the last number of months.

I detected in his speech some changes from the Mulroney years. If my notes are correct in following this issue over the last 20 years, during the previous government's time there was an attitude of increasing the definition of small businesses to include higher revenues and bigger businesses. However I noticed from the hon. member's speech that he wants to centre on smaller businesses under the \$250,000 small business target. I am sure that is a change but I would like the hon. member to confirm it.

I am sure the hon. member knows that of all the SBLA loans, 40% go to new businesses and almost 60% are in the small business category which he mentioned.

Mr. John Herron: Madam Speaker, as time has gone by we have seen more competition in the banking industry and more banking institutions coming into Canada. Trust companies have also become involved. The Canadian Bankers Association is trying to take a more aggressive look at the small business sector, giving it more access to capital.

However, the financial institutions are still not filling the void, which was the initial intent of the Small Business Loans Act. The initial intent was to provide loans to small businesses which would otherwise not have access to capital without tying up their personal guarantee.

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If it is a shift, it is more of a shift in terms of what is happening with lending institutions than with respect to the initial intent of the SBLA.

Mr. Jim Pankiw (Saskatoon—Humboldt, Ref.): Madam Speaker, I would like to correct the hon. member. When he started his speech he said that he would oppose the bill except for the fact that if he does not support it, the Small Business Loans Act program could not function for another year. In fact the current amount of extended liability is \$12.7 billion which leaves \$1.3 billion in potential liability for the act to extend.

Furthermore if we look at the auditor general's report and accept the fact that close to half the loans which are administered through the program are given to businesses that would have received financing anyway, if the inefficiencies of the program were addressed, the \$1.3 billion liability which remains could be doubled as opposed to extending a further \$1 billion as proposed by the Minister of Finance under the current system of inefficiencies which would only in effect extend \$.5 billion to businesses which really need it.

Therefore the hon. member is mistaken.

Mr. John Herron: Mr. Speaker, in quick response to the hon. member with respect to qualifying our support for the bill, we believe that the bill has to be reviewed. Initiatives that were suggested in the auditor general's report should be considered and a new Small Business Loans Act should incorporate some of those initiatives.

• (1350)

We also said that the bill should be tightened up to the original intent of the legislation. That said, with respect to C-21 and the lending period, in order to be able to give out any additional loans, if it were not renewed for another calendar year, the potential is that some small businesses would not have the access to capital that they require.

Mr. Walt Lastewka (Parliamentary Secretary to Minister of Industry, Lib.): Mr. Speaker, as was noted in the Speech from the Throne that opened this session of Parliament, the stimulation of job creation has, is and will continue to be a major objective of the Government of Canada.

Over the past four years the government has made progress and put in place the foundations for economic strength and increased confidence. The government has regained the ability to address the priorities of Canadians while living within its means. The budget will be balanced no later than, we hope, this fiscal year and the debt to GDP ratio has been put on a permanent downward spiral. Interest rates are affordable and inflation is also at a very low level.

The government intends to continue to pursue its successful course and take further action to encourage new investment to

create new jobs and to generate the nation's wealth necessary to assure Canadians of a stable and secure future. This is the context which the government has brought forward Bill C-21, an act to amend the Small Business Loans Act.

Mr. Speaker, I should mention that I will be sharing my time with the member for Mississauga West and it looks like I will be sharing it with question period as well.

We all know the importance of the role that small and medium size enterprises play in the Canadian economy and the degree to which they are responsible for the creation of new jobs. The bill before us is designed to help ensure that the small business sector can continue to be a vital and dynamic part of the Canadian economy.

Bill C-21 will increase the authorized lending ceiling of the small business loans program by \$1 billion from \$14 billion to \$15 billion. It will extend the current lending period to March 31, 1999. There are no additional program changes contained in this bill.

By passing this bill we will also be permitting the review process for the small business loans program to go forward. This is very much in the best interests of Canadians because the SBLA program is an excellent one. It is an issue that fulfils a real need in Canada's business support framework.

As we deliberate on this bill before us, I think it is important to consider the fact that almost every country in the developed world has some form of loan guarantee program for small and medium size businesses. Why? Because these programs are set up primarily for small young firms, companies that by and large have not yet had the time to develop a sufficient capital base and therefore the banks are not generally keen on lending them money. Yet it is these very firms which create so many of Canada's jobs.

The SBLA allows the federal government to stand behind loans made to small and medium size businesses by providing an 85% guarantee against the individual loan losses. It is important to note that the government role in this program is as a backup only.

Private sector lenders are entirely responsible for making loans under the SBLA program and for evaluating the businesses which apply. The decision to offer an SBLA loan to an eligible small business is taken exclusively by the private sector lender. Lenders are expected to follow normal commercial lending practices in authorizing SBLA loans. All loans are registered with the SBLA administration office of Industry Canada.

When a lender submits a claim for loss reimbursement, federal administrators audit the claim to ensure that the lender has complied with all the requirements of the SBLA and SBL regulations.

Let me emphasize that the program is not a subsidization of business. In 1995 Parliament made changes to the act that moved it toward cost recovery. Since these changes increase the price of

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SBLA loans, it is likely that more of the intended beneficiaries will access it.

Lenders remit a one time 2% registration fee to the government which the lenders may charge back to the borrowers. In addition the lenders pay a 1.25% administration fee on their SBLA portfolio which may be passed on to borrowers through interest rates only.

• (1355)

This fee structure is essentially a user pay system designed to cover any lender's loan losses under the program. Thus the SBLA program has been reformed to end subsidies and become self-sustaining. Critics are dead wrong when they try to characterize it as a handout. The program has been set up to help small firms and entrepreneurs get over some of the most difficult hurdles that confront them particularly in their early years.

The average loan made under the program during fiscal year 1996-97 was for \$65,000. Most of the firms have fewer than five employees. The companies that are getting the loans are the ones that are now creating the jobs in Canada's economy. They are the young creative companies, not the established big corporations which have been shedding their employees in the 1990s.

Without this program some of our best and most innovative small companies would be denied financing, not because they are not viable but because they are new and young and are seen as presenting a high risk. In other words they represent precisely the sort of people and firms that we should be encouraging in order to provide the jobs needed by Canadians and particularly Canadian youth. This is especially true in light of the latest employment statistics which indicate that the SME sector created 81% of Canada's job growth in 1996-97.

I mentioned that Bill C-21 will keep the SBLA program going until March 31, 1999. The government is continuing to update and improve the program by carrying out a comprehensive stakeholder review. The extension under consideration will give us time to complete this review and further improve the Small Business Loans Act as we have improved it in the past.

The goal is to make changes to the SBLA to ensure that the government can continue to address marketplace gaps on a fiscally sustainable basis while minimizing overlap and duplication with private sector financial institutions.

In carrying out its comprehensive review, the government will certainly give full and complete consideration to the recommendations and suggestions the auditor general has made in his review of the SBLA, particularly with regard to a more detailed and updated evaluation framework and the need to eliminate any loopholes that may permit project splitting. The auditor general's report pinpointed some program weaknesses and suggested a number of remedies. Industry Canada has already implemented many of his suggestions and is in the process of implementing more.

The government is determined to create a climate in which Canadian small businesses can thrive. One of our key challenges in

this regard is to ensure that the banks and the financial institutions become more flexible and open with regard to the needs and opportunities of small businesses, particularly with regard to lending practices. By passing this bill the House will be helping to do just that. During fiscal year 1996-97 more than 30,000 firms benefited from the SBLA program.

The Speaker: My colleague, you still have two minutes left in your speaking time. If you like, we will cut here because it is almost two o'clock. You will have the floor when we come back to finish your speech and take questions or comments.

STATEMENTS BY MEMBERS

[English]

ELVIS STOJKO

Mr. Bryon Wilfert (Oak Ridges, Lib.): Mr. Speaker, today I ask you and my colleagues in the House to join me in sending congratulations and best wishes for a full recovery to Elvis Stojko, Olympic silver medalist.

As he said in an interview yesterday "Focus on what you believe in and remember what the important things in life are". It is a simple message and one that we should live by and remember. By his grit and determination and by giving no excuses, he has led by his very example and is a role model for all Canadians. Richmond Hill's own Elvis has demonstrated that commitment to ideals and goals is something that all Canadians can relate to.

• (1400)

We thank Elvis for persevering and personifying the true Olympic spirit. Congratulations to Elvis.

* * *

TRANS-CANADA HIGHWAY

Mr. Lee Morrison (Cypress Hills—Grasslands, Ref.): Mr. Speaker, during the Christmas holiday three more people died on the notorious Trans-Canada death strip in southwestern Saskatchewan. That brings the death toll to 39 since 1978.

Since this government has expressed no interest in meeting its obligations with respect to what is laughingly called our national highway system, I have some modest proposals. First, we could give the Trans-Canada highway to Bombardier. Then there would be no limit to the availability of federal funding. Or we could turn it over to Doug Young and his associates as a toll road and they could

be guaranteed with federal money a reasonable rate of return on their investment.

Finally, and this is the least likely, we could try to convince this government that an adequate Trans-Canada highway would be beneficial to national unity.

* * *

[Translation]

QUEBEC PREMIER

Mr. Guy St-Julien (Abitibi, Lib.): Mr. Speaker, when was Premier Bouchard's last speech on the importance of education for Quebec?

When was Premier Bouchard's last speech on paying the men and women who stay at home?

When was Premier Bouchard's last speech on the Quebec mining fund promised by the Parti Québécois?

If you cannot remember, do not blame a failing memory; it did not fail you, as Lise Bissonnette wrote last week in *Le Devoir*.

* * *

ANNIVERSARY OF CHEVALIER DE LORIMIER'S DEATH

Mr. Stéphane Bergeron (Verchères, BQ): Mr. Speaker, yesterday was the 159th anniversary of the hanging of five valorous Patriots, including Chevalier de Lorimier.

On this sad day when the federal government is trying to manipulate the Supreme Court in order to deny the Quebec people the right to decide their own future, let us remember that the Patriots fought for freedom and democracy.

The night before he was hanged, de Lorimier wrote:

I die remorseless. I was only seeking what was best for my country—Despite my misfortune, my heart still has hopes for the future. My friends and my children will see better days; they will know freedom. There is no doubt about it, my clear conscience tells me so—I have only a few hours to live and I wanted to divide this precious time between my devotions and my duties to my fellow countrymen. For them, I am condemned to the gallows to die the infamous death of a murderer; for them, I leave my young children and my wife behind—and for them, I die shouting “Long live freedom, long live independence”.

* * *

[English]

LITHUANIA

Ms. Sarmite Bulte (Parkdale—High Park, Lib.): Mr. Speaker, I rise to pay tribute to the people of Lithuania who today celebrate the 80th anniversary of their country's independence.

Since the founding of the first Lithuanian state in 1236 Lithuania has been occupied by the former Soviet Union for a majority of its history. But with the collapse of czarist Russia at the end of World War I, Lithuanians took advantage of the opportunity to regain

their independence and on February 16, 1918 Lithuania's independence was restored.

However, with the outbreak of World War II this freedom was short lived. Lithuania was again occupied for some 50 years beginning in 1939. However, in the late 1980s, as changes were taking place throughout the Soviet Union, Lithuanians organized a powerful independence movement whose protests culminated with the re-establishment of the independent Lithuanian state on March 11, 1990.

Canada's steadfast refusal to recognize the occupation of the Baltic states during the Soviet era is greatly appreciated by people of Baltic origin and among the tens of thousands of Canadians of Lithuanian heritage.

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[Translation]

RADIO-CANADA

Mr. Mauril Bélanger (Ottawa—Vanier, Lib.): Mr. Speaker, since last night, French-speaking listeners in Newfoundland have been able to tune in to *Ce Soir Atlantique*, which replaced the Montreal edition of the daily newscast.

I applaud Radio-Canada's decision to give all maritime provinces access to newscasts depicting the social, economic, political and cultural realities of their region.

This good news will no doubt increase the supper time ratings of the French network and supports the efforts made by our government to promote the development of the French language in Canada by providing key tools to French-speaking communities.

• (1405)

In closing, I hope that our colleagues from the Bloc Québécois will be inspired by this decision and, from now on, make an effort to support the broadcasting of TFO programming to Quebec households.

* * *

[English]

THE BUDGET

Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.): Mr. Speaker, budget day is coming and the Liberals are already announcing how generous they intend to be with the money they have taken from hardworking Canadians.

Now Liberal generosity with our money is taking on an even more alarming twist, giving personal credit to the Prime Minister for the newly minted millennium scholarships. This is supposed to make us forget that the Liberals slashed money for education and health care by billions upon billions of dollars.

What else might be unveiled on February 24 besides the Prime Minister's memorial fund, bargain basement helicopters named after the defence minister, a new courier company with the name of

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the Indian affairs minister, the son of TAGS as a tribute to the fisheries minister?

Canadians can no longer afford to fund monuments to monumental Liberal egos. Instead, they demand real tax relief on February 24.

* * *

[Translation]

HERITAGE DAY

Mrs. Sue Barnes (London West, Lib.): Mr. Speaker, today is Heritage Day.

[English]

Canadians know that our nation's diversity is our nation's strength. Just the very word heritage must in this diverse Chamber instantly evoke different personal thoughts and memories.

As individual Canadians, the details of our lives, our families and our communities, our backgrounds are different. But for all Canadians, our tremendous and unwaivering pride in Canada is the same.

These are the feelings that every Canadian shares when we think about our wider heritage which inspires us as individuals, enriches us as a society and defines us as a nation.

If we were born here, we inherited it. If we chose to come here, we sought it out. It is ours to remember, to treasure, to learn from, to draw strength from and to be proud of.

[Translation]

Our Canadian heritage is a binding force which transcends geographical distances and unites all Canadians.

* * *

REFERENCE TO SUPREME COURT

Mr. Paul Mercier (Terrebonne—Blainville, BQ): Mr. Speaker, here is a poem on the reference to the Supreme Court:

Nine justices speaking as oracles all,
In answering as one to Jean Chr  t-i-en's call,
Will decide if the Constitution doth give
Us the right to depart this old country, to leave.

No doubt, they will tell us with faces not bright,
That to break with the past, we have no such a right,
That while freedom at last is the call we might sound,
Such action cannot in their papers be found.

And so as will tell us these justices all,
While most of us wish to give heed to the call
To freedom for all in this country so right,
We must hasten away and go off fly a kite.

Dear Justices there is no need for such fuss.
Quebec's future rests really and truly with us.
Though high you may be in your privileged pew,
Remember the people are higher than you.

We honour your wisdom given freely and well,
But respect does not yet put us under your spell.
No never before a nine-member wigged band
Shall kowtow all the seven million tuques in the land.

* * *

[English]

OLYMPIC GAMES

Mr. Roy Cullen (Etobicoke North, Lib.): Mr. Speaker, over the weekend Canada's athletes made Olympic history.

Our women's curling rink, skipped by Sandra Schmirler, made history by winning the sport's first ever Olympic gold medal. The men's team, skipped by Mike Harris, won a silver medal.

For the first time ever, Pierre Lueders and Dave MacEachern won Olympic gold for Canada in two man bobsledding. In another first, this Canadian team shared the gold with a team from Italy.

Catriona Le May Doan and Susan Auch won gold and silver, respectively, after setting an Olympic record in the women's 500 meter speed skating event.

Canada's Elvis Stojko, who finished with a silver medal in men's figure skating, walked away with a world class medal for the courage he displayed.

[Translation]

The important thing is not that Canada win more medals than in the last Olympics. What is important is our pride in our athletes, because they represent the best of what we are and because they have the courage to give their all in the pursuit of excellence.

* * *

[English]

THE SENATE

Mr. Randy White (Langley—Abbotsford, Ref.): Mr. Speaker,

I met a man one sunny day
An executive, I'm sad to say
Who lost his job—a downsizing trend
He was devastated—was this the end?

It's too bad I said to his face
Because he was capable to manage any place
What a great job he could really do
In Canada's Senate for me and you.

But he wasn't qualified—I'm sad to say
He wasn't a Liberal in any way.
In fact, he had no affiliation
Just an outstanding Executive his only station.

Why is it Liberals will throw him to the dogs
 Yet turn all their buddies into political hogs?
 Is paying off favours and providing the carrot
 Better than experience, skills, qualifications or merit?

Some day a new Senate will be the big story
 It won't include some Liberal or Tory
 It will include people like the man I met
 And they will be competent and objective I bet.

* * *

• (1410)

WINNERPEG, MANITOBA

Mr. Reg Alcock (Winnipeg South, Lib.): Mr. Speaker, every weekend is a good one for Manitoba and this one is no exception. Two Manitoban Michelangelos, Miguel Joyal and his teammate Denis Savoie, carved the likeness of Louis Riel, the father of Manitoba, out of snow. Their work, entitled "The Great Manitou", was judged to be the best sculpture in the first annual winterlude snow carving contest. Not only did "The Great Manitou" beat out entries from 11 other provinces and territories, it was also the people's choice, the favourite of visitors to the Hill who also cast ballots in the contest.

On Saturday another Manitoban, Susan Auch, distinguished herself at the Nagano Olympics by winning the silver medal in the 500 metre speed skating event. Her superlative performance marks the second time she has won a medal in that event and caps off a long and illustrious career as a world class speed skater.

I would like to congratulate Susan, Miguel and Denis. This weekend they proved that my city truly merits the name Winnerpeg.

* * *

WINTER OLYMPICS

Mr. Pat Martin (Winnipeg Centre, NDP): Mr. Speaker, with yesterday's haul, the greatest day in Canada's Olympic history, Canadian athletes now have nine medals in Nagano. While I rise to salute all our Olympic athletes, I cannot help but notice that even though the prairie provinces make up only 10% of the population, our prairie athletes have brought home nearly 50% of all the medals. As of yesterday the province of Saskatchewan has as many medals as the United States of America.

Prairie people are no strangers to winter weather. We have always said that it builds character. Apparently it has also built an incredible generation of Olympic champions: Catriona Le May Doan from Saskatoon, Susan Auch from Winnipeg, Sandra Schmirler from Regina and Pierre Leuders from Edmonton. Nine medals and we still have one week to go.

[Translation]

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HERITAGE DAY

Mr. Denis Paradis (Brome—Missisquoi, Lib.): Mr. Speaker, this is Citizenship and Heritage Week, and February 16 is Heritage Day, but Canadian values and traditions can and should be celebrated daily throughout the year.

If we were to try to give a simple definition of heritage, we could say that it is everything that is passed on to us by preceding generations and that we wish to pass on to our children. It is our culture, our traditions, our customs, and the natural environment.

Canadians have many reasons to be proud. We have two official languages, two main cultures, and complementary legal systems. Our rights and freedoms are unequalled and we are making energetic efforts to combat racism and discrimination.

That is what our nation and its founding peoples are all about. That is Canada.

* * *

[English]

NATIONAL UNITY

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC): Mr. Speaker, today's convening of the supreme court hearings on the question of Quebec's unilateral declaration of independence proved once and for all that the Liberal government is void of positive solutions for Canada's unity problem.

The Liberal government, with the support of the Reform Party's legion of doom and gloom, has asked the Supreme Court of Canada to lay down the law on what is clearly a political question. Which difficult political question will the Liberals refer next to the supreme court, the fiscal dividend, employment, health care or Iraq?

This reckless referral to the supreme court gives separatists yet another weapon to hammer the cause of national unity. By abdicating their basic responsibility, the Prime Minister and the Minister of Intergovernmental Affairs are simply parroting the divisive line of Reform. The government must instead display vision and necessary political steps to ensure that all Canadians are unified into the 21st century.

* * *

PARLIAMENT OF CANADA

Mr. John McKay (Scarborough East, Lib.): Mr. Speaker, 1998 is the 150th anniversary of responsible government in Canada. In 1848 Messrs Baldwin and Lafontaine told the governor general of that time that now the Parliament of Canada and the people of

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Canada would be responsible for their government, not a foreign monarchy.

Therein lies the doctrine of the supremacy of Parliament, the ultimate creator of law in this country. Two developments have eroded that doctrine and will, if unchallenged, deform the notion that Parliament is supreme. The first is party politics, the second charter phobia. The discipline of party politics grants to the winning party the right to govern. In most instances it works with an informed opposition.

In 1982 Parliament gave the courts the right to review legislation pursuant to the charter. This has the unfortunate consequence of parliamentary deferral to courts where deferral should not necessarily occur. A lawsuit is a very crude instrument. There is a winner and there is a loser. There is a limited view of the issue.

• (1415)

There is no ability to nuance the issue like a legislative instrument. The year 1998 should be the year that parliament reviews that doctrine.

ORAL QUESTION PERIOD

[English]

NATIONAL UNITY

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, today the supreme court begins its hearings into whether Quebec can secede unilaterally under Canadian or international law.

The separatists and some muddle-headed federalists are saying that it is the democratic will of Quebecers that needs to be respected, not the rule of law. The reality is that both have to be respected.

Why has the Prime Minister failed to make it crystal clear to Quebecers, including his federalist allies in Quebec, that it is both the law and democratic consent that need to be respected?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we have made it very clear that we respect the possibility of the government's holding a referendum. It is a consultation.

We have to make sure that the law of the country is respected by everybody. We made that very clear in the House of Commons and in Quebec. Now that the court is looking into the case, we should let the lawyers argue and the judges decide.

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, according to a recent poll, 88% of Quebecers believe it is their vote and not the law that should decide Quebec's future. In other words, they have been led to believe that it is either/or. That is

a false choice, like the false choice that prevailed before the last referendum when thousands of Quebecers thought they could vote for separation and still enjoy all the benefits of being in the federation.

Why has the Prime Minister not done anything to counteract these false choices which are so dangerous to Canada and so dangerous to Quebec?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, it is exactly to make sure that everybody understands everything that we went in front of the court to ask it to rule now rather than have a ruling after the fact. It is better to know the system of law before a decision is made, not after.

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, what the government needs to be doing besides pushing the supreme court reference is to put forward a plan A, a positive initiative to make the federation work better for everyone, including Quebec.

The plan A for which there is the most support inside and outside Quebec is a rebalancing of the federal and provincial powers, not tinkering with the powers as the government has done, but fundamentally rebalancing for the 21st century.

When is the Prime Minister going to give as much effort to developing a plan A for rebalancing the powers as his government has put into this plan B supreme court reference?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, if the Leader of the Opposition had been listening he would have realized that in February 1996 we had a plan where we clearly said what had to be done.

That is why we have settled many of the grievances that existed before such as manpower training, which had been a problem for 30 years, the questions of mining, tourism, forestry and many others. We also settled the problem of the school boards in the House of Commons in December 1997.

We have taken a lot of steps to correct the grievances of the past.

There is one thing that is clear. We have to make sure that every citizen in Canada acts within the law of the land.

Ms. Val Meredith (South Surrey—White Rock—Langley, Ref.): Mr. Speaker, on September 30, 1997 the Prime Minister said he would consider mailing a copy of the Calgary declaration to every household in Quebec once he had seen what was happening with the consultations in other provinces.

Canadians from all across this country have been consulted and have expressed their desire for a united Canada.

Will the Prime Minister now commit to consulting with all Quebecers by mailing a copy of the Calgary declaration to every household in Quebec?

Oral Questions

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I said we have not discarded any option like the one suggested by the member.

As I said, I want all the provinces that have agreed on the Calgary declaration to proceed with a resolution in their legislatures. The majority have passed resolutions. We are waiting to see if they all will pass a resolution. I am very encouraged by the support the Calgary declaration is receiving in all the provinces that have decided to consult their people.

• (1420)

Ms. Val Meredith (South Surrey—White Rock—Langley, Ref.): Mr. Speaker, all Canadians across the country, with the exception of Quebecers, have been able to debate the Calgary declaration.

Why will the Prime Minister not commit to sending Quebecers the Calgary declaration for them to debate? What is the problem? What is he afraid of?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, just to send the declaration is not necessarily consultation. We also need a mechanism for them to reply. The Reform Party did it on its own the other day. The technique it used was not that effective because it only received a 1% reply.

I do not think it is urgent at this time. This declaration has been signed by all the premiers. It is being done at the provincial level. It will be great when all the resolutions are in and at that time we will advise.

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[Translation]

REFERENCE TO SUPREME COURT

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, yesterday Alain Pellet, President of the United Nations International Law Commission, made the following statement “You do not have the right to manipulate a jurisdiction in this way”.

How can the Prime Minister still maintain and justify the reference to the supreme court when his very intervention, even on the international level, is clearly perceived as a crude attempt at political manipulation?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, since 1867, provincial governments have had the right to make references to their provincial court of appeal, and the federal government has the same right with respect to the Supreme Court of Canada.

This is a mechanism which has been put in place, which exists, which is well recognized in law. Even citizens may exercise it in Quebec through a declaratory action, since it is sometimes very

wise to seek the court’s opinion before acting, rather than trying to pick up the pieces afterward.

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, speaking of picking up the pieces afterward, the Prime Minister has been unsuccessfully trying to pick up pieces that have been lying around since 1982. He keeps on making the same mistakes.

Is the Prime Minister aware that, in his stubborn desire to impose his own view of national unity, he is putting an indelible blot on the credibility of the supreme court in the eyes of Canadians and of Quebecers, and is seriously discrediting it in the eyes of all of the other countries in the world?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, these are the same people who, on two occasions—contrary to everything that is decent in democracy—when the people of Quebec had spoken freely, even though the question was a confused one, and decided to remain in Canada, have refused to accept the decision by the people of Quebec to remain in Canada. They still want to try one more time with a confused question in order to try to cloud the issue.

All we are asking is this: Be honest. Ask a clear question.

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, my question is for the Prime Minister.

Alain Pellet, the lawyer who chairs the UN International Law Commission, stated yesterday that, on an issue like the reference, the answer of the International Court of Justice in the Hague would sound like this: “You are not in earnest, you are asking leading questions”.

How can the Prime Minister persist in asking the Supreme Court of Canada to rule on a political debate in Quebec?

• (1425)

Hon. Stéphane Dion (President of the Queen’s Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, Alain Pellet has written and said many things, most of which would greatly embarrass the Bloc Québécois. I will just ask that the Bloc show respect for the work being done by the court.

The court has work to do this week. Both sides will argue their case and all the noise and political uproar the Bloc can muster will not change a thing.

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): I understand why the Prime Minister is embarrassed to answer, Mr. Speaker?

Does the Prime Minister, who intensified the Canada-Quebec constitutional impasse in 1982 by unilaterally patriating the Constitution, not realize that by manipulating the Supreme Court of Canada as he has done, he is leading Quebec and Canada straight into another impasse?

Oral Questions

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, last Friday, the Quebec premier stated that he considered the justices of the supreme court to be honest magistrates, who have at heart one of the essential values underlying the operation of a court of law, that is to say judicial independence.

So, the Bloc should respect judicial independence.

* * *

[English]

AUTO PACT

Mr. Chris Axworthy (Saskatoon—Rosetown—Biggar, NDP): Mr. Speaker, my question is for the Minister of Industry. He knows, as do Canadians, that the auto industry in Canada comprises 325,000 direct and indirect jobs.

Just before the last federal election the present Minister of National Defence, when he was Minister for International Trade, confirmed that the government had no plans to eliminate one of the linchpins of the auto pact, the 7.3% tariff on new non-auto pact cars coming into Canada.

Will the minister confirm that there has been no flip-flop on the 7.3% tariff and that he has no intention of gutting the auto pact by eliminating this tariff?

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, the hon. member will know that an automotive competitiveness policy review is under way at the present time. That consists of looking at quite a number of elements of competitiveness in this sector, tariffs being only one of them.

At the moment we are not anticipating any changes in the tariff rates other than those which are already scheduled in international agreements.

Mr. Chris Axworthy (Saskatoon—Rosetown—Biggar, NDP): Mr. Speaker, the 325,000 Canadians who work in the auto industry need a clearer answer than that.

The 2.5% tariff on car parts has already been eliminated with no reciprocal deal from our partners irrespective of the departmental review.

Why will the minister not stand up for these workers, for the car industry in Canada, and save further embarrassment on the part of his Liberal colleagues from Windsor, Oakville, Oshawa and throughout southern Ontario? Will he stand up for the auto pact and the tariff today? Why will he not tell us that it is here to stay?

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, I am delighted that the NDP has finally found some virtue in international trade agreements. This time it is the auto pact.

Let me tell him we understand that not only are there a lot of jobs in this area but that one in six jobs in the province of Ontario depends on the automotive sector. It is a crucial sector for Canada. It is a crucial sector for Ontario. We are going to see that it gets stronger, not weaker.

* * *

[Translation]

REFERENCE TO SUPREME COURT

Hon. Jean J. Charest (Sherbrooke, PC): Mr. Speaker, my question is for the Prime Minister.

Following the questions asked by members of the Bloc Québécois and the Reform Party, does the Prime Minister not realize that the government is playing the game of the extremists in this country?

Does the government not realize that if the Supreme Court must make a decision, it will tell us what we already know, namely that no one can provide a definite answer should the country separate?

Does the Prime Minister not recognize that it would be better to propose a plan A, that is a plan acceptable to those who want a consensus on change, including as regards Canada's economic and social union?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we did not want to just roll the dice. We prefer to deal with one issue at a time. I just listed the issues that we managed to settle.

One thing is clear in my mind: If one wants to become prime minister of the country, one should pledge to ensure compliance with the law of the land.

[English]

Hon. Jean J. Charest (Sherbrooke, PC): Mr. Speaker, the Prime Minister is in a bad position to give anyone a lesson about rolling the dice after what he did in the 1995 referendum, after he said to Canadians in the 1995 referendum that everything was fine. As a result he almost lost the country. Has he not learned anything from that referendum?

Quebeckers and Canadians want the country to work. They do not want the extremes of the Reform Party. They do not want the extremes of the Bloc. They want a solution which makes the country work, not a recipe on how to break it up.

• (1430)

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I think the first thing is that someone who believes in Canada does not vote with those who want to break Canada up.

Some hon. members: Hear, hear.

Right Hon. Jean Chrétien: I would like to say to the leader of the Conservative Party that when we campaigned in the referendum

we had a joint program that was signed by me and by him. If he wants to give me some responsibility, he should be honourable enough to take some responsibility too.

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THE BUDGET

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, last spring the finance minister had his wrists slapped by the auditor general when he cooked the books to the tune of about \$800 million, contrary to the stated accounting policies of the Government of Canada. Now we hear he is at it again with the \$3 billion memorial fund to the Prime Minister.

Will the finance minister assure Canadians he has learned his lesson and will not be loading the spending of future year into the upcoming 1998-99 budget?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, when we took office in 1993 one thing we found was that in fact a number of commitments which had been taken by the previous government had not been booked in the statements of account. As a result the deficit was in fact larger than the Canadian people understood it to be.

We took the decision at that point that we would always book any obligations of the Government of Canada so that Canadians could see them up front and they would not be hidden.

That is the process we followed in this case and we will continue to follow it.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, it sounds more like the Bre-X approach to me. The fact is the auditor general chided the government for not following its own policies with respect to accounting.

My question is again for the finance minister who was very evasive the last time. Will he assure Canadians that he will not make that surplus disappear before we get it by hiding future spending in this year's budget?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, we have made it very clear that the government will operate in an open and transparent way.

We simply do not believe that when somebody goes out for dinner they should leave it for somebody else to pick up the cheque.

* * *

[Translation]

REFERENCE TO SUPREME COURT

Mr. Pierre Brien (Témiscamingue, BQ): Mr. Speaker, my question is for the Prime Minister.

Oral Questions

In August 1987, Yves Fortier, now the federal government's counsel in the reference to the Supreme Court, stated in connection with the Constitution of 1982: "Politically, and I would go so far as to say morally, the Constitution Act, 1982, does not apply to Quebec".

Is the Prime Minister aware that his spokesperson, the government's lawyer, that same Yves Fortier, is today saying precisely the opposite of what he was saying in August 1987?

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, I do not know why the Bloc Québécois is again asking a question I answered last week.

At any rate, Mr. Fortier is now pleading his case before the court. The court is listening to his case, and that is where the situation stands as of today.

Mr. Pierre Brien (Témiscamingue, BQ): Mr. Speaker, when he stated that the 1982 Constitution did not apply politically or morally to Quebec, Mr. Fortier added that "those who claim otherwise are guilty of constitutional heresy".

Can the Prime Minister tell us what credibility people can assign to this masquerade when there are such contradictions coming from the very person currently defending the position of the federal government?

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, for the response to that question, I would refer the Bloc Québécois to the record of last week's question period.

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THE BUDGET

Mr. Jason Kenney (Calgary Southeast, Ref.): Mr. Speaker, a recent national poll shows that nearly two-thirds of Canadians believe the government should make deficits illegal from now on.

Close to three Quebeckers out of four want the government to pass balanced budget legislation.

When is the finance minister going to protect Canadians against future excessive spending through balanced budget legislation?

• (1435)

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, there is no problem, since the government wants to avoid any future deficit.

The problem is with the Reform Party asking for huge exemptions. Such exemptions would invalidate the act.

[English]

Mr. Jason Kenney (Calgary Southeast, Ref.): Mr. Speaker, five out of ten provinces have balanced budget laws and all of those provinces have balanced budgets. Eighty-five per cent of Cana-

Oral Questions

dians in the same poll say they think the federal government is big enough today and should not get any bigger.

The Minister of Finance is preparing with his spendaholic colleagues to increase the size of government with new Ottawa style, big government programs.

Why is the minister ready to make government bigger in this budget when Canadians want it to become smaller?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, we would far prefer to be judged by our results than by rhetoric.

I simply remind the hon. member that when we took office the deficit was \$42 billion. Today the deficit is on the cusp of being eliminated. I think we will have to let Canadians judge that result.

* * *

[Translation]

REFERENCE TO SUPREME COURT

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, the Minister of Intergovernmental Affairs earlier wanted to talk of the independence of the judicial process. Now we are going to be speaking about independence.

In 1992, in the referendum on the Charlottetown accord, Yves Fortier, counsel for the government, and Mr. Justice Bastarache, recently appointed by the Prime Minister to the Supreme Court, jointly chaired the yes committee, a yes that all Canadians, including Quebeckers, rejected.

Does the Prime Minister not consider, given the two are working side by side in the same political case, that this casts a shadow on the Supreme Court?

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, I will repeat the words of the former leader of the Bloc Québécois, the Quebec premier. He said: "I consider the justices of the Supreme Court to be honest magistrates, who have at heart one of the essential values underlying the operation of a court of law, judicial independence".

The prestige of the Supreme Court of Canada is recognized worldwide. We have no reason to think that the court will not do an honest and competent job, or lose sight of one of the values essential to a court of law: judicial independence.

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, for the benefit of the minister, justice must not only be done, it must also appear to be done.

Does he not consider, given that the experts agree the questions asked by the federal government will provide the response the government is after and that, in the light of the complicity between

Justice Bastarache and counsel for the government, would there not be reason to think this case has already been heard?

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, the court will give an opinion, which will be available for examination by all legal experts in Canada and around the world. I am sure that the aim of the court is to give an opinion that meets all the criteria of judicial jurisdiction.

* * *

[English]

HEALTH

Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.): Mr. Speaker, today provincial health ministers are gathering together to determine a compensation package for victims of Hepatitis C.

Of the 90,000 people who have been infected half are dead. The provinces have already dismissed outright the offer by the federal government. What will the minister be bringing to the table tomorrow?

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, I will be joining my provincial counterparts this evening and all day tomorrow to discuss the very matter. I assure the hon. member and my colleagues on all sides of the House that we will be making our very best efforts with the provinces to find some way of dealing with the matter.

From the perspective of the victims of the tainted blood tragedy it is important that we have a co-ordinated response. We, along with our provincial counterparts, will be doing our very best to achieve that.

Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.): Mr. Speaker, I am very glad the health minister spoke about a co-ordinated approach and about his care for the victims of this terrible problem. The solutions, though, have been on the table for a long time and the government has continued to dither.

• (1440)

The Hepatitis C Society has put forth constructive, fair, equitable and doable solutions. Will the Minister of Health implement those solutions as soon as possible?

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, the hon. member is quite right to say the Hepatitis C Society has made some constructive suggestions in this regard.

Since the receipt of the Krever report and the careful analysis of the history and the recommendations for the future, we have worked with the Hepatitis C Society and other interested groups to prepare ourselves for this meeting tomorrow. I very much hope that by the end of the day tomorrow we are going to be able to announce that the provinces and the federal government can approach this difficult problem with a common answer.

Oral Questions

[Translation]

BILL C-28

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, as regards Bill C-28, sponsored by a minister who is both a legislator and a shipowner, the four opposition parties are joining their voices in unanimously asking that a special committee be immediately established to shed light on the real, potential or apparent conflict of interest involving the Minister of Finance.

If the Prime Minister wants to protect his government's integrity, should he not accept the unanimous request made by all opposition parties to shed light on the dangerous position in which the Minister of Finance put himself?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I apologize for always saying the same thing, but the member keeps asking the same question.

When the bill was tabled, the work relating to the specific clause was done by the Secretary of State for International Financial Institutions. When the Minister of Finance was appointed to his portfolio, he followed the very clear rules and put all of his assets in trust. The ethics counsellor established all the rules, and the Minister of Finance has complied with them at all times.

Again, I have confidence in the Minister of Finance. He is an honest man, as he has clearly proven since being appointed to his position.

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[English]

INFRASTRUCTURE

Mr. Steve Mahoney (Mississauga West, Lib.): Mr. Speaker, my question is for the President of Treasury Board.

The Canada infrastructure works program was a very successful federal initiative that created thousands of jobs across the country and provided much needed funding for infrastructure development. Many people in our communities are anxious to know if we are going to extend this program again.

Can the minister make a commitment today that he is prepared to extend this highly successful program?

[Translation]

Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, the Canada infrastructure works program has been and continues to be successful. The federal government invested \$2.3 billion in more than 16,000 infrastructure projects that have created over 125,000 jobs.

The program was implemented in co-operation with the provinces and municipalities, and we intend to pursue it until March 31, 1999.

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[English]

ABORIGINAL AFFAIRS

Mr. Mike Scott (Skeena, Ref.): Mr. Speaker, Bruce Starlight wrote to the minister of Indian affairs last fall. His privacy was breached and his letter leaked to the chief, Liberal Roy Whitney. Chief Whitney is now using taxpayers' money provided by the minister of Indian affairs to sue Mr. Starlight.

The Deputy Prime Minister said last week that he is looking into paying for Mr. Starlight's legal fees because he recognizes that this is a breach in confidentiality. Is he now prepared to assure Mr. Starlight that his legal fees will be paid?

[Translation]

Mr. Bernard Patry (Parliamentary Secretary to Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, an investigation is under way. It is conducted by Mr. Newman, who is an experienced investigator. I can assure the hon. member that the minister will act responsibly once she is informed of the findings of the investigation.

[English]

Mr. Mike Scott (Skeena, Ref.): Mr. Speaker, just so that we are clear, the Deputy Prime Minister and the minister of Indian affairs have already acknowledged that this is an unacceptable breach of confidentiality. Mr. Starlight wrote a letter and as a direct result of this government's failure to respect his private and privileged correspondence, he is being sued.

I am going to ask one more time: Will the Deputy Prime Minister please commit here and now to paying for Mr. Starlight's legal fees?

• (1445)

[Translation]

Mr. Bernard Patry (Parliamentary Secretary to Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, based on the available information, it appears that the band council will pay for the legal fees of both Mr. Whitney and Mr. Starlight.

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EMPLOYMENT INSURANCE

Mr. Yvon Godin (Acadie—Bathurst, NDP): Mr. Speaker, my question is for the Minister of Human Resources Development.

Oral Questions

The number of unemployed workers eligible for EI has dropped from 87% in 1989 to less than 40% today. The EI commission's first report indicates that the intention of changes was not to reduce the number of claimants.

That being the case, is the minister prepared to revise the eligibility criteria immediately?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, I thank the member for his extremely relevant question.

In fact, the number of unemployed workers participating in our system is of great concern to us. It has dropped very significantly.

I do not, however, think I can go along with the member's conclusion that this is entirely the result of the eligibility criteria. That is why I have asked my officials to look into the matter in order to find out why there are so many workers no longer covered by the system, so that appropriate decisions can be made.

Mr. Yvon Godin (Acadie—Bathurst, NDP): Mr. Speaker, I invite the minister to come to Acadia to see what is happening in the fishery. Perhaps he would then be able to understand.

The report says it is too early to assess the impact of EI changes. I would like the Minister of Human Resources Development to tell the thousands of seasonal workers who are suffering that there is insufficient data to assess the situation. Are the reality and the facts not enough?

Is the government prepared to revise the criteria governing eligibility and duration of benefits so that they are more consistent with the needs of seasonal workers?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, I would point out that anyone who has read the complete report will also have seen that workers, particularly those in the Atlantic region of Canada, came up with additional weeks so that they could maintain their level of benefits.

The reform is beginning to produce results because, when motivated to come up with more weeks, these people did. Now we are making the right decisions because we understand what is going on. Is it because there are a greater number of self-employed workers on the market who are not covered by the system, and not just the eligibility criteria?

* * *

[English]

TAXATION

Mr. Scott Brison (Kings—Hants, PC): Mr. Speaker, the Prime Minister should be put in the penalty box for joking about his salary when Canadians have had a 6% drop in disposable income and a 15% increase in income tax over the past several years. Our most talented Canadians are leaving Canada to work elsewhere.

Is the Prime Minister's policy of continued high income taxes and a weak Canadian dollar part of his plan to reduce the pay gap between himself and the NHL players?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, it was not this Prime Minister's policy. It was the previous Prime Minister's policy that brought us high income taxes.

In fact since this government has taken office we have not raised income tax rates. We have brought down the deficit. We have brought down interest rates. A million Canadians have gone back to work and this country is now imbued with an optimism that it has not seen in over a decade and a half.

Mr. Scott Brison (Kings—Hants, PC): Mr. Speaker, the Minister of Finance needs to be briefed a little better. Between 1989 and 1993 the Conservative government reduced income taxes as a per cent of GDP by 1%. Since 1993 this minister has increased income taxes as a per cent of GDP.

The *Globe and Mail* on Saturday reported that the heavy tax burden combined with overall income taxes in Canada is putting in motion a brain drain that is taking our most productive workers. Over 80% of Waterloo graduates are going to the U.S. When will this finance minister act to end the brain drain and bring broad based tax relief?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the hon. member wants to talk about the Tory record while in power between 1989 and 1993: employment down by 100,000 jobs; real disposable income down 8.1%; net worth of incomes down; consumer confidence down 6.9%; housing starts down 26.4%; vehicle sales down 16.6%. I have a whole book about the Tory record.

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• (1450)

AFGHANISTAN

Ms. Aileen Carroll (Barrie—Simcoe—Bradford, Lib.): Mr. Speaker, we are all concerned about reports of the recent earthquake in Afghanistan. Four thousand people have been killed and thousands more have been left homeless. Can the minister assure this House that Canada is doing everything possible to assist with this catastrophe?

Hon. Diane Marleau (Minister for International Cooperation and Minister responsible for Francophonie, Lib.): Mr. Speaker, the Government of Canada extends its condolences to the people of Afghanistan as well as to the victims' families. I am pleased to announce that the Government of Canada will be contributing \$300,000 to the victims in the regions of Afghanistan through the International Committee of the Red Cross.

*Oral Questions***JUSTICE**

Mr. Chuck Cadman (Surrey North, Ref.): Mr. Speaker, I am glad we are concerned about earthquake victims in Afghanistan but 10 days ago near my home two 15 year olds were shot. Last week the father of one of them buried his young son. I am angered because I know that pain.

What we hear from this justice minister are warm and fuzzy words about youth violence like partnerships and stakeholders. Without a sermon on gun control would she please tell us how many more parents must put their children in the ground before this government stops tinkering and does something?

Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, I thank the hon. member for his question. He raises a very serious issue.

As I believe the hon. member knows, I have made a promise that I will be tabling in this House in the coming weeks a response to the report of the Standing Committee on Justice and Human Rights on youth justice. The hon. member raises a very important point. I hope he will work with us when I table the response. We in this country are all very concerned that we ensure we have a youth justice system that first and foremost protects the public of this country.

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[Translation]

SMALL BUSINESS ASSISTANCE PROGRAMS

Mrs. Francine Lalonde (Mercier, BQ): Mr. Speaker, my question is for the President of the Treasury Board.

Last Friday, in a joint statement, the President of the Treasury Board and his colleague the secretary of state announced a federal compensation program for small businesses affected by the ice storm, a program established unilaterally, without any harmonization with Quebec.

Will the minister admit that all he is trying to do on this issue is to enhance the government's visibility at the expense of the effectiveness of small business assistance programs?

Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, I have met with my colleague Mr. Brassard, Quebec's intergovernmental affairs minister, four times in three weeks to try to find a basis for an agreement to provide assistance to small and medium size businesses, which are currently facing considerable financial hardship. I met the business owners themselves and they told me action was urgently needed.

After meeting with Minister Brassard on Wednesday, I followed up with a phone call on Friday to remind him he had told me he would give me an answer—

The Speaker: The hon. member for Palliser.

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[English]

NATIONAL DEFENCE

Mr. Dick Proctor (Palliser, NDP): Mr. Speaker, my question is for the Minister of National Defence.

As the minister knows firsthand from his meeting with the folks in Happy Valley-Goose Bay, alternate service delivery means slashed salaries, devastated communities, massive job losses and the Canadian military being deprived of the tools and talents it needs to do the job. Now other communities appear to be subject to this ASD flu as well.

Why will the minister of defence not order a halt to this race to the bottom before it destroys thousands more lives and several more communities?

Hon. Arthur C. Eggleton (Minister of National Defence, Lib.): Mr. Speaker, the hon. member has the wrong focus on the program. We are attempting to save money for the Canadian taxpayers and to do it in a way that treats our employees in a fair and humane way.

In the case of Goose Bay, if we did not put this program into effect we would be too high in our costs. That means we would lose some of the air forces we have in foreign countries which are vital to the economic well-being of that community.

• (1455)

I know that concerns have been raised by people in that community. The hon. member knows that I have met with people from Happy Valley-Goose Bay in an effort to resolve them.

* * *

[Translation]

INCOME TAX

Ms. Diane St-Jacques (Shefford, PC): Mr. Speaker, according to figures released by Statistics Canada last week, while wages have practically not increased since 1992, Canadians are paying 15% more in income tax.

This means less money left over at the end of the month to pay for groceries, clothing and housing. As a result, there are 1.5 million children living in poverty in Canada, or 500,000 more than in 1989.

Could the Minister of Finance help Canadian families by increasing the amount of the basic exemption, which would be a direct benefit to low income families and their children?

Oral Questions

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, I remind the hon. member that, last year, the Minister of Human Resources Development proposed to the provinces and to this House—in fact, it will become effective in July—the national child benefit, specifically designed to help children living in the conditions described by the hon. member.

At the same time, the Prime Minister announced in June our plans to double the amount earmarked for the national child benefit by adding a further \$850 million because we can clearly see how difficult a situation many Canadian families are in.

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[English]

COMPUTERS FOR SCHOOLS

Ms. Bonnie Brown (Oakville, Lib.): Mr. Speaker, my question is for the Secretary of State for Science, Research and Development.

The computers for schools program is supposed to prepare Canadian students for success in the knowledge based economy. I want to know when this program will benefit the students in my riding and those right across the country.

Hon. Ronald J. Duhamel (Secretary of State (Science, Research and Development)(Western Economic Diversification), Lib.): Mr. Speaker, it has already started. Last Friday in Winnipeg at Grant Park secondary school the Prime Minister delivered the 50,000th computer. The Minister of Industry in fact has challenged the business community to provide 250,000 computers to schools and libraries by the year 2000.

Computers for schools, with the help of organizations such as Telephone Pioneers, has collected, repaired, upgraded, packaged and delivered \$25 million worth of computers to schools throughout the country.

* * *

REVENUE

Mr. Howard Hilstrom (Selkirk—Interlake, Ref.): Mr. Speaker, first the minister of Indian affairs failed to tell the House how and why the contents of a confidential letter of complaint were released. Now five years of personal income tax returns of Mr. John Thiessen of Winnipeg were released to the Manitoba Public Insurance Corporation without authorization, contrary to section 241 of the Income Tax Act.

I would like the Minister of National Revenue to tell all Canadians why personal tax returns are being released without authorization and if these are the only ones.

Hon. Harbance Singh Dhaliwal (Minister of National Revenue, Lib.): Mr. Speaker, I want to assure the member that personal tax information is not released. In fact at national revenue we ensure that all information of taxpayers is kept confidential. No

information is released. We value that confidence which we maintain. I want to assure the House it is something we value very much. We do not release the confidential information of taxpayers.

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[Translation]

ABORIGINAL AFFAIRS

Mr. Claude Bachand (Saint-Jean, BQ): Mr. Speaker, my question is for the Minister of Indian Affairs and Northern Development.

The federal government took part in two referendums in relation to the Manitoba Hydro project affecting the Norway House Cree. It so happens that the voter's guide, written in co-operation with the federal government, says very clearly that if the proposed agreement is approved, each voter will receive an amount ranging from \$700 to \$1,000.

Is that the federal government's new way of holding referendums, by buying votes in its favour?

The Speaker: My colleagues, I would ask you to be a little more careful about how you phrase your questions. I will allow the parliamentary secretary to answer if he so wishes.

Mr. Bernard Patry (Parliamentary Secretary to Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, the member knows full well that this is an agreement between the federal government, the Manitoba government, Manitoba Hydro and the Norway House First Nations.

This means that his question is purely hypothetical, and I do not think this is appropriate here.

* * *

● (1500)

[English]

RAILWAYS

Ms. Bev Desjarlais (Churchill, NDP): Mr. Speaker, the parliamentary secretary explained the process for abandonment of rail lines of which most of us already are already aware. He did not answer my question.

The Minister of Transport has asked for a review of the grain handling and transportation system from farmer to port. If this review is to have any credibility, all options including the railways must be available.

Will the Minister of Transport ensure that not one more kilometre of track will be torn up, allowing time for Judge Estey to report?

Hon. David M. Collenette (Minister of Transport, Lib.): Mr. Speaker, the railways have assured me that they are indeed very sensitive to the point raised by the hon. member.

It is very important that we allow Judge Estey the freedom to conduct his commission in an unfettered way. I am sure the result will be beneficial to everyone in western Canada.

* * *

[Translation]

CHILD POVERTY

Ms. Diane St-Jacques (Shefford, PC): Mr. Speaker, in a recent interview conducted for *World Economic Affairs*, the finance minister stated that child poverty is a disgrace in this country and that a national effort is needed to solve this problem.

Will the Minister of Finance promise today that he will index the national child benefit? I should remind him that the number of children living in poverty has reached a record high of 1.5 million.

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, thanks to the excellent work that was done over the years, we were able to inject \$850 million. Together with the provinces, we set up a national child benefit system. The budget will increase by \$850 million as of July 1, 1998, and by another \$850 million during this mandate.

This is a lot more important than indexing the benefits. We are working on improving the system itself and not only on indexing the benefits. This is a much broader initiative.

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[English]

PRESENCE IN GALLERY

The Speaker: I draw the attention of hon. members to the presence in the gallery of His Excellency Vladimir Kuramin, Chairman, State Committee of the Russian Federation on Development.

Some hon. members: Hear, hear.

The Speaker: My colleagues, some time before Christmas a question of privilege was raised in which the Minister of National Revenue was named, or at least his department was, and he is going to make a statement today.

Before I give him the floor I would like to point out to the House that this would seem to be a very long time for anyone to get back to the House with the other side of the story on a question of privilege. I would hope that we could cut this time down in future.

The hon. Minister of National Revenue, in response to a question of privilege.

Privilege

PRIVILEGE

DEPARTMENT OF NATIONAL REVENUE

Hon. Harbance Singh Dhaliwal (Minister of National Revenue, Lib.): Mr. Speaker, I rise today to respond to a question of privilege raised on December 11, 1997 by the hon. member for Pictou—Antigonish—Guysborough.

• (1505)

I thank the Speaker for reserving judgment on the matter raised and providing an opportunity for me to provide information regarding the matter of the payroll deduction tables which appeared on the Revenue Canada website prior to approval of the rates in Bill C-2.

It was not the intent of my department to compromise or negate the member's privilege to consider amendments to the proposed bill by publishing these new tables on its website prior to approval.

While it is true the payroll deduction tables were placed on the Revenue Canada website prior to the approval of Bill C-2, the release of these rates was clearly accompanied by an appropriate disclaimer indicating to employers that the tables were based on proposed legislation. The disclaimer noted:

This publication contains proposed changes to the Canada pension plan for 1998, as provided in Bill C-2. This bill is currently before the Senate of Canada and, if passed as proposed, will become law.

The payroll deduction tables were placed on the website in December as a public service to employers who need this vital information in order to prepare their payroll systems for the year that began January 1, 1998.

This information was particularly important for employers at that time because of the change in the Canada pension rate that was announced in November 1997. The rate change resulted in a delay of the production of the 1998 tables. Knowing that the printed version of the tables would not reach employers until January, Revenue Canada published the tables on its website and included an appropriate disclaimer.

The actions of my department in this regard do not constitute a contempt of the Parliament of Canada but rather provide a valuable public service for employers.

The Speaker: I want in no way to question the veracity on both sides but would like to satisfy myself. Because there was a disclaimer, as the hon. minister said, I will order my officials to download it and will get back to the House if necessary.

*Routine Proceedings***ROUTINE PROCEEDINGS***[Translation]***GOVERNMENT RESPONSE TO PETITIONS**

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

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*[English]***COPYRIGHT ACT**

Mr. Steve Mahoney (Mississauga West, Lib.) moved for leave to introduce Bill C-358, an act to amend the Copyright Act.

He said: Mr. Speaker, the purpose of the bill is to amend the Copyright Act to allow educators in Canadian school boards to photocopy works for classroom purposes free of charge.

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

* * *

• (1510)

PETITIONS**NUCLEAR WEAPONS**

Mr. Bob Mills (Red Deer, Ref.): Mr. Speaker, it is a pleasure to rise today to present a petition signed by 72 people from B.C., Saskatchewan and Ontario.

The petitioners pray that parliament support the immediate initiation and conclusion by the year 2000 of an international convention which will set out a binding timetable for the abolition of all nuclear weapons.

I believe all of us would support the long term elimination of nuclear weapons.

CRIMINAL CODE

Mr. John O'Reilly (Victoria—Haliburton, Lib.): Mr. Speaker, it is my pleasure to present a petition under Standing Order 36 signed by 392 people from the riding of Victoria—Haliburton.

They call on parliament to amend the Criminal Code to ensure the right of all Canadians to die with dignity by allowing people with terminal, irreversible or debilitating illness the right to the assistance of a physician in ending their lives at a time of their choice, subject to six strict safeguards to prevent abuse and to ensure that the decision is free, informed, competent and voluntary.

PUBLIC SAFETY OFFICERS

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I have the pleasure to present a petition signed by a number of Canadians including from my own riding of Mississauga South.

The petitioners would like to draw to the attention of the House that police officers and firefighters are required to place their lives at risk on a daily basis and that when one of them loses life in the line of duty the public also mourns that loss.

The petitioners therefore ask parliament to establish a fund known as the public safety officers compensation fund for the benefit of families of public safety officers killed in the line of duty.

YOUNG OFFENDERS ACT

Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.): Mr. Speaker, it is my privilege to present to the House a petition from Rena Harvey and a number of other constituents in Esquimalt—Juan de Fuca.

They call on parliament to enact legislation to repeal the Young Offenders Act and replace it with an act that will provide penalties for violent crimes committed by young people, will act as a deterrent to such actions and will provide safety and security to the general public.

OLD AGE SECURITY

Mr. Paul DeVillers (Simcoe North, Lib.): Mr. Speaker, pursuant to the standing orders of the House I present two petitions on behalf of 79 and 75 constituents respectively.

The first petition requests that parliament refrain from any action on the proposed changes to the old age security.

CRTC

Mr. Paul DeVillers (Simcoe North, Lib.): Mr. Speaker, the second petition requests that parliament review the mandate of the CRTC and direct it to administer a new policy which will encourage the licensing of religious broadcasting.

* * *

*[Translation]***QUESTIONS ON THE ORDER PAPER**

Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, the following question will be answered today: No. 37.

[Text]

Question No. 37—**Mr. Gilles Bernier:**

What is the government's estimate of the dollar value of second tier benefits from the contract to purchase EH-101 helicopters as detailed by the Department of National Defence including: the creation of 40,000 person-years of employment, benefits to Canadian businesses involved in the contract, additional tax revenues generated by

those businesses and employees, a 10% royalty on all future international sales of EH-101 helicopters' and, in particular, how many EH-101 helicopters have been purchased around the world since 1993 and at what cost?

Hon. Arthur C. Eggleton (Minister of National Defence, Lib.): The two prime contractors, Paramax and E.H. Industries Limited, committed to providing \$3.2B, 1992 dollars, in industrial benefits from the contract to purchase 50 EH-101 helicopters. Since the contract for the acquisition of helicopters was subsequently cancelled, it is not possible to determine the exact value of the indirect industrial benefits out of \$3.2B 1992 dollars that would have accrued from this contract.

E.H. Industries Limited advises that there are currently firm orders for 83 aircraft. The date of award of these orders is not known. The cost of the purchases is also unknown as it is privileged information between E.H. Industries Limited and its customers.

[Translation]

Mr. Peter Adams: Mr. Speaker, I would ask that the remaining questions be allowed to stand.

Mr. Guy St-Julien (Abitibi, Lib.): Mr. Speaker, early in December 1997, I had three questions placed in the Order Paper and Notice Paper, namely Questions Nos. 53, 62 and 63, about the construction of some RCMP detachments in Rouyn-Noranda that would cost more than \$1 million to accommodate only one secretary.

The 45-day period has expired. When can the people of Abitibi—Témiscamingue expect answers to my questions?

[English]

Mr. Peter Adams: Mr. Speaker, I have made a note of the question. I will look into it and get back to the member.

The Speaker: Shall the remaining questions stand?

Some hon. members: Agreed.

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[English]

SMALL BUSINESS LOANS ACT

The House resumed consideration of the motion that Bill C-21, an act to amend the Small Business Loans Act, be read the second time and referred to a committee.

The Speaker: The hon. member for St. Catharines has two minutes remaining, followed by questions and comments.

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Mr. Walt Lastewka (Parliamentary Secretary to Minister of Industry, Lib.): Mr. Speaker, I would like to inform you that I am splitting my time with the member for Mississauga West.

Further to comments made on Bill C-22, I would like to point out that by extending the lending period and by raising the loan ceiling period we will be ensuring that more of these businesses will have continued access to the financing they need to grow and create jobs.

The SBLA program compares very favourably with similar programs that have been set up in other countries. A recent study was conducted by Dr. Alan Riding of Carleton University entitled "On the Care and Nurture of Loan Guarantee Programs". The study examined many international programs similar to the SBLA program. In it Dr. Riding concluded that the SBLA scheme has much to recommend it. Among its more attractive features are its extraordinary low administrative costs and low costs associated with honouring guarantees.

• (1515)

Administrative costs and the costs of default associated with any other national approaches, whether it be U.S., U.K., Japan or Germany, are many times greater than those of the SBLA.

Clearly the SBLA is doing its job in support of Canada's small business sector and doing it well. The bill before us will permit the time needed to review the program as contemplated by Parliament when it provided for the current five year lending period.

I humbly request that the House of Commons pass this bill so that we can get on with the next phase which is a comprehensive review of the SBLA.

Mr. Werner Schmidt (Kelowna, Ref.): Mr. Speaker, I listened with interest to the member's statements about Bill C-21. I think he made a point in the remarks to the effect that this is not a subsidy.

I could not help but think about who it was who might be receiving this subsidy or for whom it was not a subsidy. It could not very well be for the applicant of the small business loan but it could be the bank.

It seems to me that one of the discoveries that the auditor general made was that somewhere between 30% and more recently up to 46% of the loans actually granted under the SBLA program would have been granted without the provisions of the SBLA.

If that is the case, that means 46% of the loans actually granted to business were guaranteed by the Government of Canada, loans that these institutions would have lent to the individuals anyway. Therefore, rather than the bank being on the hook and taking the risk, it is the taxpayer who is taking the risk up to 85% of the principal value of these loans.

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I ask the member whether he could please clarify for whom this is not a subsidy.

Mr. Walt Lastewka: Mr. Speaker, I understand where the hon. member is coming from. Since we made changes in the 1995 proposal, the objective was to make the SBLA program more and more self-sufficient.

The hon. member knows, coming from western Canada, that the four western provinces have used the SBLA to a very high extent, in fact more than any other part of Canada.

By using the SBLA program, what in effect we are doing is more and more new and young businesses are into it and especially under three years. As I mentioned earlier, almost 60% of the SBL applicants are under the three year mark as firms and almost 40% are starting companies.

The objective there is to continue to push the banks, which I know the hon. member does in the industry committee, to loan to small businesses. I think we both have the same objective, more money available for firms, especially the start-up firms, and more jobs created in Canada.

Mr. Werner Schmidt: Mr. Speaker, maybe the hon. member did not understand my question. I will put it very simply and very quickly. Is the SBLA a subsidy to the banks?

Mr. Walt Lastewka: Mr. Speaker, no. I think the SBLA program is an efficient, effective program to help start-up companies, to help young companies and expanding companies to expand.

Yes, we need to review small business loans. The auditor general made some comments. We will have a comprehensive review. However, I do not believe, as the member opposite and his party do, that we should stop it at this time. Comments were made by the member for Saskatoon—Humboldt that the SBLA program should be stopped until we have the review. I do not believe that should be done.

I believe that we should extend it, that the review should continue and that the hon. member will have a chance to come to the industry committee to see whether it is a subsidy. I do not think it is. I think it is part of making things happen in our country.

• (1520)

Mr. Steve Mahoney (Mississauga West, Lib.): Mr. Speaker, I am pleased to talk about this issue because I have some background in the area of small business. For a year during the late eighties when the Peterson government was in power in Ontario, I had the privilege of being the small business advocate. I travelled around the province and met with small business people. They were men and women starting new small ventures, men and women working

on family businesses that had been around for many years but still retained the category and the true definition of small business.

It is interesting that the Reform Party can speak against a small business loan program. This program has existed for 37 years. All parties that have formed a government in this place have supported it. They recognize the importance of the small business sector to real growth and job creation.

When you think about what happens when a loan is arranged under this program, there is truly a snowball effect that sees tremendous benefits not only in the private sector but also for governments at all levels because of the taxes that would be generated from a small business.

What happens when a small business makes an application under this act for a \$200,000 loan? That loan cannot be for purposes of debt consolidation. It cannot be for anything where there is no security. It must be for items like real estate or equipment, leasehold improvements, things that are tied directly to the business and that have some asset value.

At the same time, the business person involved in applying for this loan must go through a business plan with the bank. This is not a slam dunk by any stretch of the imagination. The bank will take your business plan into account when it decides whether to approve the loan. The process of filing the business plan alone will help to ensure your business is a success.

With the \$200,000 loan the small business will acquire assets. Those assets are in many cases manufactured by other small businesses. There is a snowball effect when a purchase is made for equipment or whatever is needed to assist the small business. This gives business to the producing companies which allows for job creation and the people who work for the producing companies pay taxes.

It is interesting that Reform would try to paint this as a subsidy. If we add up the benefits that the various levels of government would receive for one transaction, it would be quite enormous. Government would benefit from the income tax paid by employees of the producing companies that supply the small business. It would also benefit from the income tax paid by employees of those small businesses. That does not sound like a subsidy to me, especially when we consider that the default level is under 5% for a very strong program with a lot of uptake across Canada.

Think about the benefits to women entrepreneurs. Historically, women, young people and others just starting out get caught in the catch-22 that they do not have the necessary personal assets to qualify for bank loans. We all know how the banks operate. They will lend you money only when you do not need it. This bill says to the banks that we will put in place a business plan that will help the small business entrepreneur, be it a young person, a woman

starting a new business or a family starting a new business. We will make sure they have all the data they need.

It is interesting to hear the Conservative Party talk about reducing the size of the loan. Currently the level is \$250,000. The average loan is \$65,000. In starting a new business with any kind of substantive investment I suggest that \$250,000 as a capital investment in the infrastructure of that new business is not a substantial amount of money.

• (1525)

If someone wants to start a business they have to buy equipment. Perhaps it is a trucking business. Perhaps it is a restaurant which requires refrigeration equipment. They do not buy this kind of equipment for \$20,000, \$30,000 or \$50,000. It is highly capital intensive.

In my role as the small business advocate, when I travelled around the province, we asked business people what some of their biggest problems and concerns were. The first one—

An hon. member: Taxes.

Mr. Steve Mahoney: The member says it is taxes. It is to a degree. I do not disagree with that. They are concerned about taxes, but they also want to pay their fair share of taxes. They want to know that they have a government willing to back programs like the SBLA and not simply throw it out amidst a bunch of Reform Party rhetoric as some kind of subsidy.

They want to ensure that the tax money they pay to the government is used properly to generate growth, create jobs and help them succeed.

Anyone in business today in this country would tell us they are doing reasonably well. Can they do better? Absolutely. Can we have lower taxes? We have already heard the Minister of Finance make a commitment that indeed once we have eliminated the deficit we will start to pay down the horrendous debt which the country has been saddled with and at the same time look at selective tax reduction. It would be my hope that it will be directed in some way toward business.

I often tell the story of the mobile sign that I saw in the province of Ontario when I was the small business advocate which was outside Paul's garage. It said "Our price includes the PST, the GST, the EHT, the MBT, the MPT, the UIC, the WCB and the CPP". At the bottom it said "We would have included profit but we ran out of room". I have some sympathy for Paul's garage and for small business.

We have to recognize as a government, as a body politic at all levels of government, that it is our responsibility to make sure the taxes we charge or the fees we charge for workers compensation or

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for employment insurance are used to the benefit of all Canadians. I believe this government is striving to do that.

I would hope that through programs such as the SBLA, which is being extended by one year with this bill, we will see more new businesses being created which will share the tax burden and provide for the safety net that we have, for our health care system, for the quality of education that we enjoy in this country and for the many benefits that we are so blessed with, which we take for granted.

Members opposite rise in the House every day to tear down those particular programs and institutions. It is their own personal ideology. I understand they are in opposition and they feel they simply must oppose for the sake of opposing. However, I find it amazingly strange that members of a party which considers itself on the right wing of the political spectrum would oppose helping small business. What is the matter with them? There are small businesses in western Canada which would benefit from this very positive program.

This program shows the way governments should operate. Indeed it is not a subsidy. It is a program which says to small business if you are prepared to invest, if you are prepared to work hard, we are prepared to make access to capital a reality in this country. We are prepared to work with the banks and the private sector to allow you, the small business person, to create the jobs, to buy the products and to generate the tax revenue which we all need as Canadians to keep this country going and growing.

I support this bill. I am pleased that many members of the House support it. However, I am saddened that some see it as a political opportunity to make hay and simply oppose what indeed is a financially sound and very important program for all Canadians.

• (1530)

Mr. Jim Pankiw (Saskatoon—Humboldt, Ref.): Mr. Speaker, what we are witnessing here from the previous two speakers from the Liberal Party is typical: out of touch Ottawa politicians who do not have a clue. I on the other hand come from the real world. I am not a career politician and I am here advocating on behalf of ordinary Canadians.

I personally applied for and received a loan from a financial institution under the Small Business Loans Act. What happened to me is despite the fact that I had ample security, the bank required me to put it through the Small Business Loans Act. That is one example of the type of abuse lenders are implementing upon the Small Business Loans Act. Other abuses by borrowers and lenders were illustrated in my speech earlier.

Mr. Steve Mahoney: Mr. Speaker, I think the myopic viewpoint just put across clearly indicates a lack of understanding. I can appreciate that the hon. member had ample security. My point very simply is that there are thousands of Canadians who do not. They

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have no opportunity to put up that ample security and this program ensures that they will have access to capital.

I take some exception to being referred to as an Ottawa politician. My roots go very deep in the community, very deep in the small business community and very deep at the municipal level in the city of Mississauga.

The member should speak about the little bit of what he knows and a little less of that nonsensical rhetoric.

Mr. Peter Stoffer (Sackville—Eastern Shore, NDP): Mr. Speaker, today we are debating a bill that will affect the accessibility of small and medium size business to financing from commercial banks.

The proposed merger of the Bank of Montreal and the Royal Bank also threatens to have a huge and negative impact on the accessibility to financing by small business across Canada. I wish to ask the member what he thinks about the three following questions: Does he believe that the merger would benefit small businesses in his riding? Does he agree with the Minister of Finance that the entry of more foreign banks into the Canadian market would make the mega merger acceptable? Does he think the Minister of Finance should say no to the merger right now?

Mr. Steve Mahoney: Mr. Speaker, I am sure if you were to give a ruling, you would probably say that the questions have nothing to do with this particular bill, but let me just attempt to answer the hon. member.

I believe that the banking industry has not been co-operative with small business and particularly with women and young people attempting to start up a small business which in many cases in our new economy is the only avenue they have available to them.

It is incumbent upon the banking industry to work with small business to make sure that not only is capital accessible, but that the people the banks are making the loans to have done the business plan and understand what they are doing. Often the best loan that you will get is the one that you get turned down on. The banks have a responsibility to make sure that they are doing their homework on this to help people run successful businesses when they make those loans.

Mr. Jason Kenney (Calgary Southeast, Ref.): Mr. Speaker, the hon. member said in his remarks that small businesses do not just want tax relief, they want big government programs and subsidies like this.

For seven years I worked with the Canadian Taxpayers Federation, an organization largely supported by small business. I spoke personally with thousands of small business people across the country, surveyed tens of thousands of them, as have groups like the Canadian Federation of Independent Business. I have never

once encountered a small businessman who said to me that they wanted more big government handout loan programs. What I heard again and again from groups like the CFIB is that they want lower taxes. Will the member respond?

Mr. Steve Mahoney: Mr. Speaker, perhaps we could get instant *Hansard* and see where it is that I said that businesses want more big government subsidized programs. I do not think you will find that anywhere in my comments.

What I did say and do stand by is that this is a program that makes accessibility of capital available to the people who in other cases would simply not get it. It is a highly successful program. If the hon. member were to do the balance sheet, he would see that the revenue this government and all businesses gain from this program would be dramatically higher than the cost.

• (1535)

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, I will be splitting my time with the hon. member for Kelowna.

I rise today to speak to Bill C-21, the Small Business Loans Act. I want to make it clear that Reformers oppose this legislation. We think it is wrong headed. We think it goes in the wrong direction completely. I want to start by outlining some of the concerns Reformers have with this piece of legislation.

What is happening here is the government is proposing to raise the liabilities that taxpayers are on the hook for up to \$15 billion, a \$1 billion increase. We have to stand four square opposed to that. We do that for a number of reasons.

We point out that the auditor general has been extraordinarily critical of the Small Business Loans Act. Taxpayers are already on the hook for \$210 million in loans that have gone bad. Because the point of this program is to underwrite loans, inevitably Canadian taxpayers are going to end up on the hook. In this case it is \$210 million. Studies done between 1994 and 1996 indicate that 40% of these loans would have been made anyway. I want you to hold that in your head for a moment, Mr. Speaker, and I will come back to it in a moment.

We also point out that job creation figures under the Small Business Loans Act have been grossly inflated. We should not be surprised by that. We have seen it already in programs like the infrastructure program. In fact I heard the treasury board president talking about that today. He was spreading more of that misinformation. The auditor general actually denounced the government for inflating the job creation figures of the infrastructure program. The government has done it again with the Small Business Loans Act.

The final point is there is very little accountability to Parliament.

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I want to go back to the point that I asked Mr. Speaker to consider very carefully, the fact that 40% of these loans would have been made anyway. What that tells me is that we are in a situation where the people of Canada are providing backing for loans the banks would have been making anyway. In other words essentially what we are doing is providing a subsidy to the big banks.

The last time I checked it was the Government of Canada that was in the red and it was the banks that were making \$7 billion a year in profits. Why in the world is the guy who is in the red, the Government of Canada, subsidizing the banks that are making \$7 billion in profits? I do not see any sense in that. I would argue that it is completely contrary to common sense. If we put that proposition to Canadians today, and I guess that is what we are doing, I can guarantee they are going to say that is absolutely insane.

But does the government turn around and say “Well, we made a mistake. We are not going to do that any more”? No. What it wants to do is increase the liability by \$1 billion to \$15 billion. What is the sense in that?

I can guarantee that Reformers will not support legislation like this. We believe it is completely wrong to start subsidizing some people with the tax dollars of other people only to have those people who are being subsidized turn around and compete against them. That does not make any sense. It is why we oppose some of the regional development programs, the ones with the inflated job creation numbers, the ones that the auditor general has excoriated in the past. We have to get away from that type of thinking. It does not work.

I want to talk for a moment about what does work. We do not want to be negative here. I do believe that the government has fallen prey to the law of unintended consequences. Perhaps the auditor general has pointed the way for it but of course one can only go where people are willing to follow. Let us hope if the government does not heed the auditor general it will heed some of our advice but I am not counting on that.

Let us figure out how we can help small business. There are a number of things.

The first thing is we need more competition in the banking industry. If there was more competition in the banking industry and it was not just the big six banks being able to skim the cream off the top and take the best and the safest loans to help them get those big profits, then they would have to really explore whether or not they should take a bit of a chance on some of the small businesses out there, the ones where people do not have collateral, the ones where maybe their collateral is in their head. It might be one of the high tech companies.

• (1540)

If there was real competition, if we had banks within Canada facing competition from banks outside of Canada or from other institutions such as insurance companies that got into banking, it

would force all of those different institutions to look for ways to provide more credit so that they could continue to make profits. That makes sense. More competition is one way that will provide credit for small business.

Another point we want to make, and this is an important one in light of the fact that we have a budget coming up, is we would like to see the debt paid down. People are going to ask what that has to do with providing help for small businesses. The fact is when the government has a debt of \$600 billion and when industry can go wherever it wants to invest, chances are they are not going to come to the country that is most indebted. We saw that in the Asian crisis. When there was a flight to quality did they come to Canada? Hardly and we have seen our dollar fall as a result of that. They went to the United States.

We need to attract those people here. When they come here they bring investment. We have to start paying down the debt to attract those people. By doing that we also start to lower our interest rates. The government all of a sudden is no longer the one that holds all the money and credit is available for other businesses, for instance small businesses. I know that is not as sexy as getting some kind of a small business loan from the bank with the name of the Government of Canada on it. It probably does not get as much political credit, but it works. That is what is important.

Let us start to pay down the debt. Reformers have laid out a plan where we would lower the current debt to GDP ratio from over 70% debt to GDP down to 20% over a period of about 20 years. In the course of that we would save taxpayers about \$20 billion a year in interest. It is a good deal all around.

The other thing is, and my friend from Calgary Southeast has mentioned it, we must start to lower taxes. My friend has pointed out and he is absolutely right, that when we talk to small business people they do not say “Boy I wish we could have the Small Business Loans Act liability raised \$1 billion”. We do not hear that. But they sure do say “Let us lower payroll taxes. Let us get payroll taxes down so that there is no longer a disincentive for us to hire people”. They point out that payroll taxes are not profit sensitive. If they are in a loss position they are still paying taxes. In fact they could literally be taxed out of business. Let us get those payroll taxes down.

We talk about the small business exemption of \$200,000 which should be raised. My friend from Saskatoon pointed this out earlier. If we allowed it to be indexed to inflation it would be up over \$300,000 right now. I think he said \$315,000. That would help small businesses tremendously.

Let us look at some other alternatives. If we really want to help small business in this country, let us not fool around by raising liabilities by \$1 billion and putting taxpayers on the hook for another \$1 billion. Let us get away from that central planning thinking which went out with the fall of the Berlin wall. It is time to embrace market liberalism. It is time to embrace the ideas that

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really do create wealth in this country. That means lower taxes, lower debt, an atmosphere where people are encouraged to invest.

One of the things we advocate is cutting the capital gains tax. We believe that it makes sense to offer people incentives to invest. That would do a tremendous amount to help people who want to start their own small business. All of a sudden there would be all of these people who have a real incentive to invest in a business.

I talked about the folly of Bill C-21, the Small Business Loans Act and some of the particulars in it. More than that we have offered some positive alternatives, some alternatives that will help Canadians, that will give them some opportunity, something they have been missing for a long time.

I encourage my friends across the way to consider closely what we have said and my colleagues on this side to vote against Bill C-21.

• (1545)

Mr. John Maloney (Erie—Lincoln, Lib.): Mr. Speaker, I listened with interest to the remarks of the member for Medicine Hat. He understands that there are some 1,500 letters when it comes to the SBLA. I noticed with interest that about 11% of the small business loans are in his province alone.

I have a question for the member. Since the Alberta treasury branch's group also participates in the SBLA, would the member and his leader from that province be willing to suggest that all the people in that province should not be participating in the SBLA?

Mr. Monte Solberg: Mr. Speaker, I thank the hon. member for his question. I would respond by simply saying that instead of that we should have lower taxes, lower debt and more competition in banking so that people have other access to credit.

Not only does the auditor general think this does not work. Some 40% of the loans that were made were ones where the Small Business Loans Act backing was not necessary. In other words, we are subsidizing the banks.

Does my friend across the way think it is necessary to subsidize banks that make \$7.5 billion in profits?

Mr. Peter Stoffer (Sackville—Eastern Shore, NDP): Mr. Speaker, I have two quick questions for the member. Does he agree with his party leader that the banks should merge? Is it okay for foreign banking competition to come into the country *carte blanche*?

This has to be the first time a western populist party has sided with the interests of big banks from Toronto over the interests of small businesses in their own communities.

Would the member explain why the Reform Party has been so ready to betray its populist routes in this case? Could it be that the Reform Party is now so interested in winning votes in Ontario that it is ready to support Bay Street over Main Street in its own communities?

Mr. Monte Solberg: Mr. Speaker, I thank the member for his question but his premise is wrong. My leader pointed out that we wanted to see more competition in banking before we would even consider a merger.

What is important here is how the consumer is served. We are certainly standing up for the people of western Canada when we say that. We believe their considerations should come first and that is why we want more competition and more access to capital than we currently have.

That is where we come down on the issue. The real question is where do the NDP come down on the issue of the Small Business Loans Act.

I have a question for my friend in the NDP. Do they continue to support a system that effectively subsidizes big banks that made \$7.5 billion in profits last year? Certainly that cannot be the position of the New Democratic Party.

Mr. Jim Pankiw (Saskatoon—Humboldt, Ref.): Mr. Speaker, to conclude the point I was making earlier, I am a living example of an entrepreneur who was forced by a financial institution to participate in the Small Business Loans Act despite the fact that I would have qualified for the loan anyway.

That seems to be falling on deaf ears on the Liberal side. It is a lesson that they should take to heart, because the criticism of the auditor general is that close to half of the loans administered by the program would not have to be given.

Why would they not want to address the inefficiencies in the program and thereby not require an additional billion dollars, half of which would be wasted because it was not required anyway? By streamlining the program they could free up many more billions just by administering the program efficiently.

Mr. Monte Solberg: Mr. Speaker, I think that is an excellent question. My friend had collateral. Did that matter? No. He got the small business loans backing anyway because the banks wanted him to take it. In effect, they were double guaranteeing a loan and Canadian taxpayers were therefore subsidizing him. That does not make any sense.

Why do my friends in the Liberal Party not address this glaring problem with this piece of legislation? Not one of them has stood to say that it is wrong and needs to be addressed.

I have a rhetorical question for my friends across the way. Why do they not address this? Everybody knows it is wrong. Why do they not do something about it?

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Mr. Werner Schmidt (Kelowna, Ref.): Mr. Speaker, I wish to enter the debate on Bill C-21 with a series of questions designed to give direction to the government in the administration of this program.

• (1550)

We on this side of the House have been accused of being totally and unalterably opposed to granting capital to small business and making it available for them to access business. That is not the point at all. There has been a total and complete misrepresentation of what we are talking about.

We are talking about the 40% or 50%—in fact the most recent study says about 46%—of the loans granted under the SBLA that would have been granted in the normal course of events. I am talking about the other part and will ask questions about it.

The study on access to capital by small business asked whether the Department of Industry would do a cost benefit analysis of the Small Business Loans Act. Why is it that since 1995, when the first set of amendments were proposed by the Department of Industry, no such study has been done? That is the question.

The particular program is supposed to increase jobs. I have a question to ask that is similar to the one asked by the auditor general. He asked how many jobs were created. Is the number of jobs created simply the number that the applicant writes on the piece of paper, or have they actually been verified as the number of jobs created? How many jobs were lost because a particular loan was granted to one business and not granted to another? These are very significant questions.

The program is supposed to help small business improve. How does the act propose that the business be measured? What is the improvement? There are no statistical indicators of what constitutes improvement.

Some obvious measures could be level of sales. Has the level of sales risen? Is the profitability of the company a little higher? Is its productivity higher? Is it more competitive? What is the level of exports compared to before the loan was given and later? How many products were developed? What is the net employment impact? What is the overall business success? These suggestions ought to be made and ought to be included.

I want to raise another point which has to do with a grave injustice and grave abuse of the provisions of the program. The program was supposed to be there to help small business. My colleagues across the way have made a big point about small business. I draw attention to a paragraph found in the auditor general's report. It is a rather significant one.

The Small Business Loans Act puts a ceiling of \$250,000 on an individual loan. In his sample of loan files the auditor general noted some cases in which a number of individual corporations with

substantially common ownership had collectively obtained more than \$250,000 in loans to operate the same business. In one particular case a group of 23 corporations obtained more than \$4 million in SBLA financing.

That is a blatant abuse of the provisions of the act. Yet there was no indication as to why this was done. Nor was there any action taken to prevent this from happening. Nor was there any consequence as a result of it having happened. The least I would suggest to the Minister of Industry is that kind of a thing should not happen again.

The Income Tax Act has a provision that does not make it possible for corporations with essentially the same ownership to bundle together to get particular advantages. Why does this act not have that provision? That was well known since 1966 yet there is not even a hint of that happening.

Instead of us perpetuating the act indefinitely, the Department of Industry should have a year to study it in great detail. It should have done it already. Since it has not been done we will give it the benefit of the doubt and give it another year.

In no way should the department be given any authority to spend more money than is already in the provisions in the act, which is \$14 billion. It does not need the \$1 billion. We heard the minister this morning say that the commitment at the moment is \$12.7 billion.

• (1555)

There is a cap now of \$14 billion, which is a \$1.3 billion difference. The government wants another \$1 billion on top of that. If the pattern remains the same as it was 46% of that would be granted anyway. If we take that out, there is more than enough money left to meet the real intent of the Small Business Loans Act. I suggest that we change the act so that it does one thing and not the other. That is the gist of that provision.

There is more. We need to ask ourselves why the SBLA program has not been adjusted to be more accurately reflective of the economy around us. It is interesting that there is no change in this regard at all. The program still focuses on land, premises and equipment. Yet where is the economy going? The economy is going into high tech, into knowledge based industries. It is not going into land, premises or equipment in the first instance.

If the minister were really concerned about meeting the needs of small business, he needs to do not only the things that have been discussed already with regard to tax reduction but to make money available in those areas that will bring forward our competitiveness as a nation. I think that needs to be addressed as well.

I also want to ask the minister if his officials have projected the possible risk of new failures. About 75% of the defaults of the loans under the SBLA come from businesses that are new enterprises. Three-quarters of the defaults are in new enterprises. Has

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that been figured into the risk situation? We have no indication that it is in fact the case.

The auditor general goes so far as to say there is no figure that we as parliamentarians can look at to say what is the projected default rate or cost in terms of actual dollars of this program. The auditor general's estimate stands at \$210 million. That is a figure of cold, hard cash which he believes the taxpayers of Canada will have to fork out.

Why does the Department of Industry not come clean and tell parliamentarians that Canadian taxpayers are on the hook for a minimum of \$210 million in predicted defaults in this area? That says nothing about some other areas that could come into question.

Another thing really bothers me. Does the department have enough information? What happens if a lending institution, say one of the big banks, says that a loan is in default? The auditor general makes a rather interesting observation in section 29.64:

Industry Canada does not request access to the complete loan file when it receives a claim.

This means that the department does not know whether the lending institution observed all the requirements of the act. There is some indication that some lending institutions did not. They charged the borrower fees, which was contrary to the provisions of the act. These very serious questions have to be addressed. That is why we are not prepared to give to the Department of Industry one cent more than it already has.

Mr. John Solomon (Regina—Lumsden—Lake Centre, NDP): Mr. Speaker, the member for Medicine Hat and now the member for Kelowna are quite unsupportive of Bill C-21 as it applies to the financing of small businesses around Canada.

The premise of the argument of the member for Medicine Hat was that there was a lot of abuse by the banks of the SBLA.

• (1600)

Members who have been in small business will know that the banks administer the provision of the SBLA loans. The members for Medicine Hat and Kelowna have said that 40% of the loans under the SBLA would have been approved anyway by the banks. Their approach in respect of small business is not to look at the program and its abusers and to try to figure out how the program could work to the benefit of Canadian small business. Their approach is to kill the program.

Can the member for Kelowna tell me why you feel we should kill the program while we let the banks get off scot free? They are the ones that are abusing the program. You said the banks are allowing

these loans to go forward. Why will the Reform Party not say that one of the solutions could be to look at the banks?

The Speaker: I would ask hon. members to please address your questions and your answers to the Speaker.

Mr. Werner Schmidt: Mr. Speaker, the member who referred to me said that the Reform Party wants to kill the SBLA. That is not what we said. That is not what my hon. colleague said. That is not what I said. It is not the case at all.

I asked a series of questions about what is wrong with the act and I suggested how it could be improved. I thought I made that quite clear. If I did not make it clear then, I will make it clear now. We are talking about that section of the loans program that would have been served regardless of the SBLA. Let the SBLA do what it was intended to do. But that is not the issue. Our concern is not with what it was intended to do but rather with the abuses that exist. I want to make that abundantly clear.

Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.): Mr. Speaker, my colleague from Kelowna gave an excellent speech in which he illustrated some of the problems with the SBLA.

I am curious about the aspect of the lender. There seem to be numerous loopholes within the act which enable the banks to engage in what may be termed as less than attentive policies toward what they are lending and the conditions under which they are lending. We found one of the problems is that the act enables the banks to lend to people without due care to the criteria upon which they apply.

I am sure the hon. member has read the auditor general's report on the Small Business Loans Act. Could he provide the House with any constructive suggestions for how the government could change the SBLA to ensure the lender is taking due care?

Mr. Werner Schmidt: Mr. Speaker, some very simple things could be done.

One is that the government could make sure there are no loopholes in the act that would allow companies with the same ownership to bundle their stuff together. There should also be concrete and specific measures of productivity, ability for expansion, profitability of business, things of that sort. If those things were done, then it would work. It is very simple. There are no deep secrets here at all. All the government has to do is apply some common sense and good sound business principles and it will work.

Mr. Maurizio Bevilacqua (Vaughan—King—Aurora, Lib.): Mr. Speaker, I wish to address the House with regard to Bill C-21, an act to amend the Small Business Loans Act. The support for small and medium size businesses provided by the SBLA is integral to the government's jobs and growth agenda which is

reducing the deficit, creating the conditions for strong and sustainable economic growth, and helping Canadians get back to work.

I will engage in this debate by giving a larger scope and a broader framework to the issues we are debating. I will also illustrate that the SBLA is part of a larger strategy presented to Canadians by the government.

• (1605)

The strategy basically deals with four overarching themes: to make Canada the most connected country in the world; to enable Canada to realize its international potential; to invest in innovation and knowledge; and to increase the participation of Canadians in the new economy. All of these themes are highly relevant to Canada's small business community which indeed must adapt and innovate to thrive in the new information economy.

Over and above the benefits that our renewal of the Small Business Loans Act will confer on small and medium size enterprises, many Industry Canada programs are designed specifically to increase the participation of small businesses in the new economy. These programs complement the way in which the SBLA supports small businesses and innovative new companies in particular by making it easier for them to secure debt financing.

Recent developments with regard to connectedness are particularly exciting and relevant to the field under discussion. Let us take some examples.

As part of small business week recently, the Minister of Industry launched three new Internet web sites designed specifically for small business. The sites are located on Strategis, Industry Canada's interactive web site. The new Strategis sites continue Industry Canada's efforts to connect Canadians, increase support for small business and move Canada ahead in the knowledge based economy.

The first, Sources of Financing, is a new leading edge product based on a sophisticated and powerful search engine. Through the site small businesses can access information on a wide range of information about traditional and alternative sources of financing. These sources include the SBLA and run the gamut from the familiar debt financing arrangements available from the major financial institutions to services offered by micro lenders or venture capital companies.

The second site is designed to complement the Canada community investment plan, CCIP, an initiative which was started in 1996. It is an innovative program to help businesses with potential for growth gain access to existing private sector sources of risk capital. The program which has a special focus on small and medium size businesses is designed for communities which exist outside the orbit of Canada's major financial centres. Twenty-two communities across Canada are taking part.

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Steps to Growth Capital is the Strategis web site which has been created as a companion information site to the CCIP. Steps to Growth Capital will help growth oriented firms prepare themselves to find outside investors and close a deal. There are eight steps covered in the program which address a whole range of investment capital issues, from identifying capital needs to managing a relationship with an investor.

It is becoming quite clear from the comments I have made that the SBLA should simply not be viewed in isolation but rather as part of a larger strategy presented by the Government of Canada under the leadership of the Minister of Industry, who has really taken upon himself to provide the type of programs and tools to the small business sector so that it can grow in a growing economy. We could look at this perhaps as the creation of a tool kit for small businesses so that they can generate the type of wealth and the type of jobs our economy needs.

These three sites have come on line in addition to the wealth of small business information already available via Strategis through Contact!, the Canadian management network. This site is one of the busiest on Strategis. It provides entrepreneurs with access to information on where to find out about management skills, locate outside advice and take part in extensive on line business to business discussion forums.

Contact! makes available many, many resources. For example it provides extensive data on more than 1,500 Canadian small business support organizations. It also includes an all in one business support centre with more than 450 on line how to publications and descriptions of more than 300 business management software tools.

• (1610)

It is clear from the type of material and programs the Government of Canada is providing small business that we are doing our part and our share to make sure that they can grow to their potential.

The government's goal in making Canada the most connected country in the world is to ensure that Canadians wherever they are can have access to the information highway by the year 2000. This is perhaps the single most important action the government can take to ensure that we succeed in the knowledge based economy.

I think members of Parliament on both sides have a full understanding that there has been quite a transformation occurring in this economy. The role of government as a facilitator is to provide these opportunities for small business so that we are well equipped for the challenges of the 21st century. May I say it is not so much the 21st century that we really have to get ready for. We have to be ready because the so-called 21st century telecommunications systems and networks are here already.

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This is why Industry Canada is working with private and public sector partners to ensure that all of Canada's 16,500 schools and 3,400 libraries are connected to the Internet by 1998. That is the type of leading edge work we need to engage in. Just think about the fact that 16,500 schools and 3,400 libraries are going to be connected to the Internet in 1998.

What does that mean? It gives us a competitive edge as a nation. We will be ahead of most if not all industrialized countries in the world in this particular sector. Why is that important? Because it speaks to competitiveness in the ever growing competitive global marketplace. It provides our people with the human resources required, the potential to expand this country's human resources and to make sure that we get our fair share.

It is also why we are connecting rural and remote communities through public access sites across Canada. It will give them the tools to further their economic and social development. For rural communities, technology is their friend. It brings them closer to the centres and makes them connect not only with people within Canada but throughout the world.

My colleagues will continue on stressing some of these points. I am sure they will dedicate the majority of their speeches to the issue of how this bill we are examining is part of a larger strategy the government has in mind. I have touched upon some of the key issues in my 10 minutes. My hon. colleagues will touch on some of the other overarching themes in the Minister of Industry's strategy for a more connected society.

Mr. Roy Cullen (Etobicoke North, Lib.): Mr. Speaker, I am pleased to participate in the debate on Bill C-21, an act that will extend the lending period of the Small Business Loans Act for another year, until March 1999. It will also increase the aggregate funding ceiling under the program by \$1 billion, from \$14 billion to \$15 billion. I can say with some conviction that any program that helps small business raise capital is something this House should support.

• (1615)

Again I am amazed by the rhetoric of members of the Reform Party. I do not know where they have been. In my riding I have talked to small business people and they have told me about the difficulty they have in attracting capital. This program would give needed capital to small business.

Reform members say that small business will look at the balance sheet of Canada and say that the Government of Canada owes all this money, has all this debt, and therefore they will not invest in Canada. Where have they been? We are talking about small businesses with one to twenty employees. Do they really believe

those people will sit down to look at the balance sheet of the Government of Canada and say there is all this debt and therefore I am not going to start a business in Canada? Where are they?

Maybe that is what big business would do. Maybe medium size business would do that. But it is certainly not the drivers of economic growth in Canada, the businesses with one to twenty employees, the businesses which are creating all the jobs in Canada which would do that. Do those members really think that small businesses sit down to analyse the balance sheet of the Government of Canada? I am not saying that we do not have to deal with the national debt, but they are getting caught up in their own rhetoric.

Recently we have seen data which indicate that small businesses are driving the jobs in this country.

A couple of years ago members of the Reform Party said that we had to deal with the deficit. Our government dealt with the deficit. They were saying that we must decrease taxes. Now they are saying forget about decreasing taxes, eliminate government debt. If we ask them how they can argue both sides, they say we want it all.

We have to make choices and our government is making choices. We are dealing with the debt. I would like to see income tax reduction in Canada. We are dealing with that in a targeted way. We will be in a position in the not too distant future to give Canadians some general tax relief.

I have talked to business people in my riding as well as the banks. The finance critic for the Reform Party said that the auditor general has criticized this program because 40% of the loans would have been made anyway. The whole idea behind the small business loans program is to provide incremental funding.

I am a chartered accountant and I have the greatest respect for the work the auditor general is trying to do. He criticized other programs such as TAGS. I am wondering, with the greatest respect, what methodology the auditor general used to establish that so many of these loans would have been made anyway. Does he have a crystal ball? Can he look into the future and say that these loans would have been made anyway?

I would like to know his methodology. It is unfortunate that the finance critic for the Reform Party is not here. I am sure he has studied that methodology in some depth and understands clearly how the auditor general can make that assertion.

How can he make the assertion that these loans would have been made anyway? I challenge that. I have talked to small business people who very much like this program. It is a way for them to get capital which otherwise they would not be able to obtain.

I have talked to bankers. The member opposite intimated that the banks like the program because it means more profits. The day

Reformers start attacking profits is another day. I wish they would make up their minds.

The bankers say this is an incredibly good program. It helps them to package financing. It helps them to help small businesses when often they would not be able to do that.

I have been critical of the banks. I was at the Bank of Montreal last week and I met with small business loans officers. I said how are you rewarded? Are you rewarded based on how many new loans you give to small business or are you penalized for how many bad loans you make? I would have to say, in fairness, they do have some criteria for new business. They are rewarded or judged on the volume of new business they are able to generate. But they are also judged on how many bad loans they make. I submit that we still have in our Canadian banking system the culture that we do not want to make too many bad loans. That culture is changing.

• (1620)

We have seen the banks get into the high technology sector. They know they are not as qualified or as experienced with the high technology sector as they could be so they are trying to gear programs to the high technology sector where they do not have the fixed assets or the collateralizing of loans that was possible in years past. They are talking more about loaning on a good solid business plan and managerial abilities. They are making progress but we have a long way to go.

Last year in the finance committee I supported a new entrant, the Wells Fargo bank. It works on a very simple model called risk and return. When there is a higher risk it will charge more interest. It makes sense. Why have the Canadian banks here not embraced it? I do not know. A certain threshold is met at a Canadian bank it says sorry, if you do not meet that hurdle rate we are not dealing with you. We are letting Wells Fargo in because it says that if it is a riskier loan it is going to charge more interest. What can be more realistic or more reasonable?

It also says that it is going to loan on a good business plan. It realizes that the world is changing. We have more technology. We have businesses that need capital but they do not have the equipment, the land or the buildings to offer as collateral. They have a very good idea and a sound business plan and it loans on that. Therefore we are letting it in.

I believe we need more of this kind of competition in the Canadian banking system because some of these banks that have come in from the United States are very aggressive with small business. When I talk to constituents in my riding sometimes they say they have been to a Canadian charter bank, the Bank of Montreal, TD bank, the Bank of Nova Scotia, CIBC or whatever, and they will not look at them.

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I ask them if they have been to the Business Development Bank of Canada, a federal bank which is meant to be a lender of last resort. It will take a slightly bigger risk. My constituents say they have been there and it will not look at them either. I then ask them if they have been to the venture capitalist. They might be in that situation because our Canadian banks are struggling. We are sending some signals that they should be more supportive of small business. They are doing things but they have to do a lot more. They have to stretch a lot harder.

They say “yes, we have been there but it wanted 35% of my business. It is my idea. I put all the work into it. I developed the business plan. I want to make it work and it is saying it can loan me some money but it wants 35% of the action”.

My constituents are telling me they are not prepared to do that. I tell them frankly that with the way things are now, until we have more competition such as U.S. and foreign banks, they are going to be stuck. We are working on it but they had better think about giving up 35% equity maybe with a buyback later on. They are telling me that they are just at their wit's end.

I went back to a number of those small business people and told them there is a bank coming into Canada called the Wells Fargo bank, by way of example, and there are going to be more. I tell them this bank will sit down with them. It will be slightly riskier and it will not be prime plus 3% or 4%. It is going to be prime plus 7% or 8%. I ask them if they think that is a good idea and they tell me it is an incredible idea. I ask them if their business can carry it and they tell me that they will rejig the numbers but they think it will work. They know they will then still own their business.

That is when I came back here to Ottawa to get in on the finance committee discussions. I told them we were going to let banks in like the Wells Fargo bank. I think we can do more with the Wells Fargo bank because it has to support start-up businesses as well right from scratch. It cannot cherry pick. It has to be with start-up businesses right from day one. With the more competitive environment in Canada, which we are creating through some of the moves that we are making, and with more aggressive lending to small business we will all be better off, including small business which will be creating more jobs.

I therefore urge members of the House to support this bill which will provide an important source of capital to small business.

Mr. Gary Lunn (Saanich—Gulf Islands, Ref.): Mr. Speaker, I am glad to observe that my friend from across the House was taking notice of Reform so much, accusing us of rhetoric, although I do not know if he is concerned.

Listening to this debate, what concerns me is that it goes back to the same old Liberal ways of doing business. Their way to solve a problem is to throw money at it. They do not think beyond the first

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level. They say they are going to solve this by throwing more money at it and the problem will go away.

• (1625)

If any party has supported small business, it is the Reform Party. We have worked very hard toward that.

The problem here is not giving more money to the small business program. It is the taxes that have been imposed on the small businesses. That is where the real problem lies.

Look at the employment insurance provisions and the taxes there. The Canada pension plan is the single largest tax grab in the history of this country. Who does it affect the most? It affects small businesses. Their premiums will go up significantly. If the tax structure were made a lot more friendly especially for small businesses starting out, they would have a much better chance of being successful.

Their idea is to throw money at them and hope that the problem goes away. We all know in that when businesses are starting out they have a very difficult time, especially in their infancy, when they are starting out, in their first year. The percentage of businesses that go under is very high.

I suggest to this government that it look at the tax structure and at providing incentives for these businesses as opposed to just throwing money at them. Too often we have seen examples of this government, how it gets itself out of messes and again it is the old spend, spend, spend.

We are very concerned on this side of the House that as we approach a balanced budget, and we know we are getting there, we may be there now, the shopping lists are coming out from all the ministers. We know they are lined up at the Prime Minister's door and this is just an example of one of them.

Yes, we have some grave concerns. Let me give a few examples of how the Liberals just throw money at problems. We have seen the Airbus scandal. How did they solve that? Pull out the cheque book and keep offering more and more until they finally accept. There is the solution.

Look at the Pacific salmon dispute on the west coast. We saw all these lawsuits coming forward and the government trying to broker a deal. Alaskans have lawsuits against Canadian fishermen to the tune of \$3 million. Our government's solution is to offer them a \$2.7 million settlement.

Again, just throw money at it instead of really going to the heart of the problem and trying to find the solution. It has not done anything. It is the same situation there.

Again I suggest to the members opposite that throwing another billion dollars into the small loans program may be great for a few businesses that will have access to more money, but if they have

sound, viable business plans and they go to the banks, they will have no problem securing financing.

I will sum up in a few words. Do not throw money at the problem like always, look at the real problem, cutting taxes.

Mr. Roy Cullen: Mr. Speaker, I truly hope the constituents of the member for Saanich—Gulf Islands are listening to this debate. There are many small businesses in the creative field such as artists and other small businesses. If they could hear what he just said in this House. If someone goes to a bank with a good business case, they can get a loan. I do not know where he has been. He is just not listening or he has not been out there talking to people.

Talk about the rhetoric of Reformers. It looks like they get their speeches by cutting and pasting. They talk about subsidies to business. What we did as a government is to say that big business and medium size businesses do not need us as much. Frankly, we cannot afford it any more.

We took a major effort to reduce or almost eliminate grants or loans to big and medium size businesses. In fact, Industry Canada was reduced by 40% or 50%. All the granting and loan programs when it came to medium and big business were essentially cut out.

What we are talking about here is small business, the people who need us, those who need our help. We should be supporting financing for small business.

The member opposite also talks about payroll taxes as he calls them. Our government has reduced employment insurance premiums while the previous government increased them significantly. I think this is an incredible program that helps small business with access to capital. I think everybody in this House should support it.

• (1630)

[*Translation*]

Mr. Antoine Dubé (Lévis, BQ): Mr. Speaker, as a member of the Bloc Québécois and the Standing Committee on Industry, I am pleased to speak today on Bill C-21, which addresses loan guarantees or loans to small businesses.

I am a bit of a newcomer to this role, dating only from my second mandate. We are looking at a bill that is, when it comes right down to it, rather easy to examine, as it contains but two clauses. It is a pretty thin bill.

The first clause extends the application of the old act by one year to March 31, 1999. The second one increases the ceiling for guaranteed loans by \$1 billion, that is from \$14 billion to \$15 billion.

Despite the thinness of the bill, we in the Bloc Québécois are in favour. Opposition to it would mean the premature end of a program that is good for Canadian businesses, and for Quebec businesses as well. Until something better comes along, until there is a more complete bill, a revised one which could better help Quebec and Canadian businesses, we have to be in favour. We are

of course at the second reading stage, so when it goes to the Standing Committee on Industry we will make our suggestions known to the government, to the representatives of the party in power.

It will not be very hard to make some good suggestions. I was looking just now at the report on the work of the industry committee. I notice the member who represented our party during the Liberals' first mandate and recall that he had tabled a dissenting report because, while supporting the legislation, he could already see that the eligible amount or the portion of the loans that was guaranteed by the government was down to 85% from 90%.

At the time, based on comments and representations made by businesses in his region, and across Quebec and even Canada, the hon. member for Trois-Rivières, suggested the status quo in this regard. But the government nonetheless reduced the eligible portion from 90% to 85%.

Is this indicative of a trend? I would not want to be unduly pessimistic but this is certainly something we in the Bloc will keep an eye on in committee to ensure this downward trend does not continue.

As we saw earlier, the auditor general too was critical. It is important to look at his recommendations. He found that, in some respects, control was lacking. While only 5% of businesses default on their loans, care must be taken not to squander public funds. The auditor general made a number of suggestions, which will naturally be taken into consideration in committee.

Basically, if I summarize his comments, the auditor general said that the government did not think enough of small business, did not regard their activity as important and was paying attention mostly to big business.

I agree with him on this because, while attention should be paid to big business and give it assistance as required, at least through legislation, it is clear that the largest number of jobs is being created in small and medium size businesses.

I would now like to address the situation of small business in Quebec in particular. Members of the Liberal Party and other parties from other regions of Canada outside Quebec have been given the mandate by their constituents to represent their particular region. We cannot blame them, and I should not be blamed for talking about Quebec.

• (1635)

In 1996, there were 173,704 small and medium size businesses. Based on Quebec's criteria, these are businesses that have less than 100 employees. In Quebec, 98% of companies are small and medium size businesses. It is all these small and medium size

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businesses—we could even say very small businesses—that provide work for people. Indeed, 45% of all jobs in Quebec are in small businesses. This is very important.

These figures are interesting. There seems to be a pattern whereby, since 1989, the fastest growing industries in Quebec have been those—and this came as a surprise to me—in the education sector, with 20.7%. This sector was followed by the transportation and storage industry, with 20.3%. The hon. member for Drummond will be interested to know that private businesses providing health care and social services experienced a 19.8% growth. So, Quebec society is undergoing some changes. An increasing number of people work in these sectors, for private sector companies, small and medium size businesses are active. These are employment sectors to be considered, like the others.

As we all know, small and medium size businesses play a major role in the agri-food industry, which includes agriculture and fisheries. We often think of production, but there is also the whole processing and tertiary sector, that is the agri-food marketing industry. Small and medium size businesses account for 91.4 % of jobs in that sector. In the construction sector, it is 89.4%; in the real estate services, 74.1%; in food and accomodation, 73.2%; in the wholesale sector, small and medium size businesses account for 70.4%. This is a very significant contribution.

There is something important to watch for. Bloc Quebecois members and people in Quebec believe that while it is all right to try to help businesses by providing loans or loan guarantees, the number one criteria should be the number of jobs. Does the loan help create or maintain jobs?

A business may be able to provide a guarantee, but employ very few people. We have to look at priorities.

In retail trade, 221,300 people are employed; in manufacturing, 189,000 people; in food and accommodation, 121,900 people; and in wholesale trade, 105,600 people.

I was interested in analyzing past trends in net job creation. An analysis in terms of net job creation since 1981 reveals that SMBs have created the most jobs. There is only one year since 1981 where big business created more jobs than SMBs, and that was in 1991.

I can talk about the situation in Quebec. I cannot talk about the other provinces, because I did not look so closely at them. Despite the difficulties between 1989 and 1994— The situation was particularly difficult for business.

• (1640)

Quebec SMBs experienced an annual increase in jobs of nine tenths of one per cent even during the period when the job rate

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declined everywhere and when SMBs in Ontario, by way of example, under the same conditions and economic factors, experienced a reduction of 13.2%. A considerable amount. We can see that SMBs in Quebec are dynamic and play a major role.

Between 1989 and 1994, times changed. The SMBs in Quebec started less than five years previously accounted for 422,000 jobs in Quebec against the 51,000 jobs lost, and obviously there are losses. It is small, not large, businesses that are creating new jobs in Quebec.

I do not want my remarks to be interpreted as an attack on large businesses. We need them. I had one large business in my riding called MIL Davie. When times were good, that company employed 2,500, and sometimes as many as 3,000, people. Now it is limping along at 500, and great effort is required by the various levels of government, particularly the Government of Quebec, because in this case the federal government has not yet done anything. But keeping the number of jobs at 500 is a major undertaking. My region of Chaudière-Appalaches has the lowest unemployment rate in Quebec because new job creation is coming from SMBs.

I may be a sovereigntist, but as long as we are in a federal system, I have nothing against federal legislation or programs to help Quebec businesses, unless of course they cancel or duplicate existing services. On this note, it would be good, and I often mention this to the regional development critic for Quebec, if there were some co-ordination so that we could avoid certain situations such as those we saw during the ice storm.

In his quest for visibility in Quebec, the President of the Treasury Board, along with the Minister of Intergovernmental Affairs, is doing everything he can to one up the provincial government and look like he is the saviour of business, when he is in fact refusing to do his share, as he did in the case of Newfoundland and Manitoba, to compensate Hydro-Québec for its losses. That is serious for the Government of Quebec, because Hydro-Québec as a crown corporation, hands over its profits to the provincial government and therefore helps to lighten the burden of Quebec taxpayers.

Another reason I support the continued existence of this system for guaranteeing loans to small business is that figures for Quebec indicate that 6,000 loans totalling \$321 million were granted under this legislation by the caisses populaires to SMBs. The banks gave out 5,600 loans worth \$385 million, for a grand total of \$732 million. In this context, it is impossible to oppose a service that provides loans for so many businesses, different businesses.

Nearly 11,600 businesses benefited in one year. My sample was for one year. That is a lot, that is significant. This is why these loans must continue to be granted in this context, with the average loan being for \$60,000. Unfortunately, I repeat that the government guarantees only 85% now and not 90% as in the past.

Another reason is that 66% of new loans were granted to new businesses or those operating for less than three years. That is when

businesses are in need. As the Bloc members at the time pointed out—and the member for Trois-Rivières spoke to me of it, I recall, he reminded me of it just before I rose to speak—the program is too limited, however.

• (1645)

There is nothing in this for the working capital. There is nothing in this to add true liquidity. So, some improvements will have to be made.

To be sure, we are in favour of maintaining this program. However, we in the Bloc Québécois—and I am talking to business people who may be listening to us—will seek improvements to this program, while making sure it complements Quebec's policies, in the interest of businesses.

We will pay particular attention to jobs, perhaps because I sat on the human resources committee and spent a lot of time reviewing the Employment Insurance Act, which would be more appropriately called the Unemployment Insurance Act. If the government wants to help businesses, it should pay special attention to creating and maintaining jobs. I think that, in this day and age, employment should be the prime concern of governments. I am sure you will agree with me that, in helping businesses and guaranteeing loans to them, the government should be obsessed with creating jobs.

[English]

Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.): Mr. Speaker, I have a few questions for my hon. colleague in the Bloc Québécois.

A couple of years ago the PQ, under its current leader, did an economic study of the impact of separation on the people of Quebec. The study was commissioned by its current leader, Mr. Bouchard. It demonstrated conclusively that separation would dramatically and adversely affect the people of Quebec economically.

When that study came out it was forced under the carpet. The individual member of the PQ, an ardent separatist at the time, quit in disgust.

The member cannot sit in the House and talk about how well businesses are doing in Quebec. One needs only to go to Montreal to see the economic devastation wrought on that once beautiful, gorgeous and vibrant jewel in the crown of Canadian cities.

There are few points I would like the hon. member to think about and then to remark on after my comments.

Separation will adversely damage the economy and therefore the people of Quebec. Does the hon. member feel businesses in Quebec will have access to the SBLA if it separates?

Will he also comment on the fact that net flow of money does not go out of Quebec but into Quebec and therefore is a direct economic benefit to the people of Quebec.

When it comes to business, in North America who is our biggest trader? It is the United States. Of all countries between the United States and Canada, clearly the United States is more ethnocentric than Canada. If Quebec separates who will be its biggest trading partner? The United States. What language will they be doing business in? Will it be French? I do not think so? It will be English.

The impact of doing business, the economy, trade and social relations with people south of the border will not be a profound positive effect on the French language. It will be a profound negative effect on the French language. Therefore separation will not strengthen French within the province of Quebec. It will weaken it.

Does the hon. member think separation will improve the economic welfare of the people of the province of Quebec? Will it improve the business community in Quebec? Or, will separation remove the benefits Quebec currently has in Canada and therefore weaken the economy of Quebec and weaken the strength of French in Quebec?

The Deputy Speaker: The Chair has reservations about the question, given the nature of the bill under discussion. In any event it is a comment on the speech of the hon. member for Lévis.

• (1650)

[*Translation*]

Mr. Antoine Dubé: Mr. Speaker, the Reform member's reaction to the bill as introduced is somewhat surprising. He is asking about the post-sovereignty period. Today we will not be the ones accused of bringing up the subject, for we are being asked for a response.

First of all, there was the 1995 referendum. It was lost by about 50,000 votes, or in other words, it was nearly 50-50. The federalists predicted the consequences of not voting against the project presented by the Government of Quebec. What was involved was to say yes to sovereignty, but with an offer of partnership to continue economic relations, and so on. The situation has remained unchanged on the constitutional level, since Quebec is still within Confederation. I therefore find the hon. member's comments, particularly those on the situation in downtown Montreal, somewhat confused.

He has just told us that federalism is serving Quebec badly, Montreal in particular, at this time. One of the reasons why Quebecers wanted to vote yes was, precisely, in order to acquire more autonomy, more means of controlling their economy, in order to be able to live better.

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But the situation is still there. The federal government is still interfering in the same areas as the Quebec provincial government, and more often than not in areas of jurisdiction which belong exclusively to the provinces under the Constitution. Quebec is not the one involved in messing with areas of federal jurisdiction. Quebec is trying to extricate itself as best it can, for example in health or education, because it has shared the same fate as the other provinces, federal government slashes to funding. Quebec is doing all it can to get by.

It is doing so within the framework of a provincial state, without all of the means it should have available to it: legislation, programs, money, among other things.

I am not saying that such was the intention of the Reform member who just spoke, since he generally weighs his words and is extremely respectful of others' opinions, so I shall be equally respectful of his, but I do find that somewhat condescending. As for the cost, it is as though we Quebecers were lucky to be in confederation and looked after by all the other provinces, who are supposedly paying our way.

I heard reactions about EI. It is true. One third of EI benefits go to Quebecers. But why is this, dear colleague? It is because there is more unemployment, because the economy is in worse shape as things now stand in the Canadian confederation.

What you are telling us is we will be worse off if we leave. That is the message you are giving us, instead of telling us you will do everything you can to help Quebec catch up with British Columbia, Ontario and Alberta. Yes, unlike those provinces, we get equalization payments. But, instead of telling us that, you are condescending.

We are asking for more flexibility, more freedom. We are saying "Give us the means and you will see. We will continue to be economic partners, to have economic relations". Then you tell us about the north-south direction of trade. It is no different in Quebec.

I do not have all the figures with me. We could discuss this another time, but it is clear that the trend you are seeing in your province is one we are also seeing in Quebec, and that the economy is increasingly along north-south lines. This is an advantage to Quebec, and does not necessarily put British Columbia at a disadvantage with respect to California or Oregon, but we are in the same situation.

Sometimes I want to ask you "If we are costing you so much, why not let us leave? That is all we are asking".

Mr. André Harvey (Chicoutimi, PC): Mr. Speaker, we will certainly not be holding the constitutional debate here this evening because the government, with the support of the Reform Party, has decided to refer it to the supreme court.

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• (1655)

I wish to point out to my hon. colleague from the Reform Party that the best way to work constructively is certainly not to run election campaigns as racist and provocative as theirs was this past May.

I would like to congratulate my Bloc Québécois colleague for his speech, and to tell him that I am sure he will do a good job in committee to improve all of the aspects of this measure.

I would like to raise the following point with him. In developing a business, there is the whole aspect of financing, particularly for small and medium size businesses. There is also the whole aspect of training. Tens of thousands of jobs in this country are unfilled because companies cannot find the appropriate human resources for the available jobs. This means quality manpower is a key element in a company's future.

I would like to ask my hon. colleague whether, because of the billions of dollars cut from education budgets across the country, and the excess burden placed on small business and on workers through the employment insurance program—the government has built up \$15 billion in the fund—he is not concerned about these cuts, which were made without consulting the provinces. Student debt—

The Deputy Speaker: I am sorry, but there are only ten seconds left for questions and comments. The hon. member for Lévis has the floor for a very brief response.

Mr. Antoine Dubé: Mr. Speaker, I would just like to say that I would not go quite as far as the hon. member for Chicoutimi did in his comments on the Reformers.

Regarding manpower, I think the problem will be resolved to some extent come April 1, when the Government of Quebec will have access to part of the EI fund and have a single window to manage the whole area of active employment measures. I think that will make a substantial difference.

Cuts were made of course, but at least, from a sound management point of view, they were called for. We know that there was a consensus in Quebec; all political parties agreed that the Quebec government should look after manpower training itself. In that sense, I am rather optimistic.

[*English*]

Mr. Jerry Pickard (Parliamentary Secretary to Minister of Public Works and Government Services, Lib.): Mr. Speaker, at the outset I would like it known that I will be sharing my time with the member for Etobicoke—Lakeshore.

As we look at the economy of Canada and as we think about the changes that have occurred in the last four years, we can be very

proud that the tremendous potential in moving forward to make our economy much better is critical.

I look at the employment figures. Some million new jobs have been created. That is a net gain. That is a very important aspect for all of those who have been looking for employment opportunities. It is a very important aspect for our country's growth and country's potential in the future. There is no question the government has done a tremendous amount to move forward an agenda of job creation along with business promotion.

The Prime Minister took on the role of Captain Canada, as many have called him. He took on the role of going abroad into Asian countries and South American countries to expand our trade potential. He took our business partners and our provincial partners and made certain the message he was bringing forth was heard throughout the world. Throughout countries it was heard that we had a great potential to work with, not only today but also in the future.

We have had an opportunity to look at youth programs and move that agenda forward. The bill is looking at the important issue of the finances of small business.

I have no question in my mind that the engine of the economy is business itself. Let us not sell short big business. It is as important to the country as small business. Small business happens to be the generator of jobs in today's day and age; the niche market; the market in every town, every community and every area of our country; the fellow on Main Street who makes sure that everyone is supplied with products they need and with products they desire.

• (1700)

One of the biggest obstacles to business today in our society is availability of capital. There is no question availability of capital is an absolute must for business.

Why are we talking about small business loans and amending the act to make another billion dollars available in the next year? It is so vital. Small business contributed to 81% of new job creation in 1996. With four out of every five jobs being created by small businesses we must ensure they have all the tools and mechanisms in place in order for them to prosper.

We know that more than 2.5 million small businesses exist in this country today. They employ well over 50% of Canadians. Everyone who realizes these conditions knows that we must make the loans and support for those loans available to small business. Any dollar spent by the Canadian government to make certain loans are available is a well spent dollar. We are repaid in many ways.

Some have called it a subsidy to business. We have put in place charges for those services and those charges were there to cover the costs of any losses that occurred within the programs. As time goes

on, any cost to that small business program will be covered by the fees that are charged for small businesses entering those loan programs.

Some were critical of the administrative costs to the federal government. We introduced fees to cover the administrative costs within the small business loans sector. Any costs that may be attributed to the Canadian government in the form of covering loans or in the form of administration are retrieved by the programs that have been put in place and the charges that have been levied according to the provisions of the act.

It is important for us to realize that as we review this program it needs to be updated. The auditor general has made suggestions that we need as a government to re-examine the whole spectrum of how the Small Business Loans Act operates. The government has taken on that responsibility. It is doing a comprehensive review of the small business loans program. While this review is going on we need a bit of time to ensure the availability of loans.

That is why these adjustments are being introduced in the act today. They are adjustments to make certain there will be capital available for small businesses, those starting up and ready to move forward. There is capital available for those that may not be quite at the point where a bank would be willing to lend them money but the potential is so great that for that community, for that group of people it is a very vital investment.

There is no question when we look at the issue it is very important to realize this is an act that supports the grassroots of our communities. This is the act that supports all those small businesses on the streets of Toronto, on the streets in Leamington in my riding, on the streets of Chatham in my riding. It is the act that supports those rural community operations that are required in order to make certain we get fair and equal treatment right across this land.

Think of the kind of supports there are. Every one of the Reform ridings has thousands of small businesses in it. Each one of those small businesses needs the support that is offered through this act. That is how important it is.

• (1705)

I would also suggest that we consider others who are talking about this program. The Canadian Federation of Independent Business strongly supports this plan. Why? There is no question that if these loans are available they will allow the organizations to grow. They will allow the communities which require services to have those services. These loans will allow entrepreneurs to begin businesses. They will stabilize a lot of businesses having problems with cashflow at the present time.

I suggest that the costs are horrendous for someone to get into business today. They have to buy equipment. They have to buy

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stock to sell to their customers. We need to have financial mechanisms in place to support those businesses. Without that support we are certainly not going to see the growth which we have seen over the last few years.

It is not just the growth we are seeing in the Small Business Loans Act. This growth has to do with other programs that have been put in place as well.

Today interest rates are at the point where small businesses can survive, go forward and achieve a lot of their goals. Four or five short years ago, when interest rates were three and four percentage points higher, that put a tremendous burden on small businesses. They were unable to compete. They were unable to turn a profit in the first few years.

When my son looked at the cost of getting into business, the interest on the capital he had to put out represented a huge portion of the revenues he took in on an annual basis. There are many businesses in that position.

The lowering of interest rates and making loans stable gives tremendous support to small businesses and enables them to thrive.

We know that in 1996-97, 30,000 small and medium size businesses used this program. They accessed some \$2 billion in financing. That alone tells us how important those dollars are in enabling small business to move forward in this country. That alone is the key measure in why we need to increase that funding by \$1 billion today to make certain those dollars are available.

I strongly support the minister's position to go forward with the view of reviewing the entire policy to ensure it is fair and supportive of business.

Mr. John Herron (Fundy—Royal, PC): Mr. Speaker, I have a couple of comments with respect to the remarks made by the hon. member.

As we stated earlier, the Progressive Conservative Party will be supporting this legislation. However, we believe it is incumbent on the government to react to a number of the initiatives put forth in the auditor general's report, as I outlined earlier.

I am very pleased that the Minister of Industry stated: "I am pleased that the auditor general noted that we have made considerable progress toward increasing productivity and reducing the overall cost of the program. The auditor general's report will be a very useful tool as we review the SBLA".

However, there is one principal issue which has to be addressed and that is the issue of incrementality. The hon. member mentioned different criteria in terms of where the access to capital would be provided to certain types of small businesses. Then he went on to another aspect of it and said that loans would also be given to companies and ventures where loans would not otherwise be given.

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• (1710)

Is it the member's understanding of the legislation that its original intent was to provide incremental loans of a smaller nature, not to compete with the larger amounts of money?

As the auditor general pointed out in his report, 30% to 40% of the loans approved by the SBLA would have been approved anyway.

I think it is incumbent on this government to actually ensure the incrementality type loans, loans for start-up ventures or for expansions that do not tie up the small business person's personal guarantee.

That is supported by the 88,000 members of the Canadian Federation of Independent Business. Is that the intent? Do they want to approve other loans?

Mr. Jerry Pickard: Mr. Speaker, the point I was trying to make was that most loans in most of our communities across the country are controlled by one or another financial institution.

In those financial institutions there are certain criteria. We know the criteria, depending on the security, depending on the amount of money coming in, depending on a lot of factors. Someone can borrow money for a start-up business at a certain per cent.

If they cannot get a loan from a bank, they might then go to another financial lending institution which may lend them that money. Often that money is at a higher rate, a rate that makes it very difficult for that business to operate.

Someone can have a tremendously great business plan. They may have a lot of factors involved that would make this business a go and people sitting down and analysing it can give them a tremendous amount of support.

They still may not have any reserve capital that would allow a bank to say it will lend them that amount of money.

My point in suggesting this is that I believe at the outset often businesses do need a little extra support. Government programs giving an 85% guarantee is giving that support to those businesses. The track record of the lending pattern has been very good.

We know the costs in that program. We have laid on fees that match the costs. If the bank would lend that money without the support of the Small Business Loans Act, fine. We support that very much.

All we want to do is make certain that for those folks who do need that bit of support it can be there and it can be helpful for them and it will not put them into a situation where they cannot go ahead with that small business.

The program allows a lot more people to enter the business sphere. It also gives guarantees that people need within that structure.

Ms. Jean Augustine (Etobicoke—Lakeshore, Lib.): Mr. Speaker, I am pleased to join in this discussion to the amendments to Bill C-21, the Small Business Loans Act which provides loans and guarantees to small businesses.

The amendments to the act would extend the current lending period, as most of my colleagues have stressed, to March 31, 1999 and raise the program's total lending ceiling by \$1 billion, taking us to \$15 billion.

During this period of extension Industry Canada will have the opportunity to work in consultation with our stakeholders to review and give consideration to the sustainability of the program.

This review will investigate ways to sustain self-financing, to improve accountability and to verify the conditions stipulated in the act.

In my riding of Etobicoke—Lakeshore there are over 3,600 businesses. Many are small and medium size business. They are an integral part of the economic infrastructure of Etobicoke—Lakeshore.

The operation of these businesses cuts across the manufacturing and service sectors of the economy. To use the oft used phrase, they are the main engine of employment in my riding.

• (1715)

Maintaining a strong economy is vital to the success of our economy. Providing opportunities whether through financing, technology or whatever assistance we can give to small businesses will give the Canadian economy the energy it needs to grow.

Canada has more than 2.5 million small businesses. Small businesses created 81% of the new jobs in 1996-97.

In recent consultations with businesses in my riding, the one concern I heard from small business owners over and over is the difficulty they face in obtaining financing. Access to capital is their number one problem. The Small Business Loans Act addresses the problems of these constituents.

There is a history to the Small Business Loans Act. It was passed in 1961 to provide loans to small and medium size businesses which would otherwise not have access to conventional financing. In 1996-97 approximately 30,000 small and medium size businesses used the Small Business Loans Act to access roughly \$2 billion of financing.

The importance of the \$2 billion in financing to those 30,000 small and medium size businesses has been stressed over and over again. I can say to the House that without access to these financial resources, the small businesses in my riding would not be operational today nor would they have the success that they have had.

The program under the Small Business Loans Act is consistent with the Liberal government's commitment to assist small and medium size businesses adapt to new technologies, to produce new

goods, to be innovative, to reduce costs and to increase their productivity.

Through this program we are working with stakeholders in the banking industry to foster a prosperous economic environment in Canada where businesses are provided with a chance to take advantage of opportunities in the global market.

The government has followed through on the commitments we made at the doors of our constituents. We have followed through with initiatives such as Strategis, an Industry Canada interactive web site aimed at increasing support for small businesses.

For the benefit of those of my colleagues on the other side who would question this, I think it is important that they note that the federal government shares the risk of loans to small business by paying 85% of the loss sustained by the lender. The lender is responsible for the rest. The loans are made by banks or other institutions which assess the eligibility of applicants. All businesses with sales not exceeding \$5 million are eligible, except for farms, and religious and charitable organizations.

The Small Business Loans Act program is not a subsidy to business. I stress it is not a subsidy to business. In 1995 when the act was revised it moved toward covering the cost of loan losses. Lenders pay for the cost of the program through a one time loan registration fee. In short the majority of these loans are repaid. To date, loans under the Small Business Loans Act are approaching \$14 billion, the total lending ceiling for the program. Very few of those loans are in default.

Changing economic conditions in Canada and global economic trends, not to mention the growing demand on the program by companies have given us some indication that this program needs to be maintained. The \$1 billion addition to the program is necessary at this point in time.

Providing support to this sector of our economy will enable it to continue to support jobs and economic growth which is so necessary in our communities.

• (1720)

Recent studies have found that the small business loans program is one of the best programs compared to other available programs. Administrative and default costs are low. The government instituted a 2% registration fee and in 1995 legislated a 1.25% annual administration fee on lenders on the outstanding balance of loans which again were appreciated. Those fees are aimed at moving the small business loans program toward cost recovery over a 10 year period.

We have heard about the support this program gives to small businesses. At the same time we know in talking to our constituents there are other ways in which they are looking for assistance. I

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speak of the individuals who look to what we call micro credit. That is the very, very small seed money which is necessary for a business to start up.

Every effort is being made to ensure that there is fiscal prudence in the program and that we exercise that kind of management. Earlier one of the members made reference to the auditor general's report. The minister, as he said in his statements, is giving full consideration to ensuring good fiscal management.

Small and medium size companies do not exist in a vacuum in the marketplace. They need government and private sector assistance to expand, to remain competitive, to build a solid economic foundation and to do all the things that are necessary to sustain, to grow and to have those jobs in our communities.

I support the amendments put forward by the Minister of Industry. I remind my colleagues on all sides of the House that this is an important issue for the small businesses in our areas. I call on all my colleagues to support the amendments to the Small Business Loans Act.

Mr. Pat Martin (Winnipeg Centre, NDP): Mr. Speaker, I find it easy to agree with most of member's remarks. Previous speakers on behalf of our party have already voiced their support for this bill and we will be looking forward to doing that.

I would like to remark on some of the things that were raised in regard to the current situation that small businesses face when looking for venture capital. They lack support from the banks which leads to the need for the Small Business Loans Act. It is quite common knowledge that many small businesses that wish to grow or create jobs or to build their base have been flatly turned down by the conventional lending institutions.

In my own province of Manitoba, over 80% of all the venture capital given out last year was given out by the Crocus labour investment fund and not by the banks. In other words, small businesses wishing to access venture capital or any type of a business loan, even if they do have a good business plan and even if they do have the equity necessary, are not getting the help they need, which leads to the importance of things like the small business loans program.

What does the member think of the current situation? Banks are not meeting the needs of small businesses with the capital that they need. Does she think the merger of the major banks is going to lead to better service, or should her government be looking for ways to curtail these mergers? Maybe the member could speak to the impact these mergers might have for small businesses looking for business loans or venture capital.

Ms. Jean Augustine: Mr. Speaker, I know my colleague supports the amendments to the Small Business Loans Act.

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I agree with him that the average loan made under the act is in the range of \$60,000. To many small businesses it is a large amount. We have to look at avenues and ways in which we could support the small micro businesses in their challenge to find seed money, the start up money.

• (1725)

In reference to the merger, the question has been answered in the House time and time again. This government has a committee which is presently at work. We are waiting for the recommendations to come forward.

The finance minister has been quite clear that at this point the merger of the major banks is a concern to us. My colleagues on this side of the House are working to find ways in which we can respond and deal with the issue when it does present itself to us. We still have a whole series of avenues, the caisses populaires, the credit unions, micro credit, community economic development. A whole series of issues has to be put in the mix as we discuss the question of mergers and other questions as to the direction in which our banks are heading.

Mr. Jim Pankiw (Saskatoon—Humboldt, Ref.): Mr. Speaker, my question is why the Liberal rhetoric does not include any reference to the numerous problems that have been outlined in the auditor general's report.

I have not heard any acknowledgement from any of the Liberal speakers about the fact that close to half of the loans are given to companies that would have secured them anyway. Between 1993 and 1995, taxpayers were on the hook for \$210 million in defaulted loans. The evidence is that lenders and borrowers have been abusing the SBLA program, that job creation figures have been exaggerated and that there is little accountability to parliament. Would the hon. member like to comment on any of those deficiencies of the Small Business Loans Act?

Ms. Jean Augustine: Mr. Speaker, it is very easy in this House to throw the negatives around and it is also very easy in this House to oppose when one sits in opposition.

The positive aspects of this bill, the amendments as laid out and the initiatives as recommended provide the assistance small and medium businesses require. The minister has addressed the auditor general's report. The member is fully cognizant of the government's response in this regard.

The Deputy Speaker: I wish to inform the House that the announcement pursuant to Standing Order 38 is late but nevertheless I will make it. I am sure hon. members who are preparing to speak on the late show this evening will have that opportunity and will want to take it.

It is my duty pursuant to Standing Order 38 to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Halifax West, Shipbuilding; the hon. member for Calgary Southeast, Taxation.

Mr. John Solomon (Regina—Lumsden—Lake Centre, NDP): Mr. Speaker, I am very pleased to rise in the House of Commons as the New Democratic Party spokesperson for small business to debate the merits of Bill C-21 at second reading.

This bill as has been outlined increases the total loan pool offered by the Small Business Loans Act from \$14 billion to \$15 billion. This bill is before the House because the small business loans program is set to expire in about six weeks, on March 31, 1998.

In existence since 1961 the SBLA is a small business loans guarantee program which increases the availability of loans for establishing, expanding, modernizing or improving small business enterprises. We believe that this bill is necessary in the greater picture because the review of the entire SBLA is necessary considering what has come out of the auditor general's report.

The SBLA provides another alternative source of funding for businesses in this country. It is a program which many people in the Reform Party do not understand and actually which I do not think anybody in the Reform Party understands.

The SBLA is a leveraging program. It leverages billions of dollars out of other sources for business people to invest in their businesses. It is only one small component of the financing requirements of the business community. It is a very unique and very important because of the leveraging factor.

• (1730)

If Reform members had any business experience they would know that leveraging in business is extremely important when accessing capital either to establish a business or to increase manufacturing capacity or to improve and modernize as the case may be.

The NDP has supported the Small Business Loans Act program in the past. Although we believe it is unfortunate that Canadian banks need the incentive of a government guarantee to do their job and service their small business customers, we will continue to support the program with certain conditions and with certain improvements required.

The conditions are related to the auditor general's review of the SBLA and Industry Canada's handling of the SBLA. We are concerned about a number of the auditor general's findings in last December's report about abuses by some of the bankers that are registered lenders under the act and about the tendency of bankers and the industry department to inflate the program's job creation numbers.

As a result of that audit the government has brought forward Bill C-21 as an interim measure to extend the SBLA for one year while the industry department conducts a program review. We are informed as well that the standing committee on industry of parliament will be conducting a parallel review. My NDP col-

leagues and I intend to be active in that process when it shows up on the order paper of the House of Commons.

Before I get into the substance of the bill I want to mention a couple of points. Reform believes that there is one engine. The Liberals believe that there are two engines, but the NDP actually believes there are three engines of our economy.

The first and most important engine of our economy is the business community. Members of the business community risk the capital. They are the ones who have the ideas and bring their ideas to fruition by investing money in them, creating jobs and producing a product or a service which is needed or purchased in Canada and in other parts of the world.

This is a very important component of our economy. They truly are the entrepreneurs that show how people can create jobs. They are the people who risk their lives in terms of their finances almost on a daily basis. We feel this is a very important component of our economy. However this component would not work very well without the other two components, the other two engines of the economy.

The second engine of our economy is the co-op sector. An example of that is the Saskatchewan Wheat Pool or Federated Co-ops. Co-ops are very important, as is the credit union sector. There are caisses populaires in Quebec, parts of Ontario, British Columbia and Atlantic Canada. There are significant co-op and credit union sectors.

The reason co-ops are an important engine is that groups of people have come together to do things in their communities or regions that business would not do or that government could not do. That is where people underestimate how important the Canadian economy is in terms of its uniqueness.

We have business as one of the major engines of the economy. We have co-ops as another major engine. The third engine of our economy is the government sector.

The government sector is obviously not supported by Reformers. They want to see the elimination of police services in our communities. They want to see the elimination of fire protection. They want to see the degradation of education and health care. They want business to run the whole shebang.

Canadians see through their very transparent policy situation. They see the Reform Party as being the party that says "Government does not work. Vote for Reform and we will prove it".

Mr. Howard Hilstrom: Mr. Speaker, I have a question. When the member who is currently making his speech says something that is absolutely and totally wrong or false, is it allowed?

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The Deputy Speaker: Hon. members sometimes say things that other hon. members disagree with. It is not uncommon for that to happen in the Chamber. The fact that some member may regard what the other member is saying as wrong, false, incorrect or whatever is ground for debate but not for a point of order or an interruption in the hon. member's speech.

• (1735)

I have no doubt the hon. member for Regina—Lumsden—Lake Centre is saying things that perhaps some members would disagree with, but in the circumstances I do not think we need to get into a point of order on it.

Members will have an opportunity to reflect on what they have said and on what he has said in questions and comments and later in debate on the bill.

Mr. Jim Pankiw: Mr. Speaker, I rise on on the same point order. If it is a deliberate attempt to mislead the House, does that still qualify under your comments?

The Deputy Speaker: All hon. members are taken to be speaking of things they believe to be true. They are not taken to be deliberately misleading to the House.

If the hon. member feels something so serious has happened, he can check with the rule book to see what steps he should take. It is not appropriate to interrupt on a point of order with such an allegation without quite serious consequences ensuing.

Mr. John Solomon: Mr. Speaker, it is interesting to note that Reform members are standing in the House and feeling a bit touchy about the fact that people see through their policies.

There is an old saying in Saskatchewan which my colleague from Saskatchewan who just stood on a point of order that was out of order would know about it: if you throw a rock in the dark and a dog yelps, you hit a dog. That is what we have here.

When the Reform policy is exposed Reformers start yelping, whining and hissing from their seats. In their dictatorial, philosophical unbending drive to eliminate government from people's lives, they feel any criticism based on fact and on thousands of examples is not something they want to debate. They do not want to talk about the truth or things that are accurate. They prefer to talk about things that are fictional and perhaps less important to people.

There is an important situation in Canada with respect to the SBLA. I just went over the three engines of the economy which are very important and which the New Democratic Party and millions of Canadians believe in with all their hearts.

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I remind my colleagues in other parties about the importance of small business. The NDP is very supportive of small business. The small business community in Saskatchewan supports the NDP in a very broad way. Many small business people are active in my executive and in my campaign. There are about 1,200 businesses in my constituency. There are approximately 39,700 small businesses in Saskatchewan that employ about half of the population of Saskatchewan, a very significant number. The New Democratic Party Government of Saskatchewan would not be elected or re-elected if it did not have small business community support. I am grateful for the support of the small business area over the years.

About 98% of the businesses in Saskatchewan employ 50 people or less. That is the same as the average. About 98% of small businesses in Canada actually employing 50 people or less. That means there is a large number of small businesses in Canada. The SBLA is one very important component of their equity and debt to acquisitions for business purposes.

Members of the House might not know, although some on the government benches might, that 98% of the approximate 975,000 business in Canada employ 50 people or less. That is a very significant number. About 861,000 or 90% of that figure employ 20 people or less. This is the type of business that looks for alternative financing in Canada. This is where the SBLA is very important.

In 1995 small business represented 43% of GDP in Canada. In 1997 one out of two Canadians were employed by or owned a small business. In 1997 paid employment actually declined by 0.4% while self-employment and business ownership grew by 11.5% from January to August. One in five of the labour force is now self-employed, which is up from about 12% twenty short years ago. In the province of Saskatchewan, as I indicated, over half of the people who are employed are employed in a small business or own a small business.

• (1740)

The small business loans program has been around since 1961 but assumed growing importance with these new trends in the early 1990s. It provides a government guarantee of registered business improvement loans which have been approved by registered lenders to qualified small businesses. Some two-thirds of the approved loans go to businesses less than three years old. The default rate of 4.5% is among the lowest of similar programs in OECD countries, compared with 19% in the United States and a high of 40% a few years ago in the United Kingdom.

In 1993 a number of amendments were made to the program, including an increase in the loan cap from \$100,000 to \$250,000. The concern was that during the height of the recession it would be particularly important to promote new sources of employment

within the small business sector, especially given the loss of tens of thousands of manufacturing jobs that followed Canada's signing of the free trade agreement and the NAFTA, which by the way was supported by the Reform Party.

Some recent studies indicate a slightly higher default rate on the higher value loans. A few critics have suggested that the higher loan cap may have enticed some banks to skirt the rules and allow related businesses to assemble several quarter million SBLA loans into a government backed financing package of up to \$4 million each, as the auditor general has discovered. This is an abuse by the financial institutions which must stop or the SBLA program will die.

It has also been pointed out that Industry Canada does not review loan applications but only claims submissions. On the one hand this has allowed the banks to charge user fees not permitted in the act and to get away with other abuses. On the other hand, as some of my constituents in Saskatchewan credit unions have complained, it also means that Industry Canada has rejected lenders' claims for occasionally quite picky reasons which may be viewed as being contrary to the spirit of the act.

These are all issues that we will want to see reviewed over the next year in anticipation of some major amendments to the legislation governing the SBLA.

While my party supports the speedy passage of Bill C-21, it is without prejudice to views that we may express on how the program might be improved on the next round of amendments.

The Small Business Loans Act is not the only element of government policy which affects small businesses in Canada. My colleagues on the government side are rather selective when they trumpet the government's record in the field. It is because they are too embarrassed to remember what they said in opposition about issues affecting small business.

Here are a few quotes of Liberals in opposition on one business issue. I ask all members and people of the country to guess what small business issue the following quotes concern.

The current Minister of Public Works said in 1989 "It is a burden on all small businesses in this country".

A current Liberal senator who was a former member of Parliament, Shirley Maheu, in 1989 called it "a nightmare for small business and Canadians don't want it. The message is loud and clear".

The current Minister of Western Economic Diversification, the hon. member for St. Boniface, claimed in 1993 that it was particularly onerous for small business. He said that some of his constituents told him daily that they felt like giving up their businesses and finding another job in order to escape the heavy burden imposed by government.

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The then member for Parkdale—High Park reported that it was “killing his small business constituents with red tape, the paperwork and the taxes”.

The current Minister for International Trade said that it had deflated businesses and marketplaces in his constituency.

What were they talking about? Were they talking about the SBLA or other issues? They were talking about the GST, the read my lips campaign of the Liberals in the last two elections. “We hate it and we will kill it” they kept saying. They said that in the 1993 election and ever since they have been trying to defend breaking their word.

However they are still collecting it. They have even worked out with their Liberal friends in Atlantic Canada, Nova Scotia, New Brunswick and in particular Newfoundland, to harmonize it. They are calling it the BST, the blended sales tax. That shows us how trustworthy Liberal government commitments are to small business.

Another government policy which has hurt small business is high interest rates. The SBLA charges floating interest rates that are pegged to the prime or fixed rates which are pegged to prevailing mortgage rates. When the Bank of Canada needlessly raises interest rates, it immediately hits small business owners that are struggling to meet their loan payments, as well as their payrolls and all the other expenses of keeping their businesses afloat.

• (1745)

As if small business owners did not have enough to worry about, there are always the banks, the good friends of the Liberals and of course the Reform Party.

Business loans under \$100,000 account for just 3% of business loans made by the big six. A recent CFIB study says that small business loans are now more expensive and harder to get. Furthermore, it estimates that service charges to small businesses have increased on average, 12% over the past year alone.

Some 44% of small businesses were forced to use credit cards to finance their operations in 1996 but the government refuses to regulate the exorbitant credit card interest rate being charged by the banks. Of course, the government is very heartily cheered on by the Reform Party.

There are plenty of challenges facing the small business sector in Canada, one of the three engines of the Canadian economy I referred to earlier. They need all the help they can get.

That is why, although we have some questions that should be addressed in the forthcoming review of the small business loans program, we are anxious to ensure that the program does not expire

on March 31, 1998, jeopardizing literally thousands of businesses in this country.

We have agreed to co-operate with the government to pass Bill C-21 and to extend the program at least for one year until March 1999.

I take this opportunity to thank all the business people I have met with over the past number of weeks with respect to this bill. I would also like to thank the auditor general's department and the CFIB, Credit Union Central, Professor Alan Riding of Carleton University, and Keith Nixon of the Saskatchewan Credit Union Central who advised me on all issues with respect to the SBLA.

Mr. Walt Lastewka (Parliamentary Secretary to Minister of Industry, Lib.): Mr. Speaker, I listened to the last message very clearly. I agree with a lot of what the member said, except for a few parts he probably went off script for.

There have been some comments made about the banks and about lenders. I remind the member that in addition to the six or seven banks there are 1,490 members who are lenders on SBLA, whether they be credit unions, caisses populaires, credit societies and so forth.

This bill basically is an extension of the SBLA for one year and the addition of \$1 billion, from \$14 billion to \$15 billion.

I understand my colleague supports the bill. Could he expand on items? In addition to the banks, he has I am sure in Saskatchewan other lending institutions that are very key. They use the SBLA but perhaps they have not been mentioned here today. They are part of the SBLA program.

Mr. John Solomon: Mr. Speaker, I thank the hon. parliamentary secretary, the MP for St. Catharines, for that question. Of course, the credit union system in Saskatchewan is quite significant with respect to agriculture, small business and personal financial matters.

The credit union system in Saskatchewan has been involved with about 25% of the SBLAs that have been provided. They have approved somewhere in the vicinity of 300, which is about 25% of the 1,200 SBLA loans outstanding in Saskatchewan.

The average coverage for the credit unions across the country is about 20% but in Saskatchewan it is much higher than that.

Mr. Leon E. Benoit (Lakeland, Ref.): Mr. Speaker, the member has just spoken in favour of this bill and in favour of increasing the potential taxpayer liability of this bill.

I would like the hon. member to comment on what history has shown us about this type of lending. In particular, if he could think about the Farm Credit Corporation in Saskatchewan and the kind of

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liability that taxpayers took on so that farmers who could not otherwise get loans would be able to get loans.

There was an impact of that program on taxpayers through the amount of money they had to pay to support loans that were defaulted, which were unbelievable in proportion. Also there was an effect on agriculture.

When loans were defaulted on, the impact on agriculture in his province of Saskatchewan was indeed incredibly negative.

• (1750)

Therefore not only did the taxpayers take a huge hit with defaults on thousands of loans through the Farm Credit Corporation, but the agriculture industry was actually in worse shape than it was before the loans were made. A large portion of the farmers who took these loans that they apparently could not get from the banks, although in some cases that was not the case, were worse off than if they had never received the loans.

I would like the member to comment on that because the record in his province on this type of program is clear. The record is very poor and, in the case of a decline in the economy, we are setting ourselves up for a huge hit with this legislation as well. The expansion in this legislation will allow for an even larger liability on the part of taxpayers. I do not believe the demonstration of the benefit from this legislation, which has been talked about by other members in the House, is really there.

Mr. John Solomon: Mr. Speaker, I am pleased to have the question from the MP for Lakeland with respect to the Reform style government that we had in Saskatchewan between 1982 and 1991. By the way, one of his colleagues is a former member of that Reform style government right here.

For the record, let me make two points. First, if Reform opposed and killed this bill there would be \$14 billion in loans to small business people in this country that would be in default. They would have to pay back that money. It would put tens of thousands of businesses out of business right now. It is in support of putting small business people out of work, having its big business friends take over all the equity and jobs and send the money down to the States to their friends the Republican Party.

The second point is with respect to the FCC and the debt. We have the Reform Party of Saskatchewan that instituted a \$16 billion debacle. It bankrupted the province of Saskatchewan in nine years under the Reform style government of Devine who promised the same thing the Reform Party has been promising for the last two years, less government, less tax and more jobs for people.

There was less tax and fewer jobs in Saskatchewan all right. The province is bankrupt because of the bloody policies of the Reform Party.

I say to the member who just asked the question that if we undertook in this country to follow Reform style policies with respect to small business there would be no small business. We would just have the Wells Fargo, the Cargills and the huge international conglomerates like Exxon running this country without any kind of opposition whatsoever.

Mr. Jim Pankiw (Saskatoon—Humboldt, Ref.): Mr. Speaker, the member suggested at the opening of his speech that Reform members of Parliament have no business experience.

The popularity of Reform stems from the fact that we are in touch with ordinary Canadians and with small business owners. We are in touch with the people who take risks and are burdened by big government policies. Many Reform members have a lot of business experience. Prior to entering politics I owned four businesses and employed over 20 people.

How many businesses has the hon. career politician from Regina—Lumsden—Lake Centre operated?

Mr. John Solomon: Mr. Speaker, I have operated two businesses, one a Dairy Queen brazier store which employed about 29 people full time and part time. I also had a consulting business on two separate occasions. I made my livelihood from those two businesses, unlike certain acupuncturist claims that members of the House might make from time to time.

Mr. Howard Hilstrom (Selkirk—Interlake, Ref.): I apologize to you, Mr. Speaker, for rising on a point of order. I am new to the House and I do not understand the rules fully. As a result, I apologize.

I suppose that a statement calling an hon. member a liar would also be out of order.

The Deputy Speaker: Very much so.

Mr. Howard Hilstrom: It would be out of order and so I will not do that.

• (1755)

I would like to ask the hon. member for Regina—Lumsden—Lake Centre just where in Reform policy, where in the Reform meetings that he has maybe attended or spoken to Reform members about has it ever been said that the Reform Party does not want the police services and the fire departments run by government? That is specifically what he said to this House and I would like to have him clarify whether he is telling the House the truth on that matter. Does he stand by those statements?

Mr. John Solomon: Mr. Speaker, the Reform member who just intervened comes from a district that probably has not had a history of Reform style politics.

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In Saskatchewan, for the member's benefit, we had a Reform style government under the name Grant Devine. Many of those people who were involved with the Reform style government of Grant Devine—

Mr. Jim Pankiw (Saskatoon—Humboldt, Ref.): Mr. Speaker, I rise on a point of order. The hon. member is purposefully trying to link a party based on fundamental values of truth and honesty and democracy with a criminally—

The Deputy Speaker: I think the hon. member is suggesting the hon. member for Regina—Lumsden—Lake Centre has ulterior motives for making a speech, but this is a debate. The hon. member for Regina—Lumsden—Lake Centre is free to express his views and this is a debate. Hon. members can participate in the debate and the hon. member for Regina—Lumsden—Lake Centre has the floor.

Mr. John Solomon: Mr. Speaker, the hon. member who just rose on a point of order would not know that his colleague from Souris—Moose Mountain was a member of the Devine party. He was a member of the party that bankrupted the province. It went to the polls and said “government does not work, vote for us and we will prove it”. The Reform Party is saying “government does not work, vote for us, we are going to prove it”.

We have had that experience in Saskatchewan and it will never get elected in Saskatchewan as a government. That is the way it is, because people have memories about \$16 billion in debt. The Reform Party does not seem to get it. It figures it can hoodwink or trick people in Saskatchewan once and maybe it can do it twice. I do not think that is the case. We will let the people of Saskatchewan decide whether what it is talking about is truthful or not.

Ms. Sarmite Bulte (Parkdale—High Park, Lib.): Mr. Speaker, I will be sharing my time with the hon. member for Waterloo—Wellington.

I am rising in the House today to address Bill C-21, an act to amend the Small Business Loans Act. I rise today not only as the member for Parkdale—High Park, but I wish to address this bill as a woman entrepreneur, a founding member of the Women Entrepreneurs of Canada and the former Canadian representative to the World Association of Women Entrepreneurs, les Femmes chefs d'entreprises mondiales.

I commend the government on its proposed amendments, first to extend the lending period from April 1, 1998 to March 31, 1999, and second to increase the aggregate lending ceiling by \$1 billion. I do so for one reason and one reason alone, because it is good for small business, and what is good for small business is good for Canada, Canadians and this economy.

Small business is the growth engine of our economy. In the last three years, 80% of new jobs were created by small and medium size businesses in Canada. But small businesses need access to capital.

During the summer I held focus groups on job creation as what the government needed to do to assist small business. One of the things I heard time and time again was “we need help, we need access to capital, what can you do about that?”

One of the focus groups was with the Women Entrepreneurs of Canada, and this concern came up time and time again from women entrepreneurs, all sorts of women entrepreneurs, women entrepreneurs who work out of their homes to women entrepreneurs who have \$20 million companies. Yet women entrepreneurs, of all the people in Canada, have had the hardest time accessing capital.

• (1800)

Hon. members across the floor have said that this is just giving money away to the same people who would have qualified for loans anyway. The truth and the reality of it is women have a difficult time getting access to capital. It was not so long ago, 30 or so years ago, when a woman could not get a loan from the bank without her father's or her spouse's signature. Unfortunately a lot of things have not changed. Women still have a difficult time getting access to capital. We as a government must do something to help them.

A young woman in my riding called me in August asking for my assistance and help. She had a great idea. She had contracts that she could bring to the bank but the bank was not willing or able to lend her money. Why? Because she was young, she did not have a spouse, she did not have a father and she did not have heavy duty capital to offset or help with her loan. With my intervention we were able to bring the banks together. I am happy to report that my constituent was able to get a loan.

There is not always a member of Parliament to assist the woman who needs a loan. And it is not just young women. It is also newly separated women and women who have decided to go back into the workforce after having raised a family. One of the best ways they see of doing that is by turning a great idea they have into a million dollar business. But that idea cannot be turned into a business without having access to the capital that is first needed.

Let us not underestimate the value of women entrepreneurs in Canada. As a founding member of the Women Entrepreneurs of Canada association, I personally know the strength of women owned businesses.

Women owned businesses employ more than 1.7 million people in Canada which is more than Canada's top 100 companies. Women own 700,000 businesses in Canada. They create businesses at four times the rate of their male counterparts and create jobs at three times the rate of their male counterparts. Women

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entrepreneurs are an economic phenomena to be dealt with and recognized.

We must also remember that those 700,000 women who do own those businesses, they are the lucky women, the women who had access to capital. There are many, many other women who have not had that opportunity and have not been able to get that financing.

In my job creation focus groups, many of the women entrepreneurs I spoke to said "The small business loans program works. I have benefited from it". The numbers I heard varied. It was not always a \$250,000 limit. It was \$60,000, \$50,000 even \$15,000. Most people would say "That is nothing. What is \$15,000? Anybody can get a loan for \$15,000". That is not the case. For a lot of those women \$15,000 was the first loan they ever had to secure by themselves. Perhaps the marriage they were in had ended and they had not had the ability to establish their own credit. This program helped those women take an idea that they had germinated in their own home and turn it into a small and very successful business.

One of the things I have always heard about women entrepreneurs is that women entrepreneurs do not make a lot of money, that they only generally earn between \$250,000 or \$500,000. That may very well be the case, but these businesses are also stable businesses. While some women entrepreneurs may have businesses around the \$500,000 gross revenue mark they still provide employment. They are stable and they do not take risks that easily. They grow slowly but they are there for the long term not for the short term. They will be there for years. They may not be worth \$20 million today, but they will be one day.

When we look at the small business loans program we cannot ignore what it brings. It brings investment to this country.

• (1805)

We as a government are investing in jobs. Statistics alone show that in 1996-97 more than 73,000 jobs were created because of this program. In the *Globe and Mail* this morning one of the headlines was "Small firms providing big job gains". Statistics Canada has released its results that in fact jobs are being created in small businesses, with the self-employed.

Interestingly enough the other thing Statistics Canada pointed out is that the small business sector is where wages are increasing. Employees working in small business are getting the benefit of the growth in small businesses. Little by little the parity between the large corporate employee and the small business employee is coming together. It is a complete success story.

The priority of this government is job creation. One of the things this government is trying to do is target youth employment.

One of Canada's chartered banks not too long ago undertook a comprehensive study of the attitudes of Canada's nexus generation, young people between the ages of 18 and 35. It revealed that this group is much more entrepreneurial and positive than usually depicted. One-third of the nexus respondents stated that their most desirable profession was entrepreneur. This suggests that young Canadians are determined to turn their innovative ideas into business realities.

But how do they do that unless we give the nexus generation access to capital? They are not unlike the women entrepreneurs who have had trouble getting access to capital, who have not established their credit. Yet when we look at some of the loans that have been given out, it is clear that a lot of the loans under the small business program were given out to start up businesses or businesses in their first three years.

The small business loans program is part of this government's all round strategy. Let us look at this also in the context of what else this government has been doing.

The government has also given the Business Development Bank of Canada a new mandate to support the growth of knowledge based, export oriented and small businesses. The bank has responded by building new partnerships with lending institutions and by developing new programs such as technology seed investment funds.

This government has also supported women entrepreneurs by increasing their participation in Team Canada. I am proud of the initiative this government took last November by taking the first all woman business owners trade mission to Washington. What a success that was.

I encourage all of my colleagues to think what this legislation will do for women entrepreneurs and the nexus generation.

Mr. Steve Mahoney (Mississauga West, Lib.): Mr. Speaker, I congratulate the member on her speech.

I attended a function the member held in her riding in co-operation with the Royal Bank. Women entrepreneurs from her riding and in fact several from my riding were invited to come and talk about issues of mutual concern. I recall some of the comments made by the people who attended the prebudget consultation the member held. There were some very moving comments, discussions and shared experiences. The people from the Royal Bank who were hosting the event were most co-operative.

I wonder if the member has any experience in how the banks feel with regard to the small business loans program. Does it help women entrepreneurs like many who were in attendance that day

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to access capital? Is it a co-operative thing that is actually working between the banks and the small businesses?

• (1810)

Ms. Sarmite Bulte: Mr. Speaker, one of the things the banks have done as this government has done is they have realized the economic importance of women entrepreneurs. Many of the chartered banks are now putting in place special programs to assist women entrepreneurs. They have departments geared to dealing with the special concerns of women entrepreneurs. A number of chartered banks have talked with the women entrepreneurs of Canada. They are working together to find out which programs are best suited to their needs.

I believe that all parties of the partnership, the government, the private sector and the not for profit sector have to work together to find the solutions for all women entrepreneurs.

Mr. Peter Stoffer (Sackville—Eastern Shore, NDP): Mr. Speaker, my question will be quite simple and quite plain. My wife is an independent business person and works very hard at what she does. I just want to ask one simple question. Since the Royal Bank was brought in by the member's Liberal colleagues, does she or does she not agree with the proposed bank merger between the Royal Bank and the Bank of Montreal?

Ms. Sarmite Bulte: Mr. Speaker, I support the position of the Minister of Finance who has made it absolutely clear that the merger is not a sure thing. It will be dealt with after the task force reports. As the Minister of Finance has challenged, I too will also add my challenge to those banks to ensure that jobs are created and jobs are retained.

Mr. Gurmant Grewal (Surrey Central, Ref.): Mr. Speaker, I listened with interest to the member on the opposite side. She used almost all of her time talking about women entrepreneurs which is good. However, since Bill C-21 deals with small businessmen, when she was talking about women entrepreneurs did she mean small businessmen or was she talking about a different group of businessmen, namely women entrepreneurs?

Ms. Sarmite Bulte: I am sorry, Mr. Speaker, I did not understand the question. Could I ask the hon. member to repeat it, please.

Mr. Gurmant Grewal: Mr. Speaker, Bill C-21 deals with loans being given to small businessmen. During most of the member's speech she was talking about women entrepreneurs, which I appreciate. But did she mean women as a group would be the same as small businessmen or just women as a special group in the community to deal with business?

Ms. Sarmite Bulte: Mr. Speaker, women entrepreneurs are simply an economic phenomena in this country. They form part of

small business in this country. Their concerns are also shared by many of the male business owners in my riding. They too have the same problems. As I walk down Bloor Street in Bloor West Village I am told time and time again, be they men or women, that they need access to capital. Through the Small Business Loans Act, the government is encouraging the banks to lend to all small businesses.

I happen to have the expertise and knowledge in the area of women entrepreneurs so I bring that to the House. I know that this issue is absolutely as relevant to men as it is to women.

Mr. Lynn Myers (Waterloo—Wellington, Lib.): Mr. Speaker, I am pleased to rise today to speak to the two amendments proposed for the Small Business Loans Act. The first one is the extension of the current SBLA lending period for one additional year, from April 1, 1998 to March 31, 1999. The second one is the increase in the aggregate lending ceiling by \$1 billion, from \$14 billion to \$15 billion, and the unused authority to lend will expire at the end of the extended lending period.

At the outset I want to say that the people of Waterloo—Wellington and many small business people in my riding applaud this legislation. It is very important for them and they certainly want to see it proceed and go forward.

As we discuss the merits of extending the Small Business Loans Act, I would like to review some of the misconceptions which have been stated regarding the program. It is sometimes argued that the SBLA represents a subsidy to small business. However in 1995 the government took steps to move the program to financial self-sufficiency so that it will be paid for by those who borrow through it.

• (1815)

Current shortfalls are the result of actions taken in 1993. Their effects are now being felt on a time delayed basis since loans can have terms of five or even ten years.

I am pleased to see that the government has already taken the actions needed to rectify the causes of the present shortfalls. Indeed it has already acted on many of the suggestions made by the auditor general in his recent December 1997 report, and further changes are in the works. As a member of the public accounts committee I applaud the efforts of the government to ensure that the problems outlined by the auditor general are rectified and taken into account. That is very important.

Passage of Bill C-21 will enable the completion of the present extensive review of the SBLA program so that we can consider what further improvements can be made to this very worthwhile program.

It is important to note that Industry Canada has already taken significant administrative steps to improve the efficiency and

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productivity of the program, such as cutting claim audit times, thereby mitigating the cost to taxpayers.

Another false claim sometimes made by critics is that the banks do not risk their own money under the program. This simply is not true. Like other insurance programs, the SBLA pools risk across thousands of users. This of course diminishes risk, however, it does not eliminate it for the SBLA lenders.

The applicants to which the banks make loans under the SBLA are otherwise credit worthy but tend to be start-up companies or firms with low capitalized assets. Indeed the whole point of the program is to get cash to companies which might not qualify for conventional financing. It is very important to note that this is in support of small businesses. They rely on it and they most certainly need it.

Further, it needs to be pointed out with respect to loans made after March 31, 1995 loan losses are shared on the basis of 85% government and 15% lender. The program will pay a bank only 85% of the lender's loss after having liquidated all secured assets.

Second, the total claims which a lender makes cannot be more than roughly 10% of the value of the total SBLA portfolio. In other words, the lender's funds are at risk and the lender will lose money with every claim. This underscores that it is not an incentive to make poor credit decisions.

It also needs to be noted that 94% of the loans have been repaid over the course and the history of the SBLA program. Again this suggests that lenders have been exercising good judgment throughout.

The statistics indicate that the system is working well. In 1996-97 more than 30,000 firms used the SBLA to improve their businesses and created an estimated 73,000 jobs. That is most impressive.

Another false argument circulating with regard to the SBLA concerns small business access to unconventional financing. Some have suggested that small and medium size businesses do not need the SBLA, that they simply can resort to venture capitalists. That is wrong. It is more complicated than that. Venture capitalists are simply not a realistic option for many firms which seek these very important but small loans. At present a mere 2% of all businesses obtain financing from such investors, whereas 54% of all outside capital for business comes from debt financing.

Even if venture capitalists were to double their activity it would still mean that only about 1,200 firms would be able to find financing.

Therefore the SBLA fills a niche in the market for precisely those firms which venture capitalists ignore. Without the SBLA most of the 30,000 firms which were financed during fiscal year

1996-97 would have been unlikely to have found the cash they required. This would have meant lost jobs, which is unacceptable. It simply is not right. It is not what Canadians want and it is not what is good for small business.

The government is well aware that banks should be flexible and open to the needs of small businesses, particularly with respect to lending practices. The industry committee of the House of Commons has heard recently that it is important to have more transparency in the lending process.

For example, banks should move away from evaluating loan applications on the basis of points and formulas and should move more toward a comprehensive and flexible approach.

Second, banks should recognize that intellectual and knowledge based assets are as valuable as hard assets and traditional forms of collateral.

Third, banks should increase the number of smaller loans for youth and micro businesses.

• (1820)

At the urging of the government and the industry committee the banking industry has begun to respond. First, banks have introduced a code of conduct. All the major banks have put in place some form of alternative dispute resolution and have appointed an ombudsman to handle complaints. Second, an industry ombudsman has been appointed to allow for an independent review of small business complaints when internal dispute resolution procedures have been exhausted. Third, the banks have developed special benchmarks with which to assess access to business credit which they report quarterly to the House industry committee.

The government is also moving ahead rapidly to put in place the elements necessary for sustainable growth and job creation in the knowledge economy, particularly with regard to small business. Industry Canada's priority has been to focus on helping Canadian business fulfil its potential to innovate, to grow and to create jobs, and this we have done.

It is important to note that Industry Canada invests in targeted R and D in high tech sectors where its support can obtain the maximum effect and leverage benefits. The National Research Council has many technology transfer programs for industry. The regional economic development agencies offer special help in export support for small businesses.

The government is moving ahead to update many pieces of framework legislation that have a profound effect not only on small business but also on the way in which Canada fosters innovation and the growth of its knowledge based industries. The government is modernizing and renewing the Competition Act, the Co-operatives Act, the Telecommunications Act, the Canada Business

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Corporations Act and the privacy protection act, especially as it relates to electronic commerce.

These initiatives are helping to create a positive environment for Canada's private sector and the small business community. Many of the government's new policies and programs are already paying off in terms of surging economic growth. The need to access capital remains a critical issue for small business growth in addition to the importance of a positive business environment. The Small Business Loans Act can help provide that access in a way that no other instrument can or does at the time.

Therefore I ask my fellow members of the House of Commons to pass this legislation on which they are about to vote for the benefit of Canada's small business community. It is what Canada needs. It is what the small business community needs.

Hon. Ralph E. Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, I rise on a point of order pertaining to the votes we will take in a few minutes on Bill C-4.

There have been certain discussions among all the parties in this House about the possibility of removing from the draft bill those detailed provisions which deal with additions to or subtractions from the Canadian Wheat Board's current mandate on the condition that members consent to the tabling now of a new provision in the law that would ensure that no minister responsible for the Canadian Wheat Board could attempt to change the wheat board's existing mandate either to enlarge it or to reduce it without first having conducted a democratic vote among the relevant producers and also having consulted with the wheat board's new board of directors.

Mr. Speaker, I would ask that you seek the unanimous consent of the House to allow such a proposal, which I have discussed with each opposition critic, to be deemed to have been duly moved and seconded and ordered to be voted on along with all the other amendments we are about to consider in a few moments.

The Deputy Speaker: The House has heard the proposal of the Minister of Natural Resources. Does the House give its consent that the minister may put the motions before the House at this time?

Some hon. members: No.

The Deputy Speaker: There is no consent.

Mr. Peter Stoffer (Sackville—Eastern Shore, NDP): Mr. Speaker, I will be asking this question for the third time today. I know from talking to Liberal backbenchers behind the curtain that many of them are opposing this bank merger. With great respect, does the hon. member oppose the merger of the Royal Bank and the Bank of Montreal?

• (1825)

Mr. Lynn Myers: Mr. Speaker, I thank the member for the question. I want to reiterate what I said in my speech. The process the government is taking with respect to small business loans and the act proceeding is very important on behalf of small business and for the economy of Canada as a whole.

I think it is important that we proceed accordingly and in a manner that fits with what we are doing for the overall benefit of the economy. It is important to note. We should do so expeditiously.

Mr. Steve Mahoney (Mississauga West, Lib.): Mr. Speaker, I congratulate the member for his remarks and for his understanding of the small business loan process.

We heard comments in this place earlier today that the maximum amount of \$250,000 for a small business loan should be reduced. I do not know that there was a suggested figure. It seemed somewhat arbitrary. I think it was the Progressive Conservative position that the act is okay but the amount is too much. I understand also that the average loan is in the neighbourhood of \$65,000 which is obviously dramatically lower than the maximum.

I wonder if the member might have some comments about the importance of leaving a flexible level as high as \$250,000 given that these loans can only be used for a capital acquisition such as property or equipment that has actual value. They cannot be for debt consolidation or things where there is no fixed value to the asset that is added to the business.

Mr. Lynn Myers: Mr. Speaker, I thank the hon. member for the point. It is an important one. There should be flexibility inherent in this loan system. I think that needs to be underscored to ensure that small business and Canadians who rely on this kind of legislation are able to work in a way consistent to enable the flexibility to be part and parcel of what they have to do in the course of what their business entails.

I think it is very important that flexibility be maintained. I think Canadians want it and certainly small business people want it.

Mr. John Herron (Fundy—Royal, PC): Mr. Speaker, with reference to the comment made by the hon. member, I want to help clarify my earlier comment which arises from the fact that 30% to 40% of the loans that are actually approved under the Small Business Loans Act, as pointed out by the auditor general, would have been approved in the first place without the public guarantee under the small business loans act.

The point is that for the most part those sorts of loans are usually loans of the higher magnitude. They are not the average loans required by the small business sector.

I referenced this quote during my remarks earlier in the day. My point is that there should be a loan guarantee for small business, not a loan guarantee for banks.

Government Orders

Essentially the Small Business Loans Act has become a vehicle for actually reducing the risk of private institutions and not actually for fulfilling the original intent of the Small Business Loans Act.

The greatest concern we have today is that the original intent of the program was to provide access to capital to start-up ventures or small firms that would not otherwise have been granted a loan from a lender.

The relative size of a loan, which is becoming very commonplace, is large but the relative size of the loan was intended to be small so that borrowers could have handled a higher rate or fee in exchange for a loan that did not leverage their personal guarantee.

Mr. Lynn Myers: Mr. Speaker, I thank the hon. member for the comment and question even though I am not sure I really understand it. It was very convoluted.

I think the point, though, needs to be made again that this legislation enables small businesses to proceed and do the kinds of things that enable them to do what they do best, conduct business and maintain the kind of activity that is in the best interests of the Canadian economy. I think we should proceed with that expeditiously.

* * *

• (1830)

[*Translation*]

CANADIAN WHEAT BOARD ACT

The House resumed from February 12 consideration of Bill C-4, an act to amend the Canadian Wheat Board Act and to make consequential amendments to other acts, as reported (with amendments) from the committee.

The Deputy Speaker: Pursuant to order made Thursday, February 12, 1998, the House will now proceed to the taking of the deferred divisions at report stage of Bill C-4.

Call in the members.

• (1850)

[*English*]

And the bells having rung:

The Speaker: I understand that we have a potential for quite a few votes tonight. I am sure all of us want to handle them as expeditiously as possible.

The first question is on Motion No. 1.

• (1900)

(The House divided on Motion No. 1, which was negated on the following division:)

(*Division No. 73*)

YEAS

Members

Abbott
Alarie
Axworthy (Saskatoon—Rosetown—Biggar)

Ablonczy
Asselin
Bachand (Richmond—Arthabaska)

Bachand (Saint-Jean)
Bellehumeur
Bergeron
Îles-de-la-Madeleine—Pabok)
Bigras
Borotsik
Breitkreuz (Yorkton—Melville)
Brisson
Canuel
Charest
Chrétien (Frontenac—Mégantic)
Davies
Desjarlais
Dubé (Lévis)
Duceppe
Duncan
Epp
Fournier
Gauthier
Girard-Bujold
Goldring
Grewal
Guay
Hardy
Harvey
Hill (MacLeod)
Hilstrom
Johnston
Keddy (South Shore)
Laurin
Lefebvre
Lowther
MacKay (Pictou—Antigonish—Guysborough)
Manning
Mark
Martin (Winnipeg Centre)
McNally
Mercier
Mills (Red Deer)
Obhrai
Penson
Plamondon
Proctor
Reynolds
Ritz
Sauvageau
Scott (Skeena)
Solomon
Stinson
Stoffer
Tremblay (Lac-Saint-Jean)
Vautour
Wasylcia-Leis
Williams—112

Bailey
Benoit
Bernier (Bonaventure—Gaspé—
Bernier (Tobique—Mactaquac)
Blaikie
Breitkreuz (Yellowhead)
Brien
Cadman
Casson
Chatters
Dalphond-Guiral
Debien
Dockrill
Dubé (Madawaska—Restigouche)
Dumas
Earle
Forseath
Gagnon
Gilmour
Godin (Acadie—Bathurst)
Gouk
Grey (Edmonton North)
Guimond
Hart
Herron
Hill (Prince George—Peace River)
Hoepfner
Jones
Kenney (Calgary-Sud-Est)
Lebel
Lill
Lunn
Mancini
Marchand
Martin (Esquimalt—Juan de Fuca)
Matthews
Ménard
Meredith
Morrison
Pankiw
Picard (Drummond)
Price
Ramsay
Riis
Rocheleau
Schmidt
Solberg
St-Hilaire
St-Jacques
Strahl
Turp
Vellacott
White (Langley—Abbotsford)

NAYS

Members

Adams
Anderson
Assadourian
Axworthy (Winnipeg South Centre)
Bakopoulos
Beaunier
Bélanger
Bennett
Blondin-Andrew
Boudria
Brown
Bulte
Caccia
Caplan
Catterall
Chamberlain
Charbonneau
Coderre
Collenette

Alcock
Assad
Augustine
Baker
Barnes
Bélair
Bellemare
Bevilacqua
Bonin
Bradshaw
Bryden
Byrne
Calder
Carroll
Cauchon
Chan
Clouthier
Cohen
Comuzzi

Government Orders

Cullen
Dhaliwal
Discepola
Drouin
Easter
Finlay
Fontana
Gagliano
Godfrey
Gray (Windsor West)
Harb
Hubbard
Jackson
Jordan
Karygiannis
Kilger (Stormont—Dundas)
Knutson
Lastewka
Leung
Longfield
Mahoney
Maloney
Marchi
Martin (LaSalle—Émard)
McCormick
McKay (Scarborough East)
McTeague
Mifflin
Minna
Murray
Nault
O'Brien (London—Fanshawe)
Pagtakhan
Patry
Pettigrew
Pickard (Kent—Essex)
Pratt
Provenzano
Reed
Robillard
Saada
Shepherd
St. Denis
St-Julien
Torsney
Vanclief
Wilfert—131

DeVillers
Dion
Dromisky
Duhamel
Eggleton
Folco
Fry
Galloway
Goodale
Grose
Harvard
Ifody
Jennings
Karetak-Lindell
Keyes
Kilgour (Edmonton Southeast)
Kraft Sloan
Lee
Lincoln
MacAulay
Malhi
Manley
Marleau
Massé
McGuire
McLellan (Edmonton West)
McWhinney
Mills (Broadview—Greenwood)
Mitchell
Myers
Normand
O'Reilly
Paradis
Peterson
Phinney
Pillitteri
Proud
Redman
Richardson
Rock
Scott (Fredericton)
Speller
Stewart (Northumberland)
Szabo
Valeri
Whelan

PAIRED MEMBERS

Cannis
Crête
Desrochers
Graham
Loubier
O'Brien (Labrador)
Perron
Telegdi
Ur

Copps
de Savoye
Finestone
Lalonde
Marceau
Parrish
Stewart (Brant)
Tremblay (Rimouski—Mitis)
Venne

The Speaker: I declare the Motion No. 1 lost.

Mr. Bob Kilger: Mr. Speaker, I rise on a point of order. I believe you would find consent to apply the results of the vote just taken to the following motions: Motions Nos. 8, 9, 11, 12, 14, 15, 16, 17, 18, 19, 21, 23 and 48.

• (1905)

The Speaker: Is there unanimous consent to apply the vote?

Mr. Chuck Strahl: Yes, Mr. Speaker, there is consent. I would like to add the member for Calgary West to the Reform Party's number on that vote tally.

[Translation]

The Speaker: If there are no more names to be added, we will put the same vote. Is that agreed?

Some hon. members: Agreed.

[English]

The Speaker: I address myself to the government whip on a matter of clarification. Is Motion No. 22 included in that list?

Mr. Bob Kilger: No, it is not, Mr. Speaker.

[Editor's Note: See list under Division No. 73]

The Speaker: I declare Motions Nos. 8, 9, 11, 12, 14, 15, 16, 17, 18, 19, 21, 23 and 48 lost.

The next question is on Motion No. 2.

Mr. Bob Kilger: Mr. Speaker, I rise on a point of order. If the House would agree I would propose that you seek unanimous consent that members who voted on the previous motions be recorded as having voted on the motion now before the House, with Liberal members voting nay.

The Speaker: Is there unanimous consent to proceed in this way?

Some hon. members: Agreed.

Mr. Chuck Strahl: Mr. Speaker, Reform Party members present will vote yes to this motion.

[Translation]

Mr. Stéphane Bergeron: Mr. Speaker, members of the Bloc Québécois will be voting in favour of the motion.

[English]

Mr. John Solomon: Mr. Speaker, members of the NDP will vote no to this motion.

[Translation]

Mr. André Harvey: Mr. Speaker, members of our party will be voting in favour of the motion.

[English]

(The House divided on Motion No. 2, which was negated on the following division:)

(Division No. 74)

YEAS

Members

Abbott	Ablonczy
Alarie	Asselin
Bachand (Richmond—Arthabaska)	Bachand (Saint-Jean)
Bailey	Bellehumeur
Benoit	Bergeron
Bernier (Bonaventure—Gaspé—Îles-de-la-Madeleine—Pabok)	Bigras
Bernier (Tobique—Mactaquac)	Breitkreuz (Yellowhead)
Borotsik	Brien
Breitkreuz (Yorkton—Melville)	Cadman
Brison	Casson
Canuel	Chatters
Charest	
Chrétien (Frontenac—Mégantic)	

Government Orders

Dalphoné-Guiral	Debien	Knutson	Kraft Sloan
Dubé (Lévis)	Dubé (Madawaska—Restigouche)	Lastewka	Lee
Duceppe	Dumas	Leung	Lill
Duncan	Epp	Lincoln	Longfield
Forseth	Fournier	MacAulay	Mahoney
Gagnon	Gauthier	Malhi	Maloney
Gilmour	Girard-Bujold	Mancini	Manley
Goldring	Gouk	Marchi	Marleau
Grewal	Grey (Edmonton North)	Martin (LaSalle—Énard)	Martin (Winnipeg Centre)
Guay	Guimond	Massé	McCormick
Hart	Harvey	McGuire	McKay (Scarborough East)
Herron	Hill (Macleod)	McLellan (Edmonton West)	McTeague
Hill (Prince George—Peace River)	Hilstrom	McWhinney	Mifflin
Hoepfner	Johnston	Mills (Broadview—Greenwood)	Minna
Jones	Keddy (South Shore)	Mitchell	Murray
Kenney (Calgary-Sud-Est)	Laurin	Myers	Nault
Lebel	Lefebvre	Normand	O'Brien (London—Fanshawe)
Lowther	Lunn	O'Reilly	Pagtakhan
MacKay (Pictou—Antigonish—Guysborough)	Manning	Paradis	Patry
Marchand	Mark	Peterson	Pettigrew
Martin (Esquimalt—Juan de Fuca)	Mathews	Phinney	Pickard (Kent—Essex)
McNally	Ménard	Pillitteri	Pratt
Mercier	Meredith	Proctor	Proud
Mills (Red Deer)	Morrison	Provenzano	Redman
Obhrai	Pankiw	Reed	Richardson
Penson	Picard (Drummond)	Riis	Robillard
Plamondon	Price	Rock	Sada
Ramsay	Reynolds	Scott (Fredericton)	Shepherd
Ritz	Rocheleau	Solomon	Speller
Sauvageau	Schmidt	St. Denis	Stewart (Northumberland)
Scott (Skeena)	Solberg	St-Julien	Stoffer
St-Hilaire	Stinson	Szabo	Thibeault
St-Jacques	Strahl	Torsney	Valeri
Tremblay (Lac-Saint-Jean)	Turp	Vanclief	Vautour
Vellacott	White (Langley—Abbotsford)	Wasylcia-Leis	Whelan
Williams—95		Wilfert—149	

PAIRED MEMBERS

NAYS

Members

Adams	Alcock
Anderson	Assad
Assadourian	Augustine
Axworthy (Saskatoon—Rosetown—Biggar)	Axworthy (Winnipeg South Centre)
Baker	Bakopanos
Barnes	Beaumier
Bélaïr	Bélangier
Bellemare	Bennett
Bevilacqua	Blaikie
Blondin-Andrew	Bonin
Boudria	Bradshaw
Brown	Bryden
Bulte	Byrne
Caccia	Calder
Caplan	Carroll
Catterall	Cauchon
Chamberlain	Chan
Charbonneau	Clouthier
Coderre	Cohen
Collenette	Comuzzi
Cullen	Davies
Desjarlais	DeVillers
Dhaliwal	Dion
Discepola	Dockrill
Dromisky	Drouin
Duhamel	Earle
Easter	Eggleton
Finlay	Folco
Fontana	Fry
Gagliano	Galloway
Godfrey	Godin (Acadie—Bathurst)
Goodale	Gray (Windsor West)
Grose	Harb
Hardy	Harvard
Hubbard	Iftody
Jackson	Jennings
Jordan	Karetak-Lindell
Karygiannis	Keyes
Kilger (Stormont—Dundas)	Kilgour (Edmonton Southeast)

Cannis	Copps
Crête	de Savoye
Desrochers	Finestone
Graham	Lalonde
Loubier	Marceau
O'Brien (Labrador)	Parrish
Perron	Stewart (Brant)
Telegdi	Tremblay (Rimouski—Mitis)
Ur	Venne

The Speaker: I declare Motion No. 2 lost and I therefore declare Motions Nos. 31 and 41 lost.

Mr. Bob Kilger: Mr. Speaker, I believe you would find consent to apply the results of the vote just taken to the following: Motions Nos. 20, 38, 45 and 46.

The Speaker: Is there agreement to apply the votes?

Some hon. members: Agreed.

[*Editor's Note: See list under Division No. 74*]

The Speaker: I declare Motions Nos. 20, 38, 45 and 46 lost.

Mr. Bob Kilger: Mr. Speaker, due to other obligations the member for Windsor West should be struck from the last vote.

The Speaker: So ordered.

• (1910)

The next question is on Motion No. 4. An affirmative vote on Motion No. 4 obviates the necessity of the question being put on Motions Nos. 5 and 6.

[Translation]

If Motion No. 4 is negated, the question will be on Motion No. 5. If Motion No. 5 is agreed to, it will not be necessary to proceed to the division on Motion No. 6. If Motion No. 5 is negated, the question will be on Motion No. 6.

[English]

Mr. Bob Kilger: Mr. Speaker, if the House would agree I would propose you seek unanimous consent that members who voted on the previous motion be recorded as having voted on the motion now before the House, with Liberal members voting nay.

The Speaker: Is there unanimous consent to proceed in this way?

Some hon. members: Agreed.

Mr. Chuck Strahl: Mr. Speaker, Reform Party members present will vote yes to this motion.

[Translation]

Mr. Stéphane Bergeron: Mr. Speaker, the Bloc Québécois members will be voting against the motion.

[English]

Mr. John Solomon: Mr. Speaker, members of the NDP caucus present will vote no to this motion.

[Translation]

Mr. André Harvey: Mr. Speaker, members of our party will be voting in favour of the motion.

[English]

(The House divided on Motion No. 4, which was negated on the following division:)

(Division No. 75)

YEAS

Members

Abbott
Anders
Bailey
Bernier (Tobique—Mactaquac)
Breitkreuz (Yellowhead)
Brison
Casson
Chatters
Duncan
Forseth
Goldring
Grewal
Hart
Herron
Hill (Prince George—Peace River)
Hoepfner
Jones
Kenney (Calgary-Sud-Est)
Lunn
Manning
Martin (Esquimalt—Juan de Fuca)
McNally
Mills (Red Deer)
Obhrai

Ablonczy
Bachand (Richmond—Arthabaska)
Benoit
Borotsik
Breitkreuz (Yorkton—Melville)
Cadman
Charest
Dubé (Madawaska—Restigouche)
Epp
Gilmour
Gouk
Grey (Edmonton North)
Harvey
Hill (Macleod)
Hilstrom
Johnston
Keddy (South Shore)
Lowther
MacKay (Pictou—Antigonish—Guysborough)
Mark
Matthews
Meredith
Morrison
Pankiw

Penson
Ramsay
Ritz
Scott (Skeena)
Stinson
Strahl
White (Langley—Abbotsford)

Price
Reynolds
Schmidt
Solberg
St-Jacques
Vellacott
Williams—62

NAYS

Members

Adams
Alcock
Assad
Asselin
Axworthy (Saskatoon—Rosetown—Biggar)
Bachand (Saint-Jean)
Bakopanos
Beaumier
Bélanger
Bellemare
Bergeron
Îles-de-la-Madeleine—Pabok)
Bigras
Blondin-Andrew
Boudria
Brien
Bryden
Byrne
Calder
Caplan
Catterall
Chamberlain
Charbonneau
Clouthier
Cohen
Comuzzi
Dalphond-Guiral
Debien
DeVillers
Dion
Dockrill
Drouin
Duceppe
Dumas
Easter
Finlay
Fontana
Fry
Gagnon
Gauthier
Godfrey
Goodale
Guay
Harb
Harvard
Iftody
Jennings
Karetak-Lindell
Keyes
Kilgour (Edmonton Southeast)
Kraff Sloan
Laurin
Lee
Leung
Lincoln
MacAulay
Malhi
Mancini
Marchand
Marleau
Martin (Winnipeg Centre)
McCormick
McKay (Scarborough East)
McTeague
Ménard
Mifflin
Minna
Murray
Nault
O'Brien (London—Fanshawe)
Pagtakhan
Patry
Pettigrew

Alarie
Anderson
Assadourian
Augustine
Axworthy (Winnipeg South Centre)
Baker
Barnes
Bélair
Bellehumeur
Bennett
Bernier (Bonaventure—Gaspé—Bevilacqua)
Blaikie
Bonin
Bradshaw
Brown
Bulte
Caccia
Canuel
Carroll
Cauchon
Chan
Chrétien (Frontenac—Mégantic)
Coderre
Collenette
Cullen
Davies
Desjarlais
Dhaliwal
Discepola
Dromisky
Dubé (Lévis)
Duhamel
Earle
Eggleton
Folco
Fournier
Gagliano
Galloway
Girard-Bujold
Godin (Acadie—Bathurst)
Grose
Guimond
Hardy
Hubbard
Jackson
Jordan
Karygiannis
Kilger (Stormont—Dundas)
Knutson
Lastewka
Lebel
Lefebvre
Lill
Longfield
Mahoney
Maloney
Manley
Marchi
Martin (LaSalle—Énard)
Massé
McGuire
McLellan (Edmonton West)
McWhinney
Mercier
Mills (Broadview—Greenwood)
Mitchell
Myers
Normand
O'Reilly
Paradis
Peterson
Phinney

Government Orders

Picard (Drummond)	Pickard (Kent—Essex)	Jones	Keddy (South Shore)
Pillitteri	Plamondon	Kennedy (Calgary-Sud-Est)	Lowther
Pratt	Proctor	Lunn	MacKay (Pictou—Antigonish—Guysborough)
Proud	Provenzano	Manning	Mark
Redman	Reed	Martin (Esquimalt—Juan de Fuca)	Matthews
Richardson	Riis	McNally	Meredith
Robillard	Rocheleau	Mills (Red Deer)	Morrison
Rock	Saada	Obhrai	Pankiw
Sauvageau	Scott (Fredericton)	Penson	Price
Shepherd	Solomon	Ramsay	Reynolds
Speller	St. Denis	Ritz	Schmidt
Stewart (Northumberland)	St-Hilaire	Scott (Skeena)	Solberg
St-Julien	Stoffer	Stinson	St-Jacques
Szabo	Thibeault	Strahl	Vellacott
Torsney	Tremblay (Lac-Saint-Jean)	White (Langley—Abbotsford)	Williams—62
Turp	Valeri		
Vanclief	Vautour		
Wasylycia-Leis	Whelan		
Wilfert—182			

PAIRED MEMBERS

Cannis	Copps
Crête	de Savoye
Desrochers	Finestone
Graham	Lalonde
Loubier	Marceau
O'Brien (Labrador)	Parrish
Perron	Stewart (Brant)
Telegdi	Tremblay (Rimouski—Mitis)
Ur	Venne

The Speaker: I declare Motion No. 4 lost, which obviates the necessity of the question being put on Motions Nos. 5 and 6.

Mr. Bob Kilger: Mr. Speaker, I believe you would find consent to apply the results of the vote just taken to the following: Motions Nos. 7, 24, 27, 28, 29, 33, 37, 40 and 42.

Mr. John Solomon: Mr. Speaker, the member for Qu'Appelle is now in the House. With respect to Motions Nos. 7, 24, 27, 28, 29, 33, 37, 40 and 42, he is deemed to be voting with the NDP caucus.

The Speaker: Is there agreement to proceed in this fashion?

Some hon. members: Agreed.

(The House divided on Motion No. 7, which was negated on the following division:)

(Division No. 78)

YEAS

Members

Abbott	Ablonczy
Anders	Bachand (Richmond—Arthabaska)
Bailey	Benoit
Bernier (Tobique—Mactaquac)	Borotsik
Breitkreuz (Yellowhead)	Breitkreuz (Yorkton—Melville)
Brison	Cadman
Casson	Charest
Chatters	Dubé (Madawaska—Restigouche)
Duncan	Epp
Forseath	Gilmour
Goldring	Gouk
Grewal	Grey (Edmonton North)
Hart	Harvey
Herron	Hill (Macleod)
Hill (Prince George—Peace River)	Hilstrom
Hoepfner	Johnston

Adams	Alarie
Alcock	Anderson
Assad	Assadourian
Asselin	Augustine
Axworthy (Saskatoon—Rosetown—Biggar)	Axworthy (Winnipeg South Centre)
Bachand (Saint-Jean)	Baker
Bakopanos	Barnes
Beaumier	Bélaïr
Bélangier	Bellehumeur
Bellemare	Bennett
Bergeron	Bernier (Bonaventure—Gaspé—
Îles-de-la-Madeleine—Pabok)	Bevilacqua
Bigras	Blaikie
Blondin-Andrew	Bonin
Boudria	Bradshaw
Brien	Brown
Bryden	Bulte
Byrne	Caccia
Calder	Canuel
Caplan	Carroll
Catterall	Cauchon
Chamberlain	Chan
Charbonneau	Chrétien (Frontenac—Mégantic)
Clouthier	Coderre
Cohen	Collenette
Comuzzi	Cullen
Dalphon-D-Guiral	Davies
Debien	Desjarlais
DeVillers	Dhaliwal
Dion	Discepola
Dockrill	Dromisky
Drouin	Dubé (Lévis)
Duceppe	Duhamel
Dumas	Earle
Easter	Eggleton
Finlay	Folco
Fontana	Fournier
Fry	Gagliano
Gagnon	Galloway
Gauthier	Girard-Bujold
Godfrey	Godin (Acadie—Bathurst)
Goodale	Grose
Guay	Guimond
Harb	Hardy
Harvard	Hubbard
Iftody	Jackson
Jennings	Jordan
Karetak-Lindell	Karygiannis
Keyes	Kilger (Stormont—Dundas)
Kilgour (Edmonton Southeast)	Knutson
Kraft Sloan	Lastewka
Laurin	Lebel
Lee	Lefebvre
Leung	Lill
Lincoln	Longfield
MacAulay	Mahoney
Malhi	Maloney
Mancini	Manley
Marchand	Marchi
Marleau	Martin (LaSalle—Émard)
Martin (Winnipeg Centre)	Massé
McCormick	McGuire
McKay (Scarborough East)	McLellan (Edmonton West)
McTeague	McWhinney

NAYS

Members

Government Orders

Ménard	Mercier
Mifflin	Mills (Broadview—Greenwood)
Minna	Mitchell
Murray	Myers
Nault	Normand
Nystrom	O'Brien (London—Fanshawe)
O'Reilly	Pagtakhan
Paradis	Patry
Peterson	Pettigrew
Phinney	Picard (Drummond)
Pickard (Kent—Essex)	Pillitteri
Plamondon	Pratt
Proctor	Proud
Provenzano	Redman
Reed	Richardson
Riis	Robillard
Rocheleau	Rock
Saada	Sauvageau
Scott (Fredericton)	Shepherd
Solomon	Speller
St. Denis	Stewart (Northumberland)
St-Hilaire	St-Julien
Stoffer	Szabo
Thibeault	Torsney
Tremblay (Lac-Saint-Jean)	Turp
Valeri	Vanclief
Vautour	Wasylycia-Leis
Whelan	Wilfert—183

PAIRED MEMBERS

Cannis	Copps
Crête	de Savoye
Desrochers	Finestone
Graham	Lalonde
Loubier	Marceau
O'Brien (Labrador)	Parrish
Perron	Stewart (Brant)
Telegdi	Tremblay (Rimouski—Mitis)
Ur	Venne

The Speaker: I declare Motions Nos. 7, 24, 27, 28, 29, 33, 37, 40 and 42 lost. Also Motion No. 34 is lost.

The next question is on Motion No. 5. Shall I dispense?

Some hon. members: No.

The Speaker: Mr. Hill (Prince George—Peace River), seconded by Mr. Breitzkreuz (Yorkton—Melville), moves:

That Bill C-4, in clause 3, be amended by replacing lines 9 to 14 on page 3 with the following:

“3.02(1) Fifteen directors are elected in accordance with sections 3.06 to 3.08 and the regulations. The president shall be appointed by the board in consultation with the minister”.

● (1920)

(The House divided on Motion No. 5, which was negated on the following division:)

(Division No. 76)

YEAS

Members

Abbott	Ablonczy
Anders	Bachand (Richmond—Arthabaska)
Bailey	Benoit
Bernier (Tobique—Mactaquac)	Borotsik
Breitzkreuz (Yellowhead)	Breitzkreuz (Yorkton—Melville)
Brison	Cadman
Casson	Charest
Chatters	Dubé (Madawaska—Restigouche)
Duncan	Epp
Forseth	Gilmour
Goldring	Gouk
Grewal	Grey (Edmonton North)
Hart	Harvey
Herron	Hill (MacLeod)
Hill (Prince George—Peace River)	Hilstrom
Hoeppner	Johnston
Jones	Keddy (South Shore)
Kennedy (Calgary-Sud-Est)	Lowther
Lunn	MacKay (Pictou—Antigonish—Guysborough)
Manning	Mark
Martin (Esquimalt—Juan de Fuca)	Matthews
McNally	Meredith
Mills (Red Deer)	Morrison
Obhrai	Pankiw
Penson	Price
Ramsay	Reynolds
Ritz	Schmidt
Scott (Skeena)	Solberg
Stinson	St-Jacques
Strahl	Vellacott
White (Langley—Abbotsford)	Williams—62

NAYS

Members

Adams	Alarie
Alcock	Anderson
Assad	Assadourian
Asselin	Augustine
Axworthy (Saskatoon—Rosetown—Biggar)	Axworthy (Winnipeg South Centre)
Bachand (Saint-Jean)	Baker
Bakopanos	Barnes
Beaumier	Bélair
Bélanger	Bellehumeur
Bellemare	Bennett
Bergeron	Bernier (Bonaventure—Gaspé—
Îles-de-la-Madeleine—Pabok)	Bevilacqua
Bigras	Blaikie
Blondin-Andrew	Bonin
Boudria	Bradshaw
Brien	Brown
Bryden	Bulte
Byrne	Caccia
Calder	Canuel
Caplan	Carroll
Catterall	Cauchon
Chamberlain	Chan
Charbonneau	Chrétien (Frontenac—Mégantic)
Clouthier	Coderre
Cohen	Collenette
Comuzzi	Cullen
Dalphon-D-Guiral	Cullen
Debien	Davies
DeVillers	Desjarlais
Dion	Dhaliwal
Dockrill	Discepola
Drouin	Dromisky
	Dubé (Lévis)

Government Orders

Duceppe	Duhamel
Dumas	Earle
Easter	Eggleton
Finlay	Folco
Fontana	Fournier
Fry	Gagliano
Gagnon	Galloway
Gauthier	Girard-Bujold
Godfrey	Godin (Acadie—Bathurst)
Goodale	Grose
Guay	Guimond
Harb	Hardy
Harvard	Hubbard
Iftody	Jackson
Jennings	Jordan
Karetak-Lindell	Karygiannis
Keys	Kilger (Stormont—Dundas)
Kilgour (Edmonton Southeast)	Knutson
Kraft Sloan	Lastewka
Laurin	Lebel
Lee	Lefebvre
Leung	Lill
Lincoln	Longfield
MacAulay	Mahoney
Malhi	Maloney
Mancini	Manley
Marchand	Marchi
Marleau	Martin (Winnipeg Centre)
Massé	McCormick
McGuire	McKay (Scarborough East)
McLellan (Edmonton West)	McTeague
McWhinney	Ménard
Mercier	Mifflin
Mills (Broadview—Greenwood)	Minna
Mitchell	Murray
Myers	Nault
Normand	Nystrom
O'Brien (London—Fanshawe)	O'Reilly
Pagtakhan	Paradis
Patry	Peterson
Pettigrew	Phinney
Picard (Drummond)	Pickard (Kent—Essex)
Pillitteri	Plamondon
Pratt	Proctor
Proud	Provenzano
Redman	Reed
Richardson	Riis
Robillard	Rocheleau
Saada	Sauvageau
Scott (Fredericton)	Shepherd
Solomon	Speller
St. Denis	Stewart (Northumberland)
St-Hilaire	St-Julien
Stoffer	Szabo
Thibeault	Torsney
Tremblay (Lac-Saint-Jean)	Turp
Valeri	Vanclief
Vautour	Wasylcia-Leis
Whelan	Wilfert—181

PAIRED MEMBERS

Cannis	Copps
Crête	de Savoye
Desrochers	Finestone
Graham	Lalonde
Loubier	Marceau
O'Brien (Labrador)	Parrish
Perron	Stewart (Brant)
Telegdi	Tremblay (Rimouski—Mitis)
Ur	Venne

The Speaker: I declare Motion No. 5 lost.

The next question is on Motion No. 6.

[Translation]

Mr. Bob Kilger: Mr. Speaker, I think you will find unanimous consent that those members who voted on the previous motion be recorded as having voted on the motion now before the House. Liberal members will vote no.

The Speaker: Is that agreed?

Some hon. members: Agreed.

[English]

Mr. Chuck Strahl: Mr. Speaker, Reform Party members present vote no to this motion.

• (1925)

[Translation]

Mr. Stéphane Bergeron: Mr. Speaker, members of the Bloc Québécois will be voting in favour of the motion.

[English]

Mr. John Solomon: Mr. Speaker, NDP members present will vote yes to this motion.

[Translation]

Mr. André Harvey: Mr. Speaker, members of our party will be voting in favour of the motion.

[English]

(The House divided on Motion No. 6, which was negated on the following division:)

(Division No. 77)

YEAS

Members

Alarie	Asselin
Axworthy (Saskatoon—Rosetown—Biggar)	Bachand (Richmond—Arthabaska)
Bachand (Saint-Jean)	Bellehumeur
Bergeron	Bernier (Bonaventure—Gaspé—Bernier (Tobique—Mactaquac)
Îles-de-la-Madeleine—Pabok)	Blaikie
Bigras	Brien
Borotsik	Canuel
Brison	Chrétien (Frontenac—Mégantic)
Charest	Davies
Dalphond-Guiral	Desjarlais
Debin	Dubé (Lévis)
Dockrill	Duceppe
Dubé (Madawaska—Restigouche)	Earle
Dumas	Gagnon
Fournier	Girard-Bujold
Gauthier	Guay
Godin (Acadie—Bathurst)	Hardy
Guimond	Herron
Harvey	Keddy (South Shore)
Jones	Lebel
Laurin	Lill
Lefebvre	Mancini
MacKay (Pictou—Antigonish—Guysborough)	Martin (Winnipeg Centre)
Marchand	Ménard
Matthews	Nystrom
Mercier	Plamondon
Picard (Drummond)	Proctor
Price	Rocheleau
Riis	Solomon
Sauvageau	St-Jacques
St-Hilaire	Tremblay (Lac-Saint-Jean)
Stoffer	Vautour
Turp	
Wasylcia-Leis—66	

Government Orders

NAYS

Members

Abbott
 Adams
 Anders
 Assad
 Augustine
 Bailey
 Bakopanos
 Beaumier
 Bélanger
 Bennett
 Bevilacqua
 Bonin
 Bradshaw
 Breitreuz (Yorkton—Melville)
 Bryden
 Byrne
 Cadman
 Caplan
 Casson
 Cauchon
 Chan
 Chatters
 Coderre
 Collenette
 Cullen
 Dhaliwal
 Discepola
 Drouin
 Duncan
 Eggleton
 Finlay
 Fontana
 Fry
 Gallaway
 Godfrey
 Goodale
 Grewal
 Grose
 Hart
 Hill (MacLeod)
 Hilstrom
 Hubbard
 Jackson
 Johnston
 Karetak-Lindell
 Kenney (Calgary-Sud-Est)
 Kilger (Stormont—Dundas)
 Knutson
 Lastewka
 Leung
 Longfield
 Lunn
 Mahoney
 Maloney
 Manning
 Mark
 Martin (Esquimalt—Juan de Fuca)
 McCormick
 McKay (Scarborough East)
 McNally
 McWhinney
 Mifflin
 Mills (Red Deer)
 Mitchell
 Murray
 Nault
 Obhrai
 O'Reilly
 Pankiw
 Patry
 Peterson
 Phinney
 Pillitteri
 Proud
 Ramsay
 Reed
 Richardson
 Robillard
 Schmidt
 Scott (Skeena)

Ablonczy
 Alcock
 Anderson
 Assadourian
 Axworthy (Winnipeg South Centre)
 Baker
 Barnes
 Bélair
 Bellemare
 Benoit
 Blondin-Andrew
 Boudria
 Breitreuz (Yellowhead)
 Brown
 Bulte
 Caccia
 Calder
 Carroll
 Catterall
 Chamberlain
 Charbonneau
 Clouthier
 Cohen
 Comuzzi
 De Villers
 Dion
 Dromisky
 Duhamel
 Easter
 Epp
 Folco
 Forseth
 Gagliano
 Gilmour
 Goldring
 Gouk
 Grey (Edmonton North)
 Harb
 Harvard
 Hill (Prince George—Peace River)
 Hoepfner
 Ifody
 Jennings
 Jordan
 Karygiannis
 Keyes
 Kilgour (Edmonton Southeast)
 Kraft Sloan
 Lee
 Lincoln
 Lowther
 MacAulay
 Malhi
 Manley
 Marchi
 Marleau
 Massé
 McGuire
 McLellan (Edmonton West)
 McTeague
 Meredith
 Mills (Broadview—Greenwood)
 Minna
 Morrison
 Myers
 Normand
 O'Brien (London—Fanshawe)
 Pagtakhan
 Paradis
 Penson
 Pettigrew
 Pickard (Kent—Essex)
 Pratt
 Provenzano
 Redman
 Reynolds
 Ritz
 Saada
 Scott (Fredericton)
 Shepherd

Solberg
 St. Denis
 Stinson
 Strahl
 Thibeault
 Valeri
 Vellacott
 White (Langley—Abbotsford)
 Williams —177

Speller
 Stewart (Northumberland)
 St-Julien
 Szabo
 Torsney
 Vanclief
 Whelan
 Wilfert

PAIRED MEMBERS

Cannis
 Crête
 Desrochers
 Graham
 Loubier
 O'Brien (Labrador)
 Perron
 Telegdi
 Ur

Copps
 de Savoye
 Finestone
 Lalonde
 Marceau
 Parrish
 Stewart (Brant)
 Tremblay (Rimouski—Mitis)
 Venne

The Speaker: I declare Motion No. 6 lost.

Mr. Bob Kilger: Mr. Speaker, I believe you will find consent to apply the results of the vote just taken to Motion No. 35.

The Speaker: Is there unanimous consent to apply?

Some hon. members: Agreed.

[*Editor's Note: See list under Division No. 77*]

The Speaker: I declare Motion 35 lost.

The next question is on Motion No. 10.

Mr. Bob Kilger: Mr. Speaker, if the House would agree I would propose you seek unanimous consent that members who voted on the previous motion be recorded as having voted on the motion now before the House, with Liberal members voting nay.

The Speaker: Is there unanimous consent to proceed in this fashion?

Some hon. members: Agreed.

Mr. Chuck Strahl: Mr. Speaker, Reform Party members present will vote yes to this motion.

[*Translation*]

Mr. Stéphane Bergeron: Mr. Speaker, members of the Bloc Québécois will be voting against the motion.

[*English*]

Mr. John Solomon: Mr. Speaker, NDP members present in the House tonight will vote no to this motion.

[*Translation*]

Mr. André Harvey: Mr. Speaker, members of our party will be voting against the motion.

[*English*]

(The House divided on Motion No. 10, which was negated on the following division:)

Government Orders

(Division No. 79)

YEAS

Members

Abbott	Ablonczy
Anders	Bailey
Benoit	Breitkreuz (Yellowhead)
Breitkreuz (Yorkton—Melville)	Cadman
Casson	Chatters
Duncan	Epp
Forseth	Gilmour
Goldring	Gouk
Grewal	Grey (Edmonton North)
Hart	Hill (Macleod)
Hill (Prince George—Peace River)	Hilstrom
Hoepfner	Johnston
Kenney (Calgary-Sud-Est)	Lowther
Lunn	Manning
Mark	Martin (Esquimalt—Juan de Fuca)
McNally	Meredith
Mills (Red Deer)	Morrison
Obhrai	Pankiw
Penson	Ramsay
Reynolds	Ritz
Schmidt	Scott (Skeena)
Solberg	Stinson
Strahl	Vellacott
White (Langley—Abbotsford)	Williams —48

NAYS

Members

Adams	Alarie
Alcock	Anderson
Assad	Assadourian
Asselin	Augustine
Axworthy (Saskatoon—Rosetown—Biggar)	Axworthy (Winnipeg South Centre)
Bachand (Richmond—Arthabaska)	Bachand (Saint-Jean)
Baker	Bakopanos
Barnes	Beaumier
Béclair	Bélangier
Bellehumeur	Bellemare
Bennett	Bergeron
Bernier (Bonaventure—Gaspé—Îles-de-la-Madeleine—Pabok)	Bernier (Tobique—Mactaquac)
Bigras	Blaikie
Blondin-Andrew	Bonin
Borotsik	Boudria
Bradshaw	Brien
Brison	Brown
Bryden	Bulte
Byrne	Caccia
Calder	Canuel
Caplan	Carroll
Catterall	Cauchon
Chamberlain	Chan
Charbonneau	Charest
Chrétien (Frontenac—Mégantic)	Clouthier
Coderre	Cohen
Collenette	Comuzzi
Cullen	Dalphond-Guiral
Davies	Debien
Desjarlais	DeVillers
Dhaliwal	Dion
Discepola	Dockrill
Dromiskiy	Drouin
Dubé (Lévis)	Dubé (Madawaska—Restigouche)
Duceppe	Duhamel
Dumas	Earle
Easter	Eggleton
Finlay	Folco
Fontana	Fournier
Fry	Gagliano
Gagnon	Gallaway
Gauthier	Girard-Bujold
Godfrey	Godin (Acadie—Bathurst)
Goodale	Grose
Guay	

Guimond	Harb
Hardy	Harvard
Harvey	Herron
Hubbard	Iftody
Jackson	Jennings
Jones	Jordan
Karetak-Lindell	Karygiannis
Keddy (South Shore)	Keyes
Kilger (Stormont—Dundas)	Kilgour (Edmonton Southeast)
Knutson	Kraft Sloan
Lastewka	Laurin
Lebel	Lee
Lefebvre	Leung
Lill	Lincoln
Longfield	MacAulay
MacKay (Pictou—Antigonish—Guysborough)	Mahoney
Malhi	Maloney
Mancini	Manley
Marchand	Marchi
Marleau	Martin (Winnipeg Centre)
Massé	Matthews
McCormick	McGuire
McKay (Scarborough East)	McLellan (Edmonton West)
McTeague	McWhinney
Ménard	Mercier
Mifflin	Mills (Broadview—Greenwood)
Minna	Mitchell
Murray	Myers
Nault	Normand
Nystrom	O'Brien (London—Fanshawe)
O'Reilly	Pagtakhan
Paradis	Patry
Peterson	Pettigrew
Phinney	Picard (Drummond)
Pickard (Kent—Essex)	Pillitteri
Plamondon	Pratt
Price	Proctor
Proud	Provenzano
Redman	Reed
Richardson	Riis
Robillard	Rocheleau
Saada	Sauvageau
Scott (Fredericton)	Shepherd
Solomon	Speller
St. Denis	Stewart (Northumberland)
St-Hilaire	St-Jacques
St-Julien	Stoffer
Szabo	Thibeault
Torsney	Tremblay (Lac-Saint-Jean)
Turp	Valeri
Vanclief	Vautour
Wasylcyia-Leis	Whelan
Wilfert—195	

PAIRED MEMBERS

Cannis	Copps
Crête	de Savoye
Desrochers	Finestone
Graham	Lalonde
Loubier	Marceau
O'Brien (Labrador)	Parrish
Perron	Stewart (Brant)
Telegdi	Tremblay (Rimouski—Mitis)
Ur	Venne

The Speaker: I declare Motion No. 10 lost.

The next question is on Motion No. 13.

Government Orders

[*Translation*]

Mr. Bob Kilger: Mr. Speaker, you will find unanimous consent for the members voting on the previous motion to be recorded as voting on the motion currently before the House, the Liberals voting nay.

The Speaker: Is that agreed?

Some hon. members: Agreed.

[*English*]

Mr. Chuck Strahl: Mr. Speaker, the official opposition votes no to this motion.

[*Translation*]

Mr. Stéphane Bergeron: Mr. Speaker, the members of the Bloc Québécois will oppose this motion.

[*English*]

Mr. John Solomon: Mr. Speaker, the NDP members present vote yes to this motion.

[*Translation*]

Mr. André Harvey: Mr. Speaker, the members of our party will vote in favour of the motion.

[*English*]

(The House divided on Motion No. 13, which was negated on the following division:)

(Division No. 80)

YEAS

Members

Axworthy (Saskatoon—Rosetown—Biggar)	Bachand (Richmond—Arthabaska)
Bernier (Tobique—Mactaquac)	Blaikie
Borotsik	Brisson
Charest	Davies
Desjarlais	Dockrill
Dubé (Madawaska—Restigouche)	Earle
Godin (Acadie—Bathurst)	Hardy
Harvey	Herron
Jones	Keddy (South Shore)
Lill	MacKay (Pictou—Antigonish—Guysborough)
Mancini	Martin (Winnipeg Centre)
Mathews	Nystrom
Price	Proctor
Riis	Solomon
St-Jacques	Stoffer
Vautour	Wasylcia-Leis—32

NAYS

Members

Abbott	Ablonczy
Adams	Alarie
Alcock	Anders
Anderson	Assad
Assadourian	Asselin
Augustine	Axworthy (Winnipeg South Centre)
Bachand (Saint-Jean)	Bailey
Baker	Bakopanos
Barnes	Beaumier
Bélar	Bélangier
Bellehumeur	Bellemare
Bennett	Benoit
Bergeron	Bernier (Bonaventure—Gaspé—
Îles-de-la-Madeleine—Pabok)	Bevilacqua
Bigras	Blondin-Andrew
Bonin	

Boudria	Bradshaw
Breitkreuz (Yellowhead)	Breitkreuz (Yorkton—Melville)
Brien	Brown
Bryden	Bulte
Byrne	Caccia
Cadman	Calder
Canuel	Caplan
Carroll	Casson
Catterall	Cauchon
Chamberlain	Chan
Charbonneau	Chatters
Chrétien (Frontenac—Mégantic)	Clouthier
Coderre	Cohen
Collenette	Comuzzi
Cullen	Dalphond-Guiral
Debien	DeVillers
Dhaliwal	Dion
Discepola	Dromisky
Drouin	Dubé (Lévis)
Duceppe	Duhamel
Dumas	Duncan
Easter	Eggleton
Epp	Finlay
Folco	Fontana
Forsyth	Fournier
Fry	Gagliano
Gagnon	Galloway
Gauthier	Gilmour
Girard-Bujold	Godfrey
Goldring	Goodale
Gouk	Grewal
Grey (Edmonton North)	Grose
Guay	Guimond
Harb	Hart
Harvard	Hill (MacLeod)
Hill (Prince George—Peace River)	Hilstrom
Hoepfner	Hubbard
Iftody	Jackson
Jennings	Johnston
Jordan	Karetak-Lindell
Karygiannis	Kenney (Calgary-Sud-Est)
Keyes	Kilger (Stormont—Dundas)
Kilgour (Edmonton Southeast)	Knutson
Kraft Sloan	Lastewka
Laurin	Lebel
Lee	Lefebvre
Leung	Lincoln
Longfield	Lowther
Lunn	MacAulay
Mahoney	Malhi
Maloney	Manley
Manning	Marchand
Marchi	Mark
Marleau	Martin (Esquimalt—Juan de Fuca)
Massé	McCormick
McGuire	McKay (Scarborough East)
McLellan (Edmonton West)	McNally
McTeague	McWhinney
Ménard	Mercier
Meredith	Mifflin
Mills (Broadview—Greenwood)	Mills (Red Deer)
Minna	Mitchell
Morrison	Murray
Myers	Nault
Normand	Obhrai
O'Brien (London—Fanshawe)	O'Reilly
Pagtakhan	Pankiw
Paradis	Parry
Penson	Peterson
Pettigrew	Phinney
Picard (Drummond)	Pickard (Kent—Essex)
Pillitteri	Plamondon
Pratt	Proud
Provenzano	Ramsay
Redman	Reed
Reynolds	Richardson
Ritz	Robillard
Rocheleau	Saada
Sauvageau	Schmidt
Scott (Fredericton)	Scott (Skeena)

Government Orders

Shepherd
Speller
Stewart (Northumberland)
Stinson
Strahl
Thibeault
Tremblay (Lac-Saint-Jean)
Valeri
Vellacott
White (Langley—Abbotsford)
Williams —211

Solberg
St. Denis
St-Hilaire
St-Julien
Szabo
Torsney
Turp
Vanclief
Whelan
Wilfert

PAIRED MEMBERS

Cannis
Crête
Desrochers
Graham
Loubier
O'Brien (Labrador)
Perron
Telegdi
Ur

Copps
de Savoye
Finestone
Lalonde
Marceau
Parrish
Stewart (Brant)
Tremblay (Rimouski—Mitis)
Venne

• (1930)

The Speaker: I declare Motion No. 13 lost.

Mr. Bob Kilger: Mr. Speaker, I believe you would find consent to apply the results of the vote just taken to Motions Nos. 30 and 44.

The Speaker: Is it agreed?

Some hon. members: Agreed.

[*Editor's Note: See list under Division No. 80*]

The Speaker: I declare Motions Nos. 30 and 44 lost.

The next question is on Motion No. 22.

Shall I dispense?

Some hon. members: No.

The Speaker: Mr. Hill, Prince George—Peace River, seconded by Mr. Breitzkreuz, Yorkton—Melville, moves:

That Bill C-4, in clause 5, be amended by replacing lines 38 and 39 on page 7 with the following:

“5. The heading before section 5 and section 5 of the act are replaced with the following:

5. The corporation is incorporated with the object of marketing, in the best interests of producers, grain grown within the designated area”.

• (1940)

(The House divided on Motion No. 22, which was negated on the following division:)

(Division No. 81)

YEAS

Members

Abbott
Alarie
Asselin
Bachand (Richmond—Arthabaska)
Bailey
Benoit
Bernier (Bonaventure—Gaspé—Îles-de-la-Madeleine—Pabok)
Bernier (Tobique—Mactaquac)
Blaikie
Breitzkreuz (Yellowhead)
Brien
Cadman
Casson
Chatters
Dalphond-Guiral
Debien
Dockrill
Dubé (Madawaska—Restigouche)
Dumas
Earle
Forseth
Gagnon
Gilmour
Godin (Acadie—Bathurst)
Gouk
Grey (Edmonton North)
Guimond
Hart
Herron
Hill (Prince George—Peace River)
Hoepfner
Jones
Kenney (Calgary-Sud-Est)
Lebel
Lill
Lunn
Mancini
Marchand
Martin (Esquimalt—Juan de Fuca)
Matthews
Ménard
Meredith
Morrison
Obhrai
Penson
Plamondon
Proctor
Reynolds
Ritz
Sauvageau
Scott (Skeena)
Solomon
Stinson
Stoffer
Tremblay (Lac-Saint-Jean)
Vautour
Wasylcia-Leis
Williams—114

Ablonczy
Anders
Axworthy (Saskatoon—Rosetown—Biggar)
Bachand (Saint-Jean)
Bellehumeur
Bergeron
Bigras
Borotsik
Breitzkreuz (Yorkton—Melville)
Brisson
Canuel
Charest
Chrétien (Frontenac—Mégantic)
Davies
Desjarlais
Dubé (Lévis)
Duceppe
Duncan
Epp
Fournier
Gauthier
Girard-Bujold
Goldring
Grewal
Guay
Hardy
Harvey
Hill (MacLeod)
Hilstrom
Johnston
Keddy (South Shore)
Laurin
Lefebvre
Lowther
MacKay (Pictou—Antigonish—Guysborough)
Manning
Mark
Martin (Winnipeg Centre)
McNally
Mercier
Mills (Red Deer)
Nystrom
Pankiw
Picard (Drummond)
Price
Ramsay
Riis
Rocheleau
Schmidt
Solberg
St-Hilaire
St-Jacques
Strahl
Turp
Vellacott
White (Langley—Abbotsford)

NAYS

Members

Adams
Anderson
Assadourian
Axworthy (Winnipeg South Centre)
Bakopanos
Beaumier
Bélanger

Alcock
Assad
Augustine
Baker
Barnes
Bélair
Bellemare

Government Orders

Bennett
Blondin-Andrew
Boudria
Brown
Bulte
Caccia
Caplan
Catterall
Chamberlain
Charbonneau
Coderre
Collenette
Cullen
Dhaliwal
Discepola
Drouin
Easter
Finlay
Fontana
Gagliano
Godfrey
Grose
Harvard
Iftody
Jennings
Karetak-Lindell
Keyes
Kilgour (Edmonton Southeast)
Kraft Sloan
Lee
Lincoln
MacAulay
Malhi
Marchi
Massé
McGuire
McLellan (Edmonton West)
McWhinney
Mills (Broadview—Greenwood)
Mitchell
Myers
Normand
O'Reilly
Paradis
Peterson
Phinney
Pillitteri
Proud
Redman
Richardson
Saada
Shepherd
St. Denis
St-Julien
Thibeault
Valeri
Whelan

Bevilacqua
Bonin
Bradshaw
Bryden
Byrne
Calder
Carroll
Cauchon
Chan
Clouthier
Cohen
Comuzzi
DeVillers
Dion
Dromisky
Duhamel
Eggleton
Folco
Fry
Gallaway
Goodale
Harb
Hubbard
Jackson
Jordan
Karygiannis
Kilger (Stormont—Dundas)
Knutson
Lastewka
Leung
Longfield
Mahoney
Maloney
Marleau
McCormick
McKay (Scarborough East)
McTeague
Mifflin
Minna
Murray
Nault
O'Brien (London—Fanshawe)
Pagtakhan
Patry
Pettigrew
Pickard (Kent—Essex)
Pratt
Provenzano
Reed
Robillard
Scott (Fredericton)
Speller
Stewart (Northumberland)
Szabo
Torsney
Vanclief
Wilfert—128

PAIRED MEMBERS

Cannis
Crête
Desrochers
Graham
Loubier
O'Brien (Labrador)
Perron
Telegdi
Ur

Copps
de Savoye
Finestone
Lalonde
Marceau
Parrish
Stewart (Brant)
Tremblay (Rimouski—Mitis)
Venne

The Speaker: I declare Motion No. 22 lost. The next question is on Motion No. 25.

Mr. Bob Kilger: Mr. Speaker, I propose that you seek unanimous consent that members who voted on the previous motion be recorded as having voted on the motion now before the House, with Liberal members voting nay.

The Speaker: Is there unanimous consent to proceed in this fashion?

Some hon. members: Agreed.

Mr. Chuck Strahl: Mr. Speaker, Reform Party members present will vote yes to this motion.

[Translation]

Mr. Stéphane Bergeron: Mr. Speaker, the members of the Bloc Québécois will oppose this motion.

[English]

Mr. John Solomon: Mr. Speaker, NDP members present will vote yes to this motion.

[Translation]

Mr. André Harvey: Mr. Speaker, the members of our party will vote in favour of the motion.

[English]

(The House divided on Motion No. 25, which was negated on the following division:)

(Division No. 82)

YEAS

Members

Abbott	Ablonczy
Anders	Axworthy (Saskatoon—Rosetown—Biggar)
Bachand (Richmond—Arthabaska)	Bailey
Benoit	Bernier (Tobique—Mactaquac)
Blaikie	Borotsik
Breitkreuz (Yellowhead)	Breitkreuz (Yorkton—Melville)
Brisan	Cadman
Casson	Charest
Chatters	Davies
Desjarlais	Dockrill
Dubé (Madawaska—Restigouche)	Duncan
Earle	Epp
Forseth	Gilmour
Godin (Acadie—Bathurst)	Goldring
Gouk	Grewal
Grey (Edmonton North)	Hardy
Hart	Harvey
Herron	Hill (Macleod)
Hill (Prince George—Peace River)	Hilstrom
Hoepfner	Johnston
Jones	Keddy (South Shore)
Kennedy (Calgary-Sud-Est)	Lill
Lowther	Lunn
MacKay (Pictou—Antigonish—Guysborough)	Mancini
Manning	Mark
Martin (Esquimalt—Juan de Fuca)	Martin (Winnipeg Centre)
Matthews	McNally
Meredith	Mills (Red Deer)
Morrison	Nystrom
Obhrai	Pankiw
Penson	Price
Proctor	Ramsay
Reynolds	Riis
Ritz	Schmidt
Scott (Skeena)	Solberg
Solomon	Stinson
St-Jacques	Stoffer
Strahl	Vautour
Vellacott	Wasylcia-Leis
White (Langley—Abbotsford)	Williams—80

Government Orders

NAYS

Members

Adams	Alarie
Alcock	Anderson
Assad	Assadourian
Asselin	Augustine
Axworthy (Winnipeg South Centre)	Bachand (Saint-Jean)
Baker	Bakopanos
Barnes	Beaumier
Bélaïr	Bélangier
Bellehumeur	Bellemare
Bennett	Bergeron
Bernier (Bonaventure—Gaspé—Îles-de-la-Madeleine—Pabok)	Bigras
Bevilacqua	Bonin
Blondin-Andrew	Bradshaw
Boudria	Brown
Brien	Bulte
Bryden	Caccia
Byrne	Canuel
Calder	Carroll
Caplan	Cauchon
Catterall	Chan
Chamberlain	Chrétien (Frontenac—Mégantic)
Charbonneau	Coderre
Cloutier	Collenette
Cohen	Cullen
Comuzzi	Debien
Dalphond-Guiral	Dhaliwal
DeVillers	Discepola
Dion	Drouin
Dromisky	Duceppe
Dubé (Lévis)	Dumas
Duhamel	Eggleton
Easter	Folco
Finlay	Fournier
Fontana	Gagliano
Fry	Galloway
Gagnon	Girard-Bujold
Gauthier	Goodale
Godfrey	Guay
Grose	Harb
Guimond	Hubbard
Harvard	Jackson
Iftody	Jordan
Jennings	Karygiannis
Karetak-Lindell	Kilger (Stormont—Dundas)
Keys	Knutson
Kilgour (Edmonton Southeast)	Lastewka
Kraft Sloan	Lebel
Laurin	Lefebvre
Lee	Lincoln
Leung	MacAulay
Longfield	Malhi
Mahoney	Marchand
Maloney	Marleau
Marchi	McCormick
Massé	McKay (Scarborough East)
McGuire	McTeague
McLellan (Edmonton West)	Ménard
McWhinney	Mifflin
Mercier	Minna
Mills (Broadview—Greenwood)	Murray
Mitchell	Nault
Myers	O'Brien (London—Fanshawe)
Normand	Pagtakhan
O'Reilly	Patry
Paradis	Pettigrew
Peterson	Picard (Drummond)
Phinney	Pillitteri
Pickard (Kent—Essex)	Pratt
Plamondon	Provenzano
Proud	Reed
Redman	Robillard
Richardson	Saada
Rocheleau	Scott (Fredericton)
Sauvageau	Speller
Shepherd	Stewart (Northumberland)
St. Denis	St-Julien
St-Hilaire	Thibeault
Szabo	Tremblay (Lac-Saint-Jean)
Torsney	Valeri
Turp	Whelan
Vanclief	
Wilfert—162	

PAIRED MEMBERS

Cannis	Copps
Crête	de Savoye
Desrochers	Finestone
Graham	Lalonde
Loubier	Marceau
O'Brien (Labrador)	Parrish
Perron	Stewart (Brant)
Telegdi	Tremblay (Rimouski—Mitis)
Ur	Venne

The Speaker: I declare Motion No. 25 lost.

Mr. Bob Kilger: Mr. Speaker, I believe you will find consent to apply the results of the vote just taken to Motions Nos. 26 and 47.

The Speaker: Is there unanimous consent to proceed in this fashion?

Some hon. members: Agreed.

[*Editor's Note: See list under Division No. 82*]

The Speaker: I declare Motions Nos. 26 and 47 lost.

The next question is on Motion No. 32. Shall I dispense?

Some hon. members: No.

The Speaker: Mr. Hill, Prince George—Peace River, seconded by Mr. Breitzkreuz, Yorkton—Melville, moves:

That Bill C-4 be amended by adding after line 3, on page 10, the following:

“8.1 Section 9 of the act is amended by adding after paragraph 9(1)(e) the following:

(f) show such particulars and furnish such information as requested for the purpose of an audit by the Auditor General of Canada.

(g) provide such records and information as requested under the Access to Information Act. The corporation shall continue to be a “government institution” within the meaning of the Access to Information Act”.

• (1950)

(The House divided on Motion No. 32, which was negated on the following division:)

(*Division No. 83*)

YEAS

Members

Abbott	Ablonczy
Alarie	Anders
Asselin	Bachand (Richmond—Arthabaska)
Bachand (Saint-Jean)	Bailey
Bellehumeur	Benoit
Bergeron	Bernier (Bonaventure—Gaspé—
Îles-de-la-Madeleine—Pabok)	Bernier (Tobique—Mactaquac)
Bigras	Borotsik
Breitzkreuz (Yellowhead)	Breitzkreuz (Yorkton—Melville)
Brien	Brisson
Cadman	Canuel
Casson	Charest
Chatters	Chrétien (Frontenac—Mégantic)
Dalphon-Guiral	Debien
Dubé (Lévis)	Dubé (Madawaska—Restigouche)
Duceppe	

Dumas
Epp
Fournier
Gauthier
Girard-Bujold
Gouk
Grey (Edmonton North)
Guimond
Harvey
Hill (Macleod)
Hilstrom
Johnston
Keddy (South Shore)
Laurin
Lefebvre
Lunn
Manning
Mark
Matthews
Ménard
Meredith
Morrison
Pankiw
Picard (Drummond)
Price
Reynolds
Rocheleau
Schmidt
Solberg
Stinson
Strahl
Turp
White (Langley—Abbotsford)

Duncan
Forseth
Gagnon
Gilmour
Goldring
Grewal
Guay
Hart
Herron
Hill (Prince George—Peace River)
Hoepfner
Jones
Kenney (Calgary-Sud-Est)
Lebel
Lowther
MacKay (Pictou—Antigonish—Guysborough)
Marchand
Martin (Esquimalt—Juan de Fuca)
McNally
Mercier
Mills (Red Deer)
Obhrai
Penson
Plamondon
Ramsay
Ritz
Sauvageau
Scott (Skeena)
St-Hilaire
St-Jacques
Tremblay (Lac-Saint-Jean)
Vellacott
Williams—96

MacAulay
Malhi
Mancini
Marleau
Massé
McGuire
McLellan (Edmonton West)
McWhinney
Mills (Broadview—Greenwood)
Mitchell
Myers
Normand
O'Brien (London—Fanshawe)
Pagtakhan
Patry
Pettigrew
Pickard (Kent—Essex)
Pratt
Proud
Redman
Richardson
Robillard
Scott (Fredericton)
Solomon
St. Denis
St-Julien
Szabo
Torsney
Vanclief
Wasylcia-Leis
Willfert—145

Mahoney
Maloney
Marchi
Martin (Winnipeg Centre)
McCormick
McKay (Scarborough East)
McTeague
Mifflin
Minna
Murray
Nault
Nystrom
O'Reilly
Paradis
Peterson
Phinney
Pillitteri
Proctor
Provenzano
Reed
Riis
Saada
Shepherd
Speller
Stewart (Northumberland)
Stoffer
Thibeault
Valeri
Vautour
Whelan

Government Orders

PAIRED MEMBERS

*Nil/aucun

NAYS

Members

Adams
Anderson
Augustine
Axworthy (Winnipeg South Centre)
Bakopanos
Beaumier
Bélanger
Bennett
Blaikie
Bonin
Bradshaw
Bryden
Byrne
Calder
Carroll
Cauchon
Chan
Clouthier
Cohen
Comuzzi
Davies
DeVillers
Dion
Dockrill
Drouin
Earle
Eggleton
Folco
Fry
Galloway
Godin (Acadie—Bathurst)
Grose
Hardy
Hubbard
Jackson
Jordan
Karygiannis
Kilger (Stormont—Dundas)
Knutson
Lastewka
Leung
Lincoln

Alcock
Assadourian
Axworthy (Saskatoon—Rosetown—Biggar)
Baker
Barnes
Bélaïr
Bellemare
Bevilacqua
Blondin-Andrew
Boudria
Brown
Bulte
Caccia
Caplan
Catterall
Chamberlain
Charbonneau
Coderre
Collenette
Cullen
Desjarlais
Dhaliwal
Discepola
Dromisky
Duhamel
Easter
Finlay
Fontana
Gagliano
Godfrey
Goodale
Harb
Harvard
Iftody
Jennings
Karetak-Lindell
Keyes
Kilgour (Edmonton Southeast)
Kraft Sloan
Lee
Lill
Longfield

The Speaker: I declare Motion No. 32 lost. The next question is on Motion No. 36.

[Translation]

Mr. Bob Kilger: Mr. Speaker, you will find unanimous consent for the members voting on the previous motion to be recorded as voting on the motion currently before the House, the Liberals voting nay.

[English]

The Speaker: Is there unanimous consent to proceed in this way?

Some hon. members: Agreed.

Mr. Chuck Strahl: Mr. Speaker, the official opposition will vote no to this motion.

[Translation]

Mr. Stéphane Bergeron: Mr. Speaker, the members of the Bloc Québécois will vote in favour of this motion.

[English]

Mr. John Solomon: Mr. Speaker, NDP members present will vote yes to this motion.

[Translation]

Mr. André Harvey: Mr. Speaker, members of our party will vote nay on this motion.

Government Orders

[English]

(The House divided on Motion No. 36, which was negated on the following division:)

(Division No. 84)

YEAS

Members

Alarie	Asselin
Axworthy (Saskatoon—Rosetown—Biggar)	Bachand (Saint-Jean)
Bellehumeur	Bergeron
Bernier (Bonaventure—Gaspé—Îles-de-la-Madeleine—Pabok)	Blaikie
Bigras	Canuel
Brien	Dalphond-Guiral
Chrétien (Frontenac—Mégantic)	Debien
Davies	Dockrill
Desjarlais	Duceppe
Dubé (Lévis)	Earle
Dumas	Gagnon
Fournier	Girard-Bujold
Gauthier	Guay
Godin (Acadie—Bathurst)	Hardy
Guimond	Lebel
Laurin	Lill
Lefebvre	Marchand
Mancini	Ménard
Martin (Winnipeg Centre)	Nystrom
Mercier	Plamondon
Picard (Drummond)	Riis
Proctor	Sauvageau
Rocheleau	St-Hilaire
Solomon	Tremblay (Lac-Saint-Jean)
Stoffer	Vautour
Turp	
Wasylycia-Leis—52	

NAYS

Members

Abbott	Ablonczy
Adams	Alcock
Anderson	Assad
Assadourian	Augustine
Axworthy (Winnipeg South Centre)	Bachand (Richmond—Arthabaska)
Bailey	Baker
Bakopanos	Barnes
Beaumier	Béclair
Bélangier	Bellemare
Bennett	Benoit
Bernier (Tobique—Mactaquac)	Bevilacqua
Blondin-Andrew	Bonin
Borotsik	Boudria
Bradshaw	Breitkreuz (Yellowhead)
Breitkreuz (Yorkton—Melville)	Brison
Brown	Bryden
Bulte	Byrne
Caccia	Cadman
Calder	Caplan
Carroll	Casson
Catterall	Cauchon
Chamberlain	Chan
Charbonneau	Charest
Chatters	Clouthier
Coderre	Cohen
Collenette	Comuzzi
Cullen	DeVillers
Dhaliwal	Dion
Discepolo	Dromisky
Drouin	Dubé (Madawaska—Restigouche)
Duhamel	Duncan
Easter	Eggleton
Epp	Finlay
Folco	Fontana
Forseth	Fry
Gagliano	Galloway
Gilmour	Godfrey

Goldring	Goodale
Gouk	Grewal
Grey (Edmonton North)	Grose
Harb	Hart
Harvard	Harvey
Herron	Hill (Macleod)
Hill (Prince George—Peace River)	Hilstrom
Hoepfner	Hubbard
Iftody	Jackson
Jennings	Johnston
Jones	Jordan
Karetak-Lindell	Karygiannis
Keddy (South Shore)	Kenney (Calgary-Sud-Est)
Keys	Kilger (Stormont—Dundas)
Kilgour (Edmonton Southeast)	Knutson
Kraft Sloan	Lastewka
Lee	Leung
Lincoln	Longfield
Lowther	Lunn
MacAulay	MacKay (Pictou—Antigonish—Guysborough)
Mahoney	Malhi
Maloney	Manning
Marchi	Mark
Marleau	Martin (Esquimalt—Juan de Fuca)
Massé	Matthews
McCormick	McGuire
McKay (Scarborough East)	McLellan (Edmonton West)
McNally	McTeague
McWhinney	Meredith
Mifflin	Mills (Broadview—Greenwood)
Mills (Red Deer)	Minna
Mitchell	Morrison
Murray	Myers
Nault	Normand
Obhrai	O'Brien (London—Fanshawe)
O'Reilly	Pagtakhan
Pankiw	Paradis
Patry	Penson
Peterson	Pettigrew
Phinney	Pickard (Kent—Essex)
Pillitteri	Pratt
Price	Proud
Provenzano	Ramsay
Redman	Reed
Reynolds	Richardson
Ritz	Robillard
Saada	Schmidt
Scott (Fredericton)	Scott (Skeena)
Shepherd	Solberg
Speller	St. Denis
Steckle	Stewart (Northumberland)
Stinson	St-Jacques
St-Julien	Strahl
Szabo	Torsney
Valeri	Vanclief
Vellacott	Whelan
White (Langley—Abbotsford)	Wilfert
Williams —189	

PAIRED MEMBERS

Cannis	Copps
Crête	de Savoye
Desrochers	Finestone
Graham	Lalonde
Loubier	Marceau
O'Brien (Labrador)	Parrish
Perron	Stewart (Brant)
Telegdi	Tremblay (Rimouski—Mitis)
Ur	Venne

The Speaker: I declare Motion No. 36 lost. The next question is on Motion No. 39.

Mr. Bob Kilger: Mr. Speaker, I believe you would find consent to apply the results of the vote just taken to Motion No. 39.

The Speaker: Is there unanimous consent to proceed in this way?

Some hon. members: Agreed.

[*Editor's Note: See list under Division No. 084*]

The Speaker: I declare Motion No. 39 lost. The next question is on Motion No. 43.

[*Translation*]

Mr. Borotsik, seconded by Mr. Prise, move that Bill C-4 be amended by deleting clause 26.

• (1955)

Shall I dispense?

Some hon. members: No.

The Speaker: Pursuant to Standing Order 76(2), notice also received from Mr. Hill (Prince George—Peace River) on November 17, 1997.

• (2000)

[*English*]

(The House divided on Motion No. 43, which was negated on the following division:)

(*Division No. 85*)

YEAS

Members

Abbott	Ablonczy
Alarie	Anders
Asselin	Bachand (Richmond—Arthabaska)
Bachand (Saint-Jean)	Bailey
Bellehumeur	Benoit
Bergeron	Bernier (Bonaventure—Gaspé—
Îles-de-la-Madeleine—Pabok)	Bernier (Tobique—Mactaquac)
Bigras	Borotsik
Breitkreuz (Yellowhead)	Breitkreuz (Yorkton—Melville)
Brien	Brison
Cadman	Canuel
Casson	Charest
Chatters	Chrétien (Frontenac—Mégantic)
Dalphond-Guiral	Debien
Dubé (Lévis)	Dubé (Madawaska—Restigouche)
Duceppe	Dumas
Duncan	Epp
Forseth	Fournier
Gagnon	Gauthier
Gilmour	Girard-Bujold
Gouldring	Gouk
Grewal	Grey (Edmonton North)
Guay	Guimond
Hart	Harvey
Herron	Hill (Macleod)
Hill (Prince George—Peace River)	Hilstrom
Hoeppner	Johnston
Jones	Keddy (South Shore)
Kenny (Calgary-Sud-Est)	Laurin
Lebel	Lefebvre
Lowther	Lunn
MacKay (Pictou—Antigonish—Guysborough)	Manning
Marchand	Mark
Martin (Esquimalt—Juan de Fuca)	Matthews
McNally	Ménard
Mercier	Meredith
Mills (Red Deer)	Morrison
Obhrai	Pankiw
Penson	

Picard (Drummond)
Price
Reynolds
Rocheleau
Schmidt
Solberg
Stinson
Strahl
Turp
White (Langley—Abbotsford)

Plamondon
Ramsay
Ritz
Sauvageau
Scott (Skeena)
St-Hilaire
St-Jacques
Tremblay (Lac-Saint-Jean)
Vellacott
Williams—96

NAYS

Members

Adams	Alcock
Anderson	Assadourian
Augustine	Axworthy (Saskatoon—Rosetown—Biggar)
Axworthy (Winnipeg South Centre)	Baker
Bakopanos	Barnes
Beaumier	Bélair
Bélanger	Bellemare
Bennett	Bevilacqua
Blaikie	Blondin-Andrew
Bonin	Boudria
Bradshaw	Brown
Bryden	Bulte
Byrne	Caccia
Calder	Caplan
Carroll	Catterall
Cauchon	Chamberlain
Chan	Charbonneau
Clouthier	Coderre
Cohen	Collenette
Comuzzi	Cullen
Davies	Desjarlais
DeVillers	Dhaliwal
Dion	Discepolo
Dockrill	Dromisky
Drouin	Duhamel
Earle	Easter
Eggleton	Finlay
Folco	Fontana
Fry	Gagliano
Galloway	Godfrey
Godin (Acadie—Bathurst)	Goodale
Grose	Harb
Hardy	Harvard
Hubbard	Iftody
Jackson	Jennings
Jordan	Karetak-Lindell
Karygiannis	Keys
Kilger (Stormont—Dundas)	Kilgour (Edmonton Southeast)
Knutson	Kraft Sloan
Lastewka	Lee
Leung	Lill
Lincoln	Longfield
MacAulay	Mahoney
Malhi	Maloney
Mancini	Marchi
Marleau	Martin (Winnipeg Centre)
Massé	McCormick
McGuire	McKay (Scarborough East)
McLellan (Edmonton West)	McTeague
McWhinney	Mifflin
Mills (Broadview—Greenwood)	Minna
Mitchell	Murray
Myers	Nault
Normand	Nystrom
O'Brien (London—Fanshawe)	O'Reilly
Pagtakhan	Paradis
Patry	Peterson
Pettigrew	Phinney
Pickard (Kent—Essex)	Pillitteri
Pratt	Proctor
Proud	Provenzano
Redman	Reed
Richardson	Riis
Robillard	Saada
Scott (Fredericton)	Shepherd
Solomon	Speller
St. Denis	Stewart (Northumberland)
St-Julien	Stoffer

Government Orders

Szabo
Torsney
Vanclief
Wasylcia-Leis
Wilfert—145

Thibeault
Valeri
Vautour
Whelan

PAIRED MEMBERS

*Nil/aucun

The Speaker: I declare Motion No. 43 lost.

Hon. Ralph E. Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.) moved that Bill C-4 be concurred in and read the second time.

Mr. Bob Kilger: Mr. Speaker, if the House would agree, I propose that you seek unanimous consent that members who voted on the previous motion be recorded as having voted on the motion now before the House, with Liberal members voting yea.

The Speaker: Is there agreement to proceed in this way?

Some hon. members: Agreed.

Mr. Chuck Strahl: Mr. Speaker, with a special thank you for the hon. member for Prince George—Peace River, the official opposition votes no.

• (2005)

[*Translation*]

Mr. Stéphane Bergeron: Mr. Speaker, members of the Bloc Québécois will be voting against this motion.

[*English*]

Mr. John Solomon: Mr. Speaker, NDP members vote no on this motion.

[*Translation*]

Mr. André Harvey: Mr. Speaker, members of our party will be voting against this motion.

[*English*]

(The House divided on the motion, which was agreed to on the following division:)

(Division No. 86)

YEAS

Members

Adams	Alcock
Anderson	Assadourian
Augustine	Axworthy (Winnipeg South Centre)
Baker	Bakopanos
Barnes	Beaumier
Bélaïr	Bélangier
Bellemare	Bennett
Bevilacqua	Blondin-Andrew
Bonin	Boudria
Bradshaw	Brown
Bryden	Bulte
Byrne	Caccia
Calder	Caplan
Carroll	Catterall
Cauchon	Chamberlain
Chan	Charbonneau
Clouthier	Coderre
Cohen	Collenette

Comuzzi
DeVillers
Dion
Dromisky
Duhamel
Eggleton
Folco
Fry
Galloway
Goodale
Harb
Hubbard
Jackson
Jordan
Karygiannis
Kilger (Stormont—Dundas)
Knutson
Lastewka
Leung
Longfield
Mahoney
Maloney
Marleau
McCormick
McKay (Scarborough East)
McTeague
Mifflin
Minna
Murray
Nault
O'Brien (London—Fanshawe)
Pagtakhan
Patry
Pettigrew
Pickard (Kent—Essex)
Pratt
Provenzano
Reed
Robillard
Scott (Fredericton)
Speller
Stewart (Northumberland)
Szabo
Torsney
Vanclief
Wilfert—127

Cullen
Dhaliwal
Discepolo
Drouin
Easter
Finlay
Fontana
Gagliano
Godfrey
Grose
Harvard
Iftody
Jennings
Karetak-Lindell
Keyes
Kilgour (Edmonton Southeast)
Kraft Sloan
Lee
Lincoln
MacAulay
Malhi
Marchi
Massé
McGuire
McLellan (Edmonton West)
McWhinney
Mills (Broadview—Greenwood)
Mitchell
Myers
Normand
O'Reilly
Paradis
Peterson
Phinney
Pillitteri
Proud
Redman
Richardson
Saada
Shepherd
St. Denis
St-Julien
Thibeault
Valeri
Whelan

NAYS

Members

Abbott	Ablonczy
Alarie	Anders
Asselin	Axworthy (Saskatoon—Rosetown—Biggar)
Bachand (Richmond—Arthabaska)	Bachand (Saint-Jean)
Bailey	Bellehumeur
Benoit	Bergeron
Bernier (Bonaventure—Gaspé—Îles-de-la-Madeleine—Pabok)	Bigras
Bernier (Tobique—Mactaquac)	Borotsik
Blaikie	Breitreuz (Yorkton—Melville)
Breitreuz (Yellowhead)	Brison
Brien	Canuel
Cadman	Charest
Casson	Chrétien (Frontenac—Mégantic)
Chatters	Davies
Dalphond-Guiral	Desjarlais
Debien	Dubé (Lévis)
Dockrill	Duceppe
Dubé (Madawaska—Restigouche)	Duncan
Dumas	Epp
Earle	Fournier
Forseth	Gauthier
Gagnon	Girard-Bujold
Gilmour	Goldring
Godin (Acadie—Bathurst)	Grewal
Gouk	Guay
Grey (Edmonton North)	Hardy
Guimond	
Hart	

Harvey	Herron
Hill (MacLeod)	Hill (Prince George—Peace River)
Hilstrom	Hoepfner
Johnston	Jones
Keddy (South Shore)	Kenney (Calgary-Sud-Est)
Laurin	Lebel
Lefebvre	Lill
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MacKay (Pictou—Antigonish—Guysborough)	Mancini
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Martin (Winnipeg Centre)	Matthews
McNally	Ménard
Mercier	Meredith
Mills (Red Deer)	Morrison
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Plamondon	Price
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Solomon	St-Hilaire
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Vautour	Vellacott
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PAIRED MEMBERS

*Nil/aucun

The Speaker: I declare the motion carried.

(Bill read the second time)

ADJOURNMENT PROCEEDINGS

[English]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

SHIPBUILDING

Mr. Gordon Earle (Halifax West, NDP): Madam Speaker, something has to be done to create a much more competitive shipbuilding industry. The government should now, as it should have done long ago and as it promised to do, take steps to alleviate the problems. These were not my words but those of the prime minister back in 1990.

Has this government made a decision to let the industry die rather than develop a shipbuilding policy, thus casting adrift the hope and future of so many coastal communities, the people who have depended on the industry and their families? By refusing to address the needs of a sinking industry, even though it criticized the former Conservative government for the same callous disregard, this government condemns many Atlantic Canadians to continued chronic unemployment and their communities to entrenched economic stagnation.

Adjournment Debate

Canada Steamship Lines, owned by the Minister of Finance and others, continues to pour megabucks into foreign economies where labour is cheap and environmental standards are often poor or absent.

Over 7,000 Canadian shipyard jobs were lost between 1990 and 1996, over half the number of jobs in all. Total nominal sales were down almost half from over \$1.5 billion in 1991 to under \$800 million in 1986. Other countries, including the U.S., provide assistance in some form such as generous loan guarantees.

The Jones act in the United States provides that ships carrying cargo between U.S. ports must be U.S. ships, ships which are built, registered, owned, crewed, repaired and serviced in the U.S. The one-two punch of the Jones act and the free trade deal hits Canadian coastal communities where it hurts most, in their employment possibilities. U.S. companies have the right to sell duty free to the Canadian market while their market remains protected from Canadian shipbuilders.

Will this government say yes to jobs in Atlantic Canada by saying yes to a national shipbuilding policy?

● (2010)

I would be willing to assist in bringing together labour and business representatives in the Halifax area if the government were serious about providing hope for Atlantic Canadians and developing a national shipbuilding policy.

Why will the government not examine a managed trade approach like the auto pact for the shipbuilding industry? Countries could agree to a gradual elimination of subsidies and specialize in relative areas of expertise. The most important part of such a forward thinking agreement would be to balance overall shipbuilding trade flows to the mutual benefit of shipbuilders in the countries involved. The overall volume of new orders could match a certain agreed upon minimum level of shipbuilding requirements for each country's industry.

Let us finish with the easiest of all requests. Will the minister agree to sit down with shipbuilding workers in Halifax to discuss these issues, or will he continue to ignore their repeated request for a meeting? Does the government not have the decency to meet with these workers to discuss their very extensive reasoned and researched suggestions about the future of shipbuilding?

The government must realize that simply ignoring a problem will not make it go away. I ask the Minister of Industry to have the integrity to meet face to face with these people who have very real fears and concerns about their future and that of their families and communities. By working together we can develop realistic workable solutions for our shipbuilding industry so that we do not run aground on the shoals of government disinterest.

I am sincere in offering my assistance in working to develop a national shipbuilding policy.

Adjournment Debate

Mr. Walt Lastewka (Parliamentary Secretary to Minister of Industry, Lib.): Madam Speaker, I am pleased the hon. member for Halifax West has given me the opportunity to speak on the subject of shipbuilding.

Most Canadian shipyards are generally in good shape, providing repair and refit services and some new construction to commercial marine market and government fleets.

The federal government supports the shipbuilding industry in several ways. Our shipbuilding policy initiatives include the following.

First, we have made a commitment to use Canadian shipbuilders for the renewal, repair and overhaul of government fleets. We will continue the policy of domestic procurement for all federal ships and repairs where it is possible to do so.

Second, we have a 25% tariff on non-NAFTA foreign built ships with the exception of fishing vessels over 100 feet.

Third, tax measures are available to ship owners in the form of an accelerated capital cost allowance of 33.3% on new ships built in Canada.

Fourth, shipbuilders are also encouraged to keep pace with the new technology through a very favourable R & D tax credit system.

Fifth, our shipbuilding policy includes financing for commercially viable projects through the Export Development Corporation.

Finally, the federal government worked with the shipbuilding industry on an industry led rationalization process between 1986 and 1993. The industry decided it was necessary to reduce its capacity so that remaining shipyards could survive and remain competitive. The government supported these efforts at a cost of \$198 million.

I conclude by saying that the federal government has given substantial support to the shipbuilding industry in the past and will continue to provide support through the initiatives I have just outlined.

Any changes to the existing policy must be looked at in the context of our existing financial commitment and our overall jobs and growth strategy.

[Translation]

The Acting Speaker (Ms. Thibeault): The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 10 a.m., pursuant to Standing Order 24(1).

(The House adjourned at 8.13 p.m.)

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