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OFFICIAL REPORT  
(HANSARD)

**Friday, March 13, 1998**

**Speaker: The Honourable Gilbert Parent**

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# HOUSE OF COMMONS

Friday, March 13, 1998

The House met at 10 a.m.

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*Prayers*

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## GOVERNMENT ORDERS

• (1000)

[*English*]

### SMALL BUSINESS LOANS ACT

The House proceeded to the consideration of Bill C-21, an act to amend the Small Business Loans Act, as reported (without amendment) from the committee.

#### SPEAKER'S RULING

**The Speaker:** My colleagues, there is one motion in amendment standing on the Notice Paper for the report stage of Bill C-21, an act to amend the Small Business Loans Act. Motion No. 1 will be debated and voted on.

#### MOTION IN AMENDMENT

**Mr. Jim Pankiw (Saskatoon—Humboldt, Ref.)** moved:

Motion No. 1.

That Bill C-21, in Clause 1, be amended by replacing line 13 on page 1 with the following: "period exceeds fourteen billion dollars or".

• (1005)

He said: Mr. Speaker, I am pleased to rise in the House today to participate in the report stage debate on Bill C-21, an act to amend the Small Business Loans Act.

The purpose of this bill is to extend the SBLA for another year until March 1999 and raise the government's total liability to \$15 billion which is a \$1 billion increase. The purpose of my amendment is to ensure that while the SBLA can operate until 1999 it will not receive an additional \$1 billion.

The SBLA in its present form will expire on March 31, 1998. However the government is undertaking a review of the program. Given the serious findings of the auditor general, the Liberal

government says it needs more time to study this. I agree that it is reasonable to provide that time but the government should not be asking for more money. As mentioned, my amendment would deny the extra \$1 billion the government is requesting, and with good reason.

When the industry minister appeared before the committee last month, he stated that the current liability under the SBLA program had only reached \$12.7 billion. At present the SBLA liability ceiling is at \$14 billion. Therefore the SBLA already has \$1.3 billion to work with over the next year before it reaches its liability ceiling. Why then is the minister asking for an additional \$1 billion? Surely the remaining \$1.3 billion and increasing efficiencies within the program as recommended by the auditor general will allow the SBLA to operate until March 1999.

I remind the House that the auditor general found serious problems with this program in his December 1997 report. Therefore we should not take this \$1 billion extension of liability lightly. He found that taxpayers will be on the hook for \$210 million in defaulted loans for the period from 1993 to 1995.

Studies done by Industry Canada show that 40% of the loans did not need SBLA guarantees. The auditor general also pointed out that job creation figures under the SBLA were inflated by as much as five times. He also said the program was abused by lenders and borrowers and that there is little accountability to Parliament.

Given this damning report, the government comes before the House asking for another \$1 billion and promises to do a complete review. That is unacceptable. Why was the review not done earlier? Did the industry minister not have any idea of how poorly this program was being run? Does it take the auditor general to move this government to make programs more efficient and accountable?

Clearly Industry Canada has been asleep at the switch. In the interests of hardworking Canadian taxpayers the official opposition cannot turn a blind eye to this blatant mismanagement and simply rubber stamp another \$1 billion payout.

We hear a great deal from the government side about how the SBLA is self-financing and costs to the taxpayer are negligible. That is untrue. Anyone who doubts me need only look at the main estimates.

According to the supplementary estimates (B), 1997-98, the government needs another \$90 million to cover bad SBLA loans. In the main estimates for 1998-99 the SBLA program is budgeted for huge increases to cover bad loans.

*Government Orders*

The industry department itself needs \$65 million or 35% more than the year previous. ACOA wants an 87% increase, \$8.4 million total. FORD-Q wants 11% more, \$92.6 million total. Western Economic Diversification requests a 164% increase over last year to bring it to \$44.2 million.

More and more taxpayer dollars are going out to cover bad loans made by a poorly managed program. Does the government think the official opposition can support Bill C-21 in its current form? Of course we cannot. We cannot sign off on another \$1 billion for this program.

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.

• (1010)

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

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 businesses into bankruptcy.

Steadily increasing taxes are leaving small businesses with no retained earnings. All of 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 the \$1 billion in the pockets of small business owners? Real tax relief measures fall on deaf ears with this government, as witnessed by the recent budget.

The amendment before this House is not unreasonable. It allows the SBLA to operate for another year so that Industry Canada can complete its review of the program. The amendment denies the program an additional \$1 billion in liability, but as the industry minister said himself, there is \$1.3 billion remaining in the program.

Given the auditor general's findings, we cannot extend another \$1 billion to this seriously flawed program. I therefore encourage all members of the House who are concerned with the efficient expenditure and management of taxpayers' dollars to support Motion No. 1.

**Mr. Walt Lastewka (Parliamentary Secretary to Minister of Industry, Lib.):** Mr. Speaker, I appreciate the opportunity to speak to the House of Commons on Bill C-21, an act to amend the Small Business Loans Act.

There was a great deal of debate over this legislation during the second reading stage. There was more debate than we might otherwise have thought for a bill whose purpose is simply to give time for a comprehensive review of the Small Business Loans Act. The intensity of the debate demonstrates that all parties have strong beliefs about the best way to encourage small business financing in Canada. I hope that all those interested will take the opportunity to contribute to the comprehensive review.

I trust today I can set the record straight and clear up some of the questions hon. members might have on the timing of the comprehensive review.

I begin by saying a few words about chapter 29 of the auditor general's report. During the debate at second reading we heard a great deal of information that was not correct. Some members for example alleged that it was only because of the auditor general's report that Industry Canada is conducting a comprehensive review. This is not the case.

Under the Small Business Loans Act, the lending authority expires after a set time period. This feature of the act provides Parliament with regular opportunities to review the program. The last comprehensive review was conducted before the act was amended in 1993. The government had committed to another comprehensive review before the expiration of the current lending period on March 31, 1998.

Why will this review not be completed before the end of the lending period? This is where the auditor general's report comes in. And perhaps this is where some hon. members became a bit confused during second reading.

When the auditor general announced that he would look at the SBLA program, the government decided it would wait until receiving his recommendations before commencing the comprehensive review. This was a prudent decision. It avoided the duplication of effort of having two reviews of the act taking place at the same time. It allowed the comprehensive review to take advantage of the recommendations made in chapter 29 of the auditor general's report. I do not think that anybody in this House would want to have it any other way.

As a result of waiting for the auditor general's report, the comprehensive review will not be completed by the time the current lending period expires. Chapter 29 was only tabled last December. That left the government with very few options.

One would be to rush the comprehensive review in light of the concerns raised in the debate, the recommendations made by the auditor general and the issues raised by the stakeholders. I do not

believe that anyone would want this review to be rushed. There are many complex and far reaching issues that must be addressed.

Another option would be to let lending expire on March 31 as scheduled and let the comprehensive review proceed. Again, I do not believe anyone who has looked at the importance of this program to small businesses across this country would want to follow this course.

• (1015)

The third option is the one that the government has taken in introducing legislation to extend the current lending period. In that way the comprehensive review will take place without disrupting the program. There will be no inconvenience to the many small and medium size businesses that will be looking at the program for help in securing finances in 1998.

When it was tabled last December, the auditor general's report was welcomed by the government. Some of the recommendations the report made had already been acted on by this government. Others will help form the discussion in the comprehensive review.

In replying to the issues raised in chapter 29, Industry Canada prepared a tabling document for the House of Commons Standing Committee on Public Accounts. The auditor general appeared before the public accounts committee in February 1998. He was questioned very closely on the conclusions and recommendations made in his report.

I think it is very useful for hon. members to recall three points he made in the course of his presentation. First, he said that the SBL program is a generally well run program. He maintained that it would benefit from more precision in its objectives.

Second, he said that he would not require another audit in the customary two year period following the tabling of the report. He will consider giving the department more time to respond to issues raised in the comprehensive review.

Third, he acknowledged that the question of how many jobs are created as a result of the program is very difficult to quantify and there is a large range of estimates.

I would like to briefly respond to some further issues raised during the second reading. There seems to be a great deal of confusion about the proposal to raise the lending ceiling by \$1 billion. Some suggested this was an expenditure item needed to cover the potential liability of loans that are made during this extended period.

I would emphasize that Bill C-21 does not make further spending requests. The amended lending ceiling is necessary simply to permit the lending period to continue while the comprehensive review takes place. The total loans made for the period ending

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March 31 are expected to reach \$13 billion. Current lending on registered loans is capped at \$14 billion. On the basis of the 1997 spending levels, Industry Canada expects financial institutions to make a further \$1.7 billion in loans by March 31, 1999. That number exceeds the \$14 billion authority by some \$700 million. Bill C-21 includes a modest cushion of \$300 million to take into account possible fluctuations in the economy.

Given that loans are registered on average three months after being made at the time the \$14 billion ceiling is reached, several hundred loans may have been made to small businesses under the SBLA that will not be registered and therefore will not be honoured by lenders. This may cause lenders to call these loans, causing major disruption to entrepreneurs and businesses. This is exactly what Bill C-21 is trying to avoid. This is why we need to support the \$1 billion increase in the SBL program.

Let me also mention another key issue that has been debated at length during second reading. It is the incrementality of SBLA loans. These loans are being guaranteed that the financial institutions would have made in any event.

There is no doubt that there are loans that have been guaranteed that do not fall within the intent of the act. Like insurance of any kind, there will always be some individual loans which do not actually need insurance. For the most part, these loans are less likely to also default and therefore are of no cost to the taxpayer.

In conclusion, I want to emphasize that the SBLA is a good program. It has broad support among the business communities. I think we owe it to the small business community across this country to continue it for one year while we conduct a comprehensive review by all parties and all members of this House. That is why it is important for Parliament to pass Bill C-21.

• (1020)

[*Translation*]

**Mrs. Francine Lalonde (Mercier, BQ):** Mr. Speaker, we strongly oppose the Reform amendment, simply because extending the application of the act for one year without raising the ceiling by \$1 billion really makes the coming lending year impracticable. That is what it means.

They might as well take a stand against extending the program altogether, which would mean serious hardship for many businesses. The government would then have to rush through a complete overhaul of the Small Business Loans Act, something neither the Reform Party nor the Bloc Quebecois wants.

By trying to get the point across to the government that it was not diligent enough in performing a complete overhaul, the Reform Party is not penalizing the government, but small and medium size business. This makes no sense.

*Government Orders*

Does the official opposition have to disregard small and medium size businesses, which most need access to credit to be facilitated by government legislation because they lack easy access to it? They do not have access to the stock exchange and absolutely need assistance.

In fact, the concerns of the auditor general are widely shared. We share them. But he has many concerns: not only repayment but also the efficiency of the program. In light of the objectives of the program or the legislation, it is clear that credit is intended to foster the creation and development of businesses.

But to foster the creation and development of businesses to promote job creation will indeed require serious consideration, as this means making every effort to ensure that the businesses that benefit are not the ones that do not need guarantees but those that need loans the most to develop, create jobs and help generate wealth. We all know it is impossible to develop without reasonable access to funding.

I remind the House that the Canadian Federation of Independent Business admittedly has a problem with payroll taxes and that it wants, as we do and as we were the first to say so in this House, employment insurance premiums to be reduced.

I would mention in passing that, while the fund currently has a surplus of \$15 billion, the Minister of Finance has another surplus of \$6.7 billion planned, with business' share representing some \$3.9 billion. So it will be important to continue, but that is no reason, since SMBs have problems with employment insurance premiums, to deny them credit.

What does the Canadian Federation of Independent Business have to say? According to it, some 30% of businesses do not have enough credit available and therefore their development is limited. Everyone knows that, proportionally, PMBs create the most jobs.

I do not think anyone here can be satisfied with the current job situation. No one can say "We will not help for a year and we will give no more credit to small and medium size businesses". Especially because the businesses suffering most at the moment—and this will require the attention of all the opposition parties and of our colleagues in the government—the SMBs that have the hardest time getting credit, are the smallest businesses, those with 20 or fewer employees.

• (1025)

Oddly enough, while these businesses have the hardest time obtaining credit, they pay the highest for it and are obliged to provide the most guarantees.

These new businesses, in regions which are facing serious problems—and there are a vast number of them in Quebec and in Canada—may be the source of new impetus, which we must support.

It is a fact that, if these small businesses fail to grow, they often stagnate or die, hence the need for them, and even for growing businesses, to have sufficient credit available.

To my mind, the Reform Party's amendment is totally uncomprehensible. If one says there is still \$1 billion and some change left, based on the latest available figures, to reach the \$14 billion ceiling under the current legislation, then one did not do one's homework. After reading, hearing and understanding what the auditor general had to say, we know that the actual figure is at least \$2 billion annually.

So, if the government does not want to find itself unable to guarantee the loans, it would have to end the program right now. In fact, the program was due to end in March. So, the government would have to end it immediately. However, this would mean that several businesses would find themselves in a difficult situation. Some loans would be recalled, while others would not be granted.

The objective of a reform should be to improve the legislation, not create a situation whereby there would be no loan guarantees for a period of time.

Also, it is somewhat misleading to say that the idea is to avoid putting \$1 billion in taxpayers' money in jeopardy. This statement does not reflect the truth. There are loan guarantees, but the conditions are such that it is impossible that this \$1 billion not be paid back.

In fact, a very large portion of the money already loaned has been paid back. Even if we take into account all the loans approved over a 10 year period, there are still \$6 billion left out of the \$14 billion. Out of these \$6 billion, \$1.4 billion would be at risk if absolutely no one paid back his loan, and if the total guarantees came into play, something which has never happened. So, we are far from having \$1 billion in taxpayers' money that could be wasted.

Small and medium size businesses are the ones that really need somewhat easier access, because it will never be easy for them. They are the ones that innovate and create jobs. For them, the going is rough; for every 10 companies that are created, only two or three, depending on the studies and the periods covered, are still in operation 10 years later. But small and medium size businesses are indispensable to help economic renewal, to allow workers to gain experience, and to spur economic life. As far as I am concerned, it would be irresponsible to say "the Small business Loans Act will no longer be in effect as of March". Indeed, the amendment proposed by the Reform Party really means "we are ending the program now".

[English]

**Mr. Peter Stoffer (Sackville—Eastern Shore, NDP):** Mr. Speaker, I am very pleased today to take part in the debate of Bill

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C-21 on behalf of our critic for the area, the member for Regina—Lumsden—Lake Centre, who unfortunately cannot be with us today.

Our party intends to support Bill C-21 and co-operate in its speedy passage through the House in order to allow the continuation of the small business loan program which is currently set to expire on March 31, 1998.

The purpose of the program is to increase the availability of loans for establishing new spending, modernizing and improving small business enterprises. This is an objective that we share in the New Democratic Party. Small businesses are a growing and vital part of our Canadian owned economy, creating the lion's share of new jobs in the new economy. This comes right from the auditor general.

• (1030)

I want to mention a few things regarding the amendment put forth by the member for Saskatoon—Humboldt. If the SBLA does not continue past March 31, there is a possibility that 1,200 Saskatchewan small businesses receiving a small business loan will be left without SBLA financing after April 1.

I am wondering if the hon. gentleman would like to tell the small businesses in his riding, many of which probably fall under this category, what he plans to do for them after April 1.

I would also like to relate a little to my own province of Nova Scotia where a growing sector there is small business. Unfortunately small businesses cannot go to the banks because the banks are very tight fisted with the money when it comes to small business loans.

That is most unfortunate because these people are encouraged. They are told to upgrade their training, do this and do that, then they can run their own business and become profitable. They find it very difficult to get access to finances to create their businesses.

The Reform Party is finally showing its true colours as the mouth piece for big business. It supports the monster merger of the Royal Bank and the Bank of Montreal and they want to hand over our financial sector to foreign banks.

I cannot see where that is going to help any small businesses in this country in the long run. A business cannot be started with this ideology. Anyone can put food on the table, but it cannot be done with just good will. We need small businesses and they need access to financing. I find it unacceptable that the Reform Party would try to delay, in any way, this very important bill.

On behalf of all small businesses in this country, especially those in Atlantic Canada, we encourage all parties of the House to support the bill and its speedy passage.

**Mr. John Herron (Fundy—Royal, PC):** Mr. Speaker, I take this opportunity today to speak to the report stage of Bill C-21 with respect to the continuation of the Small Business Loans Act.

The Small Business Loans Act was established in 1961. The initial premise was to ensure that small and medium enterprises would have access to capital for further development.

By that, the intent of the act was to provide incremental financing in situations where traditional financing would no longer be available.

It has been pointed out by the auditor general that 30% to 40% of the loans approved under the Small Business Loans Act would actually be approved anyway so that at the end of the day, on reviewing this act, we would have a loan guarantee program for banks as opposed to a loan guarantee for small business.

Our party will be supporting Bill C-21, only because without it the Small Business Loans Act will not continue and a very valuable piece of legislation would not be there for the small business sector.

That said, we have some concerns with respect to the act. Over the years the ceiling of the act has gone from only a few billion dollars to \$15 billion worth of loans guaranteed.

The reason for that is that the original intent of the legislation, incremental financing, has now gone to a situation where we are guaranteeing loans on a continuous basis of nearly a quarter of a million dollars. That is not the access to capital these individuals want.

The initial intent of the Small Business Loans Act was to ensure that there would be financing for slightly riskier loans where the small business sector would be willing to actually pay a higher rate of interest and be willing to pay a fee to have this access to capital. The intent of the legislation has gone to the wayside.

My colleague from the New Democratic Party pointed out that this is a piece of legislation that is highly regarded by small business. All areas of this country, whether Nova Scotia, my home province of New Brunswick or British Columbia, rely on the Small Business Loans Act.

We support both these amendments. The legislation has to continue.

• (1035)

I know my colleagues with the Reform Party have a lot of small business ventures in their areas as well. Those individuals who do have a lot of small and medium enterprises in their neck of the woods rely on this piece of legislation. It would not be a very prudent step for them to recommend that we do not have this loan guarantee program for small business, given the fact that their small business sector relies on this piece of legislation.

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I would recommend them to reconsider their current position and actually support this legislation when it comes time to be improved later on. The small business sector needs a small business loans act. It needs a loan guarantee program for incremental loans. It does not need a loan guarantee program for large scale loans.

This is not just me saying this. The Canadian Federation of Independent Business has 88,000 members. Its members categorically point out that one-third of their membership actually believes that the number one issue affecting small business is still access to capital. Look at it from the point that we have a loan program that was only a few billion dollars only a few years ago. It is now a huge amount of money. We are heading toward \$15 billion in loan guarantees. One would almost think that with that increase small business financing would be that much more accessible.

In 1997 the acceptance rate for loans has actually gone down 2% from 1987. The reason for that is the type of loans that are now being guaranteed under this program are not in its original intent.

We will be supporting the amendments to this legislation. We will be supporting Bill C-21 this time only, but we do recommend that the government take very seriously the recommendations of the auditor general. The minister pointed out that during his presentation earlier it would be a valuable tool on review of this bill. We recommend that the government act on the recommendations and the observations by the auditor general. Above all is that we move toward the original intent of the Small Business Loans Act, incremental financing.

**Mr. Deepak Obhrai (Calgary East, Ref.):** Mr. Speaker, I would like my colleague from the Progressive Conservative Party to listen to what I have to say, as well the member from the NDP who never seems to have any solutions except criticizing.

Today I rise to voice my opposition to Bill C-21, an act to amend the Small Business Loans Act.

The purpose of this act is to extend the small business loans program to March 31, 1999 and to raise the government's liability under this program to \$15 billion, a \$1 billion increase. Few will deny the importance of small businesses. They symbolize the entrepreneurial spirit and the work ethic that have made this country what it is today. They are the engines of the growth of the Canadian economy.

In 1994 more than 98% of all businesses in Canada were small businesses with fewer than 50 employees. In 1995 the numbers indicate that small business accounted for over 40% of Canada's private sector economic output.

My wife owns a dry-cleaning store in Calgary. I am a junior partner. She has been operating this business for the last 15 years. I am an owner of a small international consulting firm. I was a

business delegate with Team Canada to Asia. Therefore I know the struggle that small business owners go through just to make ends meet.

I also have firsthand experience in dealing with well intentioned but misguided government policies such as the small business loans program. This program does not successfully aid small business owners who truly need assistance.

• (1040 )

The small business loans program has incurred a net loss estimated at \$210 billion for loans issued between 1993 and 1995. Why? This program lacks accountability and clear objectives.

The banks are guaranteed the money at no risk to them if there is a default. Businesses will access more money than they can handle, thereby raising their debtloads. The government will try to look like a friend of small business by implementing this program. Lastly, enforcement is poor.

The auditor general, a non-partisan evaluator of government spending, has recommended that this government make a comprehensive evaluation of this program before it is extended. I agree with the auditor general because of the following reasons.

The Canadian economy is in a state of transition. No one would have expected in 1961 when the program was created the extent of change that would occur during the following 35 years. The Canadian economy has gone from being primarily based on the manufacturing sector to now being dominated by the service sector.

Who would have envisaged the growth of the high tech sector and the effects of the Internet in 1961? The Canadian economy and the business environment has changed and therefore the needs of small businesses have changed.

The current small business loans program does not take this into account. As well, the auditor general remains doubtful that the program's move toward full cost recovery will succeed. He suggests that careful monitoring and better systems to forecast the future performance of this program are needed. He also calls on this government to strengthen the program's auditing of potential borrowers.

The auditor general recommends that the department provide Parliament with information in order to allow us to assess whether this program is effective.

I have just listed several programs that both the auditor general and my Reform caucus colleagues share about the small business loans program.

We agree with the government on one thing, that we must encourage the growth of small business. This entails giving entrepreneurs access to capital.



While the Liberals feel that the inefficient and wasteful government programs will achieve this, the official opposition believes businesses will thrive if taxes are cut and bureaucratic red tape is reduced.

As one of those with experience in small businesses, I can attest to the havoc this government's excessive taxes and unnecessary bureaucratic paper work have on the small business community.

Business owners need the government off their backs. They need an economic environment which allows entrepreneurial spirit to excel. Let us start by reducing the tax burden that, simply put, kills jobs and profit.

Let us for the moment reflect on the tax burden for an average small business, the payroll taxes, CPP, UIC and WCB. While the objectives of this program are noble, government mismanagement has raised these premiums to very unacceptable high levels.

Then there is the business tax, a tax that is not tied to performance but to space occupation. Witness what happened in Toronto yesterday when small business owners were hit with huge tax increases.

Then we have the property taxes charged by the landlord through the operating tax, and finally the GST, a supposedly revenue neutral tax. Ask any small owner about GST. The GST came from their profits as competition and consumer resistance forced businesses to absorb this tax.

Therefore it is no coincidence that the provinces with the lowest provincial tax rates, Alberta and Ontario, are leading the country in job creation.

It is also no coincidence that the United States, whose taxes are considerably lower than ours, has an unemployment rate of under 7% and dropping while ours remains stuck at more than 9%.

• (1045)

The government had an ideal opportunity to show its commitment to the hundreds of thousands of small business owners of Canada by reducing the tax burden in the last budget.

Did the government do that? No. In fact it went the other way and compounded the problem by throwing more money at what can best be described as a band-aid solution.

Rather than setting up more rules government should be allowing entrepreneurs to keep more dollars in their pockets, which will allow them to hire the extra person they need.

Government interference in the marketplace discourages the development of alternative and innovative financing solutions for small business. At the same time there must be a re-evaluation of the way in which financial institutions lend money to small business.

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The banks must show a human face to the thousands of struggling individuals who need that extra infusion of capital to kickstart their businesses. The major banks must realize that their monopoly carries with it certain social responsibilities and obligations. They must also take certain risks. Right now the risk is zero or, at the very least, ridiculously low. They are thriving in this economy. Profits are at record levels. They should be partners in our society and at least assume some burden.

Today with their record profits banks can afford to be partners. They should be joining those pulling the wagon of prosperity instead of merely riding on it. They must do this or risk losing their monopoly.

The dual process of reducing taxes and having banks deal more compassionately with small business owners will be mutually beneficial. Less taxes mean more profit. More profit means better loan risks. Better loan risks translate into easier financing. Easier financing brings about expansion and thus more employment. This is the route we should be following.

We have before us a government that now seeks to extend the small business loans program by one year. I could possibly commit to supporting this if the government initiated a thorough review of the program, just as the auditor general recommended.

However the government has added an additional \$1 billion in liability despite the fact that the program has \$1.3 billion remaining before it reaches its maximum limit of \$14 billion. This \$1.3 billion is adequate—

**The Speaker:** The hon. member for Lévis.

[*Translation*]

**Mr. Antoine Dubé (Lévis, BQ):** Mr. Speaker, I rise to speak to Bill C-21 at report stage, because I sit on the Standing Committee on Industry. I am a bit surprised because, at report stage, a report is made to the Chair and to other members of the House of Commons on what has gone on in committee. This is the stage at which one may speak of what is going on in committee.

In committee, all comments and questions on this topic were in favour of legislation allowing the federal government to guarantee bank loans. When we talk about banks, we include Quebec's caisses populaires as well, because the figures show that half the loans made to businesses in Quebec guaranteed under this legislation were made by that province's caisses populaires. This is therefore very important for small businesses.

But this morning I am astonished, because the purpose of the amendment is to cap loans at \$14 billion. Not costs to the government, but the actual value of loans.

• (1050)

This is a rather surprising amendment, given that everyone seemed to be in agreement in committee, but it is all the more surprising considering that Bill C-21 is not a lengthy bill; it has only two clauses.

*S. O. 31*

The first clause provides for a one-year extension of the legislation prior to its being amended, as the auditor general is suggesting in fact. We in the Bloc Québécois agree that it should be completely overhauled, and that witnesses should obviously be heard, as the industry committee is proposing beginning in the fall, with a view to a complete overhaul of this legislation.

The second clause provides for increasing the amount from \$14 billion to \$15 billion in the interim. This would allow continued operation of the program for the duration of the extension.

What the Reform Party is saying is totally contradictory, because they talk of extending the act by a year but maintaining the present ceiling. Yet that ceiling has already been reached. What contradiction: they are in favour of financial guarantees to small business, but at the same time, they want the opposite—perhaps because they do not dare come right out and say it to businesses, their directors, or the people waiting for the jobs those businesses will create, and we know that 80% of new jobs are created by small and medium size businesses.

This morning we saw some pretty decent figures on employment, as well as a drop in the rate of unemployment in Canada and Quebec. There is some good news for Ontario and Quebec relating to job creation. Closer examination shows that those jobs are in small and medium size businesses.

One of the means—though not the only one—to create jobs is this act, which enables the Minister of Industry to guarantee small business loans. I find it a bit odd, which is why I wanted to point out the Reform Party's contradictions at the report stage. I wish to stay within the limits of parliamentary language, but let us say that they are, at the very least, inconsistent. Another term comes to mind, but I want to remain polite.

We will not join in on this delaying tactic, saying yes officially but really meaning no. We are not going to get into that. There are no surprises here. Yesterday during debate on our motion concerning federal interference in education, when we were voicing our desire to see no federal intrusion in education, the Reform Party kept saying that it agreed with the Bloc Québécois, that it too thought jurisdictions should be respected, but that it would not be supporting our motion.

This morning, we have a similar situation in their approach to the Small Business Loans Act. It is inconsistent, but not surprising. This is not the first time we have seen them take this approach, because this is my second term in office and I remember the very early days when we were the official opposition and the Reform Party members and their leader said that the idea of an official residence for the leader of the opposition was a shocking one.

Four years later, with the shoe on the other foot, and the Reform Party now the official opposition, what do we have? The leader of the Reform Party is contradicting himself, saying that it is only a principle. Reality is another matter. Now that he is leader of the official opposition, he has agreed to live in the official residence. It was the same with the limousine and all sorts of other things.

I will make one final point, and then I will sit down. I do not want to go on and on about the flag business, but this week I saw people who wanted the right to display their flag but who were still unhappy. We saw one member throw his flag down in the House, and I also find that inconsistent.

[English]

**The Speaker:** I will recognize the hon. member for North Vancouver. I will let him begin his speech, if he would like, but I will interrupt him two or three minutes into his speech to go to statements. It is your call.

• (1055)

**Mr. Ted White:** Mr. Speaker, if members are ready to begin statements, I would be quite happy to do that and to start my speech at the end of question period.

**The Speaker:** If that is agreeable to the House, it will give us a chance to get a couple of more statements in today. The member for North Vancouver, as far as I know, would be the last speaker on this subject.

We will now go to Statements by Members.

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## STATEMENTS BY MEMBERS

[English]

### INTERNATIONAL WOMEN'S WEEK

**Mr. Murray Calder (Dufferin—Peel—Wellington—Grey, Lib.):** Mr. Speaker, my compliments to the Reform member across the way.

As an MP from a rural riding I have seen firsthand the outstanding contributions that women make to rural communities. My wife Brenda and I have farmed together for many years. We are partners in everything we do. In fact she is now the full time farmer.

Twenty-six per cent of Canadian farms are operated by women and these women make a valuable contribution to the fabric of Canadian agriculture.

The farm women's movement during the past 30-odd years has focused on roles, responsibilities and the rights of farm women as equal partners. They have addressed important issues such as land ownership, training, rural restructuring, environmental, health and safety issues.

Farm women play an important role in fostering a broad public understanding about the needs of and potential for Canadian agriculture.

I take the occasion presented by International Women's Week to thank farm women and their leaders for their contribution to our agricultural sector.

\* \* \*

### PORTS

**Mr. Roy Bailey (Souris—Moose Mountain, Ref.):** Mr. Speaker, the Canadian media continues to announce to international criminals that they do not have to worry. Smuggled goods are now being moved freely through Canadian ports.

The Regina *Leader-Post* recently reported that 90% of all armed robberies in that city are a direct result of increased drug trade.

Canada's port police have been phased out. Canadians are now asking whether the municipal police forces are being specially trained and whether the numbers are adequate to carry out the policing at our ports that Canadians deserve.

It is now imperative that the government announce to Canadians and the world that measures will immediately be put in place to establish a high class, high tech port security that has the power to say no to the international drug trade and provide Canadians with the peace of mind they so richly deserve.

\* \* \*

### POST-SECONDARY EDUCATION

**Mr. Andrew Telegdi (Kitchener—Waterloo, Lib.):** Mr. Speaker, I rise today to congratulate the University of Waterloo engineering department and its undergraduate engineering students who participated in last week's Ontario engineering competition involving 100 competitors.

University of Waterloo students swept the competition, winning first place in all six design categories. I congratulate these winners and wish them luck at this weekend's national competition.

I also congratulate Wilfrid Laurier University for its second place finish in the university-private sector partnership category of the Scotiabank AUCC awards for excellence in the internationalization program. Its program, in conjunction with German students, investigated the marketing of a Waterloo company's software in China.

I give high praise to the government for supporting increased accessibility to post-secondary institutions and increased funding for research and development so that we are prepared for a knowledge based global economy, assuring our future economic well-being as a nation.

[Translation]

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### SOCIAL HOUSING

**Mr. Bernard Bigras (Rosemont, BQ):** Mr. Speaker, 410 residents of Rosemont-Petite-Patrie are impatiently awaiting vacancies in low income housing.

In 1993, the federal government eliminated all budgets for the construction of new housing units. The impact in my riding has been catastrophic, and the housing committee can no longer keep up.

How can this government claim to be concerned about young people, when it is leaving thousands of them out in the cold? The Liberals' priority is obvious: this government is obsessed with its visibility.

You can see for yourselves: \$17 million for flags; \$20 million for the Canadian Information Office; \$1.5 million for the tourism contest; \$400,000 for commercials that ran only in Quebec; \$600,000 for pamphlets promoting distinct society; \$550,000 in praise of Canadian passports; \$40,000 for propaganda kits aimed at school children; and not one red cent, since 1994, for the most disadvantaged, who are still waiting for decent housing.

What is wrong with this picture, Mr. Speaker?

\* \* \*

• (1100)

[English]

### THE ECONOMY

**Mr. Lynn Myers (Waterloo—Wellington, Lib.):** Mr. Speaker, I rise today to applaud the government for creating the kind of economic climate which has built tremendous confidence not only in my riding of Waterloo—Wellington but across Canada.

Let us consider the most recent economic and employment evidence. Unemployment has fallen to 8.6%. Full time employment rose by 84,000 jobs in February. Almost one-half of this February increase went to youth between the ages of 15 and 24 and two-thirds of this gain was full time work. Adult women also benefited by the February employment increase. This trend has been sustained over the past 12 month period. In that period full time employment has risen by 470,000 jobs.

All this spells good news for Canada and all Canadians. While we still have work to do, we are on the right track and Canadians know it.

\* \* \*

### POST-SECONDARY EDUCATION

**Ms. Carolyn Parrish (Mississauga Centre, Lib.):** Mr. Speaker, this week I had a meeting with a group of senior officials from

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Ontario and Atlantic universities. It is not often we run into a lobby group like this one. They were here to thank the government.

They thanked the government for its outstanding focus on education and knowledge in the 1998 budget. They thanked the government for supporting students and for supporting research. They thanked the government for the millennium scholarship fund and the lasting legacy it will create.

The university and college presidents I have met and have corresponded with pledge their support for the government's focus on education. They are committed to realizing the full potential of these initiatives.

One thing they do ask the government to consider is the valuable contribution that researchers in the social sciences make to society. Compared to other fields such as science and technology, their contribution is more difficult to quantify in dollar figures. Let us not forget that we need a well functioning society if we are to fully benefit from the technological advances.

I urge members of the House to encourage the government—

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

\* \* \*

**TAXATION**

**Mr. Eric Lowther (Calgary Centre, Ref.):** Mr. Speaker, some families are suffering more than others because of the government's high tax policies.

The tax assault on stay at home parents is particularly odious. Currently there is little to no tax recognition given to the value of staying home to care for one's children instead of putting one's kids in day care. Homemakers are becoming increasingly frustrated and are beginning to take action.

Calgary homemaker Beverley Smith has lobbied Canadian officials for two decades for equitable tax treatment but has had little success with unresponsive Liberal and Tory governments. She has now taken her complaint all the way to the United Nations.

On behalf of all Canadian homemakers Beverley will complete her submission to the UN Commission on the Status of Women, pointing out 11 areas under which Canada discriminates against homemakers.

Ms. Smith points out that others can deduct child care expenses but homemakers cannot. She has a strong case. Homemakers call on the government to stop—

**The Speaker:** The hon. member for Gatineau.

\* \* \*

**FOREIGN AFFAIRS**

**Mr. Mark Assad (Gatineau, Lib.):** Mr. Speaker, tomorrow March 14, 1998 coincides with the 20th anniversary of the Israel invasion of Lebanon in 1978.

On March 14, 1978 Israel forces invaded Lebanon in what was called the "Litani Operation", using 40,000 soldiers and highly sophisticated weapons of destruction including cluster and napalm bombs over eight consecutive days of systematic bombing.

[*Translation*]

On March 19, 1978, the United States permanent delegate to the UN Security Council passed resolution 425 on respect for the territorial integrity, sovereignty and political independence of Lebanon.

At that time, there was a glimmer of hope for Lebanon, but since then, the resolution has not been complied with—

**The Speaker:** The hon. member for Lévis.

\* \* \*

**CANADA ECONOMIC DEVELOPMENT**

**Mr. Antoine Dubé (Lévis, BQ):** Mr. Speaker, on March 4, it was reported in the *Canada Gazette* that the name of the Federal Office of Regional Development-Quebec had been changed to Canada Economic Development for Quebec Regions Agency.

This name change, which puts emphasis on the word "Canada", is but one more way the federal government has found to increase its visibility in Quebec.

I also want to mention the recent change of the French designation of the Canada Post Corporation to "Postes Canada", at a cost of \$8 million, and the heritage minister's famous flag operation, which has cost more than \$23 million so far.

• (1105)

Add to that the Canada millennium scholarships and the grants that will be given out by the Canada Foundation for Innovation in the health sector.

The federal government is not fooling anyone in Quebec with its razzle-dazzle.

\* \* \*

[*English*]

**SENIORS**

**Mrs. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.):** Mr. Speaker, I stand today in the Chamber as representative of the riding of Notre-Dame-de-Grâce—Lachine which has one of the highest percentages of seniors in all of Quebec.

I was outraged at the comments earlier this week of the Reform member for Edmonton North concerning 73 year old Mr. Archibald Johnstone. Not only was I outraged but so were my constituents, including Mrs. Caroline Wright Byford who will celebrate her 102nd birthday on Sunday, March 15.

As anyone with working grey cells knows, age is a state of mind. At this time when the United Nations has declared 1999 the International Year of Seniors I would hope that the Reform Party, and in particular the member for Edmonton North, would celebrate the fact that we as a nation have a population of seniors who lead active and productive lives and contribute in a real and meaningful way to our country.

I would also hope that the member would stand and apologize to seniors everywhere.

\* \* \*

[Translation]

#### MAURICE RICHARD

**Mr. Rahim Jaffer (Edmonton—Strathcona, Ref.):** Mr. Speaker, Canadians have a passion for hockey like no other sport. In my riding of Edmonton, everyone is talking about the glorious years of the Oilers with stars like Gretzky, Messier and Fuhr. But long before these men carried the Stanley Cup on their shoulders, Maurice Richard, of the Montreal Canadiens, was the king of hockey.

In the days when there were only six teams in the National Hockey League, everyone in the country gathered around their radio or television sets to cheer the "Rocket", hoping he would work his magic and bring the Stanley Cup home to Canada.

Today, as the "Rocket" faces his greatest battle, a battle against cancer, I want him to know that the Reform Party and all Canadians are once again behind him, hoping he will work his magic and win this battle.

Get well soon, Maurice.

\* \* \*

[English]

#### EMPLOYMENT

**Mrs. Sue Barnes (London West, Lib.):** Mr. Speaker, the newly released employment figures for February reaffirm that the government's policies are contributing to job creation.

Full time employment rose by 84,000 in February. Unemployment fell by an estimated 38,000, dropping the unemployment rate to 8.6%. What is especially significant is that nearly half of February's employment increase went to youths 15 to 24 years of age. Two-thirds of this gain was in full time work. This employment increase among youth led to a decline of 23,000 in the unemployment ranks.

The help wanted index now stands at its highest level since November 1990. As employer hiring intentions are at record levels

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for the 1990s, there is no doubt the government is on the right track with respect to job creation and employment for Canadians.

\* \* \*

#### ABORIGINAL AFFAIRS

**Ms. Bev Desjarlais (Churchill, NDP):** Mr. Speaker, it is my great disappointment with the Government of Canada that I remind it of its responsibility to Canadians.

The Government of Canada in all its wisdom gave birth to a cycle of sickness, cultural genocide, incarceration, abuse and poverty. The aboriginal people affected by the government's actions have been fighting to regain their rightful place in society. They are fighting to be on strong social and economic ground.

The government has failed to recognize that in order to survive there must be a greater investment in aboriginal communities, investment directed to health, education, housing and water and sewer projects.

In Manitoba alone housing shortages in the thousands have forced one mother to place two of her children in a foster home. The home where they lived could not hold everyone. She was forced to leave her community and go to the city just to have a roof over her head.

The government's EI policy has forced hundreds of part time and seasonal aboriginal workers on to the welfare system: fishermen, guides and loggers. Most cannot travel the country looking for another part time job. If the cycle is to ever end the government must be willing to make a serious investment in aboriginal people.

\* \* \*

#### EMPLOYMENT

**Mr. Rey D. Pagtakhan (Winnipeg North—St. Paul, Lib.):** Mr. Speaker, yesterday the chief economist of the Bank of Montreal said Canada's economic growth should remain on track through to the millennium, creating more than one million jobs.

It was therefore no surprise when today Statistics Canada reported the good news. Employment was up by 84,000 jobs over last month's figure, an increase that is 30% higher than predicted. Most of the gain was in full time work and nearly half went to youth. At the same time unemployment fell by 38,000, dropping the rate to 8.6%.

● (1110)

I am particularly pleased that the unemployment rate in my home province of Manitoba is 5.8% better than the national average.

The government knows we have to continue to do more. At the same time the government is assured its jobs and growth strategy is working. This is good news for all Canadians.

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### YEAR 2000

**Mr. Jim Jones (Markham, PC):** Mr. Speaker, the message is clear. The Liberal government has only scratched the surface of the Y2K problem. There is a lot of work to be done with only 460 working days left. Next to World War II the Y2K problem could be the second largest disaster in the history of the world.

The potential risks of the Y2K problem to Canada include the loss of 200,000 jobs, a technology solution estimated at \$12 billion to \$50 billion, legal costs that could be five times the technical costs, and one in ten Canadian businesses could fail.

The government originally stated that it would cost \$500 million to fix this problem. Now the estimates are rising daily. In some instances the final numbers on costs are coming in at five times the original estimates.

We must have someone in the government who is accountable and responsible to get this problem fixed and lead us into the next millennium.

To quote from an expert "there has never been a manmade technical problem that will impact so many businesses, so many government groups and cause so many problems at a personal level". The clock is ticking.

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### FOREIGN AFFAIRS

**Mr. Ted McWhinney (Vancouver Quadra, Lib.):** Mr. Speaker, the House salutes the efforts of British Prime Minister Tony Blair to produce a peaceful ending to Ireland's historical conflicts in bringing together the main contending parties for the discussion of possible new institutions and processes for living together in goodwill and harmony.

Any advice or practical help that Canadians may be able to offer with our own historical experience as a plural society characterized by peaceful coexistence and active co-operation among different cultural communities should be accorded to the Irish communities concerned in the current talks.

\* \* \*

[*Translation*]

### EDITORIAL CARTOONIST DONATO

**Mrs. Maud Debien (Laval East, BQ):** Mr. Speaker, in yesterday's *Toronto Sun*, one of the dailies of Quebec's friend Conrad Black, their editorial cartoonist, Donato, suggested another way for Canadians to express their love for Quebec. We still remember all those Canadian patriots converging on Montreal in 1995 to tell us how much they loved us.

Yesterday, the cartoonist went one better than that. His drawing, with the caption "An open letter to the Bloc MPs" shows the

Canadian flag proudly flying on "the finger" instead of a flagpole. I think that is an excellent idea.

In the next referendum, I would like to see all those Canadian patriots returning to invade the streets of Montreal, with the tab picked up by Option Canada, accept Donato's suggestion and express their love by sticking a little maple leaf flag, graciously provided by Heritage Canada, on their raised middle fingers.

All Quebeckers will immediately understand this message of love and tolerance, and will act accordingly.

\* \* \*

[*English*]

### SENATE OF CANADA

**Mr. Peter Goldring (Edmonton East, Ref.):** Mr. Speaker:

The people of Alberta have expressed their will  
The House must now heed their call  
That elections for Senate be their wish  
That fairness in governing be for all  
Through election is our method  
To be effective is our purpose  
Equality for all be our goal  
We ask this House to listen now  
We ask Premier Klein to echo this call  
We ask that this reasonable wish  
Be respected and confirmed by all  
Why not an elected Senate  
For Provinces that wish to vote  
Alberta's call will not abate  
From this you may well quote  
The solution be simple and has support  
Stan Waters was first and led the way  
Albertans wish to elect their choice  
This House must listen to what they say.

\* \* \*

### RED CROSS MONTH

**Mr. Peter Adams (Peterborough, Lib.):** Mr. Speaker, March is Red Cross Month in Canada. In less than two years Canada has suffered through three large scale disasters: the Manitoba flood, the Saguenay-Lac Saint-Jean flood and most recently the ice storm which devastated parts of eastern Canada.

Throughout these traumatic events the Canadian Red Cross came to the aid of millions of Canadians by providing shelters and beds, recruiting volunteers and fund raising. The Red Cross has raised more than \$60 million for these three disasters.

• (1115)

The Red Cross is a humanitarian organization that delivers valuable programs which range from water safety and first aid to abuse prevention and breakfast programs. The Canadian Red Cross is also active overseas in helping victims of wars and national disasters.

In Peterborough a good example of Red Cross work is the sick room rental program. I ask all members of the House to recognize this organization which has done so much in Canada and around the world.

## ORAL QUESTION PERIOD

[English]

### THE BUDGET

**Mr. Jay Hill (Prince George—Peace River, Ref.):** Mr. Speaker, the auditor general, Canada's top financial watchdog, says he does not trust the Prime Minister's budget because of false entries and dummy accounts.

Now the Canadian Institute of Chartered Accountants, the very people who write the rules of accounting, say that the Prime Minister is cooking the books also.

By falsifying the books the government has hidden \$2.5 billion this year alone, money that should have gone to tax and debt relief.

Why does the Prime Minister believe that he knows more about accounting than accountants do?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, before one can accept the premise of the hon. member's question I think one would want to check the accuracy of his quotes.

The Prime Minister has said, along with the minister of finance, that we are up front in our accounting. We are booking the amounts required for the millennium scholarship fund right now in a transparent, visible way. We are not hiding things the way the former Mulroney Conservative government did.

The millennium fund is in aid of students. Why is the Reform Party speaking against the interests of students?

**Mr. Jay Hill (Prince George—Peace River, Ref.):** Mr. Speaker, the transparency of that answer does not impress the auditor general. It does not impress the Canadian Institute of Chartered Accountants and it sure does not impress overtaxed Canadians.

Bob Rutherford, vice-president of standards for the CICA, says that accounting rules which the government claims to be using simply do not exist. Apparently the finance minister has made them up.

The point is this. If Canadians tried to hide their money from the tax collector by setting up dummy accounts, they would go to jail. Why can the finance minister use accounting tricks that would get the rest of us thrown in jail?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, the hon. member's assertions are completely unwarranted. Speaking of dummies, that is a dummy question.

**Mr. Jay Hill (Prince George—Peace River, Ref.):** Mr. Speaker, speaking about dummies that was sure a dumb answer.

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

### Oral Questions

**An hon. member:** It's Friday.

**The Speaker:** Thank God it's Friday.

**Mr. Jay Hill:** Mr. Speaker, this issue is about more than just accounting. It is about whether the government has to live by the same rules as ordinary citizens. It is also about the government breaking its election promises.

Half the missing \$2.5 billion was promised to go toward tax relief and debt reduction. Did the government really think Canadian taxpayers would not notice that \$2.5 billion disappeared from the balance sheet?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, we have carried out our commitments. There are billions of dollars directed to tax relief for middle and lower income Canadians. We paid off billions of dollars of the debt and we will continue doing this.

I ask the hon. member if he thinks Canadians will not notice that every time he gets to his feet and his colleagues get to their feet on this issue, they are proving they do not want to help Canadian students?

\* \* \*

### TAXATION

**Mr. Jason Kenney (Calgary Southeast, Ref.):** Mr. Speaker, Canadians are preparing for tax time. The Canadian tax system works on the principle of honest reporting of income, transparent self-reporting of income. This system would collapse if Canadians were allowed to play the same kind of games with their books the government is playing with the public books.

How can the government and the finance minister square the principle of honesty in accounting with his manipulation of the public accounts?

• (1120)

**The Speaker:** We are getting a little strong in our words. Please be very judicious in your choice of words.

**Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.):** Mr. Speaker, it is very simple. If a business makes a commitment for an expenditure, it has to book it. If a family has a commitment for an expenditure investment, that is money it does not have to spend on other things. We are going to run our books on an open basis so that Canadians know exactly where we stand.

**Mr. Jason Kenney (Calgary Southeast, Ref.):** Mr. Speaker, the auditor general says that this is the wrong way to keep the books. The Institute of Chartered Accountants says that this is the wrong way to keep the books. Any reasonable objective person who knows about public accounting will say that this is inconsistent with the rules.

*Oral Questions*

Why has the government not been forthcoming, clear and straightforward in the way it keeps the public accounts? If programs are good, then book them when they should be booked, but do not lie to Canadians about when those—

**The Speaker:** The hon. member for Rimouski—Mitis.

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[Translation]

**MILLENNIUM CELEBRATIONS**

**Mrs. Suzanne Tremblay (Rimouski—Mitis, BQ):** Mr. Speaker, yesterday the federal government provided more details on its plan to ring in the third millennium. The government has chosen to contribute significant funds to this new initiative: \$160 million over three years.

While the festivities are legitimate, could the government assure us that it will not use them for propaganda purposes?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, our activities will be in the interest of all Canadians, and we are answerable to Parliament, as it appropriate. We work under the aegis of the auditor general.

The proof that it is not propaganda was the hon. member's presence yesterday at our launch ceremony.

**Mrs. Suzanne Tremblay (Rimouski—Mitis, BQ):** Mr. Speaker, is the government prepared to comply with the rules of Treasury Board and the various departments in awarding the millennium scholarships so as to avoid the fiddling around with public funds that occurred in the case of Option Canada?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, I totally reject the premise of the hon. member's question, but I can assure the House that we comply with the rules of Treasury Board and the auditor general.

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**EDUCATION**

**Mrs. Madeleine Dalphond-Guiral (Laval Centre, BQ):** Mr. Speaker, my question is for the Minister of Intergovernmental Affairs.

Yesterday in his defence of Canadian federalism Liberal style, the Prime Minister boasted of his flexibility in areas in which the federal government is involved in provincial jurisdictions, forgetting his recent meddling in Quebec education with the millennium fund, which we could call the millennium "flub".

Will the Minister of Intergovernmental Affairs acknowledge that the millennium "flub" runs totally counter to the empty resolution on the distinct society his government passed the day after the yes side almost won the latest referendum?

**Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.):** Mr. Speaker, the Government of Canada does not meddle in education. Financial help for students is a responsibility of the two levels of government. The federal responsibility dates from the turn of the century. I found a program in this regard at the beginning of the century. So this is nothing new.

What is new is the huge challenge we face, the challenge of the knowledge economy and the need to prepare people to meet it. This means that the two levels of government must work together and avoid squabbles. It is certainly a priority of the federal government to work with all governments, including—

**The Speaker:** The hon. member for Laval-Centre.

**Mrs. Madeleine Dalphond-Guiral (Laval Centre, BQ):** Mr. Speaker, yesterday the Prime Minister dished out another contradiction on the so-called flexibility of his style of federalism by congratulating himself on having passed a resolution on spending.

Will the minister acknowledge that the Prime Minister should have congratulated himself instead on betraying the promise made in the 1996 throne speech, since he continues to refuse to allow the Government of Quebec to opt out fully and with compensation from the millennium "flub" program?

**Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.):** Mr. Speaker, it is vital in this federation, which is highly decentralized compared to all the other federations in the world, to not lose sight of Canada's great diversity, including the unique character of Quebec society, which created a sophisticated grants program, with the assistance of the federal government.

I have to point out that a quarter of the provincial funds given to students right now come from the federal government, and we will continue to ensure respect for diversity in our efforts to help students across the country, including in Quebec.

\* \* \*

• (1125)

**EMPLOYMENT INSURANCE**

**Mr. Yvon Godin (Acadie—Bathurst, NDP):** Mr. Speaker, the EI changes are preventing 60% of unemployed workers from receiving benefits and this government is still refusing to take action.

On Tuesday, the human resources development committee was unable to reach a consensus regarding preparation of a report on the impact of EI changes. The parliamentary secretary refused to give his agreement.

Why does the parliamentary secretary want to keep the committee from reporting on this important issue?



*Oral Questions*

[English]

**The Speaker:** I am having a bit of trouble because this matter is in committee. However, the parliamentary secretary is on his feet so perhaps he can clarify it.

**Mr. Robert D. Nault (Parliamentary Secretary to Minister of Human Resources Development, Lib.):** Mr. Speaker, I can clarify it for you.

The whole issue of course which is in committee relates to whether there will be a report with respect to the B/U rate and the unemployment rate. Quite frankly the member is out of order, but that is the situation as I see it.

**The Speaker:** My colleague, with all respect, the work of committees is usually separate from the House. I know the hon. member will phrase his next question in a manner which reflects that.

[Translation]

**Mr. Yvon Godin (Acadie—Bathurst, NDP):** Mr. Speaker, I do not know if I will be out of order again, but I will put my supplementary and you will decide.

The parliamentary secretary is contradicting his own minister. In a letter dated March 5, the Minister of Human Resources Development wrote, and I quote: “The first control and evaluation report on the EI regime will be reviewed in detail by two parliamentary committees, the Standing Committee on Human Resources Development and the Standing Committee on the Status of Persons with Disabilities. When they have passed on their conclusions to us, I will be very happy to discuss them with you and with all our colleagues”.

Will the parliamentary secretary listen to his minister and stop obstructing—

[English]

**The Speaker:** The hon. member for St. John’s East.

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**NATURAL RESOURCES**

**Mr. Norman Doyle (St. John’s East, PC):** Mr. Speaker, my question is for the Minister of Natural Resources.

In a province-wide TV address Premier Tobin indicated that the Government of Newfoundland will be asking the federal government for financial assistance in order to build a transmission line from the lower Churchill site in Labrador to the island of Newfoundland.

Is the minister in a position to say whether the federal government views that request in a favourable way?

**Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.):** Mr. Speaker, discussions are ongoing. I think the simplest and best way to answer that question is to say that a feasibility study has to take place before any action will take place.

**Mr. Norman Doyle (St. John’s East, PC):** Mr. Speaker, in view of the fact that the development of this project will significantly assist Canada in its greenhouse gas targets, would the minister not agree that this project is just the kind of project Canada needs to meet its international obligation on greenhouse gas emissions and that funding the project should be a priority?

**Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.):** Mr. Speaker, I think that is exactly what a feasibility study will look at. We certainly hope that the results of that feasibility study will show even more and better things to address that will be for the good of Canadians and Canada.

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**HOCKEY**

**Mr. Rahim Jaffer (Edmonton—Strathcona, Ref.):** Mr. Speaker, my question is for the Minister for International Trade.

Today is the day Canadians will find out whether or not the Oilers will remain in Edmonton. If a local group is successful in purchasing them, their long term success will still be in doubt unless we stop the hundreds of millions of dollars in subsidies which U.S. hockey teams receive. We have to scrap those unfair U.S. subsidies.

Will the minister ensure that the U.S. lives up to the spirit of free trade agreements?

**Hon. Sergio Marchi (Minister for International Trade, Lib.):** Mr. Speaker, yesterday we said that members of our caucus set up a subcommittee on hockey. Thus far members of the Reform Party have refused to participate in the deliberations which address this subject.

I mentioned it to the member’s leader and he acknowledged in a note yesterday that while he had asked me about the WTO and the NAFTA “I know we cannot address the development subsidies on services in both of those areas”. Nonetheless, he asked the question.

I said in the House that it is an issue of concern. However, we have to pick the right tool to fix the problem.

**Mr. Rahim Jaffer (Edmonton—Strathcona, Ref.):** Mr. Speaker, we do not need another parliamentary committee to study the problem. We do not need more talk. Canadian taxpayers do not want to subsidize their teams either. We just want to trade fairly with the U.S.

Every day Canada’s best athletes hit the ice and give their blood, sweat and tears for the game of hockey. The least this government could do is put a little effort into fighting the U.S. unfair subsidies.

● (1130)

Why will the minister not stick up for Canadian hockey and fight unfair U.S. subsidies?

*Oral Questions*

**Hon. Sergio Marchi (Minister for International Trade, Lib.):** Mr. Speaker, at least the member should lace up his skates if he knew what he is talking about, but he does not.

We have talked to the hockey teams. We know that some of the municipal governments are building roads in the states and that there are subsidies and incentives. We pay most of our hockey players in American funds and our gate receipts are in Canadian dollars.

The development subsidies for municipalities, states, and federal governments are not covered by the WTO or by NAFTA. They only cover goods. In the future we are going to try to address development incentives for services. That is why—

**The Speaker:** The hon. member for Joliette.

\* \* \*

[Translation]

**FEDERAL PUBLIC SERVICE**

**Mr. René Laurin (Joliette, BQ):** Mr. Speaker, the President of Treasury Board has just announced that the overall budget envelope for senior public sector executives will be raised by 7.96%, thus acknowledging the importance of quality executives to the Public Service of Canada.

Since the government's offer to Revenue Canada auditors is no more than 1.75% a year over two years, are we to understand that the government does not perceive the shortage of auditors to be a problem?

**Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.):** Mr. Speaker, our remuneration policy for senior public sector executives, as my hon. colleague has most correctly stated, is to increase their salaries by close to 8% over a period of 4 years.

In general, our policy is the same for the other classifications, that is to say about 2% yearly, for 4 years. The agreements with unions will vary according to the economic conditions of each branch.

As for the auditors, there are other compensations complementing the collective agreement. We are very pleased to have been able to reach an agreement.

**Mr. René Laurin (Joliette, BQ):** Mr. Speaker, the President of Treasury Board seems to be unaware that there is a shortage of hundreds of auditors across Canada, which represents a potential loss of billions of dollars in government revenue.

Since this problem is a result of the fact that the private sector pays auditors better than the public, what is holding the minister back from making a more decent offer?

**Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.):** Mr. Speaker, before reaching an agreement with the auditors union, we carried out market studies to compare public service pay levels with

various other areas in Canada. We are paying equal or better than most, and the collective agreement reflects the information available to us.

\* \* \*

[English]

**MILLENNIUM CELEBRATION**

**Mr. Chuck Strahl (Fraser Valley, Ref.):** Mr. Speaker, I see that the Prime Minister has decided to become Canada's biggest party animal and is willing to spend \$160 million to ring in the millennium. I think he wants to become Dick Clark, the king of the new year.

In the red book, the Prime Minister promised to limit spending on the millennium project, or the blowout, to \$10 million which should have bought enough beer and pretzels even for the Liberals I would think. Now he has expanded that to \$160 million of taxpayers' dollars.

I wonder why he does not just give taxpayers tax relief and leave that money in their pockets instead of spending it on the millennium party.

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, the premise of the hon. member's question is wrong. The red book did not state that possible spending on millennium activities would be limited to \$10 million. It spoke of only one commitment: to give \$10 million to the Canada Council to commission works of art of a permanent nature to mark the millennium.

What we are talking about is about \$2 per Canadian. It involves levering hundreds of millions of dollars from private organizations, businesses, non-governmental organizations and communities to help communities and organizations carry out activities they want to mark the millennium.

**Mr. Chuck Strahl (Fraser Valley, Ref.):** Mr. Speaker, as usual with a Liberal, a million here and a million there, and pretty soon we are talking real change.

We assume that the heritage minister will be giving out more free flags as part of the millennium hoedown. Many Canadians are asking themselves which size of flag she will be giving out. Will she be distributing small desktop flags and will she encourage people to place them on their desks in an unobtrusive way which would not hurt anybody? Will she be doing that?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, this is remarkable. The Reform Party is now against the display of the Canadian flag.

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

● (1135)

**Hon. Herb Gray:** Also, the Reform Party now opposes activities for example of the people of Calgary who have developed the Calgary 2000 project to mark the millennium. They asked to participate in our national program. What does the hon. member

*Oral Questions*

have against the people of the riding and the area of the Leader of the Opposition?

\* \* \*

[Translation]

**SCRAPIE**

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ):** Mr. Speaker, my question is for the Minister of Agriculture and Agri-Food.

The financial health of sheep producers is being jeopardized by the inadequate compensation provided to those who have to destroy animals that have scrapie.

Can the minister give us the assurance that they will receive adequate compensation for the financial losses resulting from having to destroy sheep?

[English]

**Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.):** Mr. Speaker, on a regular basis we review the level of compensation for animals that have to be put down for reasons of disease and health and safety.

I have assured the sheep producers in Quebec and across Canada as well as the producers of all types of livestock that this review is taking place at the present time. I have even asked them all for more information so they can be very helpful in that process.

[Translation]

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ):** Mr. Speaker, does the minister realize that not stating a clear and definite position in a timely fashion jeopardizes the financial viability of a growing farm production?

[English]

**Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.):** Mr. Speaker, I am aware of the situation that individual producers may be put in when these types of activities are necessary for the health and safety not only of our livestock herds and flocks in Canada but for the health and safety of all Canadians. That is why I have asked the department, the food agency and all of my staff to work on this as expeditiously as possible.

\* \* \*

**DISASTER RELIEF**

**Mr. Charlie Penson (Peace River, Ref.):** Mr. Speaker, when Ontario and Quebec were hit by the serious ice storm in January, the federal government quickly designed a special program for farmers who were not eligible for disaster relief programs. However, when Peace River farmers were hit by severe weather condi-

tions in two consecutive years and were not eligible under the criteria of disaster relief, no special program was made available to them.

Since the minister has moved beyond the existing disaster relief program in Ontario and Quebec, will he now design a special program for eastern and western farmers as well?

**Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.):** Mr. Speaker, the hon. member and I have discussed this on a number of occasions in the past.

The reason the disaster funding assistance agreement has not been used in the situations in the province of British Columbia is very simple. The province of British Columbia has not asked the federal government to take part in that program.

If they ask to take part in that program, I told them very clearly we will quickly sit down and consult with them and work at that, as we have in the other situations.

**Mr. Charlie Penson (Peace River, Ref.):** Mr. Speaker, is that not interesting? That is so much baloney and the minister knows it.

In Quebec the minister moved unilaterally to put a program in for ice storm recovery in Quebec. Yet in Alberta, B.C., New Brunswick and Nova Scotia he did not do that. He moved outside of the disaster relief program. Will he not do it here on a special program for Alberta and B.C.?

**Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.):** Mr. Speaker, my apology. I was referring to British Columbia, but the Peace River as I know also covers part of the province of Alberta as well.

We did not move unilaterally in the ice storm situation, or in the Saguenay or the Red River situations. They were subsidiary agreements that were put in place in co-operation with those provincial governments when they called upon the DFAA agreement between the federal government and the provinces.

If the province of Alberta wants to come forward and ask to work through that agreement, we will be more than glad to sit down and talk to it about it.

\* \* \*

[Translation]

**REGIONAL DEVELOPMENT**

**Mr. Michel Guimond (Beauport—Montmorency—Orléans, BQ):** Mr. Speaker, my question is for the Secretary of State responsible for Regional Development in Quebec.

The federal government continues to foster duplication through its repeated intrusions in regional development and it does so without even taking into account the objectives set by Quebec

*Oral Questions*

regions. Yet, just yesterday, the Prime Minister said that the federal government was respectful of jurisdictions.

Instead of seeking visibility at any cost, will the minister responsible for regional development undertake to respect the strategic plans approved by all 16 of Quebec's regional economic councils by withdrawing and providing full compensation for Quebec?

• (1140)

**Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.):** This is a concern to us because, naturally, like the provinces, we want the steadiest and most effective economic development possible.

In this case, the jurisdiction is shared by both levels of government, each having its own responsibilities. Hopefully the Government of Quebec will fulfil its responsibilities properly, and we will fulfil ours properly.

\* \* \*

[English]

**EMPLOYMENT**

**Ms. Marlene Catterall (Ottawa West—Nepean, Lib.):** Mr. Speaker, the February job figures are very good news for this country, with unemployment dropping from 8.9% to 8.6% and 84,000 new jobs, nearly half of them going to our young people.

I would like to ask the Parliamentary Secretary to the Minister of Human Resources Development what the situation is in one part of our country that most needs employment, Atlantic Canada.

**Mr. Robert D. Nault (Parliamentary Secretary to Minister of Human Resources Development, Lib.):** Mr. Speaker, this is a great opportunity to say to the people of Canada that the economic program of the federal government is now starting to work full bore across the country.

Atlantic Canada and every single province had a reduction in their unemployment rate this month, a significant achievement considering the time of the year.

Under a Liberal government, before last month Nova Scotia had an unemployment rate of 11.2%. Now it is down to 10.5%. That is good news for Nova Scotia and good news for the people of Atlantic Canada. We want to say keep up the good work in Nova Scotia and across the country.

\* \* \*

**LIGHT STATIONS**

**Mr. John Duncan (Vancouver Island North, Ref.):** Mr. Speaker, why is the response of the federal government always to shut things down in British Columbia?

The Minister of Fisheries and Oceans is closing light stations and shutting down programs to help save salmon stocks. Yesterday the plywood arrived to close down the light station at Pachena, the very light station that saved the minister and his sailboat.

When 80% of British Columbians want light stations to be staffed, why does the minister continue to shut them down?

**Hon. David Anderson (Minister of Fisheries and Oceans, Lib.):** Mr. Speaker, I have to correct the preamble. No rescue was carried out on me or any boat associated with me by any light station anywhere in British Columbia or, in fact, the world. I have from time to time, in an extensive yachting background, sailed in the south Pacific, the Sea of Japan and many other areas, but never have I required the assistance of a lighthouse keeper. I have, however, talked to them frequently on the phone and often in person and on the radio.

Back to the issue. There is no decision—

**The Speaker:** The hon. member for Vancouver Island North.

**Mr. John Duncan (Vancouver Island North, Ref.):** Mr. Speaker, that is known as revisionist history. This minister hiked into the light station in order to sign the book and thank the people very much for what they accomplished when he was in deep trouble on rough seas.

The minister is always talking about putting conservation first. How about putting Canadian lives first? Is the minister going to take responsibility for the next Canadian in trouble when there is no light keeper home?

**Hon. David Anderson (Minister of Fisheries and Oceans, Lib.):** Mr. Speaker, the Canadian most in trouble and in deep water and rough seas appears to be my hon. friend. There is no substance of truth to him.

I have, as I mentioned in the response to his first question, visited many light stations. Light keepers have been of great assistance to many people. I was pleased to have the conversation on information at that time. Never was my vessel in any danger.

Back to the issue of safety, we are bringing in a new hovercraft for the west coast area, double the size of the existing one. We are bringing in 12 new lifeboats of a new design. We have increased the funding for the—

**The Speaker:** The hon. member for Sackville—Eastern Shore.

\* \* \*

**FISHERIES**

**Mr. Peter Stoffer (Sackville—Eastern Shore, NDP):** Mr. Speaker, my question is to the same minister.

In October 1997 the coastal community network of B.C. received from the DFO \$115,000 to address the serious concerns of fish stock conservations.

*Oral Questions*

When coho stocks are in such serious crisis on the B.C. coast, why did his department advise HRDC to cancel the funding for the habitat mapping program and put 45 displaced fishers out of work?

• (1145)

**Hon. David Anderson (Minister of Fisheries and Oceans, Lib.):** Mr. Speaker, this is a bad day for the opposition on fisheries questions.

The organization that the hon. member is referring to received \$14.7 million to assist displaced fishers on 48 separate projects. Yes, my department did fund to the tune of \$115,000 in December last year a particular project to which he is referring on the west coast. Later in the evaluation of the next \$460,000 that they requested we did not find it possible in conjunction with human resources development to fund that particular project.

But there is a continuing list of projects that we are approving—

**The Speaker:** The hon. member for Sackville—Eastern Shore.

**Mr. Peter Stoffer (Sackville—Eastern Shore, NDP):** Mr. Speaker, that is the reason why B.C. coast fish stocks are in such severe depletion. All we ever get from this minister are vague answers.

Only one day after the DFO announced a crisis in the B.C. coho stocks, with some of these species facing extinction, the government gave the axe to the program. Where is this government's commitment to protect fish habitat and support displaced fishers in the B.C. coastal communities who have been devastated by DFO mismanagement of the fishery?

**Hon. David Anderson (Minister of Fisheries and Oceans, Lib.):** Mr. Speaker, the member seems to be carping a little too much about this project and he has clearly found a red herring to pick on in this instance.

The fact is we have funded, for this same organization, project after project to the tune of \$14.7 million in the last 18 months to 24 months. In a particular project it was viewed after the assessment as not being of the highest priority. Not that it is not a good project. It is, but we can fund only about one of four of the many excellent projects that come our way from community groups. Therefore we try to assess the best ones, the ones that have the best impact of these three criteria.

One, its impact on improving—

**The Speaker:** The hon. member for Fundy—Royal.

\* \* \*

**AGRICULTURE**

**Mr. John Herron (Fundy—Royal, PC):** Mr. Speaker, my question is for the minister of agriculture.

For 21 months Canadian dairy farmers have been asking the government to subject butteroil-sugar blends to appropriate tariff lines. On Wednesday the parliamentary secretary stated that the CITT might not solve the problem but at the end of the day it would take political will.

Two times trade tribunals have upheld the Canadian dairy industry's right to establish tariff lines. Why will the minister not show leadership on this issue instead of sending this matter to lawyers? Will he commit today to subject these blends to appropriate tariffs while dairy farmers wait for the CITT ruling? If not, why not?

**Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.):** Mr. Speaker, the government has taken this issue very seriously on behalf of the dairy farmers of Canada.

There have been different views on this issue. We have not been able to find, nor have our lawyers, the technical and legal grounds to put these products into tariff lines. In order to make sure no stone is unturned on this we have asked the highest trade court in the land, the Canadian International Trade Tribunal, to review this.

What disappoints me is that to date, and I hope they change their mind, members of the executive of the dairy farmers of Canada have stated that they do not wish to go before that tribunal and argue their own case.

**Mr. John Herron (Fundy—Royal, PC):** Mr. Speaker, New Brunswick and Canadian dairy farmers are extremely upset that the government has chosen to side step its responsibilities and commitments to Canada's milk producers by referring the butteroil-sugar blend issue to the Canadian International Trade Tribunal.

At the signing of the final act at the Uruguay round the government indicated that imports of dairy blends would be subject to import controls.

Does the minister understand that it is the cows which are supposed to be milked, not Canadian dairy farmers? Why do the government and the minister insist on milking Canadian dairy farmers to the tune of \$50 million each year?

**Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.):** Mr. Speaker, one thing we have done very clearly for the benefit of the dairy farmers in Canada is worked with them on a rules based regime.

Following the rules based regime, the dairy farmers of Canada were helped very much when we won the NAFTA panel challenge and we are going forward with them on another panel challenge to the WTO. We will base that on a rules based regime. That has been a benefit to the dairy industry in the past and we will continue to follow the rules to which we are partners and signatories.

*Oral Questions***MUTUAL LIFE OF CANADA**

**Mr. Mauril Bélanger (Ottawa—Vanier, Lib.):** Mr. Speaker, Mutual Life of Canada announced yesterday the acquisition of the Metropolitan Life Insurance Company of Canada, headquartered here in Ottawa.

• (1150)

My constituents and those of my colleagues in the area are concerned with the impact of this acquisition on the employment situation in the national capital region.

Will the Secretary of State for Financial Institutions tell this House what the government can do to make sure job loss is kept at a minimum and that those employees who are affected will be treated fairly and even generously?

**Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.):** Mr. Speaker, I appreciate this very important question from the member for Ottawa—Vanier. Job losses are of course a major concern to this government, particularly when we have a merger such as this.

In a review of this issue, let me assure the hon. member and all members of this House that the question of jobs will be of paramount concern to us when we talk to the companies. We will try to minimize job losses. We will try to ensure that there are generous severance packages for those who might lose their jobs or take early retirement.

We want to see retraining packages so that people can take advantage of the 4,200 to 5000 new jobs which are predicted—

**The Speaker:** The hon. member for Calgary East.

\* \* \*

**FISHERIES**

**Mr. Deepak Obhrai (Calgary East, Ref.):** Mr. Speaker, I have a question for the minister of fisheries.

First, this government forgot Christmas and Easter on the heritage calendar. Now we have been harpooned. This government has announced that the Prince of “Whales” is coming to town.

Is there something this minister should be telling us about Moby Dick? Is this some secret code name for a plan to finally stop U.S. overfishing off the west coast?

**Hon. David Anderson (Minister of Fisheries and Oceans, Lib.):** Mr. Speaker, I have to congratulate the hon. member on his floundering performance on this issue.

[Translation]

**CHILEAN REFUGEES**

**Mr. Réal Ménard (Hochelaga—Maisonneuve, BQ):** Mr. Speaker, my question is for the Minister of Citizenship and Immigration.

For 22 days now, 16 political refugee claimants from Chile have been on a hunger strike. These claimants say that irregularities occurred during the review of their files by the Immigration and Refugee Board.

Can the minister assure this House that all documents made available to board members during the review of the files of these Chilean claimants are reliable and credible?

**Hon. Lucienne Robillard (Minister of Citizenship and Immigration, Lib.):** Mr. Speaker, first let me tell members of this House that I am personally following the case of these Chilean refugees, who took refuge in the basement of a church, in Montreal.

I met with officials of the Chilean community, and I can assure you that we will allow these people to use all available means under our existing legislation and system.

I am pleased that the Chilean community finally helped us identify these people, so that our department can do all the necessary verifications.

\* \* \*

**LOBSTER FISHERY**

**Ms. Angela Vautour (Beauséjour—Petitcodiac, NDP):** Mr. Speaker, my question is for the Minister of Fisheries and Oceans.

Since lobster catches dropped by about 25% in 1997, and since fishing is one of my region's major industries, can the minister assure people working in that industry, including plant workers, that he will start listening to them and take the measures needed to ensure the protection of this industry against things such as inconsistent lobster measurements?

[English]

**Hon. David Anderson (Minister of Fisheries and Oceans, Lib.):** Mr. Speaker, I assure the hon. member that this is an extremely important question and I thank her for giving me the opportunity to say that we will be bringing in new lobster conservation plans within the next four weeks.

These will be based on the individual area, groups of fishermen, lobster fishermen who themselves have been asked by me to provide the best way in each area for conserving our lobster stocks.

Where they fail to come up with adequate plans, I will impose a plan on them. That will be done within the next four weeks.

*Oral Questions***YEAR 2000**

**Mr. Jim Jones (Markham, PC):** Mr. Speaker, according to Y2K expert Peter de Jager there should be no debate over whether or not the year 2000 problem exists.

With no direction or overall plan of attack by this government, thousands of businesses of all sizes will lose money, time and risk bankruptcy down the road in trying to tackle this inevitable deadline.

Is there any one person in this government who is responsible and accountable to ensure that businesses can make a smooth transition into the 21st century? If so, will that person please stand and be recognized for the record?

**Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.):** Mr. Speaker, the federal government is sparing no efforts to ensure that we meet our year 2000 requirement.

There is a special office in Treasury Board that has been set up in order to ensure that the public sector is able to meet the requirements of the year 2000. We have established teams in every one of the departments. We recently gave contracts that could go up to \$1.4 billion in order to get the specialists we need to deal with that problem in good time.

\* \* \*

• (1155)

**REVENUE CANADA**

**Mr. David Pratt (Nepean—Carleton, Lib.):** Mr. Speaker, my question is for the Parliamentary Secretary to Minister of National Revenue. With tax filing season upon us, over 22 million Canadians are now grappling with their 1997 tax returns. Can the parliamentary secretary tell us what efforts are being made by Revenue Canada to make the system more user friendly?

**Mrs. Sue Barnes (Parliamentary Secretary to Minister of National Revenue, Lib.):** Mr. Speaker, a new national 1-800 overflow call centre is now open in Ottawa. The centre has the capacity to answer an extra 10,000 inquiries a day. This will pick up automatically if the regional call centre has a busy signal.

We have invited eight million Canadians to file their tax returns using telefile, using a push button phone. This will cut the processing time in half. Returns take just minutes to file over the phone. The service is available seven days a week and best yet, you get your refund faster.

\* \* \*

**THE SENATE**

**Ms. Val Meredith (South Surrey—White Rock—Langley, Ref.):** Mr. Speaker, yesterday the Prime Minister committed his

government to a triple E Senate. Talk is cheap. The Prime Minister's commitment seems pretty hollow when he has appointed almost one-third of the current Senate seats. When will he initiate an elected, equal and effective Senate? Or maybe I should ask the person sitting in the Prime Minister's chair when he will initiate an equal, elected and effective Senate.

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, I thought the hon. member was going to praise the Prime Minister for appointing more women to the Senate than any other Prime Minister in Canadian history.

\* \* \*

[Translation]

**RWANDA**

**Mr. Maurice Dumas (Argenteuil—Papineau, BQ):** Mr. Speaker, my question is for the Minister of International Co-operation.

In February, Father Curic, a missionary from Quebec, was savagely murdered in Rwanda. Father Curic worked with CIDA managing a program providing assistance in rebuilding this country so hard hit by genocide. The CIDA program was to end in 1998.

Would the minister tell us what measures have been taken following the assassination of Father Curic to ensure that the program he was managing will be completed?

**Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, on behalf of my colleague the Minister for International Co-operation, I can tell you of the government's interest in helping to rebuild Rwanda.

I chaired two meetings, in my former position, one in Geneva and one in Rwanda, to help in the reconstruction. It is in our general interest to continue our efforts to rebuild this country.

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[English]

**AGRICULTURE**

**Mr. Rick Laliberte (Churchill River, NDP):** Mr. Speaker, my question is to the minister of agriculture. It is reported that chemical products are contaminating water supplies across the prairies. In Saskatchewan fifteen thousand family farms have been affected by the risk of bad dugout water and contaminated rivers and streams.

What is he doing to protect farm families from this growing risk and ensure prairie communities are well informed of this condition and the sources of this contamination?

*Routine Proceedings*

**Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.):** Mr. Speaker, the quality of water in agricultural areas of Saskatchewan is being studied. It is part of the Canada-Saskatchewan agricultural green plan agreement and the national soil and water program announced by this government a year or so ago. There is \$3 million there for water quality issues. The Canada-Saskatchewan agri-food innovation agreement will continue to study water quality in Saskatchewan.

\* \* \*

**YEAR 2000**

**Mr. Jim Jones (Markham, PC):** Mr. Speaker, thousands of dollars are being spent to try to fix the problem of the year 2000. The year 2000 task force agrees that many small businesses and enterprises may risk putting themselves into massive debt to address this problem. Many companies cannot afford to start working on the millennium problem but at that same time they cannot afford not to.

● (1200)

Will the Minister of Finance state now that he will introduce and implement a tax neutral initiative to encourage small and medium size enterprises to act immediately?

**Mr. Walt Lastewka (Parliamentary Secretary to Minister of Industry, Lib.):** Mr. Speaker, as the member opposite knows, the government initiated the year 2000 project some two years ago. It has been reported to the House and the Standing Committee of Industry. A number of promotional conferences have been held to get the message to business that it is very important to be aware of what has to be done for the year 2000.

What is very critical is that it is not the year 2000. Many specific points need to be met this fall, this December and next April in preparation for the year 2000.

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*[Translation]***POINTS OF ORDER**

## STATEMENTS BY MEMBERS

**Mr. Mauril Bélanger (Ottawa—Vanier, Lib.):** Mr. Speaker, during the period set aside for statements by members, the member for Laval East made an erroneous statement.

First, I would point out to her that I share her opinion concerning the caricature she referred to in her statement. Where she is mistaken, however, is in saying that Option Canada paid the travel costs of thousands of people from here who went to Montreal to express their appreciation of and their affection for their fellow citizens.

They paid their own way, as I did in fact, and to say the opposite is mistaken, if not something else.

**The Speaker:** This is not a point of order, but a point of debate. We will end this matter here.

**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 30 petitions.

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**NATIONAL DEFENCE ACT**

**Mr. Robert Bertrand (Pontiac—Gatineau—Labelle, Lib.)** moved for leave to introduce Bill C-376, an act to amend the National Defence Act and to make related amendments to other acts (Department of National Defence).

He said: Mr. Speaker, it is with pleasure that I rise today to introduce my private member's bill entitled an act to amend the National Defence Act and to make related amendments to other acts.

This bill is terminological in nature, its purpose being to change the name of the Department of National Defence. The department would henceforth be known as the Department of Defence; the restrictive adjective national would be dropped. The new designation would thus reflect more accurately Canada's military role, which involves not just national, but also international, security.

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

● (1205)

*[English]*

**Mr. Janko Perić:** Mr. Speaker, after discussions with all the party whips and critics, I think you would find unanimous consent for the following motion:

That Bill C-321, an act to amend the Immigration Act (improvement of enforcement in the case of those who commit offences), be referred to the Standing Committee on Citizenship and Immigration where it died at the time of the dissolution of the 35th parliament.

*[Translation]*

**Mrs. Suzanne Tremblay:** Mr. Speaker, I am very surprised to hear that this has a prejudicial effect. The prejudicial effect is the same for all members who find themselves in the same situation,



that is all those whose bills die on the *Order Paper*. We cannot talk about a prejudicial effect. These are the rules of the game.

**The Deputy Speaker:** Yes, but the issue is whether the hon. member has the unanimous consent of the House to propose this motion. Does the hon. member have the unanimous consent of the House?

**Some hon. members:** No.

[*English*]

**The Deputy Speaker:** There is no consent.

**Mr. Ken Epp:** Mr. Speaker, I rise on a point of order. I did not fully understand what the motion was. I would like to have a copy of it or to have it reread, as it was hard for me to hear.

**The Deputy Speaker:** Perhaps the motion could be brought to the Chair.

I am going to stand the matter down rather than put it to the House. The motion, as drafted, does not make complete sense to the Chair. I suggest the hon. member approach the table officers to discuss the content of his motion with them to see exactly what he is intending to do before we proceed with the motion.

I do not think there is a Bill C-321 at the moment in this parliament. I think the motion needs to be adjusted. The hon. member should check that out. We will deal with it later.

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## PETITIONS

### YOUNG OFFENDERS ACT

**Mr. Lee Morrison (Cypress Hills—Grasslands, Ref.):** Mr. Speaker, I wish to present four petitions today, three of which are identical in form and content. They are signed by 371 of my constituents from the districts of Gull Lake, Cabri and Eastend, Saskatchewan.

The petitioners are petitioning the House because of the serious difficulties with the Young Offenders Act. They ask that the act be abolished and that new laws be brought in, in its place.

### PORNOGRAPHY

**Mr. Lee Morrison (Cypress Hills—Grasslands, Ref.):** Mr. Speaker, the fourth petition is signed by 186 constituents mainly from the city of Swift Current.

These constituents express deep concern about the availability of pornography in our society, which they say is detrimental to the individual, the family and the community.

• (1210)

They ask parliament to ensure that our decency laws are vigorously acknowledged both in spirit and in fact.

## Routine Proceedings

### HOUSING

**Mr. Bill Graham (Toronto Centre—Rosedale, Lib.):** Mr. Speaker, I am pleased to rise in the House today to present two petitions with signatures gathered from concerned citizens throughout Toronto.

The first petition calls upon the federal government to proceed with caution when making any arrangements with the province of Ontario to assume administrative and funding responsibilities for social housing until consultation with co-op housing stakeholders has taken place.

### IMMIGRATION

**Mr. Bill Graham (Toronto Centre—Rosedale, Lib.):** Mr. Speaker, the second petition involves the possible deportation of Mr. Suresh to Sri Lanka.

The Toronto Tamil community is very concerned that Mr. Suresh, if deported, will face danger to his life and freedom in Sri Lanka. They therefore urge the government to seriously review the potential threat to Mr. Suresh.

### POSTAL WORKERS

**Mr. Murray Calder (Dufferin—Peel—Wellington—Grey, Lib.):** Mr. Speaker, I am pleased to present a petition from members of the Canadian Union of Postal Workers, in particular Local 577, and other residents in my riding of Dufferin—Peel—Wellington—Grey.

The petitioners request that parliament restore the rights of free collective bargaining for all postal workers.

### PUBLIC NUDITY

**Mr. Andrew Telegdi (Kitchener—Waterloo, Lib.):** Mr. Speaker, I have a number of petitions to present.

Two petitions signed by 190 people relate to the provisions of the Criminal Code respecting nudity.

### NATIONAL HIGHWAY SYSTEM

**Mr. Andrew Telegdi (Kitchener—Waterloo, Lib.):** Mr. Speaker, I have another petition signed by 28 petitioners.

They call upon the federal government to join with provincial governments to make national highway system upgrading possible.

### SEAL HUNT

**Mr. Andrew Telegdi (Kitchener—Waterloo, Lib.):** Mr. Speaker, the final petition I want to present is signed by approximately 230 people.

The petitioners are opposed to the seal hunt which is taking place and call upon the government to outlaw it.

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[Translation]

**QUESTIONS ON THE ORDER PAPER**

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

**The Deputy Speaker:** Is that agreed?

**Some hon. members:** Agreed.

\* \* \*

[English]

**BUSINESS OF THE HOUSE**

**Mr. Bob Kilger (Stormont—Dundas, Lib.):** Mr. Speaker, I rise on a point of order.

There have been discussions among representatives of all parties and I believe you would find consent for the following motion:

That at the conclusion of any debate on any government legislation during government orders this day, a recorded division be deemed requested and deemed deferred to Tuesday, March 17, 1998, at the conclusion of government orders.

**The Deputy Speaker:** Does the chief government whip have unanimous consent of the House to propose the motion?

**Some hon. members:** Agreed.

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

**Some hon. members:** Agreed.

(Motion agreed to)

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**GOVERNMENT ORDERS**

[English]

**SMALL BUSINESS LOANS ACT**

The House resumed consideration of Bill C-21, an act to amend the Small Business Loans Act, as reported (without amendment) from the committee; and of Motion No. 1.

**Mr. Ted White (North Vancouver, Ref.):** Mr. Speaker, I rise today to speak to Bill C-21, an act to amend the Small Business Loans Act.

The bill will extend the Small Business Loans Act to March 31, 1999 and raise the government's total liability under the act to \$15 billion. That is a \$1 billion increase on where it is now.

It is important to note that the auditor general has criticized the Small Business Loans Act. He is simply not very impressed with it for a number of reasons. For example, taxpayers will already be on the hook for about \$210 million in defaulted loans, \$210 million of taxpayers' money which has been given away badly by the Small Business Loans Act.

In addition, the auditor general found that studies done for Industry Canada in 1994 and 1996 showed that 40% of the loans did not even meet the requirements of the Small Business Loans Act anyway, that the people could have obtained their loans directly from the financial institutions concerned.

He also found that lenders and borrowers have been abusing the small business loans program. Is that not typical of most government programs? There is no accountability. They are always tied up in bureaucratise. They use other people's money. We simply get into a mess with these sorts of programs.

• (1215)

The auditor general also found that there is little accountability to Parliament. Frankly, although Reform is agreeing with the idea that we should extend the act for another year since so many businesses rely on it, we are really opposed to increasing the liability to taxpayers at this time. It is simply unacceptable to do that. That is why my colleague moved an amendment that we should extend the act but not increase the liability to taxpayers.

In the overall scheme of things, a far better approach to this entire Small Business Loans Act would be to get rid of it and to offer instead tax incentives to private finance options to supply the sorts of financing that small business borrowers need.

At the moment, private sector capital suppliers who maybe would use a person's home as a guarantee for a mortgage in order to supply them with funding for a small business loan end up in a situation where they are classified as investors. Instead of being in business they are considered investors. They end up being taxed at a 50% tax rate, even in a corporate structure. That is such a disincentive for small business entrepreneur financiers to get into financing other small businesses that they simply do not do it.

The government would be far better, instead of taking taxpayer money and spinning it out the window in this Small Business Loans Act, to leave those tax dollars with the taxpayers of Canada, have lower tax levels and allow these small business financial entrepreneurs, who want to lend money to other businesses, to operate at a lower tax rate, at the normal corporate small business rate of maybe 23% to 25%. That would supply such a huge amount of money into the market and we would not need this Small Business Loans Act.

It is typical Liberal government. It just cannot see any other answer to a problem than to throw taxpayer money out. It cannot stop itself from spending money. It cannot help itself.

*Government Orders*

One of my constituents wrote me a letter:

The heaviest element known to science was recently discovered by physicists at the Yale Research Centre. The element, tentatively named administratium, has no protons or electrons, thus has an atomic number of zero. However, it does have one neutron, a 125 assistant neutrons, 75 vice-neutrons, and 11 assistant vice-neutrons. This gives it an atomic mass of 312. These 312 particles are held together in a nucleus by a force that involves the continuous exchange of meson-like particles called morons.

Since it has no electrons, administratium is inert.

He goes on with quite an amusing description of this. He says any resemblance to the federal government is purely coincidental.

He points out very well the sorts of things that go wrong with government programs. They build into bureaucracies, with layers and layers of administration, often filled with people who have never met a payroll, who have absolutely no idea what it is like to run a small business and have absolutely no idea how to solve the problems of small business. They just think they can throw money at the problem and get it fixed. It simply does not work.

Continuing with the observations of the auditor general, in 1994 the industry committee did call for a review to be done on the Small Business Loans Act. The auditor general points that a complete cost benefit study analysis has never been done.

How can we have a program that has already dispensed \$13 billion, plus or minus a billion, of other people's money and we have not even reviewed the program to see if it is working? Mr. Speaker, that is more than you spent in the last election campaign. You mentioned in the committee hearings just a day or two ago that you were not very happy with the amount that was being spent. It is unacceptable that these amounts of money can be spun out the door without our having any idea whether the program is working.

Anyone reading the auditor general's report would come to the conclusion that the Small Business Loans Act simply is not working in its present form, or at least not working very well.

When 40% of the loans do not meet the SBLA guarantees, we have to ask ourselves is what we have here just a group of bureaucrats wanting to keep their jobs and throwing money out the door as fast as they can to justify more increases, more desks in their department, more telephones, more employees, and all the job creation is happening in their department and not out in the small business sector at all.

• (1220)

In any case, as I mentioned, many of the people who are making the decisions on the loans actually have no concept of what it is like to run a small business and what is needed. There are some crazy ideas out there.

Frankly, if private financiers, private capital suppliers and banks are not willing to finance an idea, is it really worth financing? Certainly we have to ask why should the government then take \$13 billion off taxpayers and throw that money into ideas which no one else seems to be interested in financing.

Surely it would be better to let the market make the decisions by transferring that \$13 billion back. Let the taxpayers keep that money but make it more attractive for private capital suppliers to get into that risk market themselves. I know this market very well because I do have business friends who operate in that market who would put more money into it if there were the right sorts of tax levels to encourage them to do so.

At the moment what most of them are doing is actually investing overseas, in other countries. The bulk of their capital is going overseas where there are lower tax rates.

We are not doing ourselves any favour by creating a situation where the people with the private capital who would invest are sending it overseas to invest in more friendly investor countries while we then take money off the taxpayers and pour it into an ineffective Small Business Loans Act.

Reform would, if we were the government, take steps immediately to study this Small Business Loans Act to find out exactly what is happening in that department and make changes that have been suggested by the auditor general. We would certainly not increase the liabilities to taxpayers by one single dollar.

As my colleague pointed out earlier, there is already about \$1.3 billion left in that liability fund, if the comments by the minister at committee were correct a few days ago.

We could use that \$13 billion if only the government never set up this act in the first place. We could have better used that \$13 billion, leaving it in the pockets of taxpayers or diverting it if we must tax people into meaningful programs, overhauling the Young Offenders Act and properly funding the CPP program. There is a long list of areas where that money would be better spent.

I look forward to seeing other members of this House oppose this extension to the Small Business Loans Act unless it has the approval of the amendment put forward by Reform to not increase the liability to taxpayers by another \$1 billion.

**Mr. Roy Bailey (Souris—Moose Mountain, Ref.):** Mr. Speaker, in discussing and listening to the speeches on this bill I am reminded of two analogies that I think should be made dealing with putting more money into a program that needs to be re-examined.

When I was a kid I always thought that when my mother gave me castor oil she said one dose was good, two doses would be twice as

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good. I think if we look at this bill carefully we will see that it establishes a plan which this government and other governments for the past 30 years have carried out.

When something does not produce exactly what is wanted, then instead of fixing it internally, looking at the program, we simply add more money. We just keep pouring more money into something in the hopes that it will cure itself.

That has not happened and as a result of that look what we are adding. We are adding more to this program but we have not brought about any conclusions. We have not solved anything that went awry with this plan ever since it was brought into force.

• (1225)

I am reminded of an incident in my lifetime that relates to governments pouring in more money. A World War I veteran had settled near my community. During the thirties he decided to make a living by raising sheep. On one occasion things were so bad he decided to ship a couple of carloads of sheep down to Winnipeg only to receive a letter from the meat company stating that the sheep did not cover the freight cost so would he kindly remit \$4.78. My friend wrote back that he did not have \$4.78 but he could send some more sheep. That is exactly how we looked at these programs. That is exactly what the government is doing with this program.

The auditor general's assessment of this states: "The lack of financing on reasonable terms and conditions has often been identified as a significant barrier to the growth of small businesses". The auditor general is saying that by not properly looking at this bill and this program we are hindering the program and what the bill was intended to help.

I agree with the banks, the credit unions and other local financial institutions becoming involved with the money being loaned. The exception is that the small business loans program does not apply to farmers. I have often wondered why. Is agriculture not a business? If it is not a business, why is it not? There is no question that it is the biggest industry, the biggest business on an individual basis across Saskatchewan, Alberta and Manitoba.

The guaranteed loans available to businessmen through the banks, credit unions and so on are not available to farmers. Farmers are disregarded from bringing about loans as such under this act. They have to go to a federal government agency known as the Farm Credit Corporation. The Farm Credit Corporation should be a lending institution. Every major financial institution across the prairies that I have talked to, all the banks and credit unions, disagree in total with this government's giving powers to the Farm Credit Corporation as both the instigator and the banker of these loans. That is wrong.

In our examination of this issue we should consider agriculture, the operation of the farm, as being a business. It is an agricultural business. Farmers should be treated with more equity than they are presently being treated.

Under the present fee structure and the loss sharing ratio, it is uncertain according to the auditor general, and we know this to be true, that the government does not seem concerned about the ratio of losses to the number of loans made each year. When something is broken just pour some more money in and maybe it will go away. I do not think there is a reasonable chance that this government will ever make changes to the manner in which it approaches this very thing.

The auditor general states: "We have found a number of cases where contrary to the Small Business Loans Act the lender has charged administration fees". We must be careful as we go about adding more money to this loan that those people who need the money and who are borrowing the money are not ripped off in a manner that is not approved by the act itself.

• (1230)

Oftentimes, in my experience in western Canada at least, we find that a loan is made to a business which loan can be up to \$250,000. In the small communities in western Canada a \$250,000 investment is made in a business in an industry in which there is room for only one business in a particular area or a particular trade. Another business is created in which only one business can normally survive.

What has happened across Saskatchewan in the small businesses in the small communities, the towns and villages and sometimes in the cities, is a new business in an industry is created with government money and government guarantees. That business divides the amount of business in the area in two. The person who has been in business for years suffers as a result of government money going into that business. Both businesses end up being failures. It ends up that the community does not have for example an apple business which was needed in that community.

These things must be looked at in depth. The very program that is designed to help small business often destroys existing businesses and then the other business destroys itself. It is a big problem throughout the areas with this act.

It is a scary thing as we get into the rural areas. There are provisions within this act to prevent a group of related businesses from gaining access to loans beyond what they are really entitled to. I have seen many times and I am sure we could draw a number of conclusions across Canada where groups of businesses have joined together under separate loans. Later they have created a business only to find that the massive debt owing on a guaranteed loan for the venture proves to be a downfall. They have not only ruined the capacity of the community in which they have made

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their venture but they also have created a debt for the people of Canada.

Instead of putting millions more dollars into a program it seems if the banking institutions were lending the money, more care would be exercised and more caution would be taken. There would be more detail in each loan going out. Instead, what is going on at the present time is all of this money is being sunk into another program and as a result millions of dollars of taxpayers' money will be squandered.

No one would disagree to money going to help small business. However we in Reform believe that it has to be approached in a businesslike manner. We do not think the way the act is right now is achieving that end.

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

**Some hon. members:** Question.

**The Deputy Speaker:** The question is on Motion No. 1.

Pursuant to the order made earlier today, a recorded division is deemed requested and deemed deferred until Tuesday, March 17, 1998, at the conclusion of Government Orders.

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#### MACKENZIE VALLEY RESOURCE MANAGEMENT ACT

The House resumed from March 11 consideration of the motion that Bill C-6, an act to provide for an integrated system of land and water management in the Mackenzie Valley, to establish certain boards for that purpose and to make consequential amendments to other acts, be read the third time and passed.

● (1235)

**Ms. Louise Hardy (Yukon, NDP):** Mr. Speaker, I am pleased to speak to this bill.

The NDP was very pleased to support the bill at second reading. Everything seemed in order. Consultation had taken place and the First Nations of the Sahtu and Gwich'in were eager to move on with the application of this bill.

However a different story arose when it came to committee. Again, the department assured us that there was adequate consultation and that everything was as it should be. As witnesses appeared however, it became very clear that that indeed was not the case.

Before I go into specific details, I will say the NDP no longer supports this bill as three out of the five First Nations involved in

the region of the Mackenzie Valley do not support it. It comes down to a very basic question of democracy.

The three First Nations people who are not in support of this bill believe that their land claims process will be jeopardized if this bill is imposed on them before they finish their land claims.

The Deh Cho people, the Slave people and the Metis of the region came before the committee time after time to ask whether we could wait until their land claims were finished or would we exclude them completely and have this bill apply to the Gwich'in and the Sahtu as part of their land claims. No one objected to that. In fact nobody really objected to the terms of what is in the bill. They thought that it was very good for the Gwich'in and the Sahtu but that it was not good for them. The justification for imposing it on them I do not think is reasonable.

Looking at this in light of the response of the minister for Indian affairs to the royal commission on aboriginal affairs and her statement of reconciliation imposing a bill on First Nations people, it is not consistent with her statement of reconciliation nor her response to the commission. She was very clear. I remember sitting in the Yukon and listening to her and feeling that this was on the right track, that the government's position would be to negotiate with First Nations people and not to litigate.

During the hearings I asked one of the witnesses from the Deh Cho people if they were included in this bill what it would mean to them as a people. The witness said that they would have no choice but to go to court. They would have no choice but to litigate. They would have no choice but to spend very precious resources, both financial and manpower, to direct their attention to fighting for the rights of their people an action which is totally unnecessary on the part of this government. It would be a waste of valuable human resources on the part of the Deh Cho people who are trying only to have some say over their land, their people and their future.

In the spirit of the royal commission, we saw the passage of Bill C-6 as not just honouring a federal government commitment and obligations or a payment of a moral debt to aboriginal people, but we saw it as proof of the new relationship the minister had stated she wanted. Those expectations have not been met and these new facts have caused us to re-evaluate our position on Bill C-6.

Bill C-6 sets a regime to meet the aboriginal needs of the Sahtu and the Dene-Metis under the land claims agreement. That is because the federal government is fulfilling a commitment to those groups. However, the procedures established under the bill will have an impact on the First Nations in the Mackenzie Valley living outside the designated Sahtu and Gwich'in regions.

The Sahtu and Dene-Metis land claims agreement is being imposed on the Deh Cho, South Slave and North Slave groups. These groups should be excluded from this bill, or the federal government should redefine an overall umbrella agreement

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through negotiations with all of the First Nations of the Mackenzie Valley to clarify the co-management of the Mackenzie Valley and future self-government agreements.

• (1240)

Another point that is important to bring into this is that with the two original First Nations groups that would have been included in this bill, it would have given them an equal say over their land. However, the more First Nations groups that are included with the two First Nations groups one can see that it will dilute the say that each group has over their land, their future and decisions made that will have a direct impact on their way of life.

The Northwest Territories Chamber of Mines advanced a series of amendments to the bill to facilitate doing business in the Mackenzie Valley. The chamber recognized that some First Nations were not really thrilled with Bill C-6 because it was coming before negotiations on their land claims, some started or finished. The chamber was concerned that if these First Nations decided not to appoint members to the boards before they had settled their claims, it could bring development in the area to a halt.

The business community was and is aware that other First Nations in the Mackenzie Valley are either adamantly opposed or are requesting major amendments to Bill C-6. The unwillingness of the government to accommodate these concerns will create in the end a high degree of uncertainty about the final regulatory scheme that will apply to that area.

According to the Department of Indian Affairs and Northern Development, the legislation treats the whole Mackenzie Valley as one ecological unit. In this sense the department failed to consider the political aspects behind First Nations living inside this ecological unit.

There are serious shortcomings in setting up the political relationship between the First Nations in the Mackenzie Valley and the federal government. The outcome is a relationship on the basis of the old traditional attitude of the Department of Indian Affairs and Northern Development toward First Nations and not one based on the stated objective of the minister which is a new relationship, a new beginning. The inability of the federal government to resolve this contradiction has violated the spirit of the royal commission and indeed the minister's statement.

The Metis Nation of the Northwest Territories supported the implementation of Bill C-6 but not in the areas that have not settled their claims. These people feel that Bill C-6 should not be imposed on them. They clearly indicated that the officials of the federal government were making a serious mistake by implementing the Gwich'in and Sahtu final agreement throughout the whole of the Mackenzie Valley.

The South Slave Metis indicated that while they participated in information sessions with federal officials on Bill C-6, they were never involved in consultations or in the drafting of Bill C-6. They

requested that Bill C-6 should not be allowed to take place in their region. This group, like other First Nations, asked the committee to wait to implement the bill.

Again, three out of the five First Nations in the region requested exclusion from the bill.

The option of a dual system linking both areas for the settled and the unsettled was considered feasible by several witnesses but no consideration of the idea was given by federal officials.

It is the position of the NDP that Bill C-6 should only be applied to the Gwich'in and Sahtu area as the bill is a direct result of agreements reached with the federal government by the above groups.

During the committee stage it became increasingly clear that there was a lack of communication, allocation of resources and consultation with respect to other First Nations being affected by this bill. Historically, Canada has a poor record when it comes to aboriginal people. The new relationship heralded by the minister has not yet seen the light in that area.

Another aspect that was brought up over and over again was that sending the package through the mail to elders of a First Nation whose first language is not English or French is not consultation. It does not meet any standard of informing those people of what is going on and how their rights and their lives will be affected. Witnesses who came before us stressed how important it was that their elders be properly informed and that the opinion of these esteemed elders be sought.

It is really regrettable that the people whom this will affect were totally left out of the consultation process. Today this government is imposing legislation on First Nations lands with land claims that are not settled. Decisions will be made on their land before they have finished their claim. The input of these first nations will be diluted once the boards are set up. Decisions could be made that affect their land and their claim process. They will have minimal, if any, say.

• (1245)

What was proposed by the NDP was to exclude those groups from the bill and when the time came, when their land claims were finished and they deemed it proper, they could be included if it suited them. Unfortunately that was not adopted and we have before us a bill which goes against any kind of democratic principle.

Sitting on the committee as a northerner, I was quite shocked to realize the lack of knowledge of the north. I felt as a northerner excluded from the plans of the country because, as one of my Liberal colleagues stated, there are not very many of us.

There is no recognition of the inherent right to self-government by the first nations in the area. People who appeared before us explained historical agreements of goodwill and hope. They told

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us of the fights they had to take before the courts over and over again. I was hopeful they would not have to take that route, that they would not have to go before the courts to fight for the basic right not to be included in an agreement that will impose upon them, their land and their people conditions with which they may or may not agree or have no knowledge of.

Those are the reasons we do not support the bill.

**Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.):** Mr. Speaker, the hon. member who just spoke made a very important point we would do well to remember. Our country is very large and extends right up to the Arctic circle. A lot of southerners are crowded into the warmer belt at the bottom but there are very few northerners. However what is done with huge tracts of land in our country affects them.

Would the hon. member take the opportunity to tell us what we can do as members of Parliament who perhaps are not as sensitive as we ought to be to the concerns and to the perspective of northerners in our great country to communicate effectively with our constituents to make them more aware of this situation?

If we were to give them two, three or four basic facts, what would she recommend we try to communicate to our constituents? I would appreciate hearing that.

**Ms. Louise Hardy:** Mr. Speaker, I thank my colleague for this opportunity.

One MP represents the whole of the Yukon territory and two in the Northwest Territories. When things change Nunavut will have one and the Northwest Territories will have one.

The impression I want to make is that the land mass is huge. Possibly people in the south forget or just do not know the difficulty of travel. If they have the opportunity, they should come to the north to see how huge and diverse it is. There are not many voices to speak for life in the north.

Another aspect is that the languages of first nations are very much alive in the north. If members have an opportunity to go to Old Crow to a Gwich'in gathering or into the far north to an Innu gathering, I suggest they take the opportunity. Then they will understand very clearly that the economy of those people still comes from their land.

We want to be heard and understood. We want to be a valued part of the country. Very often we are treated as a colony, as an afterthought, and are barely mentioned unless in passing or if someone remembers the north.

Parliamentarians should have the chance to go to the north, to explore it, to listen to the people and to see the huge size of it. I ask them to imagine if they had to represent a physical area that large.

• (1250)

**Mr. Norman Doyle (St. John's East, PC):** Mr. Speaker, it is my pleasure to make a few brief remarks on Bill C-6 and on its principle. I believe others from my party will eventually make some remarks on the bill, if they have not already done so, and speak to the principle of the bill.

I make my remarks on behalf of my colleague, the member for South Shore, the Conservative critic for Indian affairs and northern development. I also make them as one who over the years has watched from a distance. Quite frankly I was amazed at the length of time it often takes for the valid aspirations of aboriginal people to be satisfied by government.

I am thankful the aboriginal leadership of the Mackenzie Valley has been so very patient over the decades with what has surely been an endless round of negotiations with government officials.

I am told this is no ordinary bill. It represents a principle that is so laudable and so welcomed that Canadians should be thankful it has arrived after so many years of toing and froing.

Hon. members may know that the bill represents a conclusion of sorts to the precedent setting litigation and negotiations of aboriginal title claims in the Northwest Territories. Perhaps some people will remember that the native peoples up there were faced with what some saw as the stark reality of a huge development project showing up on their doorsteps without any input from them.

Essentially there were and there remain concerns about a disruption of a way of life, a disruption of the lands and the waters. For anyone who knows anything about aboriginal people and the north generally, for people up there life is land and water.

One of the most remarkable features of the Northwest Territories is the Mackenzie Valley. It is one of the world's longest valleys. It is hard to imagine a river at 4,241 kilometres and a huge valley. It needs to be respected. I am only learning lately the history of the matter. Perhaps it would be useful to cite some of the history respecting that wonderful, great area.

On April 2, 1973 some 16 bands filed a caveat in the lands title office in Yellowknife claiming aboriginal rights to almost half the land in the Northwest Territories. The effect of the caveat would have been to make any future land grants in the area subject to the claim of the Indians if it were subsequently found that they had a valid, legal interest in the land.

There were hearings and an interim judgment was handed down from the Supreme Court of the Northwest Territories which upheld the caveat saying that there was enough doubt as to whether the full aboriginal title had been extinguished, certainly in the minds of the Indians, to justify the caveat's attempt to protect the Indians'

*Private Member's Business*

position until a final adjudication could be made and could be obtained.

The federal government appealed and that hearing, I am told, was to take place before the Appellate Division of the Supreme Court of the Northwest Territories in June 1975.

Meanwhile behind the scenes the aboriginal leadership negotiated successfully with the then minister of Indian affairs to engage in preliminary discussions to develop the groundwork for a comprehensive settlement of Indian claims in the Northwest Territories.

Essentially the aboriginal leadership pushed the idea of fairness, not a radical idea at all. They were adamant that a settlement of native claims must precede the pipeline or any other major development projects. That brings us to the present day.

I am told the bill was developed by a co-ordinating group comprised of representatives of the Department of Indian Affairs and Northern Development, the Northwest Territories, government representatives, tribal councils and the Department of Justice. We are all hopeful that the many years of dialogue might have borne fruit.

• (1255)

My party is in favour of transferring responsibility and power to the local level and sharing management and development duties. The joint boards the bill will establish are in principle a good idea. My colleague, the member for South Shore, will be speaking on this matter and giving it closer examination.

The bill is intended to implement obligations under land claims signed five years ago as well as in September 1993. In 1992 a settlement of a comprehensive land claim was made that provided 22,422 square kilometres of land in the northwestern portion of the Northwest Territories and 1,554 square kilometres of land in Yukon.

Subsurface rights; a share in the resource royalties derived from the valley; tax free capital transfers; hunting rights; a greater role in the management of wildlife, land and the environment; and the right of first refusal on a variety of activities related to wildlife are very good things. If they represent a principle it would be one related to good government.

I am sure the current minister would recognize the efforts and success of the previous Conservative government in establishing an excellent partnership.

The bill before us today provides for the establishment of management boards to co-ordinate environmental assessment and land and water regulations in the Mackenzie Valley.

People often think of the north or the Mackenzie Valley as barren wasteland. On the contrary, it is and has been home to Inuit and Dene for 10,000 years. Martin Frobisher's expedition back in the

1570s were the first recorded visits to the Northwest Territories by an outsider.

I hope the bill will go some way to ensure, with all the land and the wealth potential to be found under the surface of the land and water in the Mackenzie Valley, that outsiders respect the land, respect the water and respect the people. Let us call them the insiders of the Mackenzie Valley.

I am sure my colleague, the member for South Shore, will be making further comments on the bill in due course.

[*Translation*]

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

**Some hon. members:** Question.

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

**Some hon. members:** Agreed.

**Some hon. members:** No.

**The Deputy Speaker:** Pursuant to order made earlier today, the division on the motion under consideration is deemed to have been requested and deferred until Tuesday, March 17, 1998, at the end of the time provided for Government Orders.

• (1300)

[*English*]

**Mr. Bob Kilger:** Mr. Speaker, I rise on a point of order. The government does not intend to call any other government business this day. If you would seek the consent of the House you might get agreement that we see the clock as being 1.30 p.m. and subsequently proceed to Private Members' Business.

**The Deputy Speaker:** Is it agreed to call it 1.30 p.m.?

**Some hon. members:** Agreed.

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## PRIVATE MEMBERS' BUSINESS

[*English*]

### ACCESS TO INFORMATION ACT

The House resumed from December 1, 1997, consideration of the motion that Bill C-216, an act to amend the Access to Information Act, be read the second time and referred to a committee.

**Mrs. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.):** Mr. Speaker, I am pleased to speak today on Bill C-216, which seeks to include all crown corporations under the Access to Information Act.



*Private Member's Business*

Those of my hon. colleagues who support this bill referred to the principles of accountability and transparency to bring crown corporations under the ambit of access rules.

I do not dispute the merits of accountability and openness. This government supports this position. However, if one looks at the fact one sees that Bill C-216 does not take into account the legitimate interests of crown corporations that are currently exempt under the Access to Information Act.

Bill C-216 starts from the principle that there is no difference in the objectives of crown corporations. It does not take into account the difference in purpose of their public interest mandates, nor does it account for the different environment within which they operate.

I am concerned that Bill C-216 may be viewed by some members of Parliament as a relatively harmless extension of the Access to Information Act to crown corporations. The reality would be quite the opposite.

Allow me to illustrate my comments by focusing on the Canadian Broadcasting Corporation. If adopted, Bill C-216 would have a particularly harsh effect on CBC. It would impair this corporation in a number of vital areas, including the protection of its journalistic integrity, the protection of its independence under the Broadcasting Act and the protection of its competitive position. Information is the stock in trade of the CBC. Bill C-216 proposes to define the CBC as a government institution. This would mean that information in possession of the CBC would become accessible to all.

The definition of record in section 3 of the Access to Information Act is broad enough to include, for example, broadcast material, edited, filmed or taped materials, notes, confidential memos, names of sources which are recorded, and research done for programming purposes. There is no exemption under the Access to Information Act for journalist function. This would jeopardize the CBC's ability to carry out its mandate because all past, present and future records, whether gathered for administrative, creative, journalistic or programming purposes, would be subject to access application.

Do members think that individuals would be prepared to corroborate a story if they knew that their identity could be revealed? Imagine, for example, the consequences if subjects of a documentary on organized crime could apply under the Access to Information Act for the names of the interviewees who may have wished to be projected. Revelation could result in reprisal.

If Bill C-216 were to become law, a simple request could force release of information which press institutions legitimately strive to protect. The CBC would be forced to operate under different ground rules than those applying to its competitors. No other broadcaster in Canada is subject to the Access to Information Act.

In fact, the federal government does not have the jurisdiction to place other broadcasting institutions under such legislation. The net result would nullify the CBC's journalistic force.

• (1305)

The Broadcasting Act repeatedly asserts the respect for freedom of expression in journalistic, creative and programming activities of broadcasting undertaking. This statute reiterates this independence, in particular to the CBC. Why is this the case? The CBC is expected to operate as a public broadcaster, not a state broadcaster. The CBC is an autonomous broadcasting entity with a mandate to gather and disseminate accurate information in an impartial manner free from interference from government or the public.

Various governments and committees throughout the years have taken pains to emphasize the autonomy of the CBC. The Broadcasting Act of 1991 reaffirms the CBC's arm's length relationship. Throughout the years the necessity to maintain the journalistic integrity of the CBC through the arm's length principle has been recognized and endorsed by committees and study groups which have reviewed the Access to Information Act.

In its 1987 report "Open and Shut" the standing committee on justice and legal affairs recommended that special provisions be made to exclude from the coverage of the Access to Information Act all program materials of the CBC. In 1994 the office of the information commissioner arrived at the same conclusion in its report "The Access to Information Act: A Critical Review". The only exception granted was the program material of the CBC which it was agreed would not be subject to the legislation.

Bill C-216 would undermine the legitimacy and credibility of the CBC which is mandated by Parliament to provide a public broadcasting system at arm's length from the government. The CBC also has certain characteristics in common with other crown corporations such as Canada Post, Export Development Corporation and Atomic Energy of Canada Limited which have commercial operations that are not now exempted from the operation of the Access to Information Act. The CBC provides a service pursuant to the Broadcasting Act and it produces a product, the programs.

In both the provision of the service and the production of its product, the CBC competes with the private sector. The net results of this proposed legislation would be to compromise the competitive position of the CBC. The CBC's proprietary technologies and standards together with the confidential commercial financial information related to its business activities and that of its contractors, suppliers or business partners would be at risk.

The CBC currently generates \$300 million in the marketplace. Bill C-216 would jeopardize the ability of the CBC to maximize its shareholders' investments in Canadian programming. I do not believe that the public interest would be served by placing sensitive proprietary information in the public domain where it

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would be open to the scrutiny of competitors that do not have the same disclosure rules.

In terms of the public's having an open window on the corporation, the CBC takes pride in applying very high standards of accountability, openness and transparency. They are the centre pieces of the CBC's corporate governance process. The CBC does not only apply those standards through its formal reporting requirements to government bodies and Parliament but it has also taken steps over the years to increase its accountability through its ombudsman offices and through public outreach programs. These initiatives led this year to the presentation of the corporation's first on the air annual review which included a forum that allowed for questions and comments from the public both on the air and via the Internet.

• (1310)

The CBC must not be subject to Bill C-216 because of issues of journalistic integrity and competitive equity. Canadians have the right to a public broadcaster whose journalism and entertainment are benchmarks for the industry in Canada and around the world. They deserve no less.

The legislation before us would cause more harm than good to Canadians. It is not in the public interest and that is why I cannot support it.

[*Translation*]

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ):** Madam Speaker, I am very pleased to speak today on this bill, which is aimed at ensuring that the Access to Information Act applies to all Crown corporation.

The corporations not presently covered by this legislation are such bodies as NavCanada, which is responsible for everything relating to air traffic control. What could be more important in terms of safety than air traffic control?

There was a strike at Canada Post last fall. Labour, management and the Canadian postal system in general all suffered as a result. The public has many questions about the administration of this organization. We are not even entitled to obtain certain types of information about this crown corporation which we would if it were a department, although it needs to be at least as accountable to the public, if not more.

The same applies to Atomic Energy Canada. I have been rereading a speech by the hon. member for Wentworth—Burlington, who is a Liberal. He is in favour of this bill. One of the points he made is that, if all crown corporations were governed by the Access to Information Act, they could not be competitive in their respective fields. Another Liberal refuted this.

I will quote part of section 18 of the current Access to Information Act:

18. The head of a government institution may refuse to disclose any record requested under this Act that contains:

(a) trade secrets or financial, commercial, scientific or technical information that belongs to the Government of Canada or a government institution and has substantial value or is reasonably likely to have substantial value;

This is proof that what my hon. colleague who spoke before me said was incorrect. If the Access to Information Act applied to all crown corporations, they would still have protection for confidential information and information not of public interest. At the same time, these corporations should be answerable to the public in areas on which they are not required to provide information at the present time.

In that sense, I am rather amazed to see members oppose this motion, when, about this time last year, they unanimously passed a motion to ensure that all crown corporations are subject to the Privacy Act.

Today, we have before us a bill with a similar intent. This bill also arises from a recommendation made by the Standing Committee on Justice and the Solicitor General. In a report entitled "Open and Shut: Enhancing the right to know and the right to privacy", the committee recommended that the government make this kind of changes to ensure that the Access to Information Act applied to all crown corporations.

It is fair to say that the Access to Information Act is one of the finest achievements of our society. It was developed in the 1970s and 1980s to counter the bureaucratic steamroller.

The more regulations and procedures there are, the harder it is for ordinary citizens to find out about their rights and responsibilities in society. The Access to Information Act gives them equal access to relevant information.

Naturally, governments soon realized that this tool could prove dangerous. It often brings to light information that could embarrass the government, that could help reveal social inequities and injustices.

• (1315)

The federal government did not follow through on its initial rush to liberalize information and started at the same time to create crown corporations. This must be seen as a rather significant element.

When the Access to Information Act was passed, most crown corporations were subject to the act. The number of crown corporations has since grown considerably. This may be justified for reasons of efficiency. In certain regards, crown corporations may actually carry out their mandate more efficiently than a department would. However, no provision was made in the legislation to also

make these corporations subject to the Access to Information Act. A provision to that effect should have been included in the act.

We realized, at least I did, when we reviewed the legislation establishing NavCanada, that this was not an oversight, but a decision made deliberately by the current government, so that these agencies would not be accountable.

NavCanada is a corporation responsible for air safety. There are going to be, as we saw in New Brunswick last fall, airplane accidents, incidents that will impact on insurance and also on the public, which needs to feel safe about air transportation. So, there are many important elements of apparent justice that are not present in this case.

Let me give you another example. A few years ago, Canada Post unscrupulously shut down many rural post offices. This required a change of government, as well as a moratorium supported by 1,500 municipalities.

If those who review the work of Canada Post, and also the citizens who suffer a prejudice because of certain situations, could invoke the Access to Information Act, they would have access to documents and information that do not deal with the competitiveness of the corporation, but that would be very helpful in bringing about more compassionate and realistic decisions that take people's situation into account. The idea is really to restore a balance between the bureaucracy and what people expect in terms of accountability.

NavCanada and Canada Post are very telling examples.

If the government decided to pass this bill, it would really help counter the negative aspect associated with the creation of crown corporations. As I said earlier, there are positive aspects, but there are also negative ones.

When we deal with public servants who know their legislation, these people can often explain it very well. However, their point of view is not always the same as that of the citizen who feels he has been wronged. Citizens can currently ask a department to produce documents. The Access to Information Act is not always easy to administer. It is complex.

Members of Parliament are aware of that. Whenever we make inquiries about controversial issues, the government takes as long as it can to come up with an answer, and it provides as little information as possible. Still, the act is an important tool, because if we did not have it, if it were not specified that departments have to give us this information, we would never get it. The same situation applies to crown corporations. Their numbers are growing.

For example, what will the revenue department look like in the future? There is talk of a new tax collection agency. If this agency has a status similar to that of a crown corporation, will the

government require that it be subject to the Access to Information Act? If so, that would be very good because it would provide some balance for the taxpayer.

But I doubt it. In the past, each time new crown corporations were established, the list of those that are not subject to the Access to Information Act grew longer, while the list of those that come under the act became shorter. For several years now, no crown corporation has been added to the list of those that are subject to the Access to Information Act.

This bill reflects one member's concern, which is understandable since last year, in the same spirit, the House unanimously supported my motion that the government make all crown corporations subject to the Privacy Act. I think this bill would complement this effort and give Canadians a voice they currently lack in government.

● (1320)

[English]

**Ms. Carolyn Parrish (Mississauga Centre, Lib.):** Madam Speaker, I would like to begin by stating I believe the government remains committed to the principles of openness and accountability inherent in the Access to Information Act. Bill C-216 provides us with a valuable opportunity to discuss these principles and to determine the most appropriate means of balancing them against other competing public interests.

Bill C-216 proposes that Parliament extend coverage of the Access to Information Act to federal crown corporations. According to recent lists there are 48 parent crown corporations, of which 27 are subject to the act. Current coverage is sporadic.

For example, the Bank of Canada and the Canadian Film Development Corporation are subject to both the Access to Information Act and the Privacy Act.

Canada Post Corporation and the Export Development Corporation are covered only under privacy legislation. Atomic Energy of Canada Limited and the Canadian Broadcasting Corporation, as my colleague discussed at length, on the other hand, are not subject to either act.

Consequently, what this bill considers is including the remaining 21 crown corporations in schedule 1 of the Access to information Act.

The standing committee on justice and the solicitor general examined this issue in 1987 during its review of the Access to Information Act and the Privacy Act. In the report entitled "Open and Shut: Enhancing the right to know and the right to privacy", the committee made three recommendations.

The first was to extend coverage of both acts to all crown corporations and wholly owned subsidiaries. The second recommendation was to apply the legislation if the Government of

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Canada controls a public institution by means of a power of appointment over the majority of the members of the agency's governing body or committee. Finally, the committee proposed that the acts apply to the Canadian Broadcasting Corporation but provide an exemption in relation to its program material, again as my colleague went into in detail.

The government responded to the committee's report by promising to review the proposals from the perspectives of the need for openness and to promote government accountability, the role of the institution involved and the need to ensure that any extension of the act will be in the public interest. Therefore it is in the context of these elements that we must examine the merits of Bill C-216.

They may be summarized as the need to support openness in government, the absolute necessity to consult with organizations that potentially could be affected by this amendment, and the necessity to ensure that there are provisions within the Access to Information Act to protect the legitimate commercial and competitive interests of the crown corporations.

The bill does reinforce the message we receive routinely from the Canadian people. They want a more open and accountable government. They believe they have a right to obtain information controlled by federal institutions, whether the institution is a department, an agency or a crown corporation. It is important to note that this right is already afforded to them in other jurisdictions.

Recent provincial freedom of information acts have established a precedent for including crown corporations within the scope of their legislation. For instance, although my province of Ontario has laws which cover crown corporations that deliver services and programs, the legislation contains a clear exemption for commercially valuable or sensitive information. The same applies to Alberta and B.C.

I also recognize that Bill C-216 stands for access and privacy. It complements a private member's motion that the government make all crown corporations subject to the Privacy Act, which was also alluded to by the opposition. This motion was debated in the House in April of last year and was passed.

While the federal government is committed to openness and accountability of government, we also have a commitment to protecting privacy rights.

The enhancement of these rights was recently outlined in a public discussion paper entitled "The protection of personal information: Building Canada's information economy and society".

This paper examines the privacy issues surrounding electronic commerce and associated consumer transactions. It addresses the

need to develop legislation that will permit Canadians to take advantage of the opportunities afforded by advances in technology.

At the same time, it proposes the means by which the security of their personal information can be protected in the private sector.

• (1325)

Before supporting any amendments to the Access of Information Act to the category of crown corporations we must take into account the other two elements to which I referred earlier, the need to consult with crown corporations themselves and the need to ensure there are provisions within the legislation to adequately protect their legitimate interests.

We must recognize it would be absolutely necessary to consult with the affected crown corporations and identify any unique circumstances under which they operate. It would be essential that we consider adjustments to existing legislation to avoid causing damage to the commercial interests of one or more of the organizations.

From the perspective of encouraging openness in government, I appreciate the intent underlying Bill C-216. However, in its extremely brief form it does not strike an appropriate balance between promoting the accountability of public institutions on one hand and on the other the requirement to protect the public's interest in ensuring that the operations of its crown corporations are not unfairly compromised. Consequently, I cannot support Bill C-216 because it fails to achieve this balance.

I would like to compliment the mover of Bill C-216, however. Although I cannot support it in its current form I did support its thorough airing as a votable bill since it addresses a subject of great interest to the Canadian public.

**Mr. Jay Hill (Prince George—Peace River, Ref.):** Mr. Speaker, it is a pleasure for me to rise today to add a few comments to the discussion on my colleague's Bill C-216, an act to amend the Access to Information Act respecting crown corporations.

First I would like to commend my hon. colleague for Nanaimo—Alberni for bringing forward this piece of legislation. I am very encouraged with some of the comments that I have heard from both sides of the House. Hopefully as we work our way through the three hours of debate hon. members from all parties can see the merit in this legislation and move to pass this bill because it is certainly something that is needed.

People from all parties are saying it is very plain that there is something seriously wrong with a system whereby the majority of crown corporations have to comply with access to information and yet some are exempt. I would refer to a list that was provided by my hon. colleague that clearly indicates what I could call the lucky

13, 13 corporations that he has found to be exempt from the Access to Information Act.

The question is why would these 13 corporations be fortunate enough to be able operate in a shroud of secrecy while taxpayers do not have the privilege granted under the Access to Information Act to actually delve into their dealings and hold them accountable. The act has been used countless times since it was implemented to do exactly that, to hold crown corporations and the expenditures of taxpayer dollars and hold that whole process accountable to the taxpayers themselves. Certainly I commend my hon. colleague for bringing that forward for debate.

I would like to confine my comments to a subject near and dear to my heart and which I have spoken on at some considerable length in the past, one of the lucky 13 on the list, the Canadian Wheat Board.

It is interesting that things have progressed or perhaps regressed to the point with the Canadian Wheat Board that there is actually a grassroots movement that has sprung up in western Canada called ending secrecy at the Canadian Wheat Board. It is actually an organization that has been founded to do the very thing that we are talking about doing today. Basically it has two goals in mind, to make sure the Canadian Wheat Board has to adhere to the Access to Information Act, the subject of today's debate, and to bring it under auditing by the Auditor General of Canada. On both those subjects Reformers spoke at great length recently when Bill C-4 was before the House.

• (1330)

In the very informative pamphlet which this group published for the general public to more fully understand the issue of secrecy at the Canadian Wheat Board, some 58 government corporations which already fall under the Canadian Wheat Board were missed. In the few minutes I have in this debate I certainly do not have time to read the entire list.

However, in looking at the list there are some corporations which jump out at me, such as the Bank of Canada, the Department of Justice, the Department of National Defence and the Department of Finance. In the agricultural field there is the Canadian Grain Commission. All of these corporations are on the list of corporations which have to comply with the Access to Information Act.

In fact if Canadians are concerned about a possible threat to their tax dollars, they can request information. Indeed those corporations have to provide information to them. Therefore, they are held accountable.

It would seem to me that taxpayers deserve and have the right to transparency. We heard government members talk about transparency when questions were directed at them today in question

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period. They talked about the transparency of their accounting practices. It is almost laughable in light of the fact that the auditor general and now the Canadian Institute of Accountants have clearly called into question their accounting practices. They cling to the notion that there is transparency in their accounting.

In the 13 crown corporations which my hon. friend has noted, there is no transparency. They do not have to comply with the Access to Information Act.

I do not want to use up all the time today. I know there are a number of other individuals, and certainly many of my colleagues in the official opposition, who would like to address this bill.

However, I would like to note that Kevin Avram, projects co-ordinator with the prairie centre, first wrote to the Canadian Wheat Board in January 1994, quite some time ago, asking for information on salaries, pensions and staff positions. Such information is readily available from virtually any government department. Anyone can find out who works in any government department and what the salary structures are for those positions.

The Canadian Wheat Board replied to the letter by stating that the request must be made pursuant to the Access to Information Act. Then he was told that even if he did make an application under the Access to Information Act he still would not get any information because the Canadian Wheat Board is exempt from the act. As I said, a reply to an inquiry like that would be almost laughable if it was not so serious.

I would like to read into the record a letter from Mr. Avram to Robert Roehle, head of corporate communications for the Canadian Wheat Board in Winnipeg. It casts some factual information on this whole area of how the Canadian Wheat Board would be able to operate if it were under the Access to Information Act. We have heard a lot of what I believe to be falsehoods about that and how it would come about. Mr. Avram states:

It has come to our attention that, as a spokesman on behalf of the Government of Canada's policy with respect to issues of secrecy, you are repeatedly stating to the media and the general public that the reason for the Canadian Wheat Board's exemption from the federal Access to Information Act is directly related to the issue of customer confidentiality. I would draw your attention to the fact that Canada's Access to Information legislation already addresses such matters.

As regards CWB operations, the section of the Act known as "Severability" (section 25) provides a mechanism to retain confidentiality with respect to the purchaser's name, yet release information pertaining to the details of CWB wheat and barley sales, i.e. quantity, sale price, grade, protein content, payment terms, etc. You are stating something that is patently untrue when you say that having the CWB come under the provisions of the Access to Information Act would require revealing the identity of grain purchasers.

I would urge you to address this issue from a factual perspective and that you undertake to be better informed about Access to Information legislation before you put forward erroneous positions defending the CWB's ongoing policy of secrecy. Your stated reasons for defending the CWB's policy of secrecy and exemption from Access to Information legislation have no basis in fact.

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• (1335)

The letter is dated January 27 of this year and is from Mr. Kevin Avram, Committee to End Secrecy at the Canadian Wheat Board. I certainly agree with the thrust of that letter.

It is interesting to note that as recently as a day ago the Canadian Wheat Board has now denied that it told the committee to end secrecy and that it has no objection to an audit of its books by the federal auditor general or ending the exemption from the Access to Information Act. It now says that it told the committee that the matter is out of its hands and requests for changes should be directed to the federal government.

That is exactly the purpose of this bill today. We are directing that request to the federal government and hopefully it will act on it.

**Ms. Angela Vautour (Beauséjour—Petitcodiac, NDP):** Mr. Speaker, speaking to Bill C-216 today, I lend my cautious support to the bill on the basis that if passed it will genuinely represent a commitment to open and accountable government.

It is not often that a representative of the New Democratic Party would possibly be supporting something put forward by the Reform Party. Politics is a complex game in which there are no definitive answers, only winners and losers. This is unfortunate. This is why I am pleased to see two parties with opposing views possibly coming together on this issue.

I believe I am speaking for many members of the House when I say it is nice to see the Reform Party put forward responsible and intelligent suggestions. It would be nice to see the Reform members focus more energy on issues relevant to the country as a whole and less time on flag throwing, redundant nit-picking and issues which make the voters identify Reformers as nothing more than comic relief in the House. We have great responsibilities, responsibilities beyond performing as the court jesters of Parliament.

With regard to Bill C-216, I support in large part three particular points put forward by the Reform member.

First, the Access to Information Act is intended to increase and enhance public confidence in government by opening it up to scrutiny. It is an indispensable means of ensuring that government is as transparent as is reasonably possible and prudent.

Second, Bill C-216 will improve the freedom of information. It will expose and deter extravagance and waste and make crown corporations more open and accountable to the public. Open government means not only opening the finances of government to the people but also conducting the affairs of government above board.

Third, Bill C-216 will make citizens better able to judge the performance of their governments and make more informed voters. The guarantee of public access to government documents is indispensable in the long run for any democratic society.

To highlight the issue for those who are not as familiar with the bill and/or do not have the information at their disposal, I will briefly outline both its nature and purpose.

Bill C-216 will make crown corporations subject to the Access to Information Act. Crown corporation as defined by the Financial Administration Act means a parent crown corporation or wholly owned subsidiary. This in essence is added to the definition of government institution in section 3 of the Access to Information Act which formerly read "government institution means any department or ministry of state of the Government of Canada listed in schedule I or any body or office listed in schedule I".

Under Bill C-216 this will read "government institution means any department or ministry of state of the Government of Canada listed in schedule I, any body or office listed in schedule I, or any crown corporation as defined in the Financial Administration Act".

Among the crown corporations which are currently exempt from the Access to Information Act are the Canada Post Corporation, the Canadian Broadcasting Corporation, the Canadian National Railway Company and the Canadian Wheat Board.

• (1340)

[*Translation*]

I want to say a few words about the CBC. I will be careful in my comments, because I think the service provided by the CBC is very good, but we must ensure that it can continue to provide such good service and to be accountable to Canadians at the same time. I will end my comments on that note.

[*English*]

**Mrs. Sue Barnes (Parliamentary Secretary to Minister of National Revenue, Lib.):** Mr. Speaker, I am pleased to clarify some of the issues raised by Bill C-216 and the subject of enhancing access to government information.

This subject is important to Canadians. Since the passage of the Access to Information Act in 1983, Canadians have grown to expect that they will be able to obtain information controlled by the federal government. They believe they have a right to this information whether it is held by a department, an agency, or a crown corporation.

At the present time the Access to Information Act does not apply to all government organizations. It covers only those institutions

listed in schedule I of the act. If a particular body is not listed, the legislation does not apply to it.

Bill C-216 proposes that Parliament extend the coverage of the act by listing all the federal crown corporations in the schedule. By recent count there are approximately 48 parent crown corporations, 27 of which are already subject to the access legislation. This proposal would include the remaining 21 corporations under the purview of the act.

It is important to carefully consider the fact that crown corporations were created specifically to deliver various programs and services to Canadians as commercially viable federal institutions and not as traditional departments or agencies.

By definition, crown corporations serve the public interest in a commercial environment. They range in size from small appropriation dependent corporations with limited commercial revenue to large commercial operations that operate on a self-sustaining basis. They are involved in activities that directly affect the lives of Canadians in areas such as transportation, communications and finance.

Crown corporations already respect the spirit of the government's broad socioeconomic policies. They have been subject to the Official Languages Act since it was passed in 1969. They also apply the principles of employment equity.

When the Access to Information Act was first debated, there was considerable discussion about which parts of the government should be covered and which should not. Crown corporations were often the focus of discussions precisely because they operate at arm's length from the government. While some argued that there was an even greater need for these institutions to be accountable for their actions and for the public funds for which they were responsible, one must keep in mind the fact that the Government of Canada has built-in mechanisms and reporting measures for crown corporations.

Since the establishment of the Access to Information Act, there have been further debates about the coverage of the legislation. For instance the Access to Information Act and the Privacy Act were reviewed in 1987. Members of the standing committee on justice and the solicitor general have examined the Access to Information Act and the information commissioner has made several representations on the subject over the years.

In 1994 a special report entitled "Where Lies the Kingdom of Access" included a proposal that the crown corporations should be covered by the act unless Parliament in its wisdom specifically chooses to exclude an entity in explicit terms. It also proposed that

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there should be a special provision made to exclude all program materials of the Canadian Broadcasting Corporation.

Excluding program materials of the CBC from access highlights the issue of the unique nature of many crown corporations. It is possible that the application to the CBC of some of the existing provisions of the legislation could have a very chilling effect on the ability to collect information and could compromise its sources. They could potentially impede the corporation's ability to disseminate information which we would all agree is its primary purpose.

● (1345)

It must be recognized that because many crown corporations compete with private sector firms they are expected to function like their private sector counterparts. They must operate in an environment free from the undue interference of government administrative constraints. Their use of private sector business practices often requires that the general government policies be tailored specifically to their needs.

Consequently even before considering the extension of the Access to Information Act to the entire group of crown corporations, close consultation with each and every corporation should be made and an examination of the unique circumstances in which it operates would have to be made.

If Canadians want their crown corporations to provide services and deliver programs effectively and efficiently, these institutions must not be subjected to measures that could severely impede their work. In other words, if we expect crown corporations in effect to compete with the private sector, we should not force them to meet requirements above and beyond those of their competitors in the same market.

The federal government recognizes and appreciates the right of Canadians to have access to federal information. There is, however, an important and essential balance between the broad legal right of Canadians to information and that of individual privacy, commercial confidentiality and national security. This balance must be protected if we want crown corporations to be successful.

With respect to the protection of the release of commercially sensitive information, these kinds of safeguards are particularly important to maintain the competitive position of our crown corporations. These measures are consistent with the Freedom of Information Act in other jurisdictions, namely the provincial ones.

For example, the Ontario legislation covers crown corporations that market their services and products to the public while providing a clear and significant exemption for commercially valuable or sensitive information. If any adjustments were made to the current provisions of the act, the special interests of the individual crown corporations would have to be appropriately accommodated. Fur-

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thermore, we could not simply amend or extend access principles in this way without causing damage to the legitimate interests of one or more of these corporations.

The government supports the principles of openness and accountability inherent in the Access to Information Act. However, Bill C-216 in its present form suffers from sins of omission. The most serious sin is that it fails to provide any provision to protect the legitimate commercial interests of the crown corporation either collectively or individually. These interests must be observed since this complements the public interest in ensuring that corporations continue to operate effectively and on a level playing field with their competitors.

Therefore I must firmly reject the bill in its current form. I am very confident there are good reasons for doing so.

**Mr. Jim Jones (Markham, PC):** Mr. Speaker, it is with pleasure that I rise today in support of Bill C-216, the act that will bring several new crown corporations under the umbrella of the Access to Information Act.

When the bill was debated in the House back in December my colleague from Tobique—Mactaquac spoke to it. He addressed some concerns our party had with sections of the bill. There are concerns by some crown corporations that their competitors would be able to secure competitively sensitive information which could then be manipulated in such a way that would put the concerned corporations in a vulnerable position.

We have researched into the concerns of the corporations and have learned that under section 18 of the Access to Information Act these institutions can effectively exempt information of a sensitive nature in the competitive arena.

The PC Party through our party's address to the House on December 1, 1997 asked that the issues about which crown corporations were concerned be dealt with to cover all possible aspects that could jeopardize the competitiveness of these institutions.

Under sections 18 and 20 of the Access to Information Act these concerns have been addressed. Sections 18 and 20 are lengthy and I will not read them word for word, but I would like to say a few things in general about what these sections will cover.

Overall one section allows the withholding of information that is reasonably deemed to be of competitive sensitivity. In section 20 the act deals not only with government institutions but specifies that information provided by a third party to the government fall under many of the same stipulations as section 18 does for government owned information. This lends protection to corporations that may have concerns about their competitively sensitive information being available under the Access to Information Act.

• (1350)

We in the PC Party believe in more openness in government, but we also believe that competitiveness in Canada is essential to a successful marketplace. We do not want to jeopardize that balance of openness and competitiveness privilege by opening up information so much that it is easily used to take down one's competitors. We believe that this balance has been struck in the bill and we support it.

**Mr. Jim Gouk (West Kootenay—Okanagan, Ref.):** Mr. Speaker, I am very pleased to stand to speak in support of Bill C-216, introduced by my colleague for Nanaimo—Alberni. I will contain my remarks primarily to one aspect, the impact of the bill on the Canada Post Corporation.

It seems absolutely bizarre that the Canadian military should be open to access to information and Canada Post should not. The Canada post office is a monopoly. It has no competitors. There is absolutely no justification in terms of its stamp-mail service not to have it open to public scrutiny.

There are many provisions of Canada Post that we should be able to look at to see if in fact it has any justification when certain actions are taken. For example, there is supposed to be criteria for the home delivery of mail in many communities which are not getting it.

Canada Post argues that it cannot afford to do this, that it is not feasible. Yet there are many groups including postal workers who say that it is feasible, that they could certainly do it but Canada Post is covering up a lot of the facts. That may or may not be true but we will never know that if we are not allowed to get certain information from the corporation.

Any information we get, whether it be from the Canada Post Corporation or anywhere else, has to be subject to a lot better access than we are currently getting in many areas. Many times people apply for access to information and the government chooses to cloud the documents they seek by calling them protected by cabinet security and thus completely protected for the next 20 years.

This happened to me recently with a request for information on certain studies done on Canada Post. It is very interesting that they would release certain ones if they agree with them, but anything that disagrees with the government or with what Canada Post is doing, or is critical of them, they seem to want to cover up.

In one specific area we have had a lot of complaints from the private sector with regard to the Canada Post courier business. Canada Post operates one of the largest courier businesses in the country. It is a puzzling how we say to the courier businesses that would like to go into the stamp-mail delivery business that they cannot do that. Yet we protect Canada Post in its business and let it go into the courier business in direct competition with them.



Canada Post is not supposed to cross-subsidize, using profits from its stamp-mail business, a protected business, to subsidize the cost of running its courier business. It says that it does not have to give access to information on that or have the auditor general go into that. In its financial statement is a statement by the auditor that says it meets all of the requirements to show it did not subsidize its business.

There are two problems with that. The first problem is that the statement only comes about as a result of information supplied to the auditor by the Canada Post Corporation. Right away that leaves one to wonder what kind of information it might happen to choose to deliver to the auditor.

The second problem is there is still a question of what exactly is a cross-subsidy. Most businesses have only a small portion of business expenses that are not related to a specific expense. When Canada Post came out with its latest annual financial statement for the year it indicated that almost half of all its expenses were not directly accounted to a particular department. That leaves a whole pile of money, some 40% of all its expenditures, that have not been related to a specific expenditure.

If we take the profit that its courier business is reputed to have made and we weigh that against the expense of those profits and allow the same ratio, instead of making \$50 million it would have lost something in excess of that.

• (1355)

It really is necessary that we have access to books for this purpose to allow a proper review even by the auditor general which currently they are protected from.

It seems this government has a responsibility to the public to ensure things are being run appropriately. The Canadian public is captain of Canada Post. Because of its monopolistic situation people have no alternative. Some may send e-mail, some may send faxes, but when something has to be physically delivered through the mail and people want to do it with a stamped mail service, which they should be entitled to in this or any other country, they should be able to ensure that it is being done effectively and that it is being done on a cost efficient basis. We have absolutely no way to tell this whatsoever.

The government will ask why we are complaining because at least Canada Post is not subsidized right now. Maybe not, but it has sure been subsidized to a pretty penny in the past. It still owes a tremendous amount of money to the government, hence the Canadian taxpayer.

We have to question the price of the stamp at any given time because sooner or later Canada Post will come to the Canadian

### *Private Member's Business*

public with an increase to the price of a postage stamp. Is it justifiable? We only have the word of Canada Post because we are not allowed to look at its books to see if realistic and effective costs justify the increase in that postage rate.

I ask that all members of the House start questioning why they may not support this bill. The Liberal member who just spoke is not going to support this bill and it really puzzles me why a member of the government, not just a member of the House, would stand up in this place, look the Canadian public in the eye by way of the television camera and say "I will not support your having access to information about how we spend your tax dollars".

It is absolutely bizarre that a member of government would do such a thing because we are not elected to rule people, we are elected to represent people. We take that very seriously on this side of the House. I certainly hope the hon. member does as well. I am sure that was her intention when she ran for Parliament and I am sure that is her intention as she goes about her day to day business. When she says she will not support all these crown corporations that are able to operate with impunity, without accountability through public scrutiny, it raises a question as to exactly what her motivation is.

All other parties in this House are supporting this bill. As NDP members said, even as much as it galls them to support something Reform came out with, they have to admit this is a good bill. When it starts crossing party lines that broadly I hope the government will endorse it as well.

**Mr. Janko Perić:** Mr. Speaker, I believe you will find there is unanimous consent for the following motion. I move:

That Bill C-321, an act to amend the Immigration Act, be deemed to have received second reading and referred to the Standing Committee on Citizenship and Immigration.

**The Deputy Speaker:** Does the hon. member for Cambridge have the unanimous consent of the House to put this motion?

**Some hon. members:** No.

**The Deputy Speaker:** There is no consent.

[*Translation*]

The hour provided for the consideration of Private Members' Business has now expired, and the order is dropped to the bottom of the order of precedence on the order paper.

[*English*]

It being 2 p.m., this House stands adjourned until Monday next at 11 a.m., pursuant to Standing Order 24(1).

(The House adjourned at 2.00 p.m.)





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